

# Resident/Nonresident Hire

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## Resident hire continues to make small gains; one-fifth of workforce remains nonresident

**T**he Alaska Department of Labor and Workforce Development (AKDOL) prepares a report each year on resident hire in Alaska. The department also tracks resident hire by employer in several major industry sectors each quarter. This information is collected in order to fulfill legislative requirements, assess the success of resident hire efforts, identify occupations that are eligible for resident hire preference on publicly funded construction projects, and identify opportunities for training program providers and job seekers.

### The impact of nonresidents in the workforce

Workers spend most of their earnings where they live. Nonresidents take a major portion of their earnings to their home state, depriving Alaska of the full economic benefits of the employment created in the Alaska economy. One dollar in nine paid in wages in 1998 went to nonresidents. This loss has a direct impact on the total growth rate and income of Alaska, resulting in smaller indirect income and employment than would occur if workers lived in Alaska. Job seeking Alaskans are affected when nonresidents fill positions for which they are available and qualified. Nonresidents also claim benefits from Alaska's Unemployment Insurance fund.

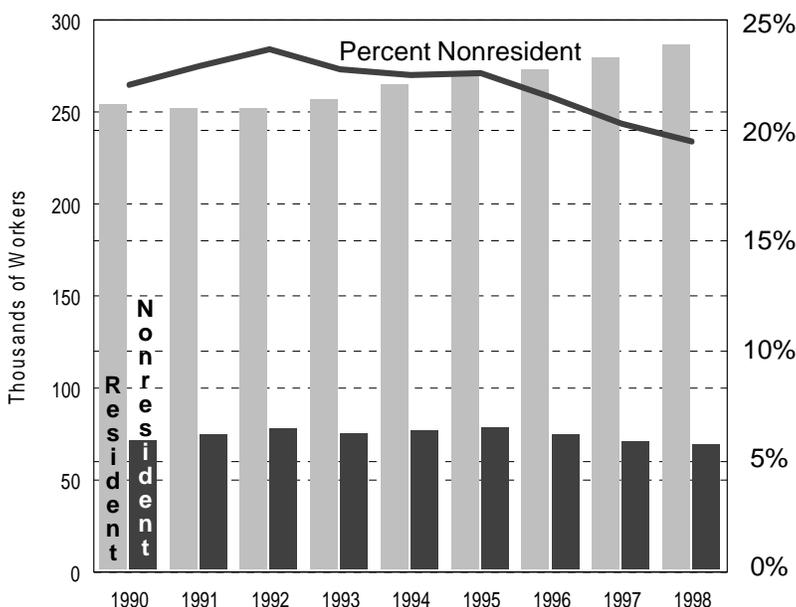
Many employers recruit and hire out-of-state as a matter of convenience or on the assumption that qualified Alaskans are not available. While there are jobs and times where this is true, many jobs which could be filled by qualified Alaskans do go to nonresidents.

### Resident hire efforts

To the greatest extent possible, the department's goal is to see that Alaskans are trained and qualified for, and have first chance at, the available job opportunities. AKDOL is involved in a number of initiatives that address these objectives.

Promoting Alaska hire in the oil industry has long been a priority. The recent BP and ARCO merger agreement with the State of Alaska contains

## 1 Resident and Nonresident Workers Alaska 1990-1998



Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

## Resident and Nonresident Workers Alaska 1997-1998 2

commitments for the hiring of Alaska residents in this high paying industry. Enabling legislation for the Northstar project requires detailed reporting of residency data by all contractors.

The seafood processing industry employs a large seasonal work force of mostly nonresident workers at relatively low pay. Since 1995, Governor Knowles has asked major employers to work with AKDOL's Seafood Unit to put more Alaskans, especially rural residents, to work in the state's largest industry. In 1998, offshore processors did hire more Alaskans than in the past; however, most offshore processor employment is counted in Washington state.

Welfare reform has created demand for entry level positions for those making the transition out of welfare. State agencies, non-profit welfare reform contractors, and cooperating employers have helped move welfare recipients into many of the occupations and industries with high levels of nonresident hire.

