

Number of Nonresident Workers Declines in 1993

by Kathryn Lizik

Against the backdrop of an outstanding year (1993) for employment and earnings in Alaska, the number of working nonresidents¹ declined for the first time since 1987. (See Figure 1.) While the decrease was small, 2.9 percent or about 2,300 workers less than 1992, the fact it happened at all is significant. Practically every industry sector was fueling Alaska's economy during 1993 with noteworthy contributions by construction, services and retail trade. Overall, there were 5,300 more wage and salary workers employed at some time in Alaska in 1993 than were employed in 1992. Based on the experience of the prior six years, it was expected that the percent nonresident workers would have increased, or at the very least, held it's own.

It is likely that Department of Labor initiatives of the past few years which encouraged the hiring of residents by major outside companies and focused on improving the referral services of putting residents in touch with job openings, started paying off. As a result more Alaskan workers were hired for a greater share of both seasonal and year round jobs. Alaskans were better able to meet the needs of employers and employers were more willing to hire Alaskans.

Each year the Department of Labor estimates the number of residents and nonresidents working by industry, area and occupation by matching workers social security numbers from the Alaska Department of Revenue permanent fund dividend file with earnings and occupation data collected from Alaska's employers. While there are some limitations to the data, the information provides a good approximation of the effect of nonresident workers on the Alaska economy. A more detailed methodological discussion can be found at the end of this article.

Nonresident earnings up, but just slightly

Over \$846 million in wages was paid out to nonresidents in 1993. Although the total amount paid to nonresidents in 1993 was \$6 million more than was paid to nonresidents in 1992, the share of total earnings paid to nonresidents in 1993 declined slightly from the prior year. Nonetheless, nonresidents earned an amount greater than all wages paid to Alaska state government workers in the same year.

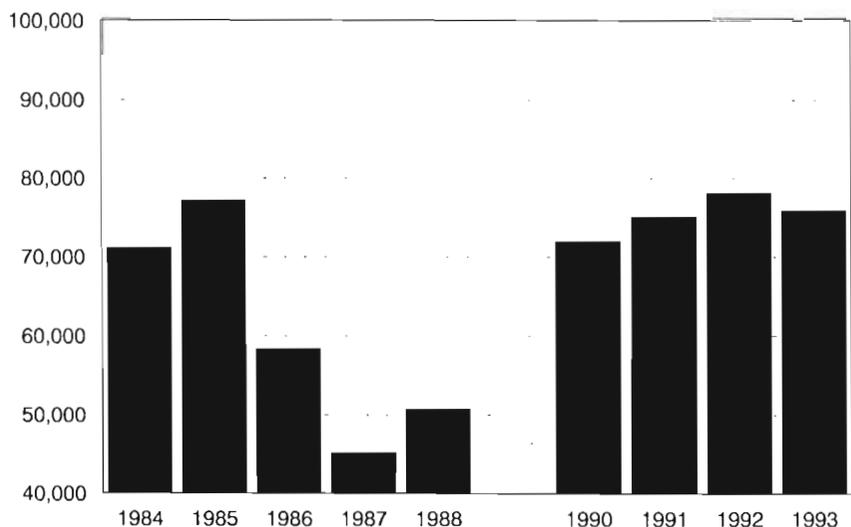
Interestingly enough, in every industry but two, the total wages paid to nonresidents were less than the total wages paid to residents. This is due in part to the seasonality of jobs typically held by nonresident workers, and the lower entry level pay. Many seasonal jobs tend to require a less skilled workforce, which in turn dictates a lower wage. Nonresidents also tend to have less of

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¹ Nonresidents are defined as those workers that did not apply or qualify for a Permanent Fund Dividend in 1993 or 1994.

