

Nonresident Workers' Impact On Alaska in 1987 Was Significant

by Brynn Keith

Alaska's economy is in many ways less than stable. Contributing to its instability is its harsh climate, the seasonal nature of many of its industries, and its distance from the other 49 states.

Also aggravating the state's economic instability is the large number of seasonal and transient nonresident workers. Nonresidents contribute to the high rate of unemployment among Alaska residents. Nonresident workers also spend a high percentage of their Alaska earnings outside of the state. Further, a high percentage of nonresidents receive Alaska unemployment insurance benefits while residing out of state.

Nonresident workers' economic impact on Alaska has long been a concern of Alaska's policymakers. The Department of Labor (DOL) annually submits to the legislature a comprehensive report on the subject. This article highlights some of the information contained in the most recent report released in January.^{1/}

^{1/} This article is derived from *Nonresidents Working in Alaska 1987* a 69-page publication published early this year by the Alaska Department of Labor (DOL). The publication's primary focus was on the amount of Alaska wages earned by nonAlaskans during 1987. *Nonresidents*, mandated by the Alaska legislature and released in January, broke out this information by industry and region, recounting the number of nonAlaskans working in specific industries and specific Alaska regions during 1987. The publication is available free through DOL's Research & Analysis Section.

Percent Nonresident Earnings & Workers -
Alaska, 1986 & 1987



Source: Alaska Department of Labor, Research & Analysis Section

Table 1

Regular Unemployment Insurance Benefits Paid by State - Ranked by Percentage of Benefits that were Interstate 1987

(excludes supplemental, federal and extended benefits)

Rank	State	Total Benefits	Interstate Benefits	
		Amount paid in millions	Amount paid in millions	Percent of Total
	U.S.	\$14,260.9	\$838.5	5.9
1	ALASKA	117.3	30.1	25.7
2	Wash., D.C.	67.7	12.9	19.0
3	Delaware	24.5	4.5	18.5
4	Wyoming	48.9	8.7	17.8
5	Nevada	61.9	9.0	14.5
6	Kansas	166.1	19.7	11.9
7	New Hampshire	12.0	1.4	11.5
8	Virginia	128.4	12.9	10.0
9	Nebraska	49.7	4.4	8.8
10	Hawaii	47.3	4.1	8.7
11	Oregon	221.7	18.9	8.5
12	Arizona	122.4	9.5	7.8
13	Connecticut	161.9	12.5	7.7
14	New Jersey	581.3	41.8	7.2
15	Maryland	192.5	13.5	7.0
16	Florida	269.1	18.3	6.8
17	New Mexico	71.9	4.6	6.4
18	Colorado	211.7	13.0	6.1
19	Texas	1,102.2	67.2	6.1
20	Georgia	236.3	14.0	5.9
21	Missouri	225.1	13.3	5.9
22	Maine	51.3	3.0	5.9
23	Louisiana	382.3	22.3	5.8
24	Utah	90.7	5.1	5.6
25	North Dakota	37.7	2.0	5.4
26	Vermont	24.3	1.3	5.4
27	Massachusetts	421.8	22.0	5.2
28	Oklahoma	148.2	7.7	5.2
29	Rhode Island	68.2	3.5	5.2
30	New York	1,108.5	55.7	5.0
31	Washington	356.6	17.9	5.0
32	Arkansas	131.0	6.3	4.8
33	South Carolina	77.3	3.7	4.8
34	North Carolina	202.3	9.5	4.7
35	Montana	45.4	2.1	4.7
36	California	1,840.6	85.9	4.7
37	South Dakota	11.4	0.5	4.6
38	Idaho	66.9	3.1	4.6
39	Illinois	829.6	37.7	4.5
40	Mississippi	100.4	4.4	4.4
41	West Virginia	125.5	5.4	4.3
42	Minnesota	309.9	12.7	4.1
43	Tennessee	167.0	6.3	3.8
44	Pennsylvania	926.3	33.0	3.6
45	Indiana	155.4	5.3	3.4
46	Ohio	651.8	21.8	3.3
47	Kentucky	140.9	4.0	2.8
48	Iowa	130.7	3.7	2.8
49	Alabama	165.9	4.3	2.6
50	Wisconsin	322.9	6.7	2.1
51	Michigan	\$956.7	\$15.4	1.6

