

# Nonresidents working in Alaska

## The share has consistently hovered around 20 percent

By ROB KREIGER

Tens of thousands of people come to Alaska to work each year, in every industry and every corner of the state. In 2019, 20.8 percent of people who worked in Alaska were not residents, up just a tenth of a percentage point from the year before. These 85,000 nonresident workers received 15.3 percent of total wages, up from 15.0 percent in 2018.

Nonresidents have represented a significant portion of Alaska's workers since we began collecting data in the 1980s, averaging around 20.5 percent of all workers and earning 15 percent of total wages. (See the sidebar at right for more background.)

### Pandemic will shift next report's numbers

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While the overall nonresident share doesn't change much from year to year, that probably won't be the case next year when we report 2020's data.

Because there's a year-lag in the worker residency data, this article's 2019 numbers don't reflect the effects of COVID-19. However, based on what we know about job losses and unemployment claims since March, the residency statistics for 2020 are likely to move in ways we haven't seen before. The most obvious and immediate shift will be in worker counts, which will be several thousand lower because the 2020 tourism season and other seasonal work didn't materialize.

It's not clear how much the nonresident worker share will change, but it will be lower because the majority of nonresident workers are seasonal. In

### Why and how we analyze nonresidents

Alaska has needed large numbers of nonresident workers several times in the past to complete major projects. The Trans-Alaska Oil Pipeline in the 1970s attracted a flood of workers from outside the state, and so did the construction boom that followed in the 1980s, fueled by a jump in oil prices. These influxes were the catalyst for special hire preference legislation.

Facing rising unemployment and a growing population, the Alaska Legislature established resident hire preference in 1986 for construction projects funded by state and local government, then asked the Alaska Department of Labor and Workforce Development to report annually on resident hire status.

To identify resident and nonresident workers, we match quarterly Alaska unemployment insurance wage records — containing the employer-provided industry, occupation, wages, and place of work for each worker — with Alaska Permanent Fund Dividend data. If a worker appears in either of the two most recent years' PFD applicant files, we consider that worker a resident. Workers' industries and occupations are based on where they earned the most money during the year.

A historical analysis of the PFD file shows it's an accurate indicator of residency for people who stay in Alaska longer than a brief period. Although some workers who aren't eligible for a PFD when we generate reports become residents the following year, they represent only about 10 percent of all nonresident workers.

2019, more than half worked in just three industries, all of which took a huge hit from the pandemic in 2020.

In 2019, 57 percent of nonresidents worked in leisure and hospitality, retail trade and transportation, or manufacturing, which in Alaska is mostly seafood processing.

### Few work in Alaska year-round

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Nonresident seasonality is evident in the quarters they work, compared to residents. People who live in Alaska tend to work here all year, but most nonresidents work in just one or two quarters. This is why industries with the most stable yearly

employment, such as government, have the lowest percentages of nonresidents.

Nonresidents who do work all year are typically in transportation — as commercial pilots, for example — and in oil and gas. In both of these cases, schedules as well as remote or unusual work sites give workers the flexibility to live wherever they want.

The number of people working in the state is lowest in the first quarter of each year and highest in the third. Most nonresidents work in the second and third quarters, which coincides with the most seasonal industries. Summer seafood processing jobs span from late June to early August, and summer tourism runs from April to October.

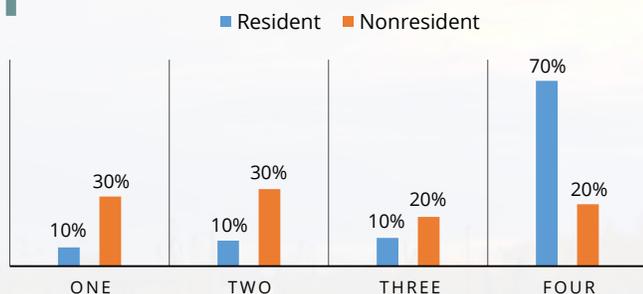
While the data don't tell us how much of a given quarter a person works, we know that many seafood processors work even less than a single quarter — they're here only for parts of June and July, during the salmon season's peak.

Among industries, seafood processing's nonresident hire rate was highest by far, at 77 percent.

