
The Economic Benefits of Alaska's Construction Industry

Resource Development Council of Alaska

April 20, 2023

PREPARED FOR:



McKinley Research Group, LLC is a team of respected professionals with 50 years experience providing research, consulting, and advisory services to clients seeking answers to questions and solutions to organizational complexities.



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AGC Mission

- **The mission of AGC of Alaska is to advocate for our members and the Alaskan construction industry; to provide educational opportunities for our members; and to make the public aware of our members' skills, responsibility and integrity. Simply stated: Advocate, Educate Promote.**
- **600+ members of AGC of Alaska**
 - **General/Specialty/Associate**



AGC Goal: Advocacy

-  Facilitate cooperative and collaborative relationships between members, contractors and related construction industry professionals for responsible dealings with the public.
-  Unite the construction industry to focus on balanced industry advancement
-  Motivate involvement, increased membership and retention
-  Foster and promote constructive legislation, regulation and standards

LEGISLATIVE PRIORITIES:

SUSTAINABLE
STATE BUDGET

RESPONSIBLE
RESOURCE DEVELOPMENT

WORKFORCE
DEVELOPMENT/EDUCATION

WORKERS'
COMPENSATION REFORM

McKinley Research Group

- Research and consulting since 1972
- Offices in Juneau and Anchorage
- Economic Analysis, Community Economic Planning, Business Development, Survey Research and more
- Conducted 100+ economic impact studies including Alaska's:
 - Oil and Gas Industry (AOGA)
 - Mining Industry (AMA/CAP)
 - Seafood Industry (ASMI)
 - Visitor Industry (DCCED/ATIA)
 - And many more
- 4th year of construction analysis and forecast



Our Presentation

1

**Economic
Impact of
Alaska's
Construction
Industry**

2

**Public
Construction
Funding**

3

**Construction
Occupation
Profile**

Our Methodology

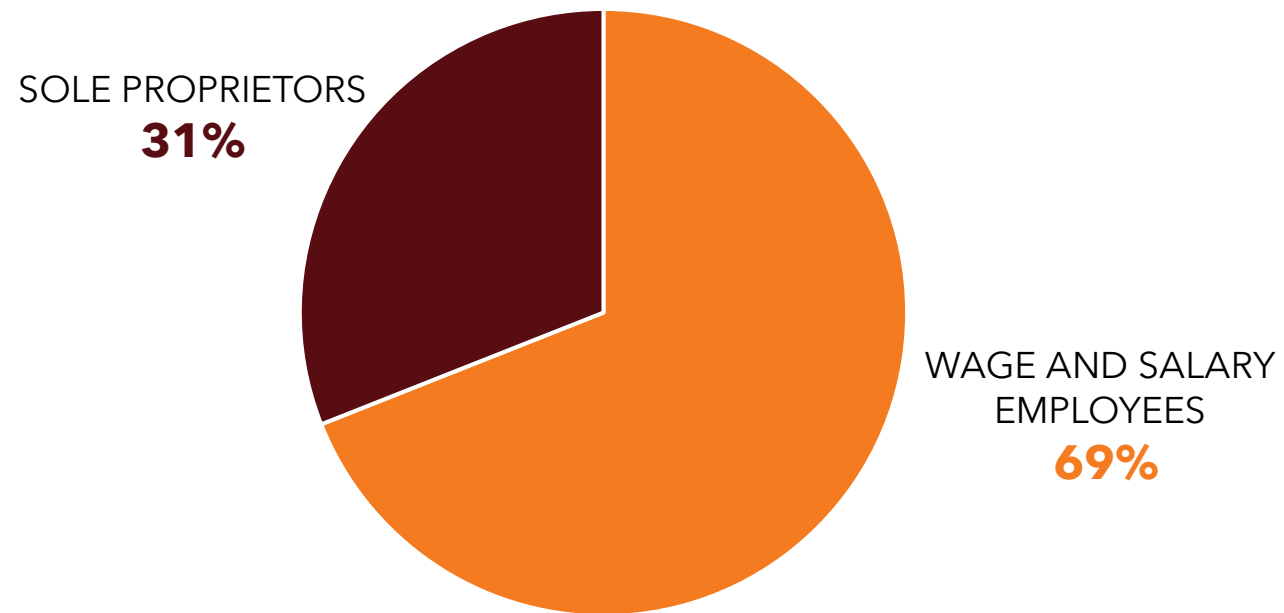
- Compiled and analyzed secondary data from published and unpublished sources, including Alaska Department of Labor and Workforce Development and Bureau of Economic Analysis
- Interviews with an array of construction industry leaders
- IMPLAN™ (Impact Analysis for PLANning) input-output modeling and refinements