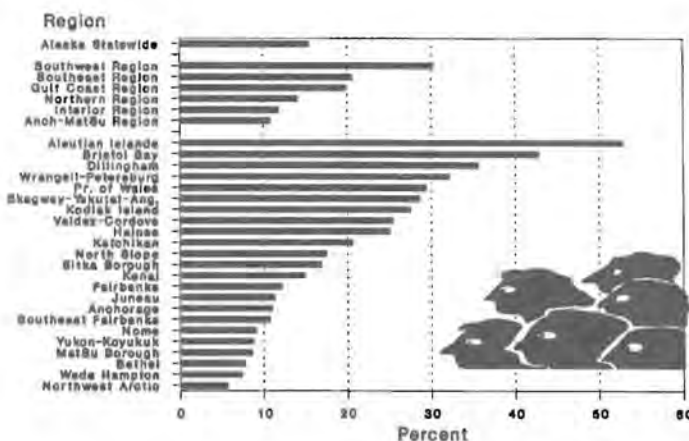
Source: U.S. Department of Labor, Employment & Training Administration

Following are highlights of the report, *Nonresidents Working in Alaska 1987*:

- In 1987, 15.5% of all Alaska workers — 45,148 persons — were nonresidents.
- Compared to all 50 states, Alaska paid the highest proportion of unemployment benefits to out-of-state claimants. The national average for interstate payments in 1987 was nearly 6%. Alaska sent almost 26% of its total benefit payments to out-of-state addresses.
- Alaska's food processing industry had both the highest percentage of nonresident earnings and nonresident workers; over 45% of the industry's total earnings were paid to nonresidents, and more than 46% of the industry's workers were nonresidents. (Ninety-five percent of activity in this industry is in seafood processing.)
- Of the state's six geographic regions, the Southwest employed the highest percentage of nonresident workers — over 30%. These same workers also received the highest percentage of earnings — 20%. (Seafood processing, the dominant industry in this region, has historically had a large nonresident work force.)
- Of the 23 census areas, the Anchorage Borough and the Fairbanks North Star Borough had the largest nonresident work forces — 15,193 and 4,001, respectively.
- Nonresidents' average 1987 earnings were about 41% of those earned by resident workers.
- 7% of Alaska's nonagricultural, nonfederal earnings were paid to nonresident workers in 1987.

Figure 2

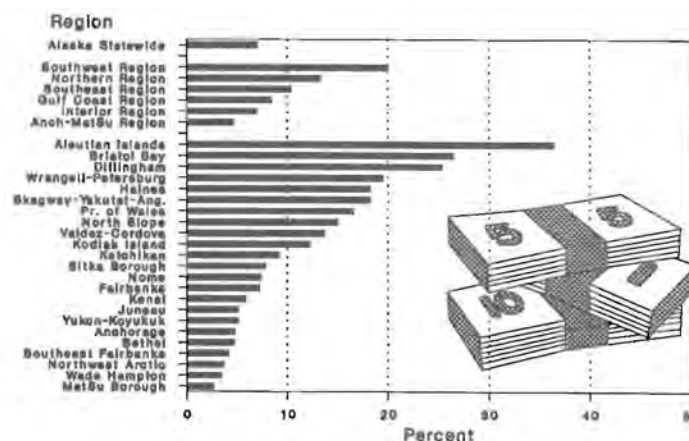
Percent of Workers Who Were Nonresidents — by Geographic Zone, 1987



Source: Alaska Department of Labor, Research & Analysis Section

Figure 3

Percent of Earnings Paid to Nonresidents — by Geographic Zone, 1987



Source: Alaska Department of Labor, Research & Analysis Section

Table 2

Unemployment Insurance Benefits Paid — By Resident Status and Type of Payment Alaska, 1987

Type of Payments	Amount of Payments					
	Residents		Nonresidents		Total	
	(in thous.)	% of Total	(in thous.)	% of Total	(in thous.)	% of Total
In-state	\$94,953,209	81.0	\$1,829,138	19.3	\$96,782,428	76.4
out-of-state	22,267,434	19.0	7,640,827	80.7	29,908,280	23.6
TOTAL	\$117,220,643	92.5	\$9,469,965	7.5	\$126,690,708	100.0

Source: Alaska Department of Labor, Research & Analysis Section

Alaska Was Still Deep in a Recession in 1987

In 1987, Alaska was still experiencing contractions caused by the economic recession which began in 1985. Throughout 1987, economic activity declined in three sectors: oil and gas mining, construction, and state and local government. Although there was improvement in four sectors (fisheries, federal government, timber, and metal mining), the improvements weren't substantial enough to offset employment losses in the other three sectors.

