

More Nonresident Workers in Alaska—1991

by Jeff Hadland

The number of nonresidents¹ working in wage and salary employment in Alaska jumped to over 75,000 workers in 1991, a 4% increase over 1990. Nearly 27% of all private sector workers were identified as nonresidents in 1991. This is the largest number and percent of nonresident workers reported since 1985.

The large number of nonresidents working in Alaska is not a new phenomenon. There is a continual flow of population between Alaska and other states. The large number of nonresidents working in all parts of Alaska shows that many jobs were available that could have been filled by unemployed Alaskans. Currently much of Alaska's wealth leaks from the state's economy too quickly, leaving many residents unemployed. Improved training programs targeted to occupations filled by nonresidents and more effort to encourage employers to hire Alaskans could put unemployed Alaskans back to work.

In 1986 legislation was passed which established the collection, and analysis of information on the impact of nonresidents working in Alaska, to support resident hiring preference legislation and other measures to improve the chances for Alaskans to be employed.

In 1990, the Alaska Supreme Court declared the enforcement of resident hire, on a regional basis, unconstitutional. The information program used to analyze nonresident employment and earnings was shut down. Later that same year a group of

agencies decided that they needed many of the data elements originally developed for resident hire analysis to target and evaluate the effectiveness of their training programs. The Department of Labor and several other agencies pooled resources to examine program outcomes for many training programs. So, out of the ashes of the resident hire analysis program was born a new statistical program called the Occupational Data Base (ODB).

Nonresident earnings up

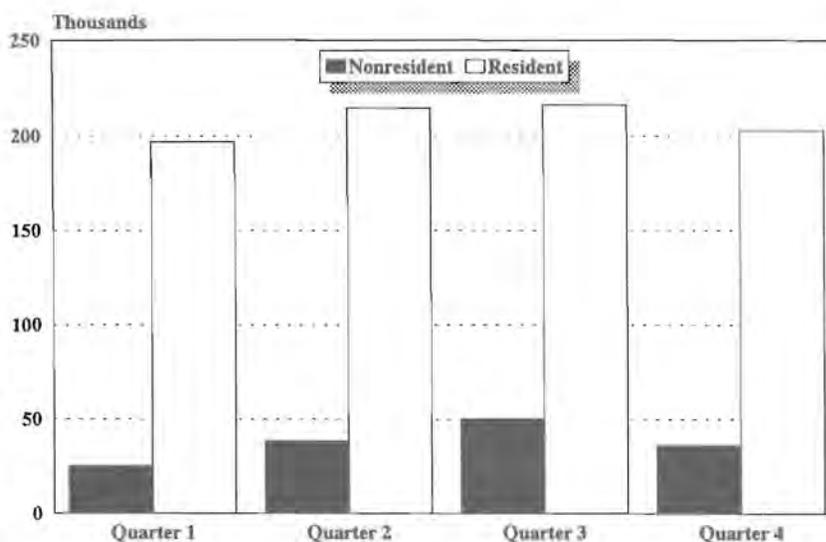
Total earnings reported paid to nonresidents exceeded \$764 million dollars in 1991, a 10% jump over 1990. Nonresident workers have increased their share of Alaska earnings from 7.0% in 1987 to 11.5% in 1991. Nonresidents are now earning an amount equivalent to all wages paid to workers in the Alaska oil industry.

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¹ Nonresidents are defined as those workers that did not apply or qualify for a Permanent Fund Dividend in 1991 or 1992.

Figure 3

Total Workers by Quarter
Alaska 1991



Note: Includes private sector, state and local government workers.

Source: Alaska Department of Labor, Research & Analysis Section.

Although total earnings of nonresidents are high, on average nonresidents earned only about 47% as much as residents in 1991. In fact, nonresidents earned less than residents in virtually every industry in Alaska. This is due primarily to the type of jobs that many nonresidents fill and their seasonal work history. During the third quarter of 1991, approximately 50,000 nonresidents were working in Alaska, while only about half that number were working in the first quarter of 1991. (See Figure 3.)

Because nonresidents work only a short time in Alaska, and often do not live here, the economic multiplier associated with their earnings is relatively low. The Alaska economy does not receive the full benefit of their earnings and the associated service sector growth related to the respending of earnings. When nonresidents take jobs that Alaskans could fill, the unemployed Alaskans draw upon unemployment insurance and other financial aid programs. In addition, many nonresident workers draw unemployment insurance benefits while outside Alaska. Both situations increase employer costs and government expenditures in Alaska.

