



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

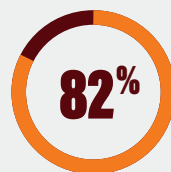
TOTAL LABOR INCOME OF CONSTRUCTION WORKERS, INCLUDING SELF-EMPLOYED WORKERS

\$81,600

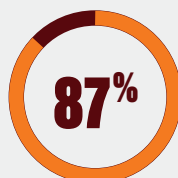
AVERAGE ANNUAL CONSTRUCTION WORKER WAGE

↑ 31%

PERCENTAGE OF CONSTRUCTION WORKER WAGE ABOVE THE AVERAGE WAGE FOR ALL ALASKA WORKERS



PERCENTAGE OF CONSTRUCTION JOBS HELD BY ALASKA RESIDENTS



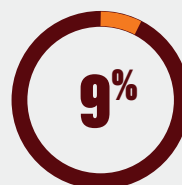
PERCENTAGE OF CONSTRUCTION WAGES PAID TO ALASKA RESIDENTS

2,588

NUMBER OF CONSTRUCTION INDUSTRY EMPLOYERS IN ALASKA

39,400

TOTAL NUMBER OF STATEWIDE CONSTRUCTION-RELATED JOBS, INCLUDING MULTIPLIER EFFECTS



PERCENTAGE OF ALL ALASKA JOBS SUPPORTED BY CONSTRUCTION-RELATED ACTIVITY

\$3.3 BILLION

TOTAL STATEWIDE LABOR INCOME IMPACT, INCLUDING MULTIPLIER EFFECTS



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 FORECAST

Alaska's Construction Industry Jobs (2021)

Alaska's construction industry is an important source of jobs and wages. The industry employed 23,700 workers, including 15,900 wage and salary employees.

JOBS THROUGHOUT ALASKA

Every census area and borough in Alaska has construction industry employers. Of the \$1.3 billion in wages paid by Alaska's 2,590 construction industry employers, almost half are paid in Anchorage (\$609 million). Fairbanks North Star Borough was second (\$221 million), followed by Mat-Su Borough (\$218 million).

These wages do not include self-employment income. Over one-third of Alaska's construction companies and nearly half of construction jobs are based in Anchorage; however, Anchorage-based workers often provide construction services throughout the state.

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

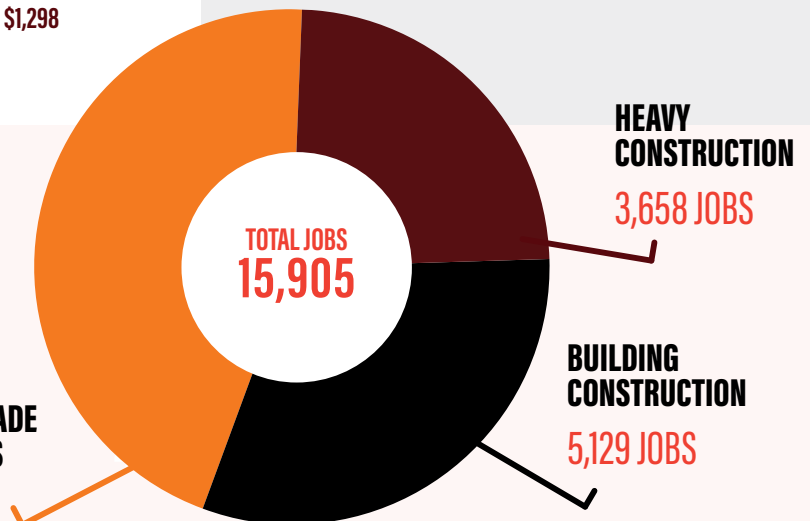
Borough/Census Area	Total number of Employers	Total Jobs (monthly avg)	Total Wages (\$million)
Anchorage Municipality	927	7,228	\$609
Matanuska-Susitna Borough	485	2,823	\$218
Fairbanks North Star Borough	333	2,477	\$221
Kenai Peninsula Borough	268	963	\$59
Juneau City and Borough	140	713	\$51
Ketchikan 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.

