

# Alaska's Resident Workforce Increases

By Jeff Hadland

A large number of nonresident workers are hired in Alaska every year, creating a negative impact on the Alaska economy. Employers hire nonresidents to work in Alaska for many legitimate reasons. However, too often employers assume that no qualified workers are available in Alaska, and therefore, they don't even attempt to hire here. Through information, education and recruitment efforts, the Alaska Department of Labor (AK-DOL) is continually working to increase the employment of Alaska workers in jobs currently filled by nonresidents. The most recent data show that these efforts are paying off.

## Number of nonresident workers drops to lowest level since 1990

A total of 74,761 nonresident wage and salary workers were employed in Alaska in 1996. (See Table 1.) This estimate of nonresident workers employed in Alaska's private sector, and state and local governments, represents a five percent decline from the total number of nonresidents employed in 1995 and the fewest total number of nonresident workers reported working in Alaska since 1990. (See Figure 1.)

Although 21.5% of all wage and salary workers in Alaska were reported as nonresidents in 1996, this represents an improvement over the 22.6% reported in 1995 and is also the lowest rate reported during the 1990's. (See Figure 2.)

## Major efforts to increase Alaska resident hire



Efforts to identify occupations with high numbers of nonresident workers have allowed the state to target training programs in order to meet the needs of Alaskans.



The State Training and Employment Program (STEP) has provided training to more than 9,000 Alaska workers since 1989. Grant procedures for STEP include a priority for occupations with high nonresident hire.



Governor Knowles has requested major employers in both the onshore and offshore seafood processing sectors to hire more Alaskans. In response, many of these employers who hired exclusively outside of Alaska in the past are working with the Alaska Department of Labor's Seafood Employment Unit to greatly expand in-state hiring efforts.



The Department of Labor continues to enforce the Alaska Employment Preference Law (AS 36.10.005-990) on state-funded construction projects.



A working group of administration and oil industry officials continues to promote increased utilization of Alaska workers and Alaska companies on oil and gas projects.



Members of the Alaska Employment Service staff visit employers and contact those from outside the state to inform them both of recruitment and referral services offered. They emphasize the availability of Alaska workers, and attempt to resolve problems associated with Alaska recruitment.



The Alaska Employment Service has extended its job listings to job seekers in the state's rural areas through the Internet site, <http://labor-aix.state.ak.us/cgi-bin/jobs> entitled *Alaska's Job Bank*.

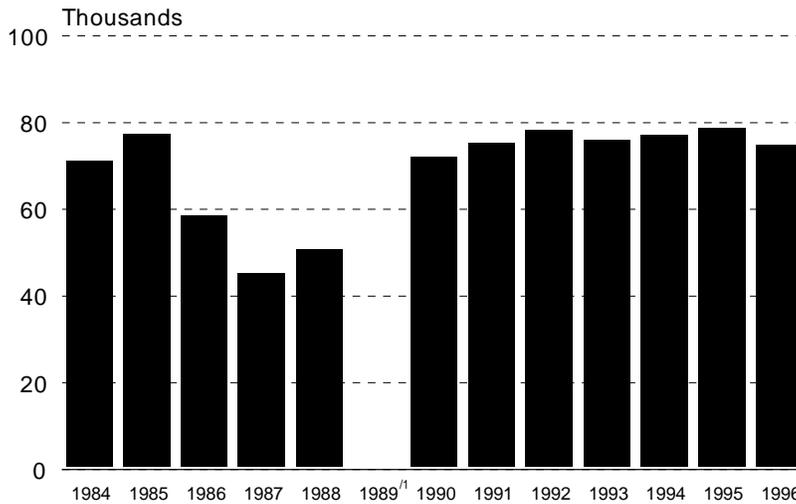
Figure • 1

## Nonresident Workers—Alaska 1984-1996

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

<sup>1/</sup> No nonresident hire report was prepared for 1989 due to lack of funding.

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



In 1996, nonresidents earned approximately \$902 million dollars, a notable \$20 million drop over 1995. Residents earned an average of \$24,494 while nonresidents earned only half as much at \$12,065. The large disparity in total earnings is related primarily to the shorter average length of time that nonresident workers are employed in Alaska. Many nonresident workers are employed in the summer months or in short-term or seasonal jobs including those related to the seafood processing and hotel/transportation/visitor-related industry sectors. Twice as many nonresident workers are employed in the third calendar quarter as are employed in the first calendar quarter of each year.

