

# THE ECONOMIC BENEFITS OF ALASKA'S CONSTRUCTION INDUSTRY

## AND 2020 CONSTRUCTION SPENDING FORECAST



JANUARY 2020

***The construction industry is a critical component of Alaska's economy.***

It is integral to all industrial, commercial, residential, and infrastructure development in the state. Its economic reach spans the entire state, from the smallest village to the largest city.

2018

### BY THE NUMBERS

**23,600**

Number of Alaska construction workers, including wage and salary and self-employed workers

**1 IN 20**

Number of jobs in Alaska's economy that were in the construction sector

**\$2.2  
BILLION**

Total labor income of construction workers, including self-employed workers

**\$79,020**

Average annual construction worker wage

**43%**

Percentage of construction worker wage above the average wage for all Alaska workers

**82%**

Percentage of construction jobs held by Alaska residents

**86%**

Percentage of construction wages paid to Alaska residents

**2,441**

Number of construction industry employers

**41,300**

Number of statewide construction-related jobs, including multiplier effects

**9%**

Percentage of all Alaska jobs attributed to construction-related activity

**\$3.3  
BILLION**

Total statewide labor income impact, including multiplier effects

**10%**

Percentage of all Alaska income affected by construction-related activity

**2.5%**

Predicted growth in construction trades between 2016 and 2026

**\$6.7  
BILLION**

Estimated 2020 construction spending

# ALASKA'S CONSTRUCTION INDUSTRY JOBS (2018)

**Alaska's construction industry is an important source of jobs and wages. The industry employed 23,600 workers, including 15,821 wage and salary employees.**

## Jobs Throughout Alaska

Every census area and borough in Alaska has construction industry employers. Half of all wages paid by Alaska's 2,441 construction industry employers are in Anchorage (\$613 million). Fairbanks North Star Borough was second (\$243 million), followed by Mat-Su Borough (\$147 million). These wages do not include self-employment income.

### Alaska Construction Industry Employers, Jobs, and Wages (By Top 10 Boroughs)

Borough/Census Area	Total Number of Employers	Total Jobs (Monthly Average)	Total Wages
Anchorage Municipality	882	7,461	\$613,505,713
Fairbanks North Star Borough	332	2,797	\$243,212,809
Matanuska-Susitna Borough	431	2,213	\$146,909,551
Kenai Peninsula Borough	247	854	\$48,977,278
Juneau City and Borough	123	643	\$42,508,816
Ketchikan Gateway Borough	66	302	\$20,320,901
Valdez-Cordova Census Area	35	186	\$19,847,625
Kodiak Island Borough	40	172	\$11,611,613
Sitka City and Borough	40	154	\$10,903,995
Haines Borough	18	88	\$10,786,566
All Other Boroughs and Census Areas	227	951	\$81,643,994
<b>Alaska</b>	<b>2,441</b>	<b>15,821</b>	<b>\$1,250,228,861</b>

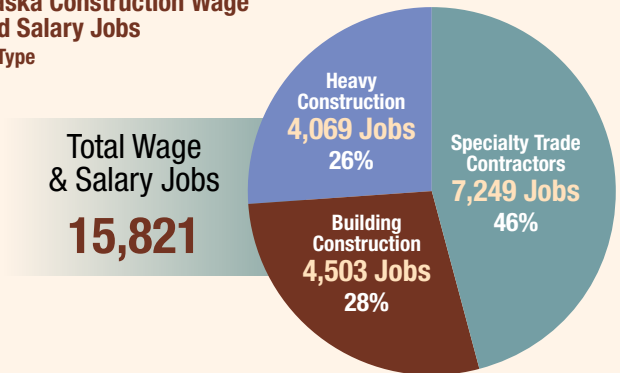
Source: Alaska Department of Labor and Workforce Development.