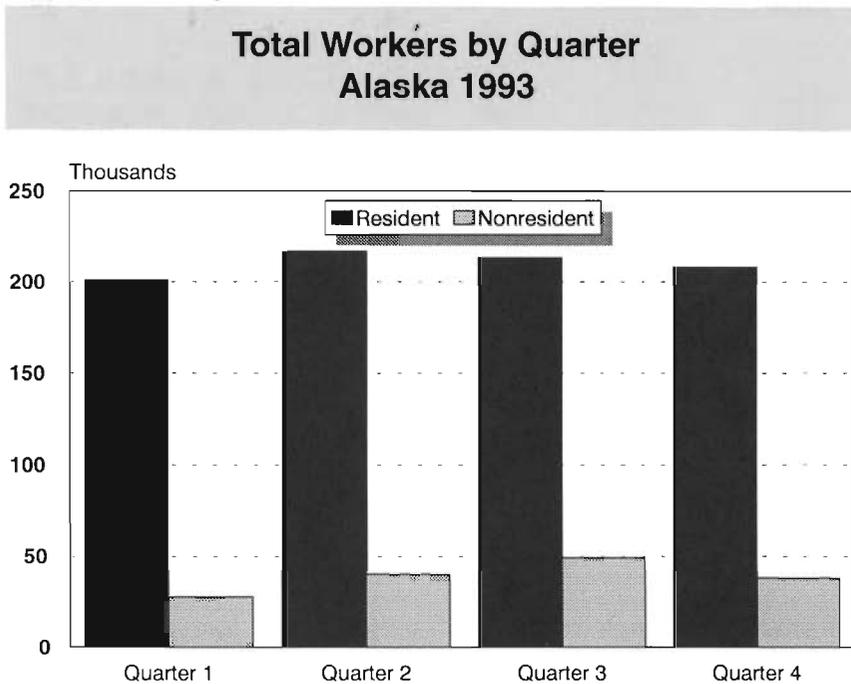
Figure • 1

Number of Nonresident Workers Alaska 1984-1993



Note: Includes private sector, state and local government workers.
Source: Alaska Department of Labor, Research and Analysis Section.

Figure • 2



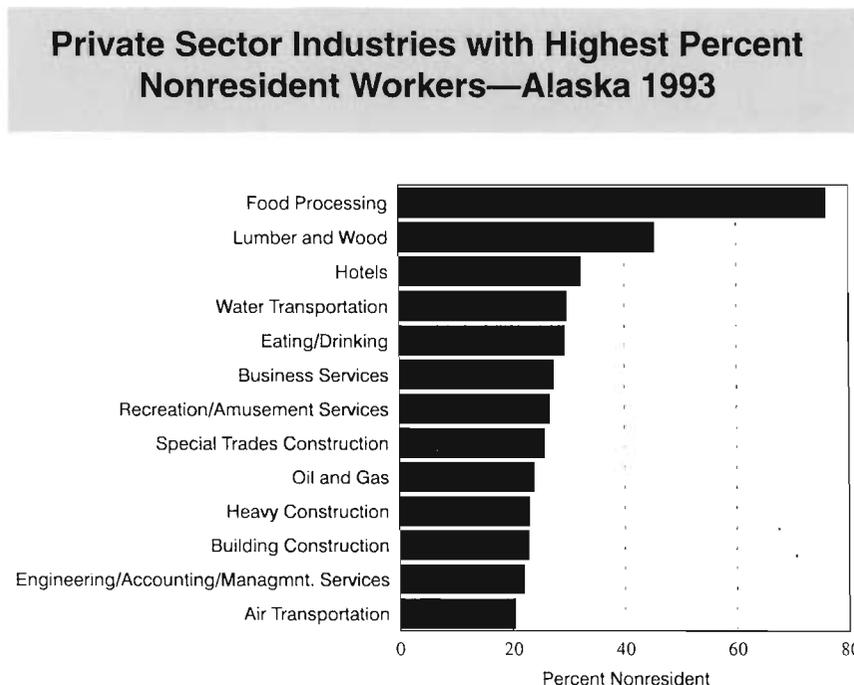
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an attachment to the Alaska labor market. On average nonresidents worked during only two calendar quarters, where residents are found to more likely work 3.3 calendar quarters. During the third quarter of 1993 over 49,000 nonresidents were working in Alaska, while only 27,500 were working in the first quarter of 1993. (See Figure 2.) Nonresidents earned on average 50 percent less than residents in private sector jobs in 1993 or approximately \$11,000 versus \$22,500 for resident workers.

Where do all the nonresidents work?

Of particular interest are those industries and areas of the state which tend to lure the most nonresident workers. (See Figure 3.) Historical data shows a high incidence of nonresidents associated with seafood processing, and any peripheral occupations related to this industry. The year 1993 was no exception even given the overall declines and losses in bottomfish and crab in southwestern Alaska, the bust relating to herring and pink salmon in Prince William Sound and the critically low returns of chum salmon in the Western regions.

Figure • 3



Note: Industries with 2,500 or more workers.
Source: Alaska Department of Labor, Research and Analysis Section.

Of the more than 28,500 workers in the food processing sector of the manufacturing industry, 76% were identified as nonresident. Most of the jobs in this sector are specific to preparing fresh, frozen, or canned fish and seafood. Even given the size differential represented by those working in the canning sector (6,270) and those in fresh and frozen processing (21,754) the relative shares of nonresident workers (77.6% and 76.8% respectively) were remarkably close.

The proportion of earnings in seafood processing also remained high with close to 64% of the \$259 million going to nonresident workers.