Despite slow growth, Alaska attracts nonresidents

Most of the nonresident worker growth that occurred in Alaska between 1990 and 1991 occurred in industries that experienced overall employment growth. (See Figure 4.) In fact, for the private sector, the increase in new jobs was about the same as the total increase in nonresidents.

The industry with the largest number and percent nonresidents is clearly the food processing industry, which is almost entirely seafood processing. \$158.2 million, or nearly 65% of all wage and salary earnings in this sector went to nonresidents. Seafood processing employment grew at a 15% rate in 1991 which accounted for some of the big jump in nonresident workers.

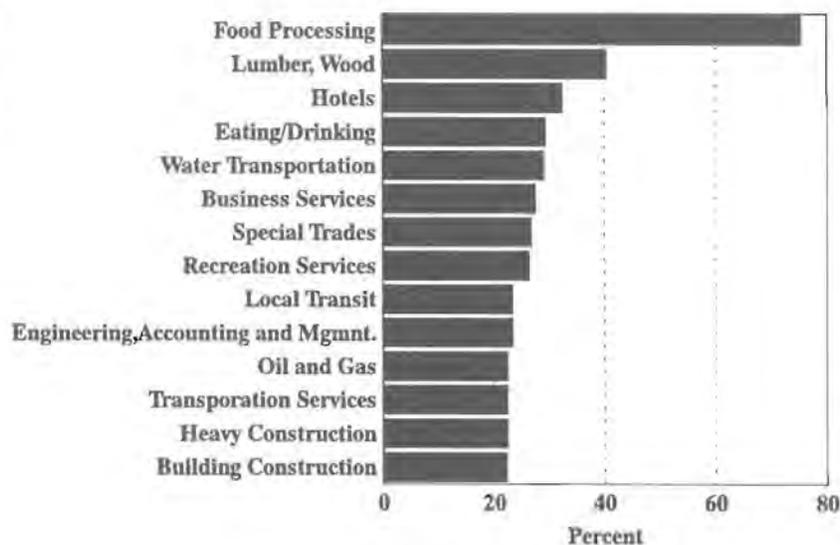
Nonresident workers in the oil industry earned \$126.7 million in 1991, a 28.7% increase in nonresident earnings over 1990. The oil and gas field services component of the oil industry has a nonresident worker percent twice that of the major oil companies. The oil field services industry sector includes many construction related firms, hence the nonresident rate is comparable to the construction industry sector.

In addition, the specialized nature of some of the work required to maintain the oil fields may require short-term workers with specialized skills for which no Alaskans are trained or available.

Alaska's visitor affected industries such as hotels, eating and drinking establishments, and tour operators have a relatively high nonresident worker percentage. More than 32% of hotel workers in 1991 were nonresidents. The seasonal nature of Alaska's tourism, the relatively low pay of many of the jobs and the out-of-state head-

Figure • 4

Industries with Largest Percent Nonresidents Alaska 1991



Note: Industries with 2,500 or more employees.

Source: Alaska Department of Labor, Research & Analysis Section.

quarters of many of the tour companies likely contribute to the high nonresident worker percentage.

More than 40% of lumber, logging and pulp workers in Alaska in 1991 were nonresidents, while 29.3% of all earnings went to nonresidents. The logging industry sector is the primary contributor to the nonresident worker statistics with 44.3% of all workers in that industry nonresidents. The balance of this industry has a nonresident worker percentage less than the statewide private sector average nonresident rate.

Construction has overall decline

Alaska's construction industry reported an overall decline in the percent and total nonresident workers and earnings. Continued enforcement of resident hire preference on public funded construction projects provided improved resident hire performance of this industry sector. Highway and street construction nonresident employment was only 14.9% and nonresidential building construction was 17.7%, much less than the statewide private sector average of 26.8%. The following construction industry sectors have much higher than average construction nonresident worker percentages: plumbing (29.0%), painting (33.5%), masonry/plaster (30.6%), carpentry (29.9%), and concrete (29.5%).

Nonresidents' jobs could be filled by Alaskans

During 1991, the number of unemployed in Alaska ranged between 7% and 10% of the Alaska labor force. More than 45,000 in-state claimants received unemployment insurance benefits. Many other jobseekers were not eligible for unemployment insurance, but sought work. Most of those unemployed were qualified for or could

quickly be trained for many of the occupations filled by nonresidents.