## Wage and Salary Construction Jobs & Wages

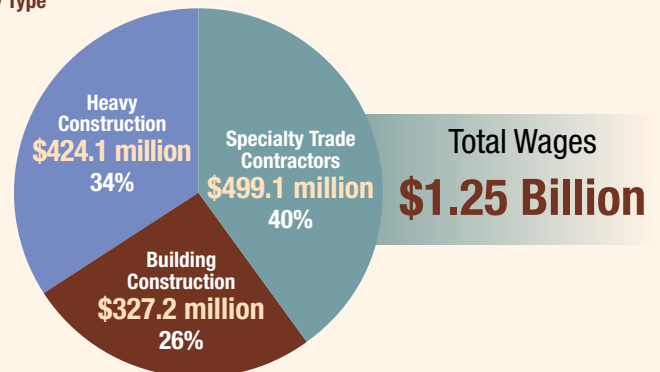
One-third of Alaska's construction companies and nearly half of construction jobs are in Anchorage; however, Anchorage-based workers often provide construction services elsewhere in the state.

Specialty-trade contractors make up 46% of total construction jobs and 40% of total wages, followed by building construction jobs (28%) and wages (26%), and heavy construction jobs (26%) and wages (34%).

Alaska Construction Wage and Salary Jobs by Type



Alaska Construction Wages by Type



Source: Alaska Department of Labor and Workforce Development

## Average Wage Rates

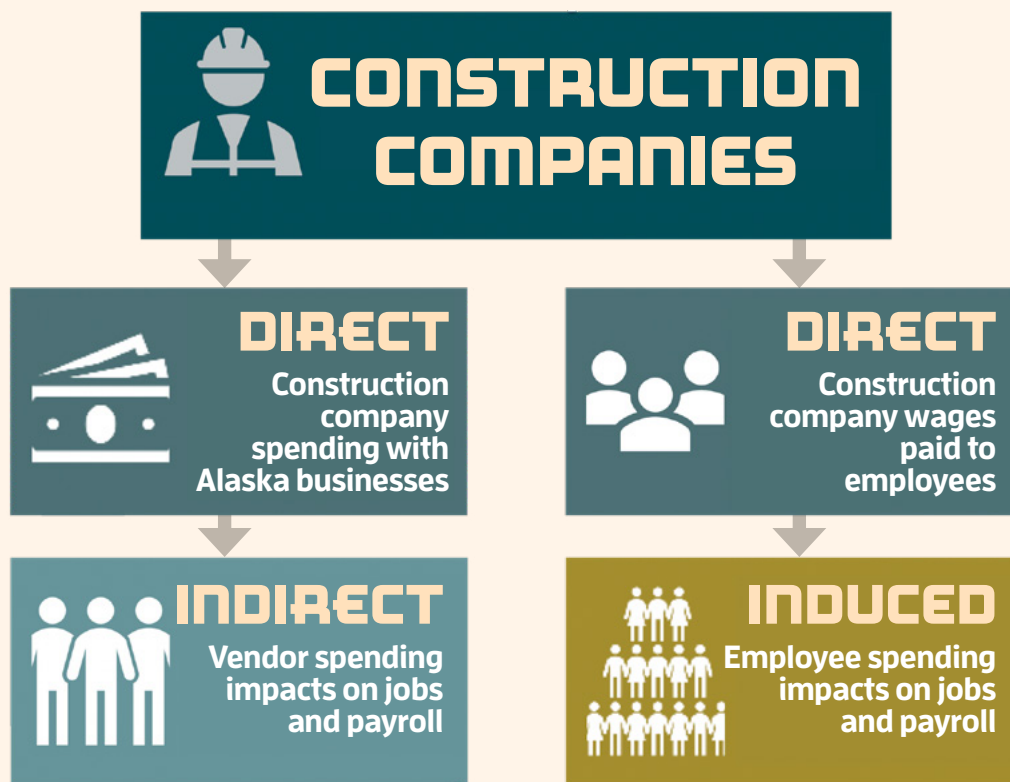
Only a few Alaska industry sectors have higher average annual wages than construction (among them oil and gas, mining, and utilities). The average wage for a construction worker was \$79,020, 4.3% higher than the overall statewide average wage (\$55,140).

## Seasonality

The industry is an important source of jobs year-round, never falling below 12,500 jobs at any point in the year. However, construction employment in Alaska tends to be seasonal, with summer employment about 50% higher than the winter low-point.