Five of Alaska's nonagricultural industrial sectors sustained the nation's highest unemployment rates in 1987: construction, manufacturing, FIRE (Finance, Insurance & Real Estate), services, and government. Modest improvement in two sectors' unemployment rates — TCU (Transportation, Communications & Public Utilities), and trade — came

about as a result of a drop in these industries' labor force. Because these improvements weren't due to improved economic conditions, there was no recovery indicated for these economic sectors.

Amount of UI Payments Sent Out-of-state Was Enormous

Out of all 50 states and Wash., D.C., Alaska ranked Number 1 in 1987 in the percentage of unemployment insurance benefit payments disbursed to out-of-state claimants. Over 25% of the \$117.3 million paid in regular benefits went to out-of-state claimants that year.^{2/}

Although the total unemployment insurance benefits paid in 1987 decreased from the amount paid in 1986, the percentage of out-of-state claims rose by 3.6 percentage points. When compared to the national out-of-state payment percentage of 5.9%, Alaska's 25.7% payments was enormous. (See Table 1.)

^{2/} Regular benefits, by definition, exclude state supplemental and federal extended benefits.

Annual Earnings, Workers, and Average Earnings by Industry — Alaska, 1987

Industry	Earnings			Workers			Average Earnings		
	Resident	Nonresident	% of Total	Resident	Nonresident	% of Total	Resident	Nonresident	As % of Res.
	Earnings (thous.)	Earnings (thous.)		no. of Workers	no. of Workers		Average Earnings	Average Earnings	
State Government	\$626,754	\$14,613	2.3	24,575	1,296	5.0	\$25,504	\$11,276	44.2
Local Government	858,991	15,396	1.8	42,188	2,017	4.6	20,361	7,633	37.5
Agriculture ^{1/}									
Crops	1,161	95	7.6	301	34	10.1	3,857	2,801	72.6
Livestock	585	68	10.4	45	15	25.0	12,989	4,509	34.7
Agricultural Services	5,600	403	6.7	854	112	11.6	6,557	3,602	54.9
Forestry	2,438	101	4.0	85	5	5.6	28,682	20,118	70.1
Fishing/Hunting/Trapping ^{1/}	6,164	2,283	27.0	698	285	29.0	8,831	8,011	90.7
Mining									
Metal ^{1/}	15,186	8,700	36.4	954	377	28.3	15,918	23,076	145.0
Coal	x	x	2.9	x	x	3.3	x	x	89.2
Oil & Gas	472,466	55,685	10.5	11,097	2,051	15.6	42,576	27,150	63.8
Nonmetal/Nonfuel	x	x	11.5	x	x	12.3	x	x	92.3
Construction									
Building	100,672	10,785	9.7	8,271	1,254	13.2	12,172	8,601	70.7
Heavy	122,103	20,259	14.2	7,539	1,328	15.0	16,196	15,255	94.2
Special Trades	136,957	13,776	9.1	10,309	1,692	14.1	13,285	8,142	61.3
Manufacturing									
Food Processing	73,155	60,044	45.1	14,198	12,364	46.5	5,152	4,856	94.3
Textiles	x	x	4.9	x	x	11.8	x	x	38.8
Apparel	474	60	11.3	82	14	14.6	5,779	4,300	74.4
Lumber/Wood	12,988	3,057	19.1	952	333	25.9	13,643	9,179	67.3
Logging	38,847	12,740	24.7	2,071	1,231	37.3	18,758	10,349	55.2
Furniture	x	x	0.0	x	x	0.0	x	x	0.0
Paper	x	x	7.7	x	x	16.8	x	x	41.5
Printing	33,848	1,052	3.0	2,778	242	8.0	12,184	4,349	35.7
Chemicals	x	x	8.1	x	x	6.7	x	x	124.0
Petro Refining	5,439	169	3.0	170	13	7.1	31,995	12,986	40.6
Rubber/Miscellaneous	756	52	6.5	143	18	11.2	5,287	2,903	54.9
Concrete	10,749	202	1.8	616	37	5.7	17,449	5,466	31.3
Primary Metals	238	47	16.4	24	3	11.1	9,937	15,640	157.4
Fabricated Metals	3,222	256	7.4	227	29	11.3	14,196	8,821	62.1
Machinery	848	0	0.0	30	0	0.0	28,276	0	0.0
Electrical Machinery	370	39	9.6	22	5	18.5	16,796	7,820	46.6
Transportation Equipment	2,529	500	16.5	232	78	25.2	10,901	6,416	58.9
Measuring	x	x	0.6	x	x	7.1	x	x	7.9
Miscellaneous	949	0	0.0	82	0	0.0	11,572	0	0.0
Trans., Comm., & Public Utilities									
Local Transit	x	x	11.8	x	x	13.7	x	x	84.7
Motor Freight	52,763	2,951	5.3	3,543	454	11.4	14,892	6,500	43.6
Water Transportation	29,557	5,663	16.1	2,417	459	16.0	12,229	12,337	100.9
Air Transportation	133,421	16,229	10.8	7,057	1,023	12.7	18,906	15,864	83.9
Pipelines	x	x	2.4	x	x	3.1	x	x	78.4
Transportation Services	17,305	1,054	5.7	1,574	193	10.9	10,995	5,461	49.7
Communications	118,022	5,822	4.7	4,561	339	6.9	25,876	17,175	66.4
Utilities	81,624	2,075	2.5	3,080	192	5.9	26,501	10,806	40.8