A DIVERSE CONSTRUCTION INDUSTRY

Specialty-trade contractors make up 45% of total construction jobs and 38% of total wages, followed by building construction jobs (32%) and wages (30%), and heavy construction jobs (23%) and wages (32%).

SPECIALTY TRADE CONTRACTORS
7,117 JOBS



Alaska Construction Wage & Salary Jobs by Type, 2021

ABOVE AVERAGE WAGE RATE

Only a few Alaska industry sectors have higher average annual wages than construction (e.g., oil and gas, and mining). The average wage for a construction worker was \$81,600, 31% higher than the overall statewide average wage (\$62,100).

SEASONALITY

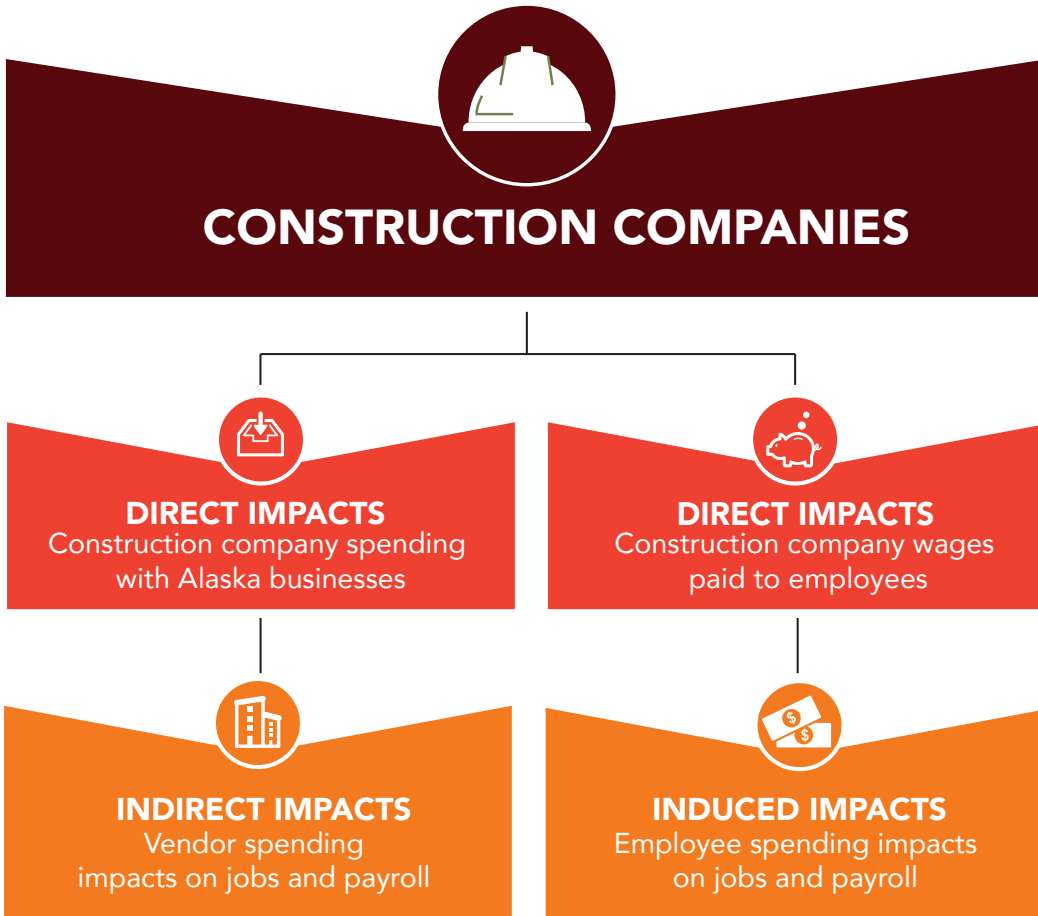
The industry is an important source of jobs year-round, never falling below 13,000 jobs at any point in the year. However, construction employment in Alaska tends to be seasonal, with summer employment about 41% higher than the winter low point.