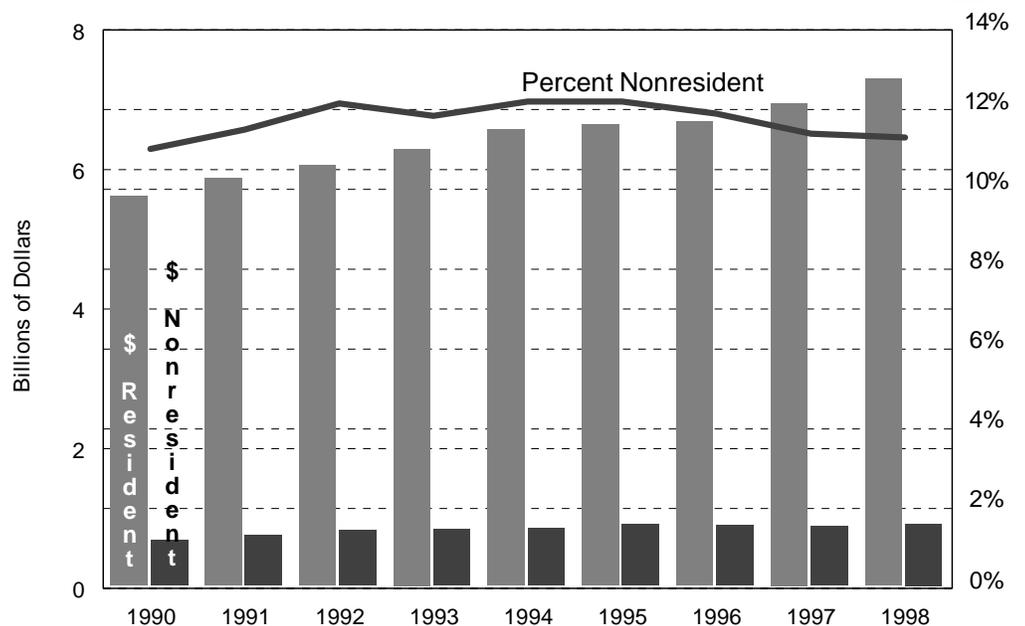
One of the priorities of the State Training and Employment Program (STEP) is training Alaskans in occupations with high nonresident hire. In the past 10 years, STEP has provided training to more than 11,000 workers.

In the construction industry, publicly funded projects are

	1997 Resident Workers	1998 Resident Workers	Percent Change 1997- 1998	1997 Non- resident Workers	1998 Non- resident Workers	Percent Change 1997- 1998
Ag/Forestry/Fishing	1,900	1,861	-2.1	1,126	722	-35.9
Mining	9,721	10,399	7.0	3,795	3,686	-2.9
Construction	18,777	19,179	2.1	4,816	4,584	-4.8
Manufacturing	13,359	12,783	-4.3	19,849	18,161	-8.5
Trans/Comm/Util	25,930	26,769	3.2	5,174	5,631	8.8
Wholesale Trade	9,624	9,822	2.1	1,793	1,811	1.0
Retail Trade	56,267	57,557	2.3	13,755	13,501	-1.8
Finance/Ins/Real Estate	12,948	13,370	3.3	1,483	1,417	-4.5
Services	69,911	72,893	4.3	15,664	16,215	3.5
Nonclassifiable	174	384	154.0	203	177	-10.3
Total Private Sector	218,611	225,075	3.0	67,658	65,910	-2.6
Local Government	39,280	39,653	0.9	2,447	2,462	0.6
State Government	21,920	21,979	0.3	1,128	1,179	4.5
<b>Total</b>	<b>279,811</b>	<b>286,707</b>	<b>2.5</b>	<b>71,233</b>	<b>69,551</b>	<b>-2.4</b>

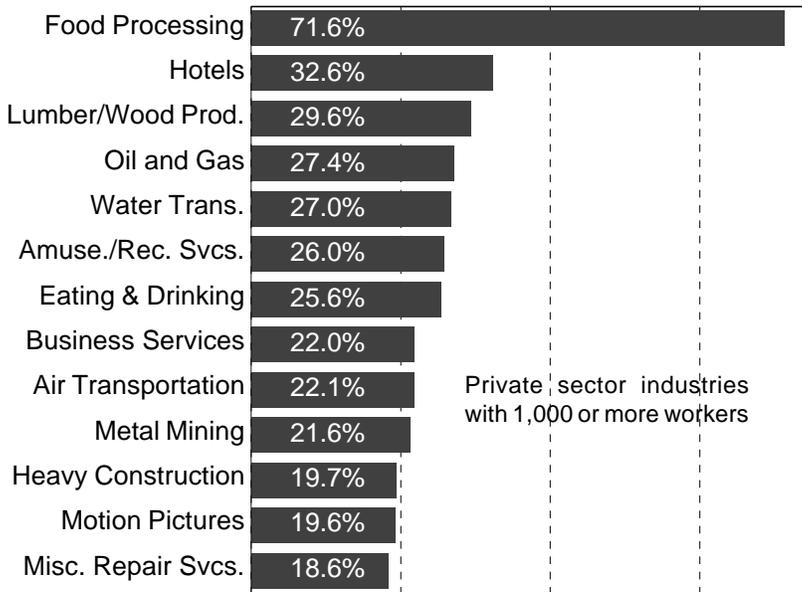
Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