## Some become residents, and it varies considerably by industry

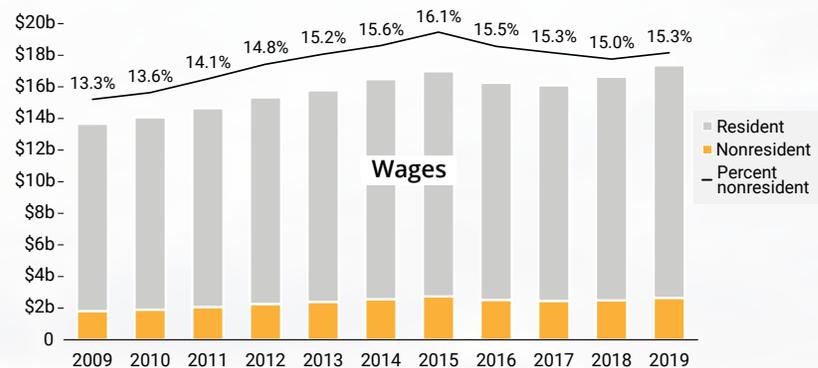
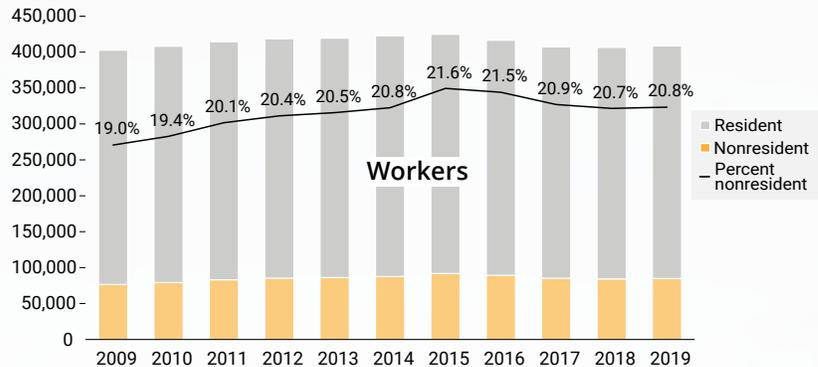
Some people come to Alaska to work for a season, Continued on page 18

## Residents work more quarters



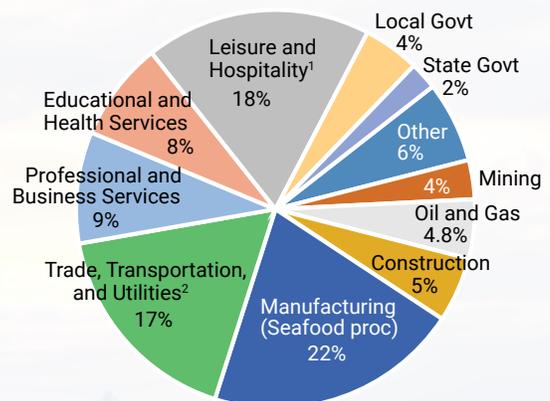
Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

## Nonresident shares of workers, wages in 2019



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

## Industries where nonresidents worked in Alaska in 2019



<sup>1</sup>Leisure and Hospitality includes Accommodation and Food Services and Arts, Entertainment, and Recreation.

<sup>2</sup>Trade, Transportation, and Utilities includes Retail and Wholesale Trade as well as Transportation and Warehousing.

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

# Nonresident worker numbers and wages by industry, 2019

	Total workers	Total wages (in millions)	Nonresident workers	Percent nonresident	Nonresident wages (millions)	Nonres pct of wages
Agriculture, Forestry, Fishing, Hunting	2,947	\$73.9	1,260	42.8%	\$30.8	41.7%
Mining, Quarrying, Oil/Gas Extraction	16,562	\$1,865.6	6,085	36.7%	\$607.6	32.6%
Oil and Gas Extraction	3,984	\$825.2	1,158	29.1%	\$224.8	27.2%
Oilfield Services	8,137	\$674.8	3,195	39.3%	\$252.8	37.5%
Utilities	2,719	\$223.7	153	5.6%	\$10.5	4.7%
Construction	24,796	\$1,339.2	4,592	18.5%	\$190.5	14.2%
Manufacturing	29,226	\$711.4	19,425	66.5%	\$351.9	49.5%
Seafood Processing	23,976	\$479.0	18,462	77.0%	\$327.1	68.3%
Wholesale Trade	7,674	\$398.7	962	12.5%	\$31.2	7.8%
Retail Trade	45,110	\$1,176.3	6,447	14.3%	\$91.9	7.8%
Transportation and Warehousing	26,347	\$1,393.7	7,054	26.8%	\$359.0	25.8%
Air Transportation	7,639	\$332.5	1,731	22.7%	\$72.4	21.8%
Information	6,106	\$361.7	613	10.0%	\$23.3	6.4%
Finance and Insurance	7,746	\$482.2	583	7.5%	\$19.7	4.1%
Real Estate and Rental and Leasing	6,929	\$243.5	737	10.6%	\$18.1	7.5%
Professional, Scientific, and Technical Services	15,955	\$936.3	3,398	21.3%	\$167.4	17.9%
Mgmt of Companies and Enterprises	2,340	\$199.5	149	6.4%	\$10.4	5.2%
Admin Support/Waste Mgmt and Remediation	16,490	\$572.9	3,615	21.9%	\$103.4	18.1%
Educational Services	3,038	\$84.5	624	20.5%	\$7.8	9.2%
Health Care and Social Assistance	55,605	\$2,736.8	6,053	10.9%	\$253.6	9.3%
Arts, Entertainment, and Recreation	7,650	\$111.2	2,654	34.7%	\$29.7	26.7%
Accommodation and Food Services	43,145	\$745.7	12,939	30.0%	\$160.0	21.5%
Accommodation	13,839	\$167.8	6,515	47.1%	\$86.2	51.4%
Food Services and Drinking Places	28,880	\$413.9	6,303	21.8%	\$73.0	17.6%
Other Services (except Public Administration)	12,175	\$386.4	1,712	14.1%	\$34.3	8.9%
Other/Unknown	953	\$21.0	297	31.2%	\$4.6	21.7%
Local Government	50,234	\$2,015.6	3,714	7.4%	\$93.7	4.7%
State Government	24,859	\$1,286.9	1,829	7.4%	\$50.0	3.9%
<b>Total</b>	<b>408,606</b>	<b>\$17,366.6</b>	<b>84,895</b>	<b>20.8%</b>	<b>\$2,649.7</b>	<b>15.3%</b>

