

The Most Important Economic Benefits of Alaska Outdoor Recreation?

Attraction and Retention Benefits

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Most studies of the economic benefits of outdoor recreation focus on the economic impacts of the spending generated by tourists and residents engaged in outdoor recreation.

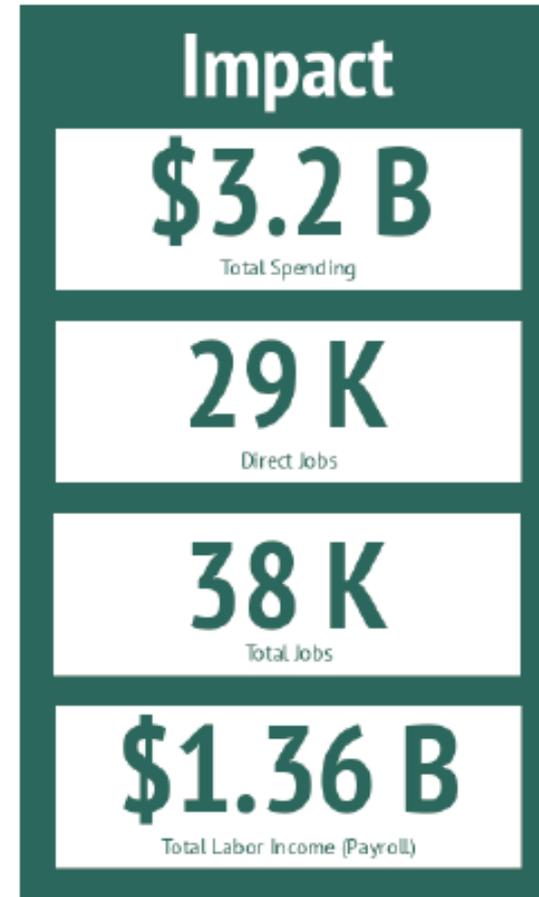
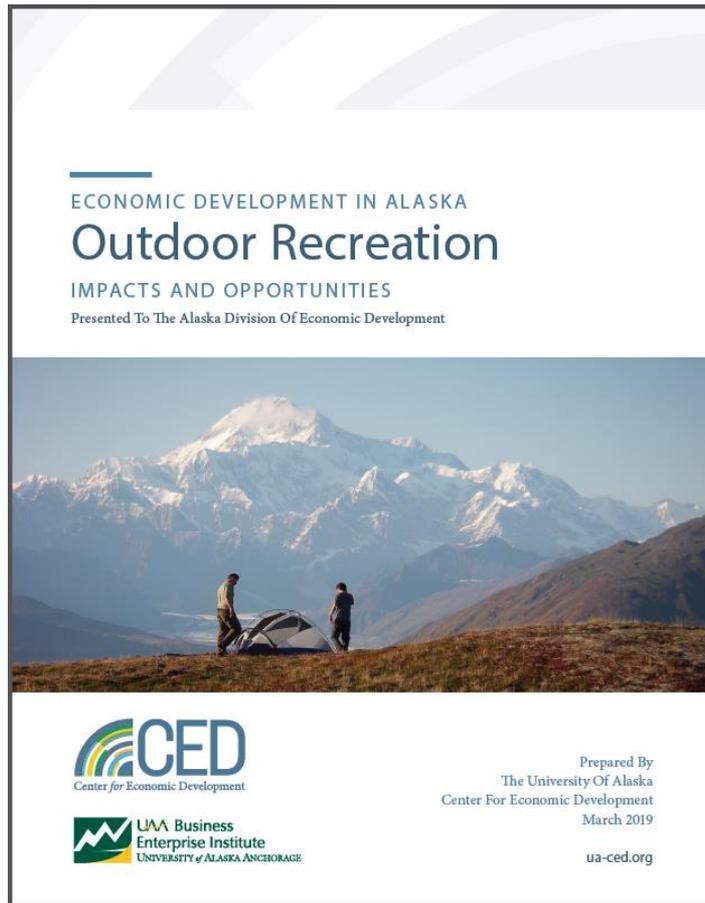


Figure 3: Outdoor Recreation Economic Impact

These economic impacts are big and important!

But outdoor recreation also has other economic benefits which are harder to measure but which are also important:

Attraction and retention of residents, skilled workers, and businesses

Outdoor recreation is a big part of why many Alaskans come here and stay here.