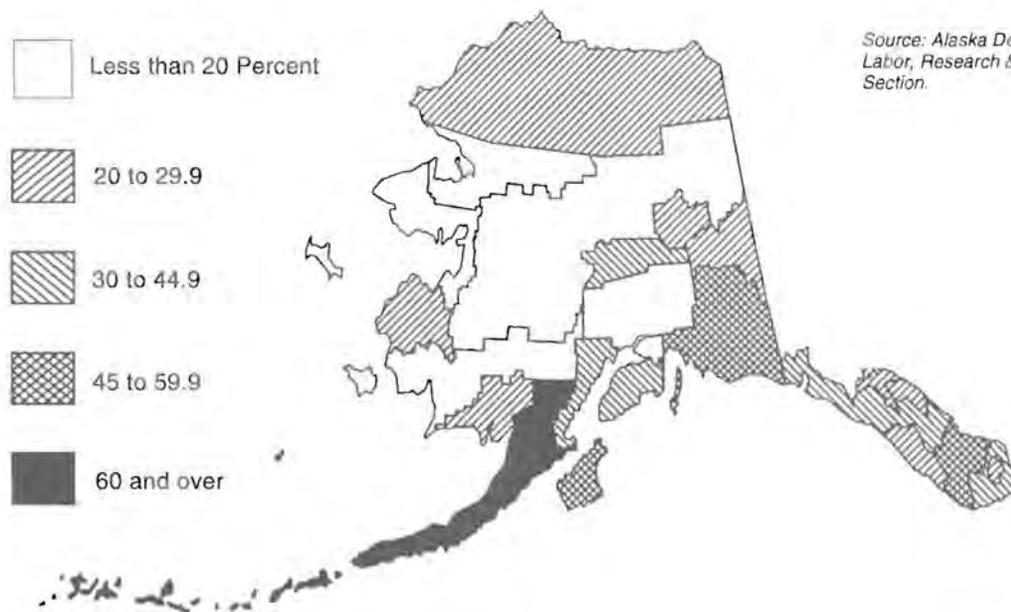
The top four occupational categories are almost exclusively in the top nonresident industry—food processing. More than 17,000 workers were identified in "miscellaneous hand-working occupations", "manual occupations not elsewhere classified", "hand cutting and trimming occupations" and "cannery workers".

Also on the top ten list of nonresident occupations were "waiters and waitresses" and "miscellaneous food and beverage preparers" both found primarily in the eating and drinking industry. Additional occupations include sales clerks, general office occupations and construction laborers. Many of the occupations on the list do not require extensive training. In addition, there are many occupations on the list which are high paying and require extensive training. These represent long-term career opportunities for many Alaskans.

Identifying occupations with large numbers of nonresidents is useful in determining training and employment opportunities for Alaskans. Because most of the private sector occupations heading the list of occupations with the largest

Figure • 6

Percent Nonresident Workers
Alaska 1991



Source: Alaska Department of Labor, Research & Analysis Section.

²The Alaska Statutes provides for the publication of the number of resident and nonresident workers employed by firms with 20 or more employees. A complete report, *Residency Analysis of Alaska's Workers by Firm*, is now available in electronic format.

The vast majority of these firms are seafood processing related employers.

number of nonresidents are seasonal and/or low-paying, there may always be difficulties in attracting sufficient numbers of resident Alaskans to fill industry needs.² However, some of these occupations pay well enough that training programs might increase the proportion of resident workers. In addition, there are many nonseasonal occupations on the list that could provide employment to the thousands of Alaskans unemployed each month of the year.

Nonresidents work all over Alaska

The census areas with the highest percent nonresident workers and earnings rely upon seafood processing for a major portion of their economy. (See Figure 6 and Table 4.) Of the 26 census areas, the four having the highest percentage of nonresident workers were all in the Southwest Region—Aleutians East Borough (87.0%), Bristol Bay Borough (77.9%), Lake and Peninsula Borough (73.2%), and Aleutians West Borough (74.7%). Kodiak, Valdez-Cordova and Wrangell-Petersburg had nonresident worker percentages near or exceeding 50%.

The largest total number of nonresident workers were employed in Anchorage, Kenai and Fairbanks. More than 34,000 nonresidents were employed in these three areas in 1991. In terms of nonresident earnings, Anchorage made up nearly 35% of the statewide private sector total. The North Slope Borough had the

second highest nonresident earnings total, with nonresidents earning nearly 25% of total earnings in the Borough.

Information can be part of the solution

This report is an example of using information to identify where nonresidents are being employed in Alaska. Information contained in this report, or obtainable through specific analysis of the Occupational Data Base (ODB), can be the catalyst for many actions which will benefit Alaskans.

Elected and appointed state and local government officials can use this report to focus on where to direct their policy efforts to improve the employment prospects of residents. Additionally, information can be used to target and evaluate placement, training, and other programs that can improve resident employment opportunities throughout the entire economy. By developing and providing comprehensive information to Alaskans, the Department of Labor can help Alaskans plan their careers in the context of job market opportunities and training requirements.

