

APRIL 2021

# The Economic Benefits of Alaska's Construction Industry

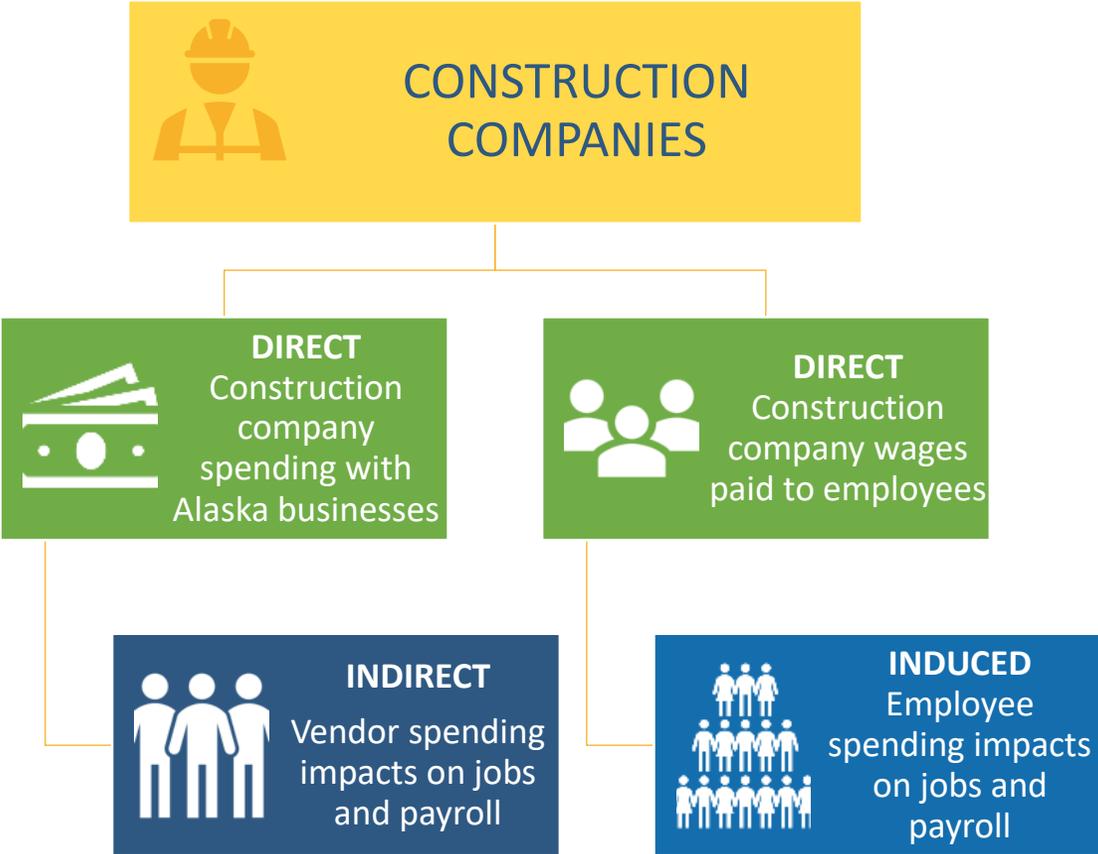
PREPARED FOR:



*Formerly McDowell Group*



# HOW MONEY FLOWS THROUGH OUR ECONOMY



# IN 2019, ALASKA'S CONSTRUCTION INDUSTRY...

## Employed Alaskans

- Employed **24,000 workers**, including wage & salary, and self-employed workers
- **81% Alaska Residents** making **86% of Alaska wages**
- **1 in 20 Alaska jobs** (5%) was in construction

## Paid Alaskans

- Paid **\$2.3 billion in labor income**, or 7% of all earnings in Alaska

## Generated Multiplier Effects

- Total impacts of **42,000 jobs** and **\$3.4 billion** in wages
  - 9% of total employment in Alaska
  - 10% of total labor income in Alaska



# 2,507 CONSTRUCTION INDUSTRY EMPLOYERS