## Resident and Nonresident Wages Alaska 1990-1998 3



Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

## 4 Industries with High Rates of nonresident workers—1998



Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

required to hire 90 percent resident workers in 18 occupations, including carpenters, laborers, equipment operators, plumbers and pipe fitters, electricians, painters, and welders. This regulation is currently enforced by AKDOL.<sup>1</sup>

### Current status of resident hire in Alaska

In 1998, Alaska continued to show improvement in resident hire. Alaska employed more resident workers and reduced the relative share of nonresident workers in its economy. More than 80 percent of all workers employed in Alaska in 1998 were residents.

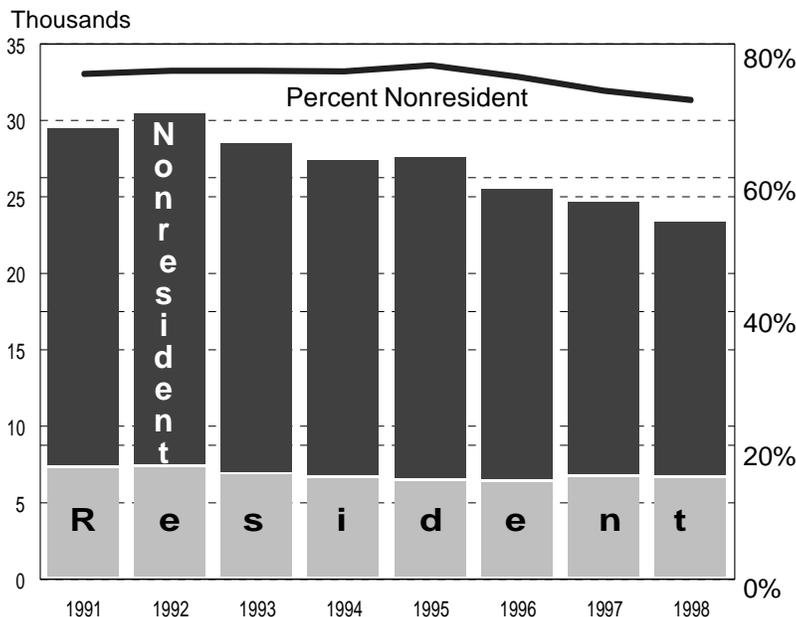
Nonresident workers made up 19.5% of all workers in 1998. In 1997, nonresidents were 20.3% of the work force; in 1996 21.5%, and in 1995 22.6%. There has been a drop of three percentage points since 1995, and a long decline from the peak percent nonresident hire year of 1992 when 78,000 nonresidents were employed, nearly 24 percent of all workers. 1998 saw the lowest number and percent nonresident workers since 1988.

A total of 69,551 nonresident wage and salary workers were employed in 1998. This was 2.4%, or 1,682 fewer nonresident workers than in 1997. The improvement resulted from fewer in-migrants competing with residents for jobs, more year-around jobs, and the success of training programs in placement of workers. Moderate growth in Alaska allowed recently trained resident workers to fill more of the jobs in 1998.

Total wage and salary earnings in private sector, state and local government jobs totaled \$8.23 billion in 1998. Nonresidents earned about 11.3% of the total (or \$929.6 million), a slight percentage decline from 1997. Earnings for both nonresidents and residents increased from the previous year. Nonresident earnings increased by 3.9% or \$35

<sup>1</sup> A challenge to the constitutionality of the regulation is now before the Alaska Superior Court.

## 5 Food Processing Dominated by nonresident workers



Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

million (\$29.3 million of this increase centered in the oil industry). Resident earnings increased faster, with an overall growth of more than five percent or \$353 million.