EXPECTED EMPLOYMENT GROWTH

The Alaska Department of Labor and Workforce Development anticipates 9.8% growth in construction trades occupations between 2020 and 2030, with annual average openings of 1,523 jobs. Occupations with the highest expected average annual openings between 2020 and 2030 include construction laborers (396 annual openings), operating engineers and other construction equipment operators (323), carpenters (228), and electricians (202).

Economic Impact of the Construction Industry (2021)

How Construction Industry Money Flows through Alaska's Economy



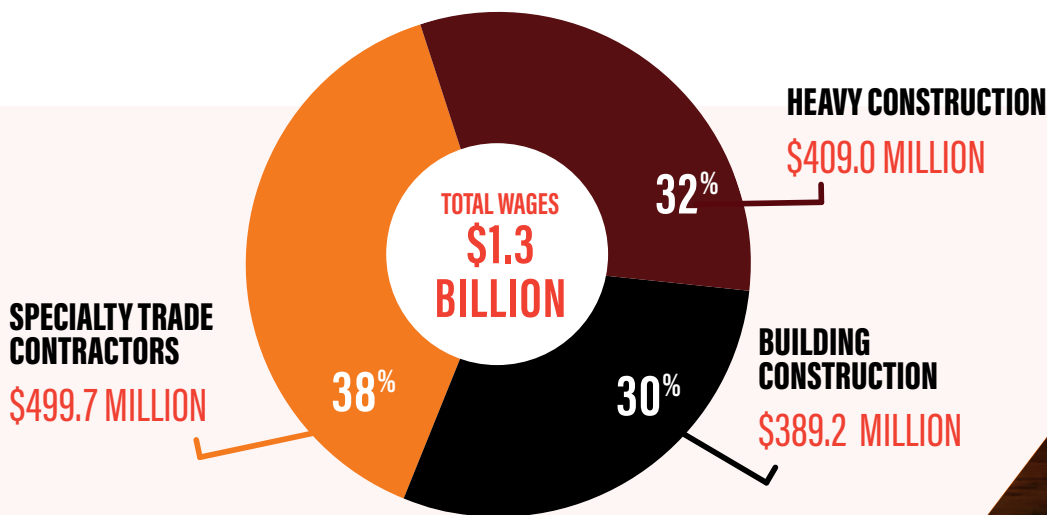
Statewide construction industry-related jobs represent 9% of all Alaska jobs (39,400 of 441,257).

Statewide construction industry-related labor income represents 10% of all Alaska labor income (\$3.3 billion of \$33.3 billion).

Construction Industry-Related Jobs and Labor Income Impacts in Alaska, 2021

	Jobs	Labor Income
Direct	23,700	\$2.3 BILLION
Indirect & Induced	15,700	\$1.0 BILLION
TOTAL	39,400	\$3.3 BILLION

Source: Direct impacts, U.S. Bureau of Economic Analysis. Indirect and induced impacts, McKinley Research Group estimates.



Source: Alaska Department of Labor and Workforce Development.

Alaska Construction Wages by Type, 2021



Government Spending Trends

Federal, state, and local government spending on a wide range of construction projects plays an important role in Alaska's construction sector.

FEDERAL GOVERNMENT CONSTRUCTION SPENDING

In Federal Fiscal Year (FFY) 2022, the federal government contracted for and assisted \$1.7 billion in construction in Alaska.

- **\$382 million** in federal contracts supporting infrastructure initiatives requiring no matching funds, such as national defense spending or infrastructure and facilities supporting federal government services.
- **\$1.3 billion** in federal assistance for construction projects requiring some level of matching support from state or local government, such as federal highways funding.