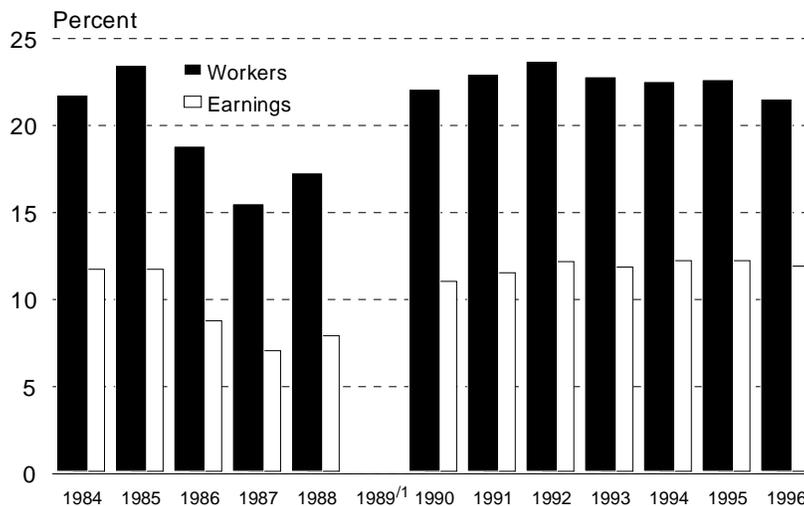
Figure • 2

## Percent Nonresident Workers and Earnings—Alaska 1984-1996

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

<sup>1/</sup> No nonresident hire report was prepared for 1989 due to lack of funding.

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



The quarterly earnings differentials vary dramatically by industry with several industries paying nonresidents higher average quarterly earnings than residents. When nonresidents earn higher average quarterly earnings than residents do, this may be the result of several factors including the importation of workers with specialized, high paying skills not currently available in Alaska. In addition, some highly paid workers in some seasonal or remote work sites have sufficient income to maintain an out-of-state residence and can commute to work in Alaska every few weeks or months.

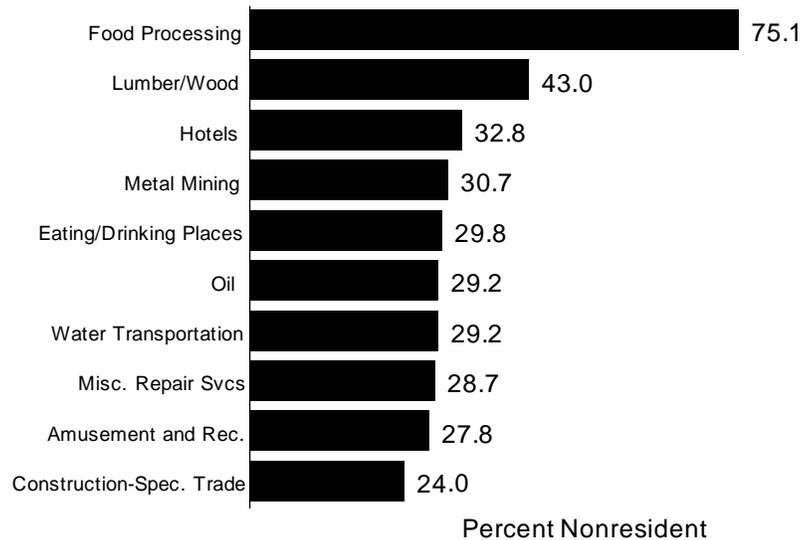
## The economic impact of nonresidents

Generally, workers spend the bulk of their earnings where they reside. On average, nonresidents take a significant portion of their earnings to their home state, depriving Alaska of the full economic benefits of the employment created in the Alaska economy. This has a direct impact on the total growth rate and income of the state. This leakage of income out-of-state results in smaller indirect income and employment than would otherwise occur if workers lived in Alaska. Many nonresidents work a relatively short time in Alaska (often for just a quarter or two) and generally do not live in Alaska, own homes or consume the bulk of their earnings in the state.