The presence of nonresident workers varies widely by industry. Nonresident workers in Alaska are typically found in industries with a large number of seasonal jobs (often relatively low paying), industries with faster than average growth, industries with jobs requiring special skills, and industries where the workers may be employed in remote work sites or camps. Alaska's seasonal industries continued to dominate the list of those with the most nonresident earnings and workers. Seafood processing, hotels, lumber and wood products, and the oil industry were the major industry sectors with the highest percentage of nonresident workers in 1998.

### Food processing employs large bloc of nonresidents

The food processing industry continued to employ the highest percentage of nonresidents, 71.6% in 1998. However, continued AKDOL Alaska recruitment efforts, available Alaska workers, and an overall decline in the number of workers contributed to a 1.4% decline since 1997. Nearly 66.5% of wages in this sector went to nonresidents.

Total earnings in food processing increased by \$4.4 million and the total number of workers declined by 1,310. The number of nonresident workers decreased by 1,268 workers or 7.0% while resident workers decreased by only 42 workers between 1997 and 1998. Resident earnings increased by 4.3% or about \$3.9 million and nonresident earnings increased by only \$500,000. The food processing industry is relatively low paying, with nonresident workers earning on average \$4,066 in each quarter that they worked in 1998, an increase of \$260 from 1997.

## Occupations with Many Nonresident workers and earnings above median **5** 1998 private sector, above \$7,500/qtr

Occupation	Nonresident Workers	Average Earnings per Quarter
Airplane Pilots and Navigators	822	\$16,538
Registered Nurses	620	9,678
Management Related Occupations	488	9,266
Electricians	369	11,335
Plumbers, Pipefitters	369	11,153
Operating Engineers	320	12,644
Welders and Cutters	310	11,383
General Managers & Other Top Executives	286	16,543
Truck Drivers, Heavy	265	9,233
Automobile Mechanics	249	8,768
Dispatchers	247	21,183
Ship Captains & Mates	240	10,865
Extractive Occupations	238	13,871
Heavy Equipment Mechanics	234	12,118
Petroleum Technologists & Technicians	223	21,560
Supervisor; Sales, Retail	203	8,353
Misc. Plant or Systems Operators	173	22,602
Mechanics and Repairers	173	8,415
Construction Trades, not elsewhere classified	161	8,063
Officials and Administrators	159	13,819
Machinery Maintenance Occupations	155	11,613
Manager, Administrative Services	148	10,813
Misc. Material Moving Equipment Operators	142	12,579
Excavating and Loading Machine Operators	141	10,383
Truck Drivers, Tractor-Trailer	140	9,611
Engineers, Other	139	18,565
Inspectors and Compliance Officers	139	13,013
Salespersons; Motor Vehicles	139	9,241
Petroleum Engineers	135	25,172
Supervisors; Overall Construction	132	16,903

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

## Oil industry adds resident workers

Alaska's oil industry increased its Alaska work force in 1998 from a low point in 1997. More resident workers were hired during a temporary upswing in activity, decreasing the percent nonresident workers from 29 percent in 1997 to 27.4% in 1998. However, total nonresident earnings increased from 1997 to 1998 with 26.4% of earnings going to nonresidents.

Changes to the number of nonresidents in the oil industry have been relatively small during the 1990s. The percent has fluctuated as the number of resident workers has increased or decreased. (See Exhibit 6).

Oilfield service companies showed continuing

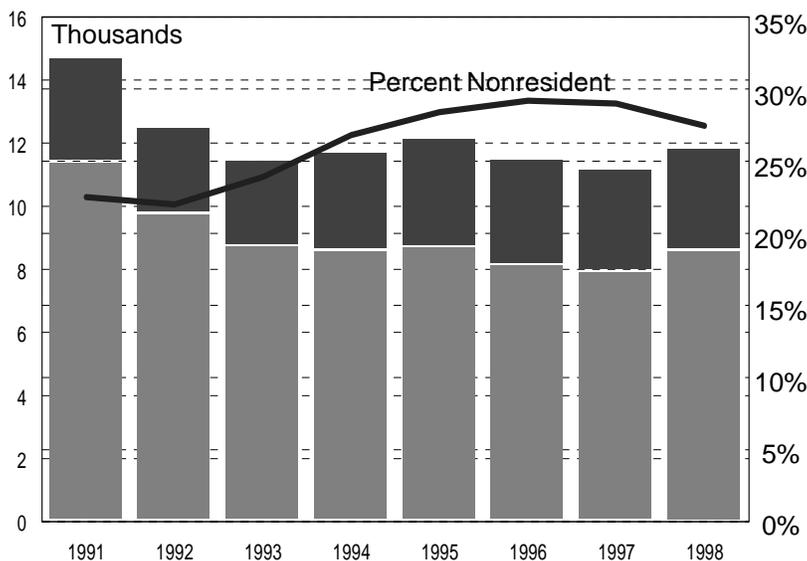
improvement in their resident hire numbers. The percent nonresident workers dropped to 27.8% in 1998 from 30 percent in 1997. Major oil companies showed flat employment numbers and no improvement in resident hire performance over 1997; 26.3% of workers were nonresident in 1998.