ALASKA'S CONSTRUCTION INDUSTRY JOBS AND INCOME IMPACTS

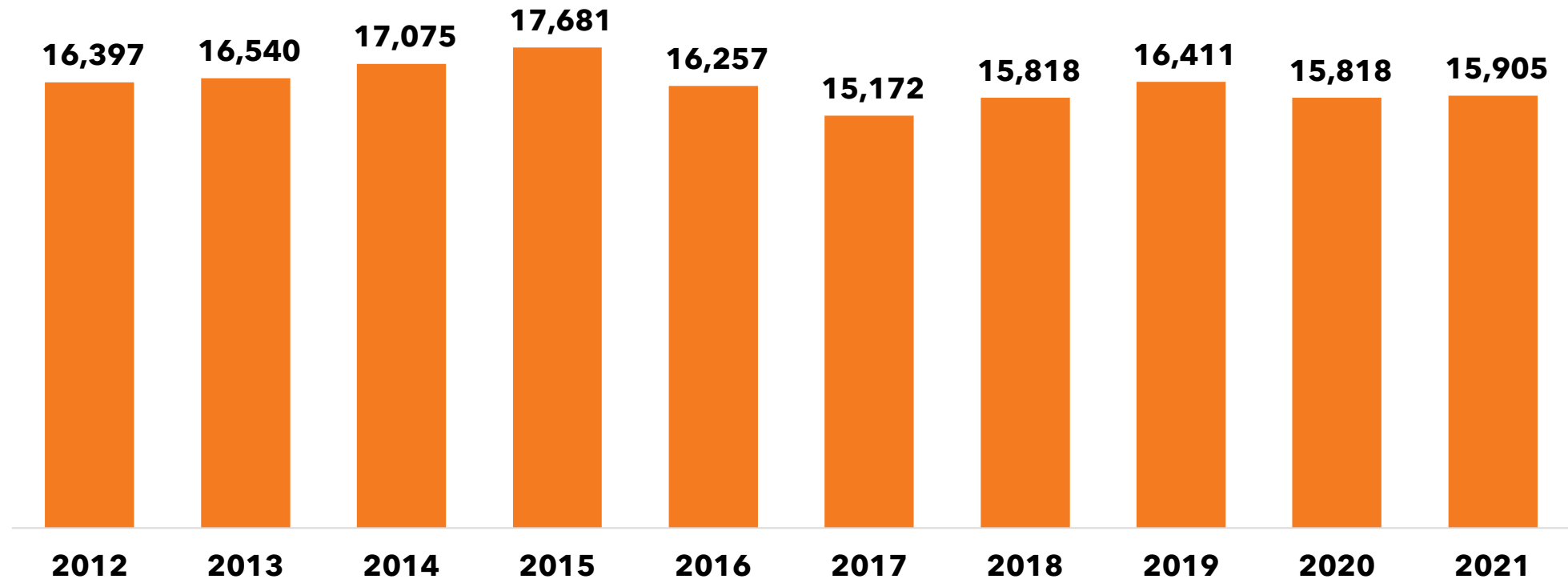


Construction Workforce (2021)

23,700 CONSTRUCTION WORKERS



Average Annual Employment in Alaska's Construction Sector (2012-2021)



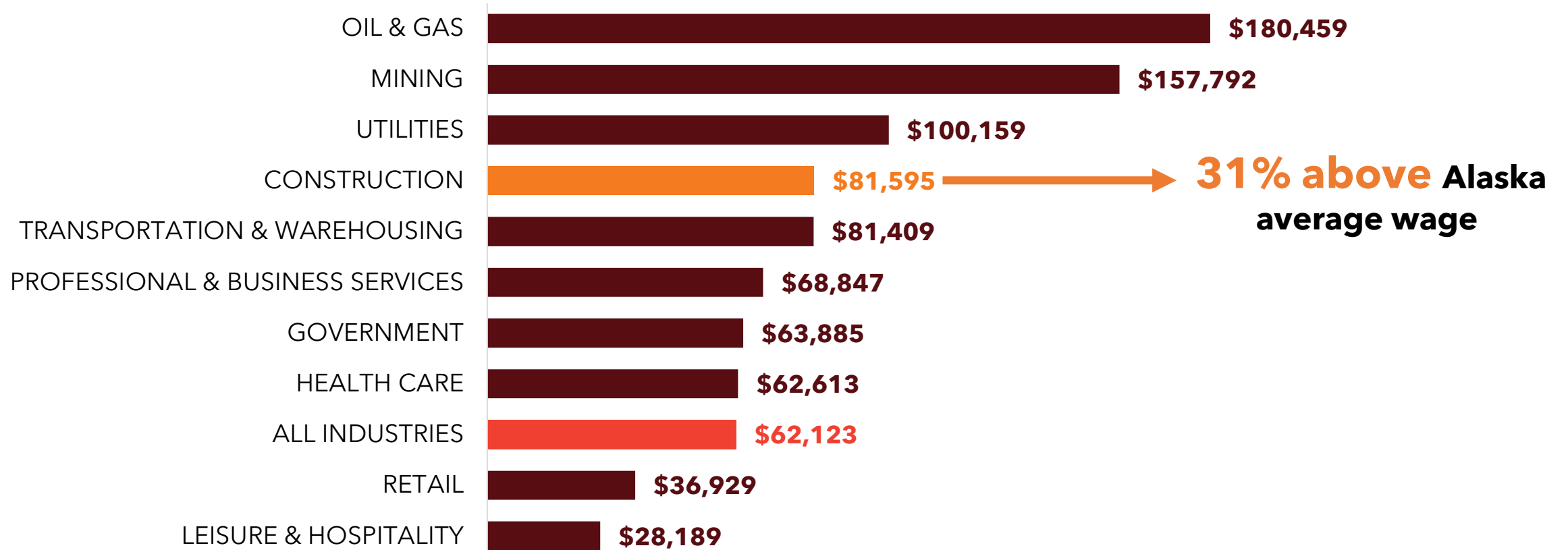
2,588 Construction Industry Employers (2021)

Alaska Construction Industry employers, Jobs, and Wages, 2021 (by top 10 Boroughs)