Outdoor recreation opportunities help to:

- Attract and retain residents who could live elsewhere but choose to move to or not move out of Alaska
 - Students
 - “Footloose” people who could work anywhere (writers, etc.)
 - People who work remotely
 - Retirees
- The economy benefits from all of their spending
 - Not just their recreation spending

Outdoor recreation opportunities help to:

- Attract and retain skilled workers who could work elsewhere but choose to work in Alaska
 - Construction, engineering, health care, education, research, etc.
- Without outdoor recreation, we could find people for these jobs, but:
 - We would have to pay them more
 - We would have more turnover
 - They might not be as qualified
 - We might not be able to fill some jobs

Outdoor recreation opportunities help to:

- Attract and retain businesses because their employees value outdoor recreation

It's difficult to measure the economic significance of attraction and retention benefits of outdoor recreation.

We don't know enough about:

- The relative importance of outdoor recreation compared to other factors which affect attraction and retention:
 - *Jobs, cost of living, availability of housing, school quality, distance from family, climate . . .*
- How attraction and retention translates into specific kinds of economic benefits
- But we have evidence that attraction and retention benefits are important
- We could learn more from relatively straightforward research

There is clear evidence that outdoor recreation is a big part of why many Alaskans live here!

58%



of Alaskans say "opportunities for outdoor activities" are a reason they live here.

Source: Fix, 2007



81% of Alaskans that participate in outdoor recreation compared to a U.S. average of 48%.

Source: Outdoor Industry Association

1st

Alaska's ranking for outdoor participation (tied with Montana).

Source: Outdoor Industry Association



An Oregon study found that “adventure towns” like Bend are growing faster than other areas, particularly in the “lifestyle sector.”

Adventure Town, USA

How Bend, Oregon capitalized on its unique outdoor amenities



Damon Runberg

Oregon Employment Department
Workforce and Economic Research

- *“One form of lifestyle community that is seeing particularly fast growth are ‘adventure towns.’ These communities are well-known for their access to outdoor recreation and leisure with nearby access to natural amenities, such as rivers, lakes, beaches, forests, or mountains.”*
- *“The adventure town or lifestyle label can provide a significant competitive advantage for a local economy.”*

There is clear evidence that “quality of life”—including outdoor recreation—is an important factor in some companies’ location decisions.