The earnings differential in favor of nonresidents in the oil industry increased in 1998. Earnings paid to nonresidents in 1998 were approximately \$193 million, 26.4% of the total. Major oil companies, on average, paid out 27.3% of their earnings to nonresidents while oilfield service companies paid 25.7% of earnings to nonresidents. In 1998 the oil industry paid residents an average of \$16,926 per quarter worked while paying nonresidents \$19,085 per quarter. In 1997, nonresidents were paid only \$597 more per quarter than residents.

## 1998 shows improvement over 1997 across most industry sectors

From 1997 to 1998 the total number of residents working in Alaska increased while the number of nonresident workers declined. The direction of employment change for nonresidents between 1997 and 1998 varied by industry, with most industry sectors showing a decline in the number of nonresident workers. Agriculture, forestry and fishing showed a 35.9% drop in nonresident workers. The manufacturing industry had the next largest private sector percentage drop in nonresident workers, an 8.5% decline or a loss of 1,688 workers (1,310 workers in food and kindred products). The private sector as a whole showed 2.6% fewer nonresident workers. The transportation industry had the largest increase in nonresident workers, associated with rapid growth in the air transportation sector.

## 6 Oil Industry Nonresident Numbers and percents 1991–1998



Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

## High paying occupations with large numbers of nonresidents

Nonresident workers are found in large numbers in a wide variety of occupations; in particular, seafood processing occupations, retail sales, eating and drinking occupations, general office occupations and construction occupations. Many occupations with large numbers of nonresident workers have relatively high pay and, although they may require significant training or education, represent an opportunity for training programs in Alaska or a career path for unemployed Alaskans. Exhibit 5 shows occupations with large numbers of nonresidents and 1998 quarterly earnings in excess of \$7,500, the median quarterly earnings.

## Alaska firms hiring the largest numbers of nonresidents

Exhibit 8 shows the top five employers by industry, sorted by the total number of nonresident workers they employed. The percentage and the total number of nonresidents should be examined together.

## Geographic distribution of local residents, Alaska residents and nonresidents

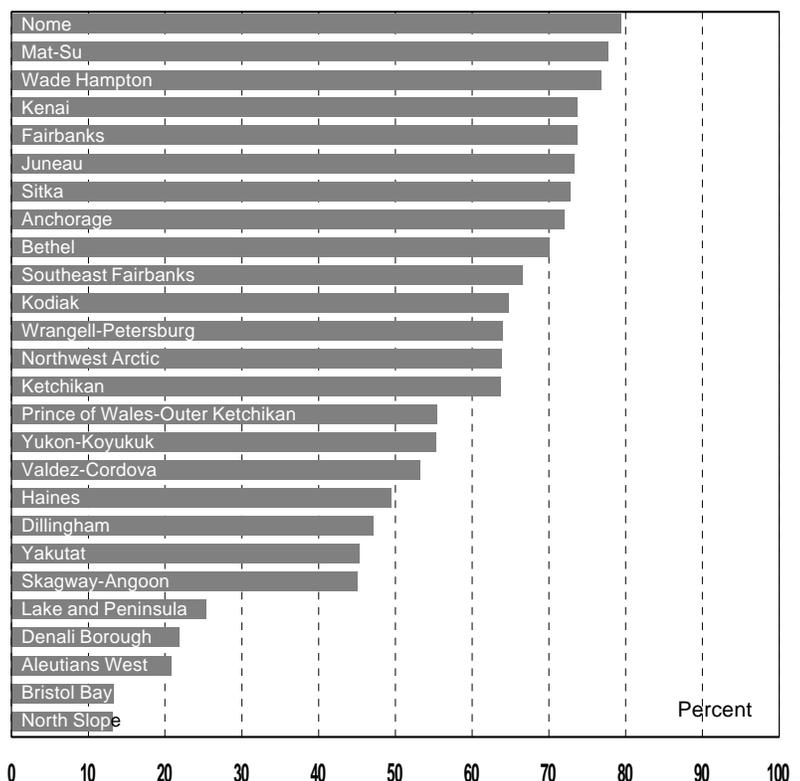
The North Slope Borough, with its many rotating oil workers, has the lowest percent of local resident workers. (See Exhibits 7 and 9.) Other areas with low percents of local resident workers include those with large seasonal seafood processing industries. Rural areas with relatively few job opportunities have the highest level of local resident employment.