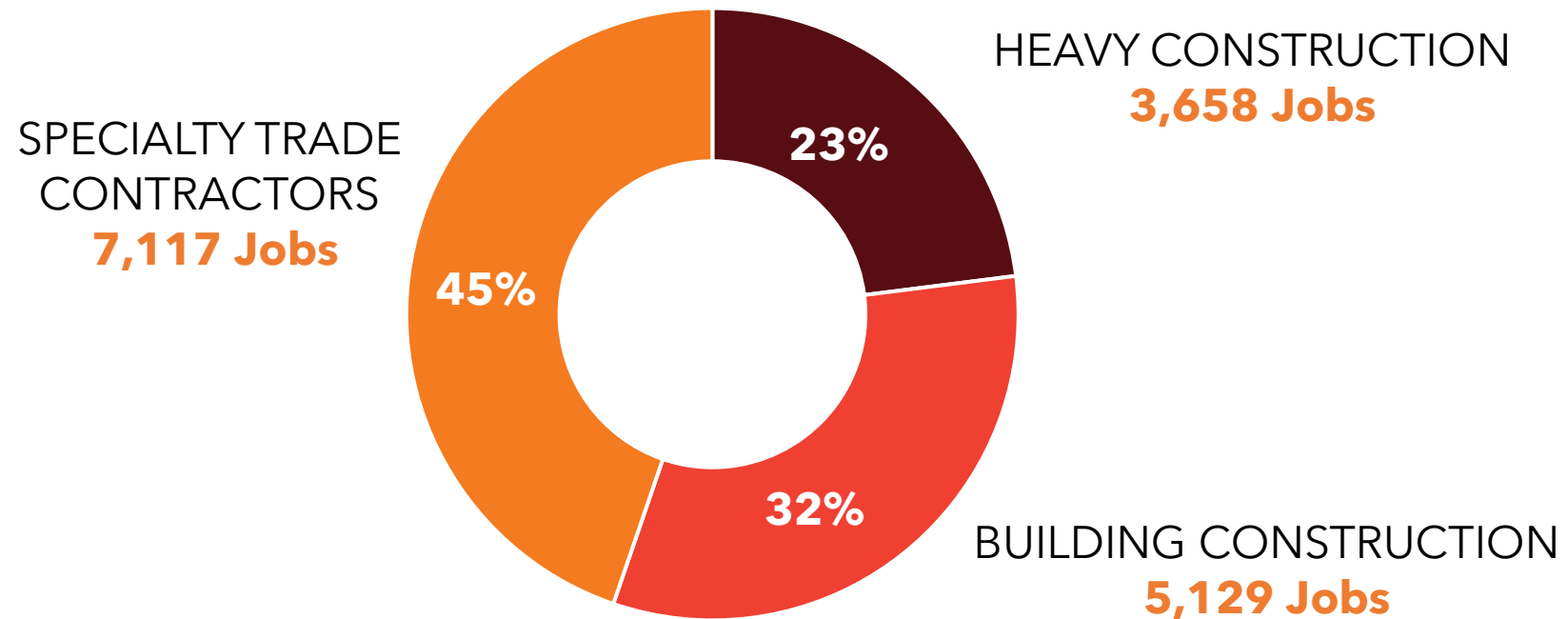
Borough/Census Area	Total number of Employers	Total Jobs (monthly avg)	Total Wages (\$million)
Anchorage Municipality	927	7,228	\$609
Matanuska-Susitna Borough	485	2,823	\$218
Fairbanks North Star Borough	333	2,477	\$221
Kenai Peninsula Borough	268	963	\$59
Juneau City and Borough	140	713	\$51
Ketchikan Gateway Borough	65	285	\$21
Kodiak Island Borough	39	169	\$13
Sitka City and Borough	39	163	\$13
Haines Borough	19	97	\$6
Chugach Census Area	23	84	\$7
All other Boroughs and Census Areas	250	903	\$80
TOTALS	2,588	15,905	\$1,298

Source: Alaska Department of Labor and Workforce Development.

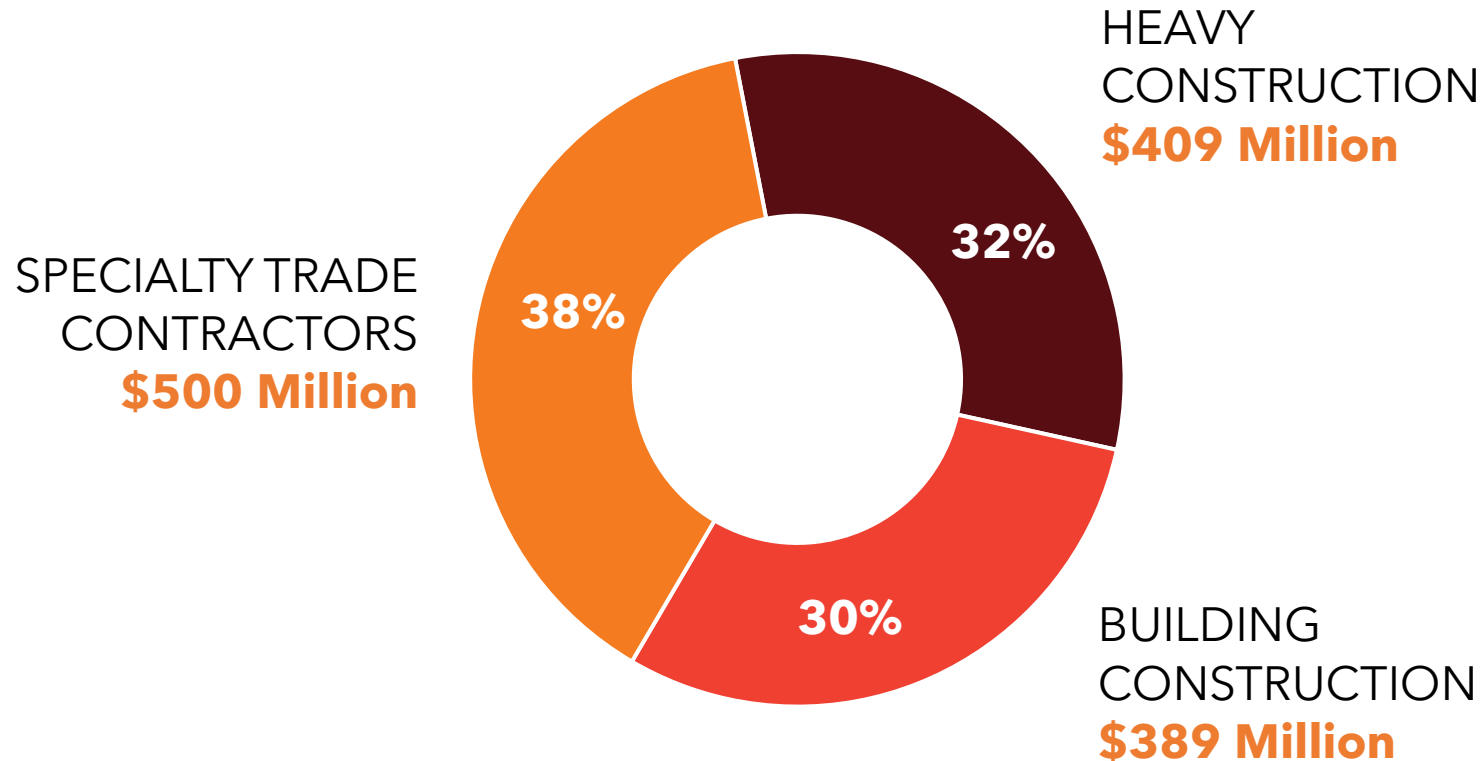
Average Annual Wage Comparison in Alaska by Selected Sectors (2021)



Construction Jobs and Wages, By Type (2021)



Construction Jobs and Wages, By Type (2021)