Note: "x" indicates nondisclosable information.

(cont. on page 22)

Table 3 (cont. from page 21)

Annual Earnings, Workers, and Average Earnings by Industry — Alaska, 1987

Industry	Earnings			Workers			Average Earnings		
	Resident	Nonresident		Resident	Nonresident		Resident	Nonresident	
	Earnings (thous.)	Earnings (thous.)	% of Total	no. of Workers	no. of Workers	% of Total	Average Earnings	Average Earnings	As % of Res.
Wholesale Trade									
Durable	118,598	5,856	4.7	6,039	572	8.7	19,639	10,238	52.1
Nondurable	83,790	4,070	4.6	5,210	611	10.5	16,083	6,662	41.4
Retail Trade									
Hardware	24,428	1,047	4.1	2,052	235	10.3	11,904	4,456	37.4
General Merchandise	59,655	2,001	3.2	7,606	649	7.9	7,843	3,083	39.3
Food Stores	110,494	3,969	3.5	12,187	1,292	9.6	9,067	3,072	33.9
Auto/Service Station	71,508	3,270	4.4	5,983	627	9.5	11,952	5,215	43.6
Apparel	15,742	808	4.9	3,272	367	10.1	4,811	2,202	45.8
Furniture	15,746	691	4.2	1,773	179	9.2	8,881	3,860	43.5
Eating/Drinking Places	122,687	13,592	10.0	26,321	5,079	16.2	4,661	2,676	57.4
Miscellaneous Retail	172,786	3,583	4.7	9,187	964	9.5	7,923	3,717	46.9
Finance, Ins., & Real Estate									
Banking	114,919	3,145	2.7	5,965	394	6.2	19,266	7,982	41.4
Credit Agencies	11,961	439	3.5	850	50	5.6	14,072	8,787	62.4
Brokers	12,161	317	2.5	376	26	6.5	32,344	12,174	37.6
Insurance	27,193	537	1.9	1,068	65	5.7	25,462	8,256	32.4
Insurance Agents	32,894	851	2.5	1,640	121	6.9	20,057	7,037	35.1
Real Estate	25,905	1,450	5.3	3,263	354	9.8	7,939	4,097	51.6
Investment Company	37,747	1,734	4.4	3,211	182	5.4	11,755	9,527	81.0
Services									
Hotels	56,524	6,465	10.3	9,572	1,961	17.0	5,905	3,297	55.8
Personal Services	19,018	948	4.7	3,408	345	9.2	5,580	2,748	49.2
Business Services	84,366	8,879	9.5	10,935	1,810	14.2	7,715	4,905	63.6
Auto Repair	28,080	2,185	7.2	2,938	344	10.5	9,557	6,353	66.5
Miscellaneous Repair	16,388	3,211	16.4	1,351	265	16.4	12,130	12,118	99.9
Motion Pictures	5,302	482	8.3	1,919	239	11.1	2,763	2,018	73.0
Recreation Services	15,050	1,611	9.7	4,074	648	13.7	3,694	2,486	67.3
Health Services	208,027	7,070	3.3	11,804	926	7.3	17,623	7,635	43.3
Legal Services	59,733	1,944	3.2	2,624	201	7.1	22,764	9,670	42.5
Private Education	13,667	883	6.1	1,241	159	11.4	11,013	5,554	50.4
Social Services	63,624	2,453	3.7	8,461	697	7.6	7,520	3,519	46.8
Museums	651	28	4.1	109	6	5.2	5,972	4,639	77.7
Membership Organizations	56,343	1,864	3.2	6,818	505	6.9	8,264	3,691	44.7
Private Household/Domestics	2,338	40	1.7	102	20	16.4	22,921	2,021	8.8
Engineering, Accounting & Management	126,352	14,607	10.4	7,660	1,404	15.5	16,495	10,404	63.1
Miscellaneous Services	11,241	2,657	19.1	763	149	16.3	14,732	17,831	121.0
Nonclassifiable	4,207	837	16.6	685	103	13.1	6,142	8,130	132.4
TOTAL	\$4,820,554	\$365,147	7.0	246,489	45,148	15.5	\$19,557	\$8,088	41.4