In Exhibit 9, the percent nonresident workers by area is displayed for Alaska's private sector. The highest percent nonresident workers are found

in the Southwest Region, primarily the Aleutians East and the Bristol Bay Boroughs, and Aleutians West and Lake and Peninsula census areas. Most of these workers were engaged in seafood processing. Other areas with a high percentage of nonresident workers include Yakutat, Skagway/Angoon, Denali Borough and Kodiak.

For further information about resident hire in Alaska see Nonresidents Working in Alaska—1998 at <http://www.labor.state.ak.us/research/research/emp.htm>

## Local Residents' Percent of total workers—private sector 1998



Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

# 8 Top Employers of Nonresidents

## By industry—1998

	Resident Workers	Nonresident Workers	Percent Nonresident
<b>Mining</b>			
Alaska Petroleum Contractors Inc.	1,592	676	29.8%
BP Exploration Alaska Inc.	766	489	38.9
ARCO Alaska, Inc.	1,290	297	18.7
Peak Oilfield Services Co.	938	267	22.1
VECO Operations Inc.	606	266	30.5
<b>Construction</b>			
Houston Contracting Co. AK Ltd.	625	132	17.4
Conam Construction Co.	236	127	34.9
Udelhoven Oilfield System Svc.	200	78	28.0
H.C. Price Co.	459	69	13.0
Wolverine Supply, Inc.	463	68	12.8
<b>Manufacturing</b>			
Trident Seafoods Corp.	257	3101	92.3
Wards Cove Packing Co., Inc.	630	1671	72.6
Unisea, Inc.	396	1312	76.8
Icicle Seafoods Inc.	517	1259	70.8
Peter Pan Seafoods Inc.	304	1120	78.6
<b>Transportation/Comm/Utilities</b>			
Dynair Service, Inc.	492	394	44.4
Northwest Airlines, Inc.	187	283	60.2
Westours Motorcoaches Inc.	555	243	30.4
Federal Express Corp.	1,005	240	19.2
Alaska Airlines, Inc.	1,833	224	10.8
<b>Wholesale Trade</b>			
Baker Hughes Oilfield Operations	84	90	51.7
Officemax	195	60	23.5
Dresser Industries Inc.	165	50	23.2
Western Pioneer, Inc.	245	36	12.8
Anchorage Cold Storage	483	33	6.0
<b>Retail Trade</b>			
Aramark Leisure Services Group, Inc.	304	963	76.0
Carr Gottstein Foods Co.	4,942	573	10.3
KMart Corp.	1,784	494	21.6
Fred Meyer Shopping Centers	3,177	474	12.9
Wal-Mart Associates, Inc.	2,377	452	15.9
<b>Finance/Insurance/Real Estate</b>			
Alaska USA Federal Credit Union	1,016	140	12.1
National Bank of Alaska	1,524	88	5.4
Cusack Development, Inc.	271	78	22.3
First National Bank of Anchorage	967	74	7.1
Keybank National Association	304	42	12.1
<b>Services</b>			
Providence Hospital	3,420	456	11.7
Alaska Hotel Properties, Inc.	557	400	41.8
Westmark Hotels, Inc.	927	331	26.3
Labor Ready, Inc.	562	269	32.3
Ogden Facility Management of AK	976	211	17.7

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

## Methodology—How is the number of nonresident workers estimated?

Alaska residency is determined by matching the Alaska Department of Revenue Permanent Fund Dividend (PFD) file with the Alaska Department of Labor and Workforce Development wage file. The PFD file lists Alaskans who either applied for or received a PFD. The wage file contains quarterly earnings and industry information on workers covered by unemployment insurance within Alaska. Workers in the wage file are considered Alaska residents if they either received a 1998 PFD or applied for a 1999 PFD.