# ECONOMIC IMPACT OF THE CONSTRUCTION INDUSTRY (2018)

## How Construction Industry Money Flows Through Alaska's Economy



**Statewide construction industry-related jobs represent 9%** of all Alaska jobs (41,300 of 459,178).

**Construction industry-related activity accounted for \$3.3 billion in labor income**, 10% of Alaska's total labor income (\$31.6 billion).

### Construction Industry-Related Jobs and Labor Income Impacts in Alaska, 2018

Impacts	Jobs	Labor Income
Direct	23,600	\$2.2 billion
Indirect & Induced	17,700	\$1.1 Billion
<b>Total</b>	<b>41,300</b>	<b>\$3.3 billion</b>

Sources: Direct impacts, U.S. Bureau of Economic Analysis. Indirect and induced impacts, McDowell Group estimates.

# ALASKA'S CONSTRUCTION INDUSTRY SPENDING

## Construction Funding Trends

**The biggest funding source of construction spending in Alaska comes from private sector investment, most notably spending by the oil and gas sector.**

However, federal, state, and local government spending on a wide range of public infrastructure and facilities projects is also crucial.

## Federal Government Construction Spending

In Federal Fiscal Year (FFY) 2019, the federal government spent \$1.4 billion on construction in Alaska.

Federal spending occurs two different ways:

- U.S. Federal Contracts Related to Construction – support for infrastructure initiatives requiring no matching funds, such as national defense spending or infrastructure and facilities supporting federal government services.

Federal contract construction budgets totaled \$524 million in FFY2019. Total budgets averaged \$415 million over FFY2009-2019, ranging from a low of \$232 million (FFY2015) to a high of \$655 million (FFY2018).

- U.S. Federal Assistance Related to Construction – funding requiring some level of matching support from state or local government, such as federal highways funding.

Federal assistance totaled \$921 million in FFY2019. Since FFY2011, federal assistance has averaged \$795 million. State government matches totaled \$105 million in FFY2019 and averaged \$105 million since FFY2011.

## State Government Construction Funding

State capital budget appropriations for construction (including federal funds) have been at historically low levels in recent years, and well below peak years of over \$3 billion. State fiscal year (SFY) 2018 saw the smallest capital budget for construction at \$1.1 billion, including \$190 million in state funding support.

## 2020 Construction Spending Forecast

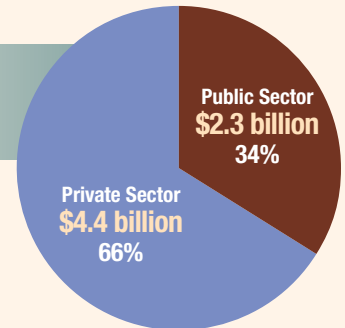
Total Spending

**\$6.7 Billion**



DOWN

**8% from 2019**



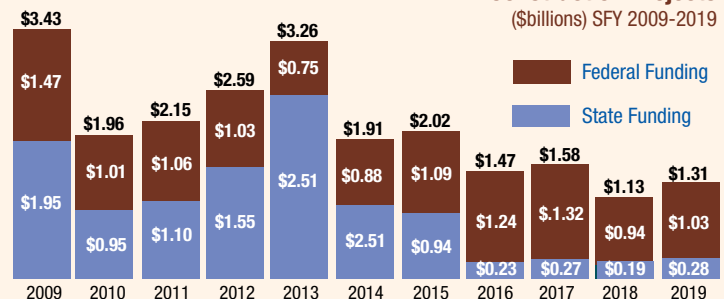
## 2020 Alaska Construction Spending Summary, (\$million)

Category	Total Spending
<b>Private Construction Spending</b>	<b>\$4,370</b>
Petroleum	2,900
Mining	170
Other Basic Industry	200
Utilities	150
Hospitals/Health Care	300
Other Commercial	300
Residential	350
<b>Public Construction Spending</b>	<b>\$2,280</b>
National Defense	500
Highways and Roads	600
Airports, Ports, and Harbors	350
Education	200
Other Federal Government	180
Other State and Local Government	350
Earthquake Recovery	100
<b>TOTAL</b>	<b>\$6,650</b>

Source: McDowell Group estimates.

## State and Federal Funding of State of Alaska Capital Spending on Construction Projects

(\$billions) SFY 2009-2019



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

## The Associated General Contractors of Alaska



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