Source: Alaska Department of Labor, Research & Analysis Section

1/ Data includes only nonagricultural wage and salary employees covered by unemployment insurance.
Consequently, data provided for this industry may not be representative of the industry as a whole.

In 1987, nonresidents working in Alaska received \$9.5 million in unemployment benefits. That figure amounted to 7.5% of all unemployment insurance benefit payments paid that year. Of all benefit payments disbursed to nonresidents, over 80% were mailed to out-of-state addresses. In contrast, only 19% of all unemployment insurance benefits paid to Alaskans were mailed out-of-state. (See Table 2.)

Sources of Data:

These earnings and employee data were developed by crossmatching 1987 DOL wage records with Alaska Department of Revenue 1987 and 1988 permanent fund dividend records. Workers classified as residents are those who applied for a 1987 or a 1988 dividend.

Workers and earnings data were drawn from DOL wage records. The wage file includes only those workers who are covered by the Alaska Employment Security Act. Excluded from the Act

are those employed with the federal government, private railroads, or in agriculture. Also excluded are fishers, full-commission retail sellers, and domestic and unpaid family workers. The wage file also excludes elected and appointed officials.

Yet the workers who are covered by the Act are representative of the Alaska work force. Thus, this analysis gives a fair approximation of the effect of nonresident workers on the Alaska economy.

The Recession Drove Out Many Nonresident Workers

Nonresidents figured less prominently in the Alaska economy in 1987 than they did in 1986. Both the percentages of nonresident earnings and workers dropped in 1987 to levels lower than those seen in 1986. The percentage of earnings received by nonresidents in 1987 dropped nearly two percentage points to 7%. Similarly, nonresident

Table 4

Comparison of Residents and Nonresidents Between 1986 and 1987 for Selected Industries —Alaska

	Earnings (thousands)						Workers					
	Resident		Nonresident		Nonresident		Resident		Nonresident		Nonresident	
	1986	1987	1986	1987	1986	1987	1986	1987	1986	1987	1986	1987
Metal Mining ^{1/}	\$11,852	\$15,186	\$3,903	\$8,700	24.8	36.4	709	954	253	377	26.3	28.3
Oil & Gas	487,371	472,466	80,103	55,685	14.1	10.5	11,558	11,097	3,143	2,051	21.4	15.6
Building Construction	111,437	100,672	17,787	10,785	13.8	9.7	10,269	8,271	2,110	1,254	17.0	13.2
Heavy Construction	167,162	122,103	48,745	20,259	22.6	14.2	10,041	7,539	3,072	1,328	23.4	15.0
Special Trades Construction	169,153	136,957	20,609	13,776	10.9	9.1	12,448	10,309	2,344	1,692	15.8	14.1
Food Processing	55,036	73,155	61,342	60,044	52.7	45.1	10,155	14,198	13,521	12,364	57.1	46.5
Lumber/Wood Manufacturing	4,632	12,988	1,096	3,057	19.1	19.1	429	952	88	333	17.0	25.9
Logging	36,075	38,847	11,906	12,740	24.8	24.7	1,998	2,071	1,131	1,231	36.1	37.3
TOTAL	\$5,076,010	\$4,820,554	\$486,430	\$365,147	8.7	7.0	252,072	246,489	58,333	45,148	18.8	15.5

Source: Alaska Department of Labor, Research & Analysis Section

^{1/} Data includes only nonagricultural wage and salary employees covered by unemployment insurance. Consequently, data provided for this industry may not be representative of the industry as a whole.