For the purposes of this analysis, Alaska residency is determined by matching the worker's social security number on the wage file with the social security number on the PFD file. Those few with missing social security numbers are excluded from the analysis.

Information from both the 1998 and 1999 dividend years is used to improve the accuracy of the residency classification. Resident workers who left Alaska during 1998 are identified and counted as residents. New workers who arrived in Alaska after January 1, 1998, would generally be counted as nonresidents.

# Workers and Earnings by Place of Work and Residency

## Private sector wage and salary workers 1998



	Resident Workers		Nonresident Workers		Resident Wages		Nonresident Wages	
	Local Resident	Other Alaska Res.	Number	Pct. Non-Res.	Local Resident	Other AK Resident	\$Amount	Pct. Non-Res.
<b>Anchorage/Mat-Su Reg.</b>								
Anchorage	90,413	13,024	21,373	17.1%	\$2,332,735,819	\$290,788,427	\$295,357,466	10.1%
Mat-Su	10,301	1,356	1,534	11.6	177,896,197	29,446,142	10,741,730	4.9
<b>Gulf Coast Region</b>								
Kenai	14,168	1,407	3,555	18.6	291,823,037	29,436,043	26,480,683	7.6
Kodiak	4,453	460	1,927	28.2	87,465,108	8,219,997	17,431,850	15.4
Valdez-Cordova	3,206	943	1,846	30.8	88,702,298	24,050,427	21,506,396	16.0
<b>Interior Region</b>								
Denali Borough	492	837	884	39.9	17,236,325	17,838,882	7,136,282	16.9
Fairbanks	24,062	2,775	5,666	17.4	550,314,163	54,105,330	51,930,948	7.9
Southeast Fairbanks	1,076	227	305	19.0	14,701,061	4,366,014	2,321,673	10.9
Yukon-Koyukuk	1,190	532	415	19.4	16,266,738	15,853,016	5,590,789	14.8
<b>Northern Region</b>								
Nome	2,403	304	307	10.2	47,877,207	6,737,580	3,830,520	6.6
North Slope Borough	1,592	6,904	3,308	28.0	50,863,536	374,210,275	166,627,409	28.2
Northwest Arctic Borough	1,776	612	377	13.6	43,472,487	28,218,954	14,108,068	16.4
<b>Southeast Region</b>								
Haines	764	139	630	41.1	10,394,093	2,259,837	5,024,755	28.4
Juneau	9,178	1,010	2,289	18.3	205,755,070	18,318,968	23,572,116	9.5
Ketchikan	5,200	507	2,410	29.7	120,096,410	8,076,002	23,886,204	15.7
POW-Outer Ketchikan	1,583	477	777	27.4	29,914,778	11,206,426	9,175,934	18.2
Sitka	2,782	264	761	20.0	55,249,628	3,260,650	6,585,304	10.1
Skagway-Angoon	898	283	795	40.2	14,748,456	4,022,258	7,257,083	27.9
Wrangell-Petersburg	1,865	231	805	27.7	30,145,409	3,784,736	7,319,114	17.7
Yakutat	236	76	206	39.8	3,606,080	1,110,985	2,380,097	33.5
<b>Southwest Region</b>								
Aleutians East	411	439	2,564	75.1	7,647,331	8,798,118	27,843,026	62.9
Aleutians West	1,255	692	3,975	67.1	33,269,118	18,389,754	42,724,456	45.3
Bethel	4,208	945	827	13.8	56,331,086	17,324,846	9,455,084	11.4
Bristol Bay Borough	430	487	2,239	70.9	9,599,477	5,648,842	13,991,492	47.9
Dillingham	1,276	422	990	36.8	26,842,927	7,126,224	7,508,278	18.1
Lake and Peninsula	309	222	671	55.8	2,800,980	3,235,448	4,986,954	45.2
Wade Hampton	1,038	200	109	8.1	10,142,940	4,622,898	899,877	5.7
Other/Unknown	0	437	2,990	87.2	0	9,027,405	28,282,530	75.8
<b>Total Private Sector</b>	<b>186,565</b>	<b>36,212</b>	<b>64,353</b>	<b>22.5</b>	<b>4,335,897,758</b>	<b>1,009,484,484</b>	<b>843,956,118</b>	<b>13.6</b>

Note: Place of Alaska residence determined by most recent Permanent Fund Dividend address. Place of work is determined from data provided by 90 percent of employers on quarterly UI wage records or from employer primary business location.

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section