The Occupational Data Base (ODB) enables program planners and policy makers to identify industries, occupations and even firms with large numbers of nonresidents. In addition, the data base can identify occupational turnover as well as new and emerging occupations.

Methodology

Alaska residency is determined by matching the Alaska Department of Revenue permanent fund dividend (PFD) file with the Alaska Department of Labor wage file by matching workers' social security numbers. The PFD file is a list of 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 included in the wage file are considered Alaska residents if they either received a 1991 PFD or applied for a 1992 PFD. Information from both the 1991 and 1992 dividend years improved the accuracy of the residency classification.

There are some limitations to the data. Persons who did not provide a social security number on their permanent fund dividend application or who were eligible for a dividend but did not apply were not counted as residents. Also excluded were persons who established residency between October and December 1991, or who worked in the state at some point in 1991 and met the 30-day statutory Alaska residency requirement but left the state prior to the 1992 filing deadline.

The Department of Labor wage file includes only those workers covered by Alaska unemployment insurance. Information is not available for self-employed individuals or federal government employees. Nevertheless, the workers covered by this analysis are representative of the Alaska work force. This analysis gives a good approximation of the effect of nonresident workers on the Alaska economy.

The methodology for this report differs slightly from that of reports published in 1986 through 1988. In those years, individuals were counted in each separate industry and geographic area where they were employed. In this report, each individual is counted only once. If an individual worked for more than one firm or industry, the industry (and associated geographic area) where that individual earned the most money is used to show that industry's resident hire performance. The earnings and industry data contained in this report is definitionally different from that contained in other Department of Labor reports.

Average Annual Earnings by Industry—Alaska 1991

	Resident Number of Workers	Nonresident		Resident Earnings	Nonresident	
		Number of Workers	%		Earnings	%
Anchorage-MatSu Region						
Anchorage	107,674	23,780	18.1	\$2,469,363,837	\$250,420,604	9.2
MatSu	5,191	999	16.1	80,313,288	4,926,619	5.8
Gulf Coast Region						
Kenai	11,313	5,368	32.2	207,528,626	39,460,719	16.0
Kodiak	3,799	3,227	45.9	59,282,725	21,136,888	26.3
Valdez-Cordova	3,133	2,722	46.5	51,001,541	18,764,357	26.9
Interior Region						
Denali Borough	1,114	522	31.9	23,030,966	3,799,526	14.2
Fairbanks	18,927	4,961	20.8	348,800,813	36,410,128	9.5
Southeast Fairbanks	666	172	20.5	6,389,717	782,820	10.9
Yukon-Koyukuk	675	113	14.3	5,315,347	833,433	13.6
Northern Region						
Nome	1,850	327	15.0	28,356,826	3,315,298	10.5
North Slope Borough	6,934	2,776	28.6	312,672,255	103,938,179	24.9
Northwest Arctic Borough	1,614	275	14.6	34,214,802	6,871,168	16.7
Southeast Region						
Haines	741	230	23.7	10,261,381	1,523,254	12.9
Juneau	7,427	1,989	21.1	129,193,454	16,979,624	11.6
Ketchikan	7,296	3,128	30.0	151,355,860	29,089,904	16.1
POW-Outer Ketchikan	1,056	520	33.0	16,477,560	3,777,131	18.6
Sitka	3,188	1,013	24.1	62,686,828	8,850,772	12.4
Skagway-Yakutat-Angoon	1,103	663	37.5	24,721,752	6,658,857	21.2
Wrangell-Petersburg	1,938	2,432	55.7	27,101,584	17,124,039	38.7
Southwest Region						
Aleutians East	554	3,714	87.0	8,213,171	31,326,505	79.2
Aleutians West	1,467	4,329	74.7	37,237,891	46,413,593	55.5
Bethel	2,796	396	12.4	31,513,906	4,251,867	11.9
Bristol Bay Borough	641	2,263	77.9	6,614,727	14,259,731	68.3
Dillingham	1,102	394	26.3	16,658,082	3,267,736	16.4
Lake and Peninsula	277	757	73.2	2,386,334	4,921,313	67.3
Wade Hampton	595	160	21.2	4,515,711	953,064	17.4
Area Unknown	1,668	4,010	70.6	27,816,822	38,091,641	57.8
Total Private Sector	194,739	71,240	26.8	\$4,183,025,805	\$718,148,769	14.7

Source: Alaska Department of Labor, Research and Analysis.