As would be expected, the areas of the state which attracted the highest percentage of nonresident workers were those which typically host seafood industry jobs. The Aleutians East Borough led the pack with over 87 percent nonresidents employed in the private sector arena. Close behind were the

Bristol Bay Borough (79.7%), Aleutians West (74.2%), Lake and Peninsula Borough (72.1%), Wrangell-Petersburg (53.7%) and Kodiak Island Borough (47.3%). (See Figure 4). All areas reported substantially higher percentages of nonresident workers than the statewide average of 26.6%

business services (27.4%), motion pictures (29.7%), recreation services (26.7%) and miscellaneous services (32%) within the services industry.

Information can help Alaskans

This report identifies where nonresidents are employed and where new workers are needed to fill shortages in Alaska's labor supply. The information can also be used to target and evaluate placement, training, and other programs that can improve resident employment opportunities throughout the entire economy. Earnings and occupation characteristic information contained in the Alaska Department of Labor Occupational Data Base can enable 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. By developing and providing comprehensive informa-

The largest total number of nonresident workers were employed in Anchorage, Kenai, and Fairbanks. Almost 35,000 nonresidents were employed in these areas in 1993. In terms of nonresident earnings, Anchorage made up over 37 percent of the statewide private sector total.

Despite overall decline, some industries still attracted many nonresidents

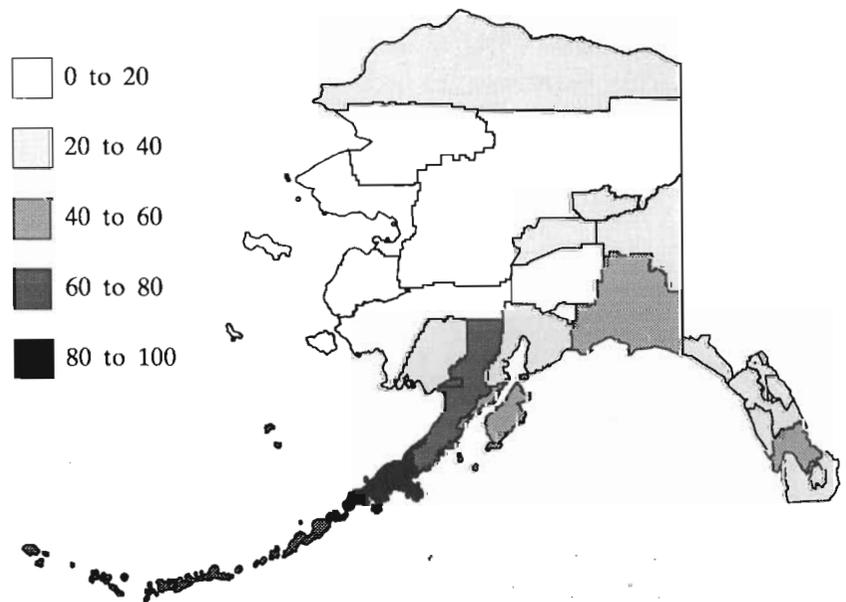
While the total number of nonresident workers was down about 2,300 from 1992, in some industries the numbers or percentages were up. In 1993, nonresident workers in the oil and gas sector of the mining industry earned \$130 million, almost \$13 million more than 1992. While the actual number of nonresident workers barely changed over the two years, a one thousand worker reduction in resident workers served to increase the share nonresidents represented of both total workers and total earnings. The oil industry continues to hold its position as the industry sector with the second highest total dollars paid to nonresidents.

The construction industry was no stranger to growth during 1993 either. Residential, commercial and public projects all were booming statewide. Close to 2,300 more construction jobs were reported over 1992 and the nonresident share of workers and earnings was up as well. Over 5,200 nonresident workers in the building, heavy construction and special trades earned almost \$81 million or 16% of all wages paid in this industry.

Other industries which attracted a larger share of nonresident workers than the statewide average (26.6%) were lumber and wood (45%) in manufacturing; water transportation (29.7%); eating and drinking places (29.4%) in retail trade; and hotels (32%),

Figure • 4

Percent Nonresident Workers Alaska 1993



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

tion to Alaskans, the Department of Labor can help Alaskans plan their careers in the context of job market opportunities and training requirements. This information is also useful in encouraging economic development opportunities in the state.

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. 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 1993 PFD or applied for a 1994 PFD. The small number of workers with missing social security numbers are excluded from the analysis. Information from both the 1992 and 1993 calendar years, used to determine dividend eligibility for 1993 and 1994, is used to improve 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 during 1993 but did not meet eligibility requirements for the 1994 Permanent Fund Dividend. Finally, if certain ownership, industry or occupation codes were missing from the wage file, those records were excluded from the tally.

The Department of Labor wage file includes only those workers covered by Alaska unemployment insurance. Therefore, 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. The analysis offers a good approximation of the effect of nonresident workers on the Alaska economy.

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 by definition different from that contained in other Department of Labor reports.