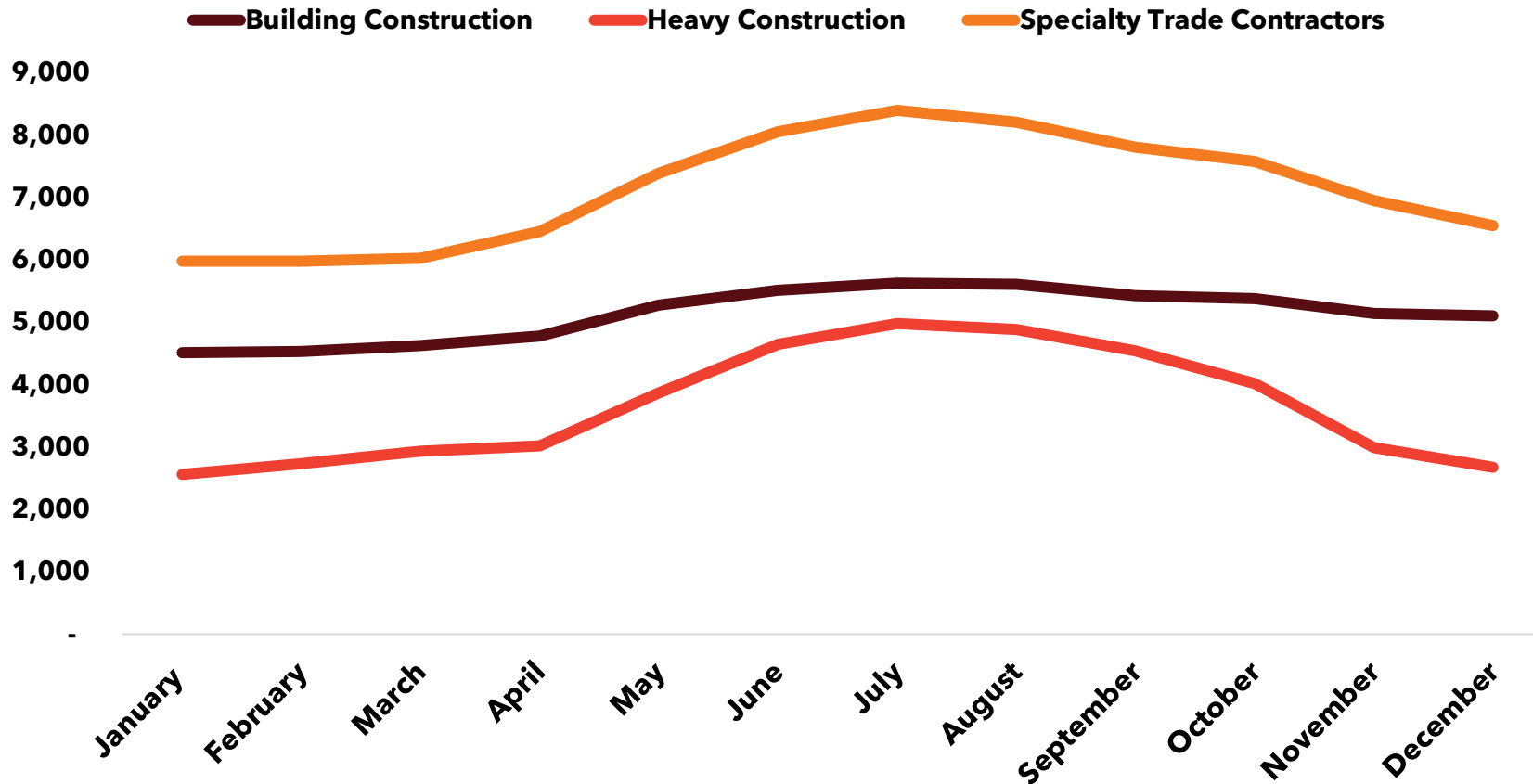
Wage & Salary Wages:
\$1.3 B

+

Self-Employed Wages:
\$1.0 B

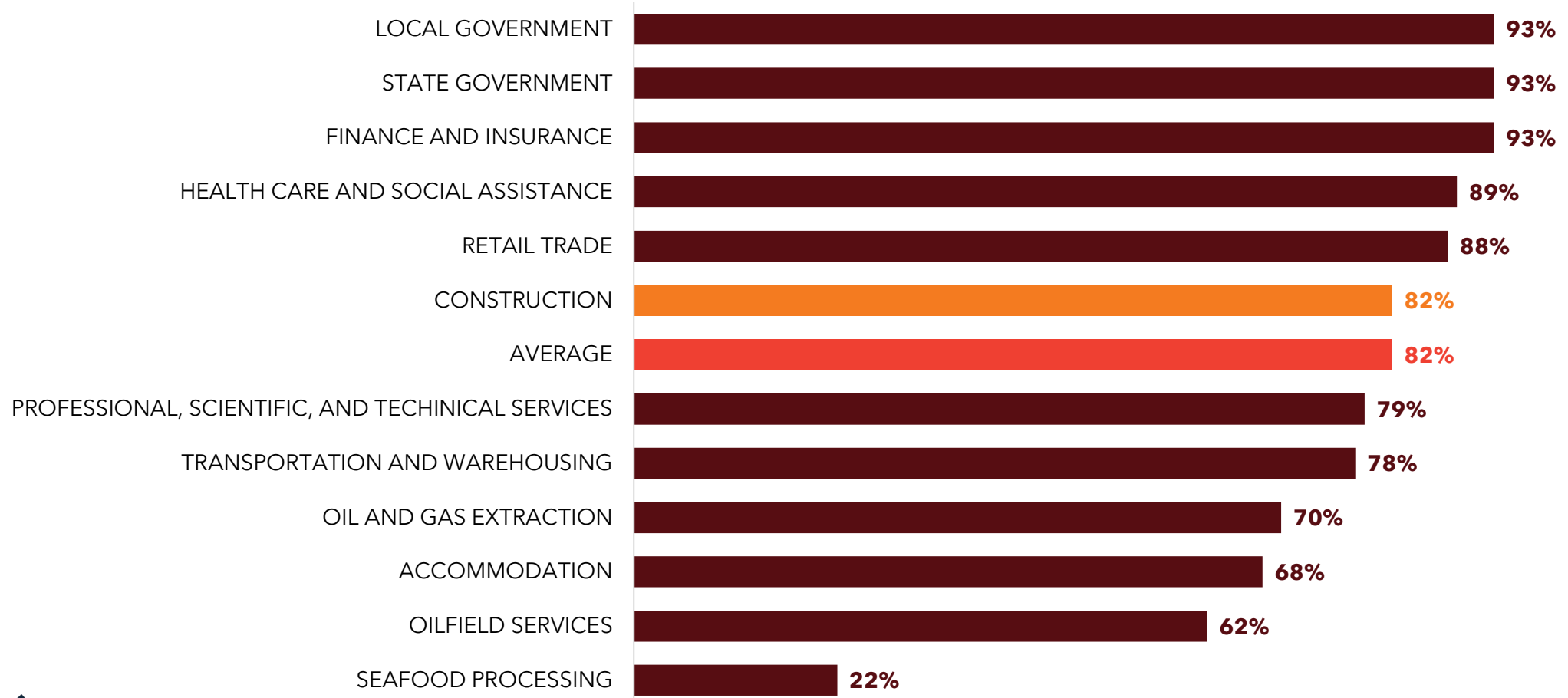
Total Wages: \$2.3 B

Seasonality of Construction Employment (2021)

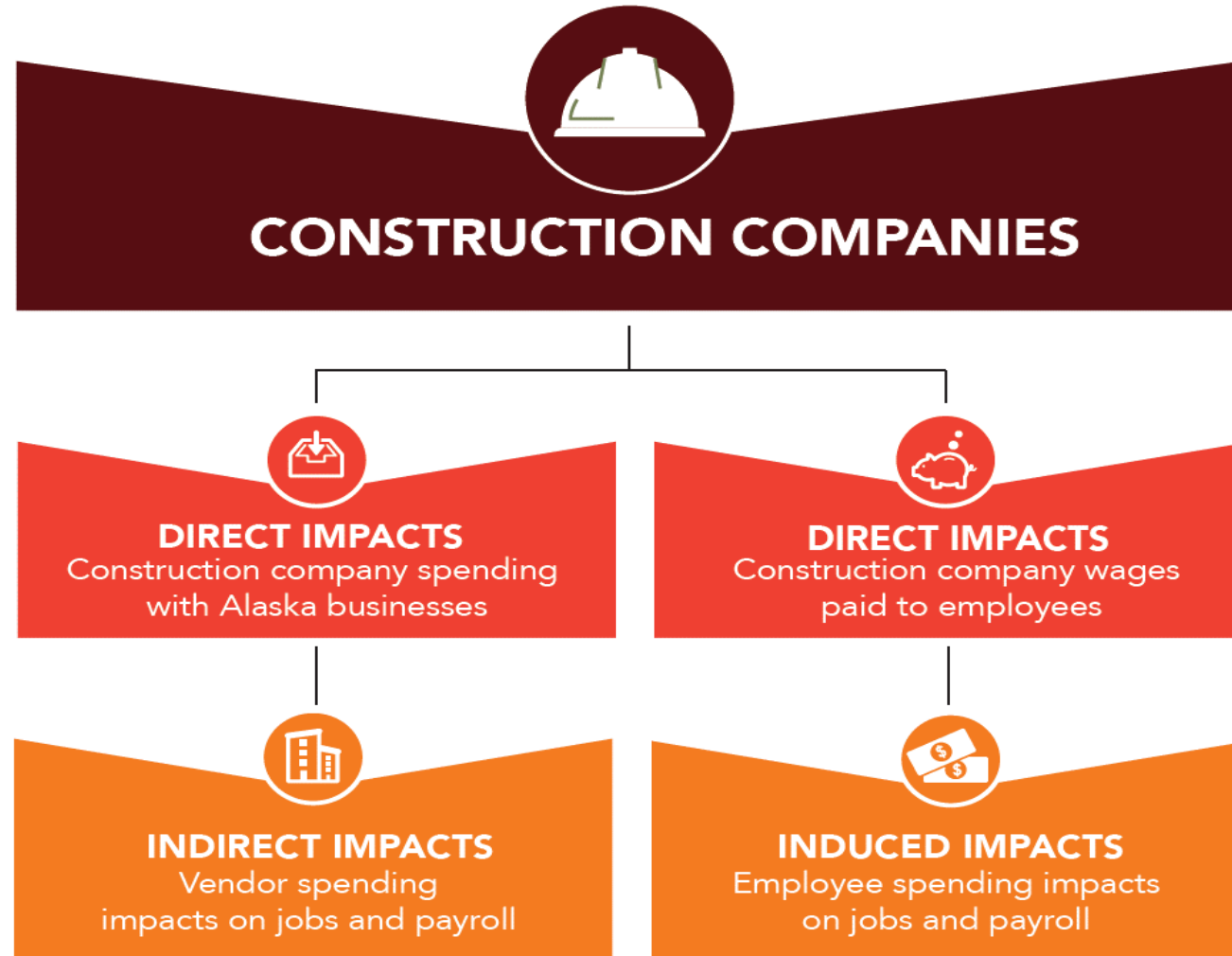


Total construction employment peaked in July, at **19,010** jobs

Percent of Positions Held by Residents by Selected Sectors (2020)



How Construction Funds Flow Through Our Economy



In 2021, Alaska's Construction Industry....

Employed Alaskans

- Employed **23,700 workers**, including wage & salary (69%) and self-employed (31%) workers
- **82% Alaska Residents** making **87% of Alaska wages**
- **1 in 20 Alaska jobs** (5%) were in construction

Paid Alaskans

- Paid **\$2.3 billion in labor income**, or 5% of all Alaska earnings

Generated Multiplier Effects

- Total impacts of **39,400 jobs** and **\$3.3 billion** in wages
 - 9% of total employment in Alaska
 - 10% of total labor income in Alaska

PUBLIC CONSTRUCTION FUNDING



Federal Construction Funding (Federal Fiscal Year 2022)

