The Economic Benefits of Alaska’s Construction Industry

Resource Development Council of Alaska

April 20, 2023

PREPARED FOR:
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
• 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• Compiled and analyzed secondary data from published and unpublished sources, including Alaska Department of Labor and Workforce Development and Bureau of Economic Analysis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

SOLE PROPRIETORS
31%

WAGE AND SALARY EMPLOYEES
69%

Source: Bureau of Economic Analysis
Average Annual Employment in Alaska’s Construction Sector (2012-2021)

<table>
<thead>
<tr>
<th>Year</th>
<th>Employment</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>16,397</td>
</tr>
<tr>
<td>2013</td>
<td>16,540</td>
</tr>
<tr>
<td>2014</td>
<td>17,075</td>
</tr>
<tr>
<td>2015</td>
<td>17,681</td>
</tr>
<tr>
<td>2016</td>
<td>16,257</td>
</tr>
<tr>
<td>2017</td>
<td>15,172</td>
</tr>
<tr>
<td>2018</td>
<td>15,818</td>
</tr>
<tr>
<td>2019</td>
<td>16,411</td>
</tr>
<tr>
<td>2020</td>
<td>15,818</td>
</tr>
<tr>
<td>2021</td>
<td>15,905</td>
</tr>
</tbody>
</table>

Source: Alaska Department of Labor and Workforce Development
### 2,588 Construction Industry Employers (2021)

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

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

**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)

<table>
<thead>
<tr>
<th>Sector</th>
<th>Wage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oil &amp; Gas</td>
<td>$180,459</td>
</tr>
<tr>
<td>Mining</td>
<td>$157,792</td>
</tr>
<tr>
<td>Utilities</td>
<td>$100,159</td>
</tr>
<tr>
<td>Construction</td>
<td>$81,595</td>
</tr>
<tr>
<td>Transportation &amp; Warehousing</td>
<td>$81,409</td>
</tr>
<tr>
<td>Professional &amp; Business Services</td>
<td>$68,847</td>
</tr>
<tr>
<td>Government</td>
<td>$63,885</td>
</tr>
<tr>
<td>Health Care</td>
<td>$62,613</td>
</tr>
<tr>
<td>All Industries</td>
<td>$62,123</td>
</tr>
<tr>
<td>Retail</td>
<td>$36,929</td>
</tr>
<tr>
<td>Leisure &amp; Hospitality</td>
<td>$28,189</td>
</tr>
</tbody>
</table>

Source: Alaska Department of Labor and Workforce Development
Construction Jobs and Wages, By Type (2021)

<table>
<thead>
<tr>
<th>Category</th>
<th>Jobs</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Specialty Trade Contractors</td>
<td>7,117</td>
<td>45%</td>
</tr>
<tr>
<td>Building Construction</td>
<td>5,129</td>
<td>32%</td>
</tr>
<tr>
<td>Heavy Construction</td>
<td>3,658</td>
<td>23%</td>
</tr>
</tbody>
</table>

Source: Alaska Department of Labor and Workforce Development
Construction Jobs and Wages, By Type (2021)

- **HEAVY CONSTRUCTION**
  - 32% of total
  - $409 Million

- **BUILDING CONSTRUCTION**
  - 30% of total
  - $389 Million

- **SPECIALTY TRADE CONTRACTORS**
  - 38% of total
  - $500 Million

Wage & Salary Wages: $1.3 B

Self-Employed Wages: $1.0 B

Total Wages: $2.3 B

Sources: Bureau of Economic Analysis, Alaska Department of Labor and Workforce Development
Seasonality of Construction Employment (2021)

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

Source: Alaska Department of Labor and Workforce Development
Percent of Positions Held by Residents by Selected Sectors (2020)

- Local Government: 93%
- State Government: 93%
- Finance and Insurance: 93%
- Health Care and Social Assistance: 89%
- Retail Trade: 88%
- Construction: 82%
- Average: 82%
- Professional, Scientific, and Technical Services: 79%
- Transportation and Warehousing: 78%
- Oil and Gas Extraction: 70%
- Accommodation: 68%
- Oilfield Services: 62%
- Seafood Processing: 22%

Source: Alaska Department of Labor and Workforce Development
How Construction Funds Flow Through Our Economy

CONSTRUCTION COMPANIES

DIRECT IMPACTS
Construction company spending with Alaska businesses

DIRECT IMPACTS
Construction company wages paid to employees

INDIRECT IMPACTS
Vendor spending impacts on jobs and payroll

INDUCED IMPACTS
Employee spending impacts on jobs and payroll
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
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

Source: U.S. Department of the Treasury
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

Sources: The White House, Guidebook to the Bipartisan Infrastructure Law, McKinley Research Group Calculations
State/Federal Funding for State of Alaska Construction Projects

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

2014: $1.91
- State Funding: $0.89
- Federal Funding: $1.03

2015: $2.03
- State Funding: $1.09
- Federal Funding: $0.94

2016: $1.47
- State Funding: $1.24
- Federal Funding: $0.23

2017: $1.59
- State Funding: $1.32
- Federal Funding: $0.27

2018: $1.13
- State Funding: $0.94
- Federal Funding: $0.19

2019: $1.29
- State Funding: $1.02
- Federal Funding: $0.28

2020: $1.29
- State Funding: $1.01
- Federal Funding: $0.28

2021: $1.18
- State Funding: $1.00
- Federal Funding: $0.18

2022: $1.73
- State Funding: $1.46
- Federal Funding: $0.27

2023: $1.97
- State Funding: $1.49
- Federal Funding: $0.48

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

State of Alaska Capital Budget for Construction and Average Annual Oil Price, SFY2014-2023

*SFY2023 average annual oil price based on Alaska North Slope price between July 2022 and December 2022.
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)
## Impact of Aging Workforce – Top 10 Construction Occupations in Alaska (2021)

<table>
<thead>
<tr>
<th>Occupation</th>
<th>Percentage of Resident Workers Age 45+</th>
<th>Percentage of Resident Workers Age 50+</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Engineers and Other Construction Equipment Operators</td>
<td>47%</td>
<td>37%</td>
</tr>
<tr>
<td>Construction Laborers</td>
<td>25%</td>
<td>18%</td>
</tr>
<tr>
<td>Carpenters</td>
<td>35%</td>
<td>25%</td>
</tr>
<tr>
<td>Electricians</td>
<td>34%</td>
<td>24%</td>
</tr>
<tr>
<td>Plumbers, Pipefitters, and Steamfitters</td>
<td>35%</td>
<td>26%</td>
</tr>
<tr>
<td>Painters, Construction, and Maintenance</td>
<td>32%</td>
<td>24%</td>
</tr>
<tr>
<td>Sheet Metal Workers</td>
<td>32%</td>
<td>23%</td>
</tr>
<tr>
<td>Hazardous Materials Removal Workers</td>
<td>33%</td>
<td>24%</td>
</tr>
<tr>
<td>Construction and Building Inspectors</td>
<td>58%</td>
<td>47%</td>
</tr>
<tr>
<td>Roofers</td>
<td>19%</td>
<td>13%</td>
</tr>
</tbody>
</table>

Source: Alaska Department of Labor and Workforce Development
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
THANK YOU!

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