Businesses Preferred Amenities

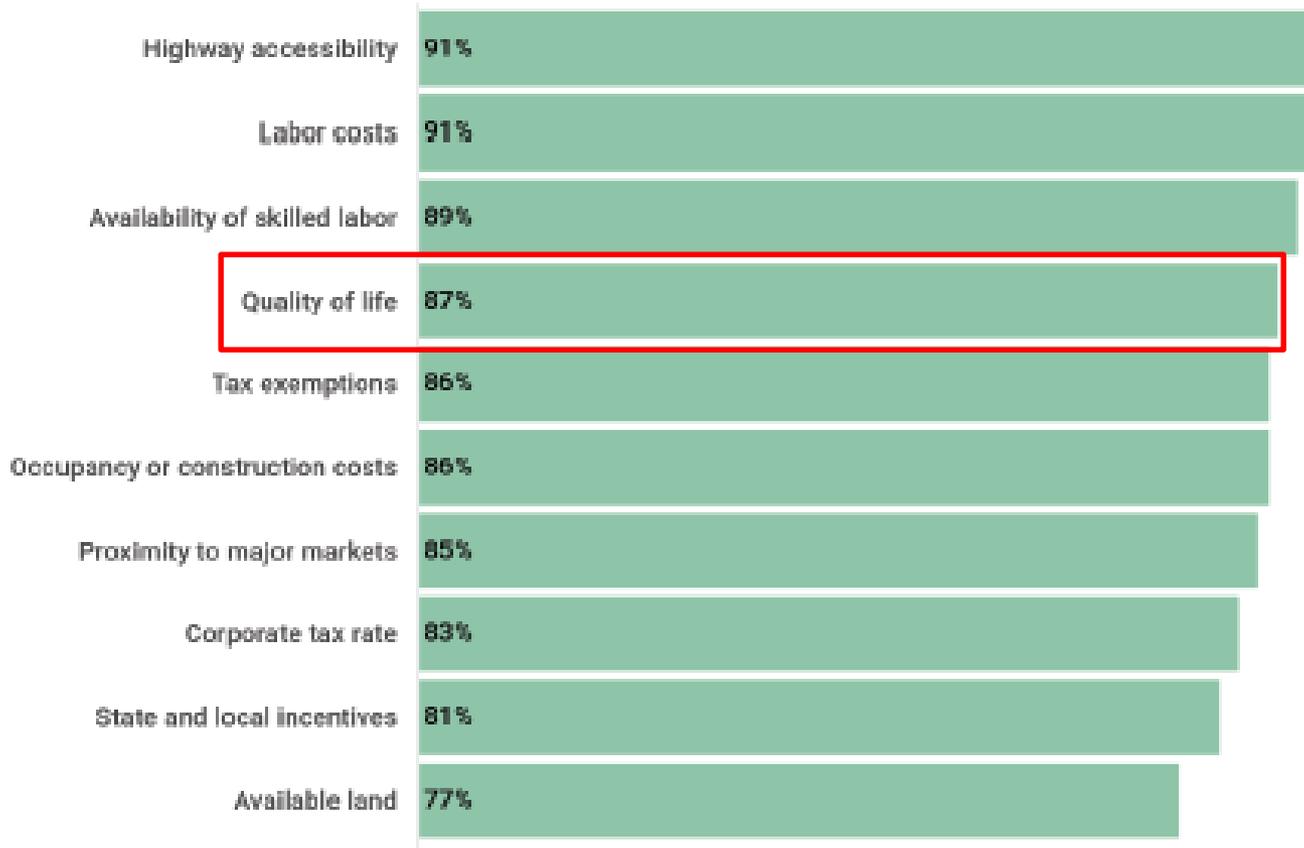
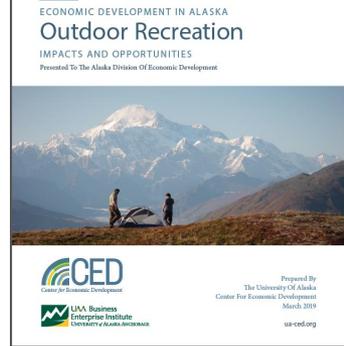
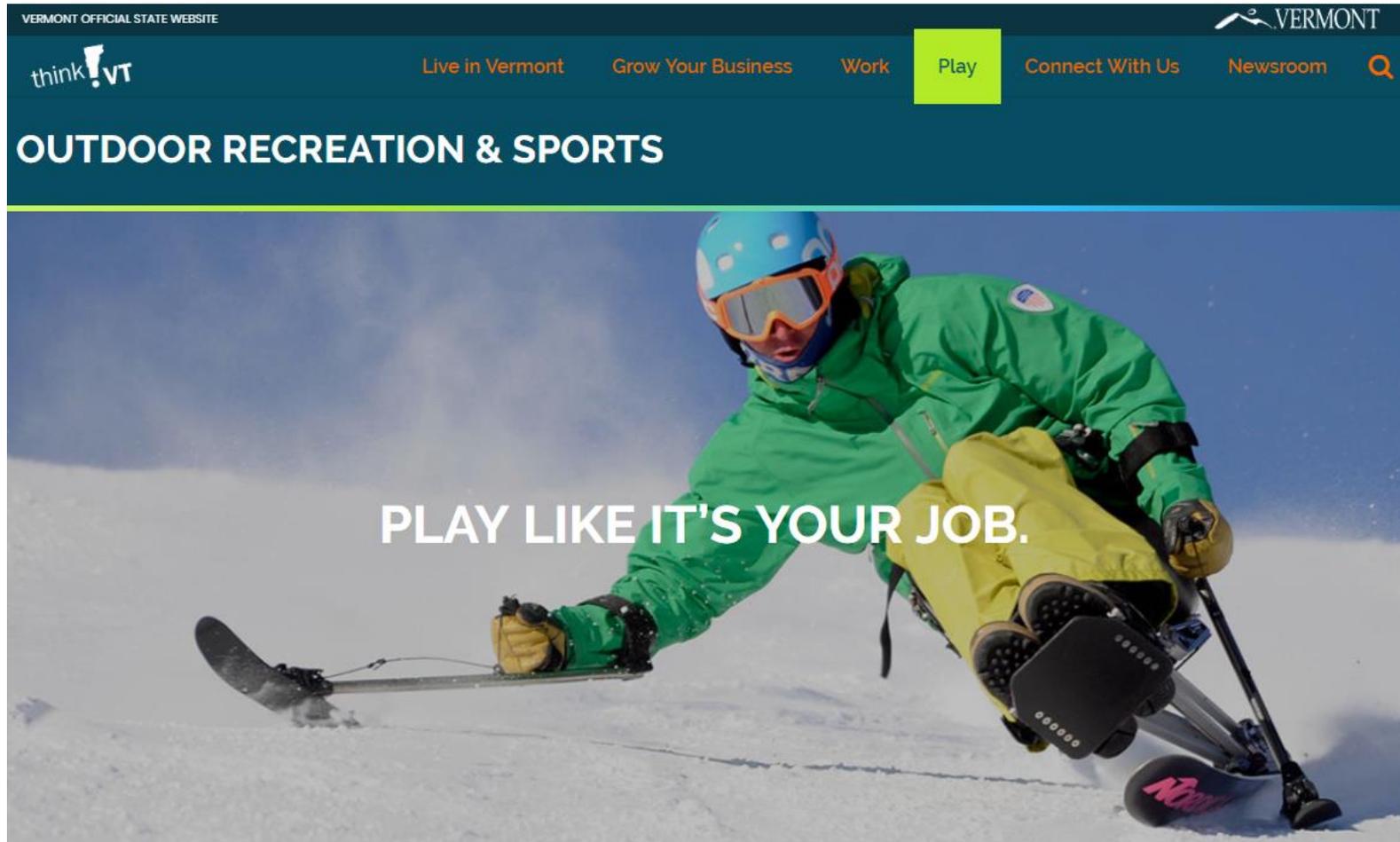