\$1.7B Total federal construction funding

\$1.3B

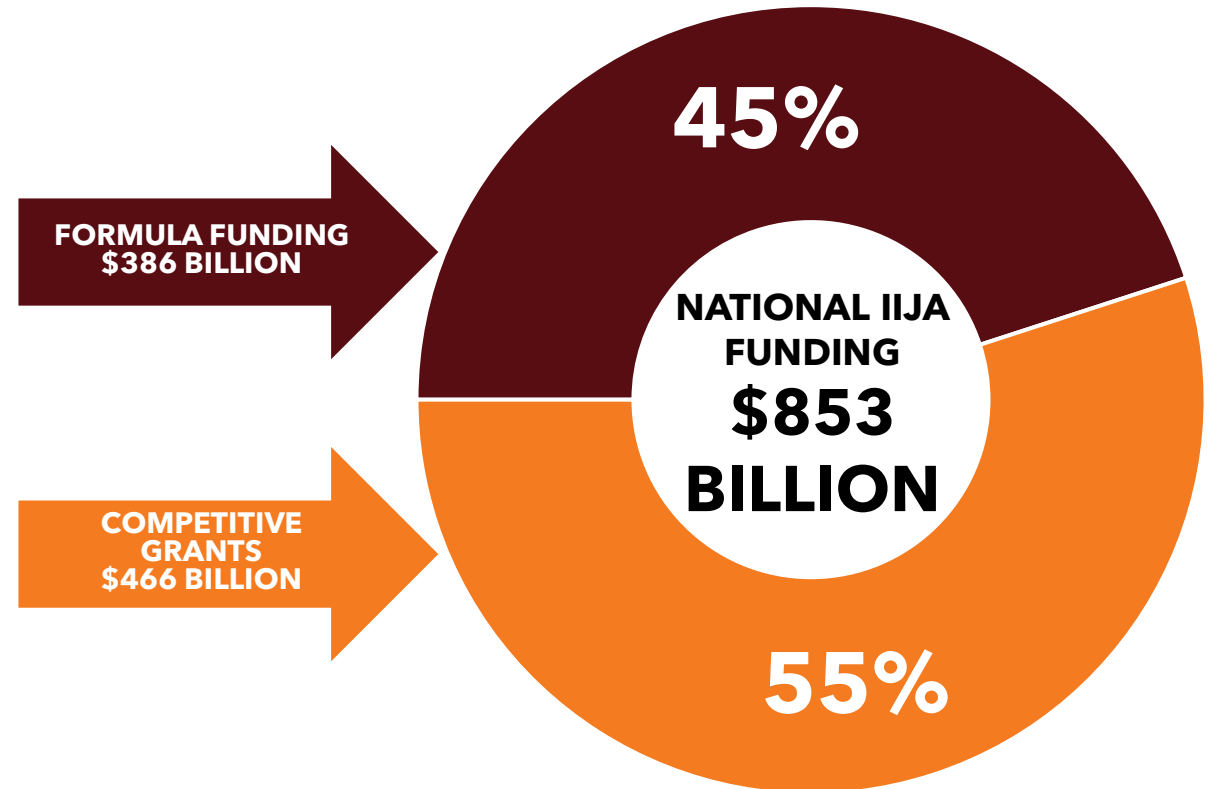
Federal assistance
requiring matching from
state or local government

\$382M

Federal contracts requiring
no state or local
government matching

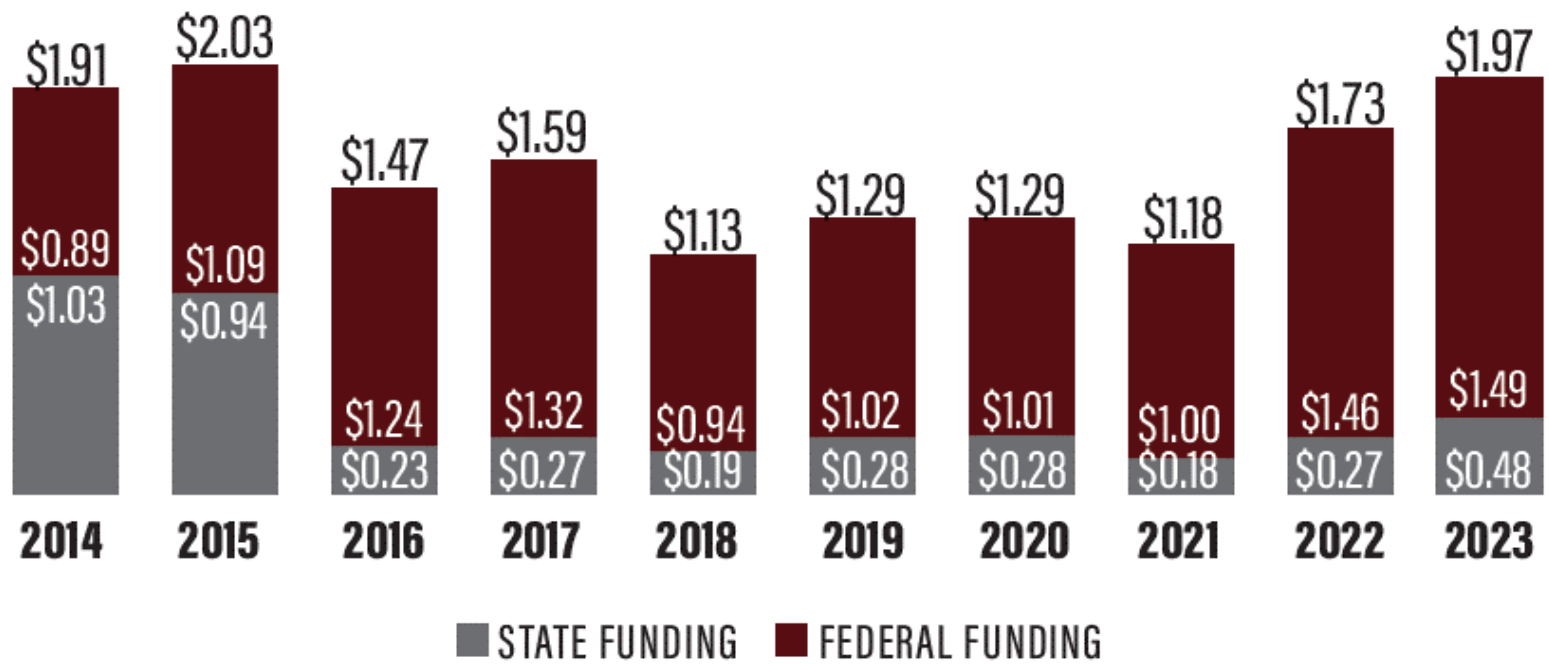
Federal Infrastructure Funding

- **\$853 billion** authorized nationally
 - **\$386B (45%)** in formula funding, provided primarily to states
 - **\$466B (55%)** in competitive grants, direct federal contracts, and other funding streams
- **\$3.1 billion** estimated Alaska formula funding