FEDERAL INFRASTRUCTURE FUNDING

Passed in November 2021, the federal Infrastructure Investment and Jobs Act authorized billions in funding for transportation, energy, broadband, water/wastewater, and other infrastructure. Funded across nearly 380 federal agencies, programs, and initiatives, the total authorized nationally includes:

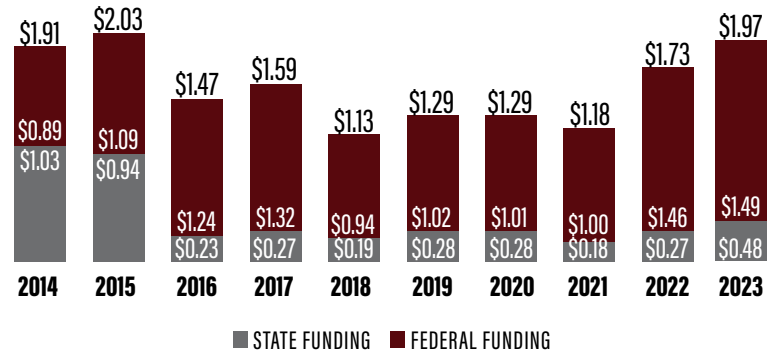
- **\$387 billion** (45%) in formula funding provided primarily to states
- **\$466 billion** (55%) in competitive grants, direct federal contracts, and other funding streams

STATE GOVERNMENT CONSTRUCTION SPENDING

State capital budget appropriations for construction (including federal funds) were at historically low levels between State Fiscal Years (SFY) 2016 and 2021, related to state revenue constraints. SFY2022 and SFY2023 saw higher capital budgets for construction due in large part to higher federal transportation infrastructure funding. In SFY2023, the state capital budget for construction was nearly \$2.0 billion, including \$480 million in state funding support.

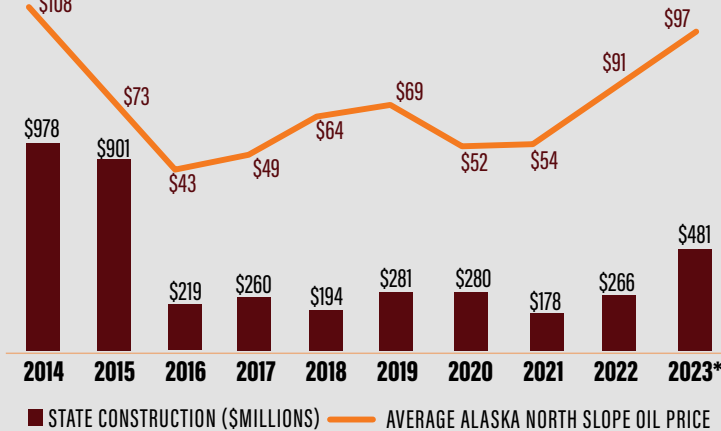
Much of this federal and state spending is matched by local government.

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

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.
Source: Office of Management and Budget, Office of the Governor, State of Alaska; Alaska Department of Revenue, Tax Division.

OIL PRICE IMPACTS

Construction activity in Alaska is impacted by oil prices, which affect oil and gas sector investment and state revenue.

Oil prices increased significantly in 2022, climbing above \$100 per barrel in the first half of the year. While higher oil prices can positively affect the financial feasibility of new oilfield developments, higher fuel prices also impact construction costs in Alaska. As of November 2022, diesel fuel prices had risen by 13% over the same period in 2021.

State of Alaska revenue is highly related to oil prices, with taxes based on gross production value. Higher oil prices increase the taxable value of production, which has the potential to generate more funding for capital projects. Over the past decade, state capital project spending has been relatively low due to low oil prices.



ASSOCIATED GENERAL CONTRACTORS OF ALASKA
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CONSTRUCTION INDUSTRY PROGRESS FUND
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