Table 5

Annual Earnings, Workers, and Average Earnings by Geographic Zone — Alaska, 1987

Geographic Zone	Earnings			Workers			Average Earnings		
	Resident	Nonresident	% of Total	Resident	Nonresident	% of Total	Resident	Nonresident	As % of Res.
	Earnings (thous.)	Earnings (thous.)		no. of Workers	no. of Workers		Average Earnings	Average Earnings	
Alaska Statewide	\$4,820,554	\$365,147	7.0	246,489	45,148	15.5	\$19,557	\$8,088	41.4
Anchorage-MatSu Region	2,358,155	116,355	4.7	129,353	15,884	10.9	18,230	7,348	40.3
Anchorage Borough	2,259,781	113,691	4.8	123,643	15,193	10.9	18,277	7,483	40.9
MatSu Borough	98,374	2,664	2.6	7,357	691	8.6	13,371	3,855	28.8
Gulf Coast Region	313,558	28,835	8.4	24,640	6,093	19.8	12,726	4,732	37.2
Kenai Peninsula Borough	206,561	12,983	5.9	15,356	2,701	15.0	13,452	4,807	35.7
Kodiak Island Borough	60,486	8,459	12.3	5,441	2,063	27.5	11,117	4,101	36.9
Valdez-Cordova	46,510	7,392	13.7	4,318	1,474	25.4	10,771	5,015	46.6
Interior Region	497,028	37,353	7.0	33,259	4,486	11.9	14,944	8,327	55.7
Fairbanks Borough	444,388	34,645	7.2	28,777	4,001	12.2	15,442	8,659	56.1
Southeast Fairbanks	13,493	592	4.2	1,516	183	10.8	8,900	3,236	36.4
Yukon-Koyukuk	39,147	2,115	5.1	3,592	345	8.8	10,898	6,131	56.3
Northern Region	377,810	58,115	13.3	16,575	2,734	14.2	22,794	21,257	93.3
Nome	46,581	3,735	7.4	3,794	377	9.0	12,277	9,907	80.7
North Slope Borough	300,511	53,205	15.0	10,508	2,226	17.5	28,598	23,901	83.6
Northwest Arctic Borough	30,718	1,176	3.7	2,484	148	5.6	12,366	7,946	64.3
Southeast Region	439,112	51,137	10.4	29,457	7,987	21.3	14,907	6,402	42.9
Haines Borough	20,842	4,646	18.2	1,376	461	25.1	15,147	10,077	66.5
Juneau Borough	138,762	7,545	5.2	10,050	1,273	11.2	13,807	5,927	42.9
Ketchikan Gateway Bor.	128,696	13,049	9.2	8,489	2,206	20.6	15,160	5,915	39.0
Pr. of Wales-Outer Ketch.	24,354	4,828	16.5	2,563	1,067	29.4	9,502	4,525	47.6
Sitka Borough	58,402	5,000	7.9	4,530	921	16.9	12,892	5,429	42.1
Skagway-Yakutat-Angoon	20,422	4,541	18.2	1,926	772	28.6	10,603	5,823	55.5
Wrangell-Petersburg	47,633	11,527	19.5	3,861	1,836	32.2	12,337	6,278	50.9
Southwest Region	170,955	42,771	20.0	15,862	7,079	30.9	10,778	6,042	56.1
Aleutian Islands	44,328	25,407	36.4	3,435	3,860	52.9	12,905	6,582	51.0
Bethel	66,299	3,310	4.8	6,769	568	7.7	9,795	5,828	59.5
Bristol Bay Borough	13,306	4,794	26.5	1,448	1,083	42.8	9,189	4,427	48.2
Dillingham	24,983	8,481	25.3	2,909	1,614	35.7	8,588	5,255	61.2
Wade Hampton	22,038	779	3.4	2,221	175	7.3	9,923	4,454	44.9
Geographic Area Unknown	\$36,498	\$15,804	30.2	4,332	2,244	34.1	\$8,425	\$7,043	83.6

Source: Alaska Department of Labor, Research & Analysis Section

Note: Wages paid to state government employees are excluded from all regions and census areas, but included at the statewide level.

participation in the Alaska work force fell from nearly 20% in 1986 to 15.5% in 1987. (See Figure 1.)

The drop in nonresidents' participation in Alaska's 1987 economy can be attributed in part to the recessionary conditions prevalent in the state at that time. Fewer job opportunities, and an improvement in the economies of the other 49 states made Alaska a less attractive destination in 1987 for nonresident workers.