State/Federal Funding for State of Alaska Construction Projects

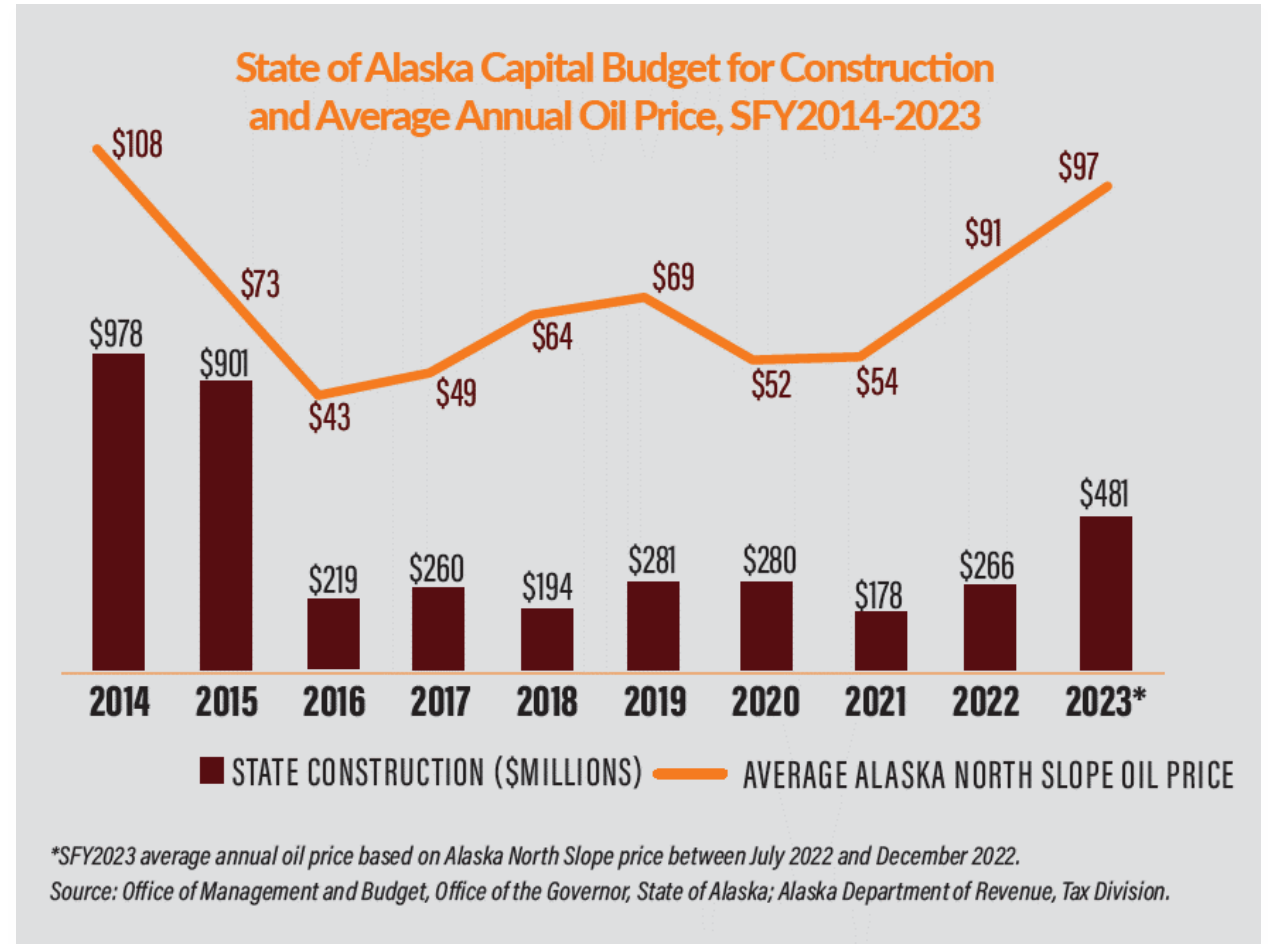
State and Federal Funding For State of Alaska Construction Projects, (\$Billions), SFY2014-2023



Source: Office of Management and Budget, Office of Governor, State of Alaska

Oil Price Impacts

- Oil prices climbed above \$100 per barrel in the first half of the year, for the first time in nearly a decade
- Higher prices...
 - Can positively impact financial feasibility
 - Increase taxable value of production
 - Increase fuel prices



CONSTRUCTION OCCUPATIONAL PROFILE



Expected Occupational Growth

- Accounting for COVID-19 impacts, between 2020 and 2030, construction trades occupational employment **up 9.8%**
- Including new jobs and openings from employees leaving the trades, an expected **1,523** annual openings Highest expected openings:
 - Construction laborers (**396** annual openings)
 - Operating engineers and other construction equipment operators (**323**)
 - Carpenters (**228**)
 - Electricians (**202**)

Growth in construction activity (**new jobs**)

+

Openings due to workers leaving the occupation or leaving the workforce entirely (**separations**)

Total Openings

Impact of Aging Workforce – Top 10 Construction Occupations in Alaska (2021)

Percentage of Resident Workers **Age 45+** Percentage of Resident Workers **Age 50+**

Operating Engineers and Other Construction Equipment Operators	47%	37%
Construction Laborers	25%	18%
Carpenters	35%	25%
Electricians	34%	24%
Plumbers, Pipefitters, and Steamfitters	35%	26%
Painters, Construction, and Maintenance	32%	24%
Sheet Metal Workers	32%	23%
Hazardous Materials Removal Workers	33%	24%
Construction and Building Inspectors	58%	47%
Roofers	19%	13%

IN SUMMARY



Key Takeaways

1

23,700 Alaska construction workers earning **\$2.3 Billion** (of which 82% AK residents hired and 87% AK resident wages paid)

2

Total Economic Impact:
39,400 construction related jobs paying **\$3.3 B** across the state (10% of Alaska earnings)

3

Fed. infrastructure funding will:

- Be competitive (**55% non-formula**)
- Take years to deploy
- Counteract some inflation pressure

WANT TO KNOW MORE?