So, not only are the direct job opportunities and direct income lost to Alaskans, but also a portion of the indirect income is lost as well. Generally, economists estimate that Alaska has an economic multiplier of 1.6 to 1.8, meaning that the \$902 million earned by nonresidents in 1996, if all spent in Alaska, should generate an additional \$540 million to \$720 million in Alaska as a result of the spending and respending of those dollars. Because nonresidents spend a greater portion of their earnings outside Alaska, their income multiplier is likely smaller. If nonresidents spend even one quarter of their earnings outside Alaska, the income leakage could mean an economic loss to the state of approximately \$150 million over and above the direct income loss.

When nonresidents take jobs that Alaskans could fill, unemployed Alaskans draw upon unemployment insurance and other financial aid programs. Nonresident workers are also more likely to leave Alaska and draw unemployment insurance benefits based on earnings received in the state, even

## Private Sector Industries with Highest Percent Nonresident Workers—Alaska 1996



Note: Industries with 1,000 or more workers.

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

though they are currently living elsewhere. About 10 percent of in-state unemployment insurance claimants in 1996 were nonresidents while more than 75 percent of those filing claims outside Alaska against Alaska earnings were not residents of Alaska in 1996 (had not lived in Alaska all of 1995 and/or 1996).

## Approximately one-third of new hires are nonresidents of Alaska

Every day employers hire new workers to fill jobs created by the needs of a growing business or to fill vacancies due to normal turnover. The Alaska Department of Labor defines a "new hire" as a new worker who was not employed by the same firm at any time during the previous four quarters. Unfortunately, according to AKDOL estimates, many "new hires" are nonresidents of Alaska. In 1996, approximately 52,000 nonresidents were new hires, about one third of all new hires. These new hires represent a large base of employment opportunities for Alaskans with many of the jobs requir-

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## Resident and Nonresident Workers and Earnings Alaska 1996 Private Sector, State and Local Government Workers

Industry	Resident Workers	Nonresident Workers	Percent Nonresident	Resident Wages (\$'s)	Nonresident Wages (\$'s)	Percent Nonresident
<b>Agriculture, Forestry &amp; Fisheries</b>						
Agricultural production-crops	244	58	19.2 %	\$1,533,696	\$298,865	16.3 %
Agriculture-livestock & animal	ND	ND	ND	ND	ND	ND
Agricultural services	1,019	313	23.5	13,070,399	2,019,565	13.4
Forestry	67	75	52.8	3,665,573	754,265	17.1
Fishing, hunting & trapping	505	449	47.1	10,344,183	5,512,641	34.8
<b>Mining</b>						
Metal mining	1,090	484	30.7	46,101,036	15,827,742	25.6
Coal mining	131	5	3.7	9,767,514	139,792	1.4
Oil & gas extraction	8,122	3,346	29.2	509,625,077	172,994,283	25.3
Mining & quarrying of nonmetallic minerals	386	180	31.8	12,120,641	3,780,534	23.8
<b>Construction</b>						
Building construction	5,604	1,708	23.4	128,500,426	23,472,903	15.4
Heavy construction	4,012	1,229	23.4	138,522,290	31,538,748	18.5
Special trade contractors	8,138	2,571	24.0	214,590,905	35,331,047	14.1
<b>Manufacturing</b>						
Food (including seafood processing)	6,337	19,162	75.1	83,382,936	154,481,664	64.9
Textiles	ND	ND	ND	ND	ND	ND
Apparel	57	12	17.4	704,501	37,732	5.1
Lumber & wood products	1,625	1,226	43.0	40,768,443	24,998,422	38.0
Furniture	43	10	18.9	792,992	53,521	6.3
Pulp/paper	882	110	11.1	32,858,199	2,137,684	6.1
Chemicals	737	27	3.5	56,349,549	1,496,240	2.6
Petroleum refining	404	22	5.2	25,279,819	1,026,296	3.9
Rubber	39	16	29.1	897,746	221,578	19.8
Leather	ND	ND	ND	ND	ND	ND
Stone, clay, glass & concrete products	313	68	17.8	6,914,390	733,157	9.6
Primary metal industries	ND	ND	ND	ND	ND	ND
Fabricated metal products	276	57	17.1	7,413,906	739,864	9.1
Industrial & commercial machinery	126	34	21.3	4,626,535	395,409	7.9
Electronic components excl. computer	ND	ND	ND	ND	ND	ND
Transportation equipment	334	101	23.2	7,677,483	1,117,329	12.7
Measuring instruments	44	2	4.3	1,935,423	82,208	4.1
Miscellaneous manufacturing	78	12	13.3	1,302,288	110,692	7.8
<b>Transportation</b>						
Local transportation	2,166	549	20.2	22,630,269	3,887,108	14.7
Motor freight	3,446	558	13.9	95,536,980	4,941,003	4.9
Water transportation	2,350	968	29.2	56,709,673	18,190,575	24.3
Air transportation	7,289	1,971	21.3	202,777,394	60,045,287	22.8
Pipelines	1,099	133	10.8	99,099,628	7,444,892	7.0
Transportation services	1,772	431	19.6	33,031,776	4,001,464	10.8
Communications	4,001	431	9.7	158,981,875	7,192,985	4.3
Electric & other utilities	2,717	228	7.7	120,631,158	4,392,902	3.5

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## Resident and Nonresident Workers and Earnings Alaska 1996 Private Sector, State and Local Government Workers (continued)

Industry	Resident Workers	Nonresident Workers	Percent Nonresident	Resident Wages (\$'s)	Nonresident Wages (\$'s)	Percent Nonresident
<b>Wholesale Trade</b>						
Durable goods	4,920	749	13.2 %	\$144,735,292	\$11,307,397	7.2 %
Nondurable goods	4,548	1,051	18.8	110,081,810	9,212,293	7.7
<b>Retail Trade</b>						
Building materials, hardware	2,132	343	13.9	46,149,115	3,506,496	7.1
General merchandise	9,804	2,137	17.9	134,152,086	12,607,673	8.6
Food stores	8,350	1,321	13.7	136,042,013	7,634,470	5.3
Auto dealers/service stations	5,914	1,036	14.9	130,877,911	9,035,241	6.5
Apparel	1,604	370	18.7	15,480,924	1,560,646	9.2
Furniture	1,721	353	17.0	28,122,040	2,301,684	7.6
Eating & drinking places	17,926	7,609	29.8	155,360,965	33,239,962	17.6
Miscellaneous retail	7,148	1,661	18.9	101,875,319	10,849,577	9.6
<b>Finance, Insurance &amp; Real Estate</b>						
Banking	4,282	457	9.6	113,527,118	4,625,886	3.9
Credit agencies	446	37	7.7	16,250,583	567,552	3.4
Brokers	297	34	10.3	19,415,242	837,937	4.1
Insurance	835	60	6.7	36,236,325	1,220,033	3.3
Insurance agents	1,069	123	10.3	32,101,632	1,670,657	4.9
Real estate	2,958	490	14.2	47,133,525	3,419,416	6.8
Holding/investment companies	2,400	293	10.9	57,419,757	3,632,493	5.9
<b>Services</b>						
Hotels	6,843	3,341	32.8	82,063,949	21,161,210	20.5
Personal services	2,200	462	17.4	25,669,047	2,498,352	8.9
Business services	8,767	2,647	23.2	155,837,554	22,657,719	12.7
Auto repair	2,692	679	20.1	44,655,970	4,312,245	8.8
Miscellaneous repair services	972	392	28.7	25,631,730	5,233,562	17.0
Motion pictures	1,081	272	20.1	7,092,557	786,409	10.0
Recreation services	3,996	1,539	27.8	37,744,218	7,103,286	15.8
Health services	13,894	1,974	12.4	395,662,562	29,417,571	6.9
Legal services	1,817	218	10.7	58,433,682	2,748,061	4.5
Education services	1,196	310	20.6	22,304,481	2,202,336	9.0
Social services	7,459	1,158	13.4	113,703,035	7,319,630	6.0
Museums & art galleries	110	14	11.3	1,375,045	79,397	5.5
Membership organizations	7,591	816	9.7	114,584,740	6,744,264	5.6
Engineering, accounting & mgmt	7,698	1,764	18.6	231,865,526	32,705,783	12.4
Private households	262	61	18.9	3,476,294	302,217	8.0
Miscellaneous services	275	107	28.0	6,723,886	1,620,568	19.4
Nonclassifiable private sector	442	208	32.0	5,480,522	1,283,090	19.0
Private Sector	210,865	70,907	25.2	4,842,687,226	857,344,181	15.0
State Government	23,512	1,429	5.7	740,997,328	18,408,288	2.4
Local Government						
	38,692	2,425	5.9	1,105,072,324	26,302,482	2.3
Total	273,069	74,761	21.5	6,688,756,879	902,054,950	11.9

ND=Nondisclosable

Residency measured by matching UI wage file with 1996 and 1997 Permanent Fund Dividend files.

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

Table • 2

## Largest Nonresident Occupations in Selected Industries Alaska 1996

NEC= Not  
elsewhere  
classified.

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

Industry	Title	Resident Workers	Nonresident Workers	Percent Nonres.	Resident Wages (\$'s)	Nonresident Wages (\$'s)	Percent Nonres.
<b>Metal Mining</b>							
	Miners	88	57	39.3%	\$ 3,322,163	\$ 1,086,635	24.6 %
	Operating Engineers	46	37	44.6	1,048,290	787,365	42.9
	Heavy Equipment Mechanics	42	23	35.4	2,032,174	954,105	31.9
	Millwrights	29	22	43.1	1,985,723	1,418,178	41.7
<b>Oil &amp; Gas</b>							
	Petroleum Technologists & Technicians	390	184	32.1	31,855,291	15,924,970	33.3
	Welders & Cutters	223	174	43.8	9,554,219	5,728,809	37.5
	Electricians	186	144	43.6	9,014,692	5,895,262	39.5
	Extractive Occup., NEC	450	144	24.2	19,576,863	5,445,149	21.8
	Operating Engineers	299	129	30.1	13,622,454	6,154,998	31.1
<b>Building Construction</b>							
	Carpenters	2,066	514	19.9	48,524,917	5,456,130	10.1
	Construction Laborers	895	225	20.1	13,477,194	1,958,016	12.7
	Manual Occup., NEC	559	201	26.4	5,926,207	1,071,396	15.3
	Electricians	34	59	63.4	970,809	1,407,872	59.2
<b>Special Trades Construction</b>							
	Construction Laborers	961	416	30.2	14,563,605	3,247,613	18.2
	Carpenters	523	188	26.4	10,798,667	1,657,392	13.3
	Plumbers, Pipefitters & Steamfitters	800	185	18.8	29,954,825	3,323,496	10.0
	Electricians	1,003	184	15.5	37,574,202	3,375,269	8.2
	Painters (Construction & Maintenance)	389	169	30.3	6,556,153	1,463,802	18.3
<b>Food Processing</b>							
	Cannery Workers, Incl. Seafood Process	3,853	13,160	77.4	33,574,939	80,171,144	70.5
	Sailors & Deckhands	52	856	94.3	1,007,743	16,129,077	94.1
	Misc. Hand Working Occup.	250	758	75.2	2,825,766	6,079,859	68.3
	Manual Occup., NEC	80	412	83.7	481,110	2,567,872	84.2
<b>Air Transportation</b>							
	Airplane Pilots & Navigators	1,004	629	38.5	41,929,761	24,659,443	37.0
	Dispatchers	149	150	50.2	12,094,567	17,284,346	58.8
	Aircraft Mechanics	438	132	23.2	14,936,594	1,853,033	11.0
	Reservation Agents & Ticket Clerks	1,010	111	9.9	18,411,060	1,005,038	5.2
<b>Eating &amp; Drinking</b>							
	Waiters & Waitresses	2,994	1,271	29.8	23,018,199	4,616,794	16.7
	Combined Food Prep & Service, Fast Food	2,411	858	26.2	9,982,004	2,297,875	18.7
	Misc. Food & Beverage Preparation Occup.	1,466	675	31.5	9,409,028	2,621,321	21.8
	Cooks, Restaurant	933	560	37.5	10,694,237	3,458,218	24.4
	Kitchen Wkrs, Food Preparation	1,308	489	27.2	10,399,800	2,041,644	16.4
<b>Hotels</b>							
	Maids	1,395	549	28.2	11,682,390	2,577,628	18.1
	Guides	106	293	73.4	975,862	2,290,029	70.1
	Waiters & Waitresses	660	275	29.4	6,845,467	1,334,699	16.3
	Hotel Clerks	531	169	24.1	5,452,086	816,969	13.0