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

## 2018 nonresident workers who became residents by 2019



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

## NONRESIDENTS

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and others maintain residency in another state and work here every year. Some stay in Alaska, though, and the likelihood of becoming residents depends on the industry, as shown in the bar chart on the left. Overall, 11.4 percent of 2018's nonresident workers had become residents by 2019. (See the sidebar on page 12 for how we determine residency.)

Nonresidents in health care and local government are most likely to become residents, and seafood processors and oil workers are the least likely.

## Tourism, fish processing areas have more nonresident workers

Because nonresidents are concentrated in seasonal industries, the areas with the most seasonal

activity also have the most nonresident workers. Larger cities and rural areas without seasonal jobs have mostly local workers.

Bristol Bay, for example, has a small local workforce that can't meet the intense demand for labor in the summer to process salmon. Nearly 82 percent of its workers were nonresidents in 2019. Similarly, the seafood-centered Aleutians East Borough hired 77 percent nonresidents. Workers in Skagway and Denali, areas that depend on tourism, were 67 percent nonresidents.

The rural Kusilvak Census Area in western Alaska was lowest at less than 6 percent, followed by Bethel at 11.4 percent.

Anchorage and the Matanuska-Susitna Borough — the two most populated areas in Alaska — have large numbers of nonresident workers, but nonresidents represent a small percentage of these areas' total workers.

For the full 2019 report, see: <https://live.laborstats.alaska.gov/reshire/>

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## 2019 nonresident workers by area

Borough or census area	Total workers	Percent nonresident
Bristol Bay Borough	4,738	81.6%
Aleutians East Borough	4,296	77.2%
Skagway, Municipality	1,844	67.2%
Denali Borough	4,440	66.8%
Aleutians West Census Area	4,869	52.5%
Lake and Peninsula Borough	1,793	49.4%
Dillingham Census Area	4,015	42.7%
Valdez-Cordova Census Area	8,401	41.7%
Haines Borough	1,551	38.1%
Petersburg Borough	1,922	34.6%
Sitka, City and Borough	6,039	34.1%
North Slope Borough	17,741	33.8%
Yakutat, City and Borough	475	33.5%
Hoonah-Angoon Census Area	1,284	31.5%
Prince of Wales-Hyder CA	3,237	29.2%
Wrangell, City and Borough	1,171	29.0%
Ketchikan Gateway Borough	9,421	26.5%
Kodiak Island Borough	7,407	25.7%
Southeast Fairbanks CA	3,400	21.7%
Juneau, City and Borough	20,794	20.2%
Kenai Peninsula Borough	26,940	19.9%
Northwest Arctic Borough	4,898	19.1%
Fairbanks North Star Borough	46,486	15.8%
Nome Census Area	5,621	12.2%
Anchorage, Municipality	157,273	12.0%
Yukon-Koyukuk Census Area	3,314	11.9%
Matanuska-Susitna Borough	32,173	11.7%
Bethel Census Area	10,492	11.4%
Kusilvak Census Area	3,711	5.7%

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

## EMPLOYER RESOURCES

### Alaska minimum wage rose to \$10.34 per hour on Jan. 1

Alaska's minimum wage rose from \$10.19 to \$10.34 effective Jan. 1.

In accordance with Alaska Statutes, the Alaska minimum wage applies to all hours worked in a pay period, regardless of how the employee is paid — by time, piece, commission, or otherwise.

All actual hours worked in a pay period multiplied by the Alaska minimum wage is the very least an employee can be compensated unless the employer can clearly show that a specific exemption exists. Tips do not count toward the minimum wage.

Further, under Alaska law, public school bus driver wages must be no less than twice the current Alaska minimum wage. Certain exempt employees must be paid on a salary basis of not less than twice the current Alaska minimum wage, based on a 40-hour work week, to maintain their exempt status.

Reference: Alaska Statutes 23.10.050 – 23.10.150

*Employer Resources is provided by the Employment and Training Services Division of the Alaska Department of Labor and Workforce Development.*