Figure 10: Businesses’ Preferred Amenities Source: Area Development Magazine



“We want to invest in a community where our employees will enjoy living, recreational opportunities, educational opportunities, and an overall high quality of life”
—Amazon’s 2018 announcement of its nationwide search for a second corporate headquarters.

Vermont emphasizes outdoor recreation as a reason to live in and locate businesses in Vermont.



What sets Vermont apart from many other places are the outdoors and locals' passion and enthusiasm to get out and enjoy it, no matter the season.

From rigorous to leisurely, from skill-intensive to beginner-friendly, outdoor enthusiasts in Vermont find boundless opportunities for enjoying its natural scenery.

What is the potential scale of attraction and retention benefits relative to economic impacts of outdoor recreation?

- CED estimated that outdoor recreation spending generates about \$1.36 billion annually in total labor income in Alaska, which is about 5% of Alaska's total labor earnings of \$27.5 billion in 2017.
- Could Alaska's outdoor recreation attract or retain enough residents, skilled workers and businesses (or lower the costs of attracting or retaining them) to account for 5% of Alaska's economy?
 - Possibly



Figure 3: Outdoor Recreation Economic Impact

How could we learn more about the economic significance of attraction and retention benefits of outdoor recreation?

1. Survey Alaskans

- How much they spend in Alaska
- How important was/is outdoor recreation to:
 - Why they came
 - Why they stay
- How would changes in outdoor recreation affect
 - Whether they would stay or leave
 - How much more/less they would want to be paid not to leave?

2. Survey Alaska employers

- How much do they hire workers from outside Alaska
- How much do they compete for workers with employers outside Alaska
- How important are outdoor recreation opportunities in
 - attracting and retaining workers
 - what they have to pay to be competitive
 - the quality of workers they are able to attract and retain

Making the economics more complicated . . .

What matters for economic evaluation of policy choices are marginal attraction and retention benefits.

- Examples of outdoor recreation policy choices: how much to invest in trails, boat launches, and park access
- What matters in evaluating these choices is not how many people or businesses come to or stay in Alaska because of outdoor recreation in total.
- What matters is:
 - How many more people or businesses come or stay
 - How much more spending and other economic benefits result
 - How the additional benefits compare with the costs

CONCLUSIONS

- Outdoor recreation generates significant spending by both tourists and residents, with big economic impacts.
- Outdoor recreation also generates economic benefits by helping to attract and retain residents, skilled workers, and businesses
- Attraction and retention benefits:
 - Are difficult to measure
 - Are clearly important
 - Could and should be studied more
 - Should not be ignored!