Analysis of Nonresident Workers by Industry

The Food Processing Industry Had Highest Nonresident Work Force

Compared with all industry sectors, food processing had the highest nonresident payroll and the largest nonresident work force — in both absolute and percentage terms — in 1987.^{3/} (See Table 3.) Although the number of nonresident workers in this industry remained fairly constant from 1986 to 1987, a rise in the employment of resident workers resulted in a lower percentage of nonresident workers and earnings. (See Table 4.)

As industry data suggest, 1987 was an excellent year for Alaska's seafood industry. A number of factors contributed to the success of the 1987 season: the phase-out of foreign fleets in U.S.-controlled waters, improvement in the domestic bottomfishery, and comparatively strong salmon runs. Also contributing to the 1987 prosperity were high prices for many species.

Historically, there has been a large nonresident work force in seafood processing due to the seasonal nature of the work and the remoteness of many of the job site locations. Although food processing maintained its standing in 1987 as the industry with the highest percentage of both nonresident workers and earnings, the percentages did decline from their 1986 levels. As Table 4 indicates, the percentage of

nonresident workers dropped from 1986 to 1987. Consequently, resident workers benefitted from the majority of the 1987 rise in economic activity.

Alaskans Now Getting More of Alaska's Construction Jobs

The decline in the construction industry, which began in 1986, continued throughout 1987. All three portions of the industry — building, heavy and special trades — were affected by the slow down. However, it was the heavy construction group where the drop in activity was most noticeable.^{4/} Earnings in heavy construction decreased by 34% — \$73 million. The number of workers fell in a similar manner.

Fewer nonresident workers were competing in 1987 for Alaska construction jobs for two reasons: the downturn in this state's construction industry has decreased the overall number of jobs, and the renewed strength in western states' construction industries have drawn nonAlaskans southwards. Those available construction jobs increasingly went to resident workers. In 1986, resident workers garnered nearly 78% of all Alaska construction jobs; in 1987, Alaskans had more than 84% of the state's total construction jobs.

Increased Mining Activity Drew More Nonresident Workers

Both exploration expenditures and mineral production in Alaska's mineral industry showed a marked improvement in 1987. About 94% of all mineral production was concentrated in gold, coal, and sand and gravel. Alaska produced approximately \$105 million in gold during 1987. For the first time since the 1960s the volume of gold production in 1987 exceeded the value of all other minerals combined. On the down side, though, sand and gravel production dropped 43% from its 1986 level. This decline was attributable to the pronounced drop in the development of oil fields and in the development of infrastructure.

^{3/} In 1987, the Alaska seafood processing industry accounted for 95% of the activity in the entire food processing sector. Consequently, food processing industry data can be interpreted as seafood processing information.

^{4/} Working in the heavy construction industry are general contractors engaged in projects including — but not limited to — highways and streets, bridges, marine projects, sewers, and railroads.

Employee earnings in metal mining rose by \$8 million in 1987. Nonresidents increased their earnings share that year by 11.6 percentage points to 36.4%.

Past research indicates many of the technical, highly-paid occupations have been filled by nonresidents. As a result, nonresidents working in metal mining have earned a higher than average wage compared to that earned by resident workers. In 1987, nonresidents earned an annual average of \$23,076, whereas residents earned an annual average of \$15,918.

As Oil & Gas Activity Slumped, So Too Did Number of Workers

The year 1987 marked the 10th anniversary of production start up at the nation's largest oil field, Prudhoe Bay. Between 1977 and 1987, Alaskans experienced both the boom that came from the sale of vast quantities of oil, and the bust created by the 1985 fall of oil prices.

Throughout 1987, the oil and gas mining industry experienced the economic contraction created by the price falls that started in 1985. The industry's total number of workers dropped from 1986 levels, as did total earnings for these workers.

Also down in 1987 was the percentage of earnings and workers attributed to nonresidents. For the first time since 1985, nonresident earnings in oil and gas were not the highest (compared to all other Alaska industries). The food processing sector edged out oil and gas in the 1987 rankings. These changes in ranking were, most likely, due both to the constriction in the oil and gas industry and to the growth in the food processing industry.

There Were Few Work Force Changes in the Timber Industry

The forest products industry experienced a year of recovery in 1987. A strengthening of export markets, fueled by a rise in the value of the Japanese yen, resulted in an excellent year for the timber industry. Both the number of timber workers and their earnings exceeded 1986 levels. (See Table 4.)

Prices for logs, lumber, and pulp all rose in 1987. As a result, the production season was extended from 8 to 11 months. This expanded season contributed to a rise in average wages received by resident workers.

