

State's employers pay nearly \$14 billion in wages in 2007

Alaska employers paid \$13.8 billion in wages during 2007, an increase of more than \$800 million from 2006 (See Exhibit 1.) When adjusted for inflation, wages grew by more than \$500 million, an increase of 4.1 percent.

The payroll numbers are compiled under the Quarterly Census of Employment and Wages program, and are derived from reports submitted by every employer subject to state unemployment insurance laws. They don't include self-employed workers, fishermen, uniformed military, or elected or appointed officials.

Modest job growth combined with higher wages

Growth in total wages results when either existing employees are paid more or new jobs are

added. The growth in 2007 came from both sources.

The state added about 3,000 jobs in 2007 and wages for the average job increased from \$41,314 to \$43,533. The job growth was smaller than in recent years, but the 5.4 percent increase in average wages was stronger.

Another strong year for natural resources and mining

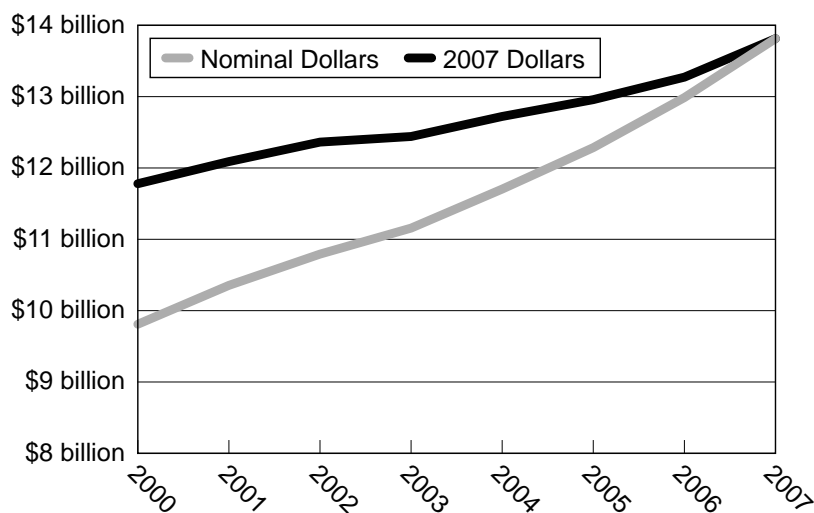
Natural resources and mining saw the strongest growth in 2007 with an increase of 17.7 percent in total wages. (See Exhibit 2.) The category's \$1.5 billion in wages paid was an increase of more than \$200 million from 2006.

About 85 percent of the category is made up by the oil and gas industry, which has rebounded significantly since 2003 and seen especially strong growth in 2006 and 2007. Employment levels, which had fallen below 8,000 for the industry in 2003, were nearing 12,000 by the end of 2007. Growth in oil and gas jobs gave an especially big lift to the state's total wage numbers because the jobs pay so well.

The state's roughly 3,200 oil and gas extraction jobs are particularly high paying, with an average annual wage of \$153,000 in 2007. The additional 8,500 jobs in drilling and oil and gas support jobs paid an average of more than \$91,000 annually.

A smaller piece of the natural resources and mining category that has also been growing strongly is metal ore mining. More than 200

1 Employers Paid \$13.8 Billion in Wages Total wages, 2000 to 2007



Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section; U.S. Department of Labor, Bureau of Labor Statistics

jobs were added in 2007 and average wages increased from \$81,648 to \$84,844. Altogether, the industry paid more than \$146 million in wages in 2007, an increase of about \$23 million from 2006.

Related growth in professional and business services

The oil and gas and mining industries also had a lot to do with the 9.6 percent growth in professional and business services. More than 200 jobs were added in engineering firms and total wages increased from \$230 million to \$264 million. Most of that growth was likely connected to the increased exploration and development activity for both oil and gas and precious metals.

Tourism also contributed

The state’s growing tourism industry was most likely responsible for the stronger than average growth in the leisure and hospitality sector and trade, transportation and utilities.

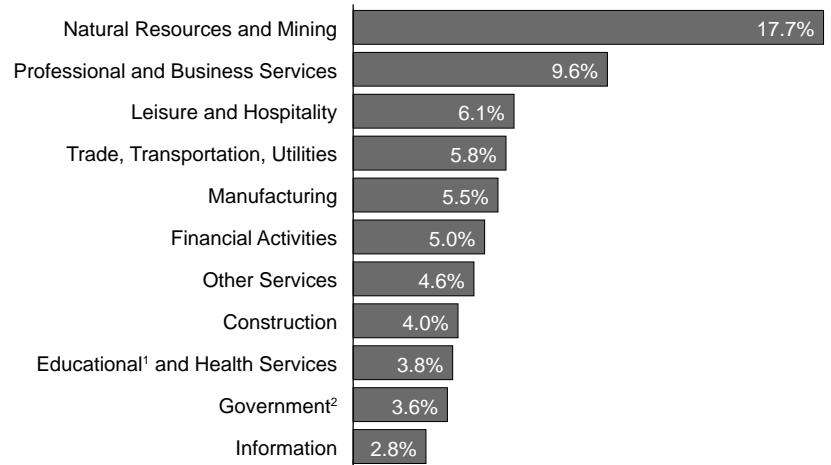
As an industry, tourism can’t be isolated with any precision in these numbers because most hotels, restaurants and retail stores serve both visitors and locals, but all three showed healthy wage growth in 2007.

Three-fourths of state wages come from private sector

About \$10.2 billion of the wages paid by Alaska employers – or 74 percent – came from the private sector. The federal and state government each pays about 8 percent of total wages and local governments pay a little more than 10 percent.

As a group, government wages grew less than the broader economy and less than all but one of the state’s major industry sectors. The lion’s share of the growth came in federal government wages, which climbed \$79 million in 2007 to nearly \$1.1 billion. The federal government’s 7.7 percent increase in 2007 was more than twice state government wages’ 3.8 percent increase and five times local government’s increase of 1.5 percent.

A Good Year for Natural Resources Wage growth, percent change 2006 to 2007 **2**



¹ Private education only

² Includes public school systems and the University of Alaska; excludes the uniformed military.

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section; U.S. Department of Labor, Bureau of Labor Statistics

Federal government pays highest average government wages

Federal government’s increase in wages came mostly in the form of higher pay to existing employees rather than in added jobs. The federal government’s average monthly job count increased by just a little over 100, but average wages rose 6.9 percent from \$60,998 in 2006 to \$65,225 in 2007.

State government’s total wage increase also came primarily from increases to existing employees’ wages rather than to an increase in the number of jobs. State government jobs paid an average of \$45,230 in 2007, up 3.2 percent from \$43,833 in 2006.

For their part, the number of local government jobs in the state actually fell slightly, but average wages increased from \$36,873 in 2006 to \$37,501 in 2007, a modest 1.7 percent bump. Overall, the government wage numbers reveal a shrinking role in the economy for state and local government wages and a slightly expanded role for the federal government.