Download the Economic Benefit Report and Construction Spending Forecast: www.agcak.org



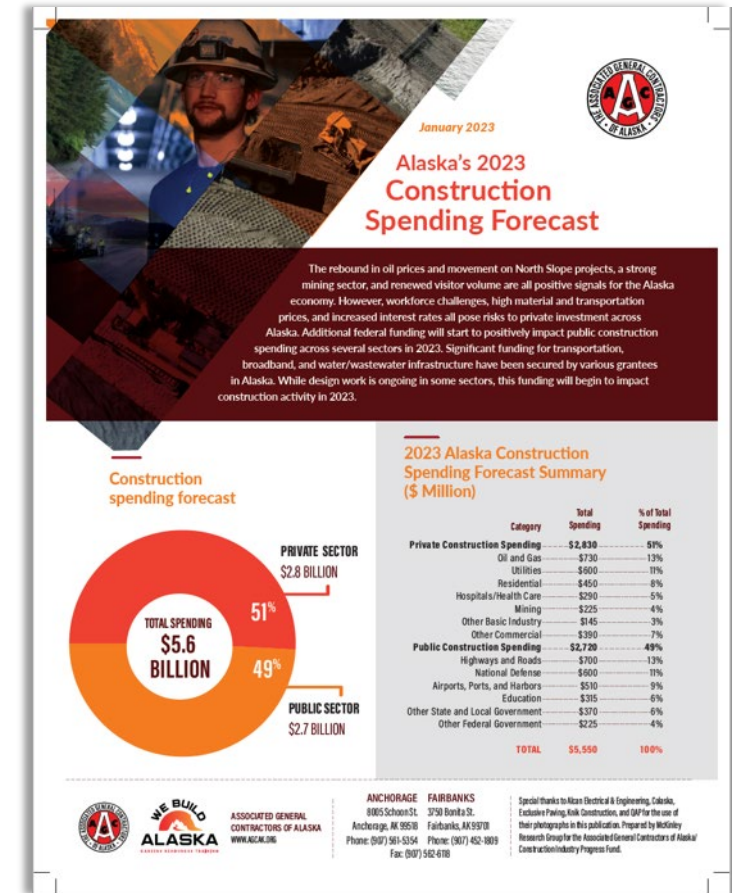
January 2023

The Economic Benefits of Alaska's Construction Industry

The construction industry is a critical component of Alaska's economy. It is integral to all industrial, commercial, residential, and infrastructure development in Alaska. Its economic reach spans the entire state, from the smallest village to the largest city.

2021 BY THE NUMBERS

- 23,700** NUMBER OF ALASKA CONSTRUCTION WORKERS, INCLUDING WAGE AND SALARY AND SELF-EMPLOYED WORKERS
- 1 in 20** SHARE OF JOBS IN ALASKA'S ECONOMY THAT WERE IN THE CONSTRUCTION SECTOR
- \$2.3 BILLION** TOTAL LABOR INCOME OF CONSTRUCTION WORKERS, INCLUDING SELF-EMPLOYED WORKERS
- \$81,600** AVERAGE ANNUAL CONSTRUCTION WORKER WAGE
- ↑ 31%** PERCENTAGE OF CONSTRUCTION WORKER WAGE ABOVE THE AVERAGE WAGE FOR ALL ALASKA WORKERS
- 82%** PERCENTAGE OF CONSTRUCTION JOBS HELD BY ALASKA RESIDENTS
- 87%** PERCENTAGE OF CONSTRUCTION WAGES PAID TO ALASKA RESIDENTS
- 2,588** NUMBER OF CONSTRUCTION INDUSTRY EMPLOYERS IN ALASKA
- 39,400** TOTAL NUMBER OF STATEWIDE CONSTRUCTION-RELATED JOBS, INCLUDING MULTIPLIER EFFECTS
- 9%** PERCENTAGE OF ALL ALASKA JOBS SUPPORTED BY CONSTRUCTION-RELATED ACTIVITY
- \$3.3 BILLION** TOTAL STATEWIDE LABOR INCOME IMPACT, INCLUDING MULTIPLIER EFFECTS
- 10%** PERCENTAGE OF ALL ALASKA INCOME RELATED TO CONSTRUCTION-RELATED ACTIVITY
- ↑ 9.8%** PREDICTED GROWTH IN CONSTRUCTION TRADES BETWEEN 2020 AND 2030
- \$5.6 BILLION** ESTIMATED 2023 CONSTRUCTION SPENDING, UP FROM 2022 SPENDING



January 2023

Alaska's 2023 Construction Spending Forecast

The rebound in oil prices and movement on North Slope projects, a strong mining sector, and renewed visitor volume are all positive signals for the Alaska economy. However, workforce challenges, high material and transportation prices, and increased interest rates all pose risks to private investment across Alaska. Additional federal funding will start to positively impact public construction spending across several sectors in 2023. Significant funding for transportation, broadband, and water/wastewater infrastructure have been secured by various grantees in Alaska. While design work is ongoing in some sectors, this funding will begin to impact construction activity in 2023.

Construction spending forecast

2023 Alaska Construction Spending Forecast Summary (\$ Million)

TOTAL SPENDING \$5.6 BILLION

PRIVATE SECTOR \$2.8 BILLION (51%)

PUBLIC SECTOR \$2.7 BILLION (49%)

Category	Total Spending	% of Total Spending
Private Construction Spending	\$2,830	51%
Oil and Gas	\$730	13%
Utilities	\$600	11%
Residential	\$450	8%
Hospitals/Health Care	\$290	5%
Mining	\$225	4%
Other Basic Industry	\$145	3%
Other Commercial	\$390	7%
Public Construction Spending	\$2,720	49%
Highways and Roads	\$700	13%
National Defense	\$600	11%
Airports, Ports, and Harbors	\$510	9%
Education	\$315	6%
Other State and Local Government	\$370	6%
Other Federal Government	\$225	4%
TOTAL	\$5,550	100%

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THANK YOU!



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McKinley Research Group, LLC is a team of respected professionals with 50 years experience providing research, consulting, and advisory services to clients seeking answers to questions and solutions to organizational complexities.

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