(Continued from page 3)

ing skills readily available in Alaska. Although many of these new hires work at seasonal or entry-level positions—jobs needed by many unemployed and underemployed Alaskans—other positions require skilled workers readily available in Alaska. Occupations for which there are not qualified Alaskans represent an opportunity for Alaska's education and training institutions.

Third quarter 1996 data show that many of the top occupations filled by nonresident new hires were in seafood processing, restaurant, retail trade and construction-related occupations. As in 1995, seafood processing and cannery workers headed the list of nonresident new hires in 1996.

### Nonresident occupations by industry

Table 2 shows the top nonresident occupations for several major Alaska industry sectors. The table reflects the percentage of nonresident workers and their earnings in each occupation. Industry/occupation data are useful in identifying where training dollars should be directed within an industry.

### 1996 sees improvement in resident hire in most industries

Although the average percentage of private sector nonresident workers in Alaska was 25.2% in 1996, many industries had a much higher (and much lower) percent of nonresident workers. (See Figure 3.) Food processing continued to have the highest percentage, with slightly more than 75 percent of all workers being nonresidents in 1996. The state and local government sectors continued to have nonresident percentages of less than six percent, a level matched by only a few private sector industries. In comparisons with 1995 data, there has been significant improvement in most of the major industry categories, with the notable exception of the mining and finance, insurance and real estate industries.

Nonresident workers in Alaska are typically found in industries with a large number of seasonal jobs (often relatively low paying), industries with faster than average growth, industries with jobs having special skills, and industries where the workers may be employed in remote worksites or camps. Alaska's seasonal industries continued to dominate the list of those with the highest nonresident earnings and workers.

Following a trend of the last several years, the major industry sectors with the highest percentage of nonresident workers in 1996 were seafood processing, lumber and wood products, and ho-

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tels and restaurants. Other industries with a higher percentage of nonresident workers than the private sector average include hotels (32.8%), non-metal mining/quarries (31.8%), metal mining (30.7%), eating/drinking (29.8%), oil and gas (29.2%), water transportation (29.2%), repair services (28.7%), miscellaneous services (28.0%) and recreation services (27.8%).

See *Nonresidents Working in Alaska-1996*, published by the Alaska Department of Labor, for a comprehensive look at nonresident workers in Alaska.

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## 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 1996 PFD or applied for a 1997 PFD.

For the purposes of this analysis, Alaska residency is determined by matching the worker's social security number on the wage file with the social security number on the PFD file. For a match to occur, the worker's social security number must appear on both the PFD file and the wage file. The small number of workers with missing social security numbers are excluded from the analysis.

Although most workers would have to be in Alaska all of 1996 in order to be considered residents for purposes of this report, information from both the 1996 and 1997 dividend years is used to improve the accuracy of the residency classification. Resident workers that left Alaska during 1996 would not be eligible for a 1997 PFD unless they had spent the entire year in the state. The 1996 PFD data match identifies these workers and they are counted as residents. New workers that arrived in Alaska after January 1, 1996, would generally be counted as nonresidents.

## Limitations of the data

The data have some limitations. People who did not provide a social security number on their Permanent Fund Dividend (PFD) application or who were eligible for a dividend but did not apply were not counted as residents. If certain ownership, industry or occupation codes were missing from the wage file, those records were excluded from the tally. Also excluded were persons who established residency during 1996 but did not meet eligibility requirements for the 1997 PFD.

An analysis of worker information for 1995 shows 14.0% of those workers identified as nonresidents stayed in Alaska and ultimately became eligible for the 1996 PFD. The likelihood that nonresidents will stay in Alaska and become eligible for a PFD varies by industry with food processing and oil nonresident workers less likely to become residents, while general merchandise store workers and health workers are much more likely to become residents.

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 workforce. The analysis offers a good approximation of the effect of nonresident workers on the Alaska economy.