Despite the higher number of employees in 1987, the percentage breakdown of nonresident workers and earnings closely approximated 1986 levels. The percentage of earnings received by nonresidents working in the logging industry showed a minuscule drop in 1987. Whereas, the nonresident component of the logging work force edged up slightly during the same period.

Historically, Tourism Has Always Employed Many Nonresidents

Although tourism activity in 1987 didn't match the banner year of 1986, it was successful nevertheless. The Vancouver Expo and the threat of international terrorism in 1986 encouraged many tourists to look to Alaska for vacation opportunities. The return in 1987 to pre-1986 levels of growth wasn't unexpected. The 1987 drop didn't indicate an overall decline in the long term health of Alaska's tourism industry.

Statistical data for the tourism industry is not readily available. There is no single industry associated with tourism activity. Rather, tourism affects many industries, including retail trade, recreational services, hotels, and various transportation sectors. Due to

this fracturing of the industry data, actual earnings and workers information for the tourism industry is difficult to chart. Consequently, only general inferences can be offered about industry activity in 1987.

Historically, the tourism industry has employed high numbers of nonresident workers. Many tourism jobs are characterized by comparatively low wages and long hours. Nonresident college students, interested in adventure and the prospect of relatively good wages, are attracted to this industry.

Analysis of Nonresident Workers by Geographic Area

Fishing Ports Had the Greatest Percentage of Nonresident Workers

Very little changed in 1987 in the two geographic rankings: the highest percentage of nonresidents in the work force, and the highest percentage of earnings paid to nonresidents.

Despite increases in resident fishing employment, those communities with the highest percentages of nonresident earnings and workers were the ones dependent on fishing for a significant portion of their economic activity. Of all the 23 Alaska census areas, those which had the highest percentages of nonresident workers in 1987 were: the Aleutian Islands, Bristol Bay Borough, Dillingham, Wrangell-Petersburg, and Prince of Wales-Outer Ketchikan. (See Figure 2.)

The ranking of census areas by percentage of earnings paid to nonresidents closely resembled the areas' ranking by percentage of nonresident workers. The only exception was that the Haines and Skagway-Yakutat-Angoon census areas tied for the 5th highest nonresident payroll (in percentage terms), edging out Prince of Wales-Outer Ketchikan for that ranking. (See Figure 3.)

Improved Bottomfisheries Drew Nonresidents to Aleutians

The number of nonresidents working in the Aleutian Islands rose dramatically from 1986 to 1987. This is explained, in part, by the rise in the bottomfishery. With 3,860 nonresidents employed in 1987, the Aleutian Islands ranked 3rd — of the 23 census areas — in the number of nonresidents employed.

Greatest Number of Nonresidents Were in Anchorage and Fairbanks

As expected, given the population density of the Anchorage and Fairbanks North Star boroughs in 1987, the greatest number of nonresidents were employed in these areas. Employers whose offices were located in the Anchorage Borough employed 15,193 nonresidents in 1987; those in the Fairbanks North Star Borough employed 4,001. (See Table 5.)

Nonresidents Drew the Highest Pay in the Northern Region

In the Northern Region, nonresident workers received average earnings 93.9% as high as resident workers. This figure far exceeds the state average of slightly over 41%. The disparity can be accounted for by the economic dominance in this region of the North Slope Borough, and the prevalence of the oil and gas industry. Many of the highly paid, technical occupations in this industry are filled by nonresidents.

Alaskans Want Job Preference Given to Alaskans

The 1988 resident hire vote changing the state constitution indicates that Alaskans support the idea of hiring Alaska residents. There is substantial disagreement, however, over just how this should be accomplished.

In its current form, the state's local hire law requires that the State of Alaska play an active role in ensuring resident workers are not displaced by nonresidents. Employment preference determinations, made by the commissioner of the Alaska Department of Labor, are used to meet the statutory requirements of local hire legislation. By evaluating various economic criteria, the commissioner determines which areas of the state qualify for employment preference.

Although employment preference determinations only apply to public works projects, the impact of the resident hire program has been broad. Through its data collection efforts and the annual publication of *Nonresidents Working in Alaska*, the Alaska Department of Labor has significantly increased employer awareness of the resident hire issue.

In addition, occupational information collected by DOL can be used to improve resident employment opportunities throughout the economy. The resident hire occupational data base can be used to help evaluate vocational training programs, and identify occupations with high rates of growth. This information is available to educators and job searchers.

About the Author:

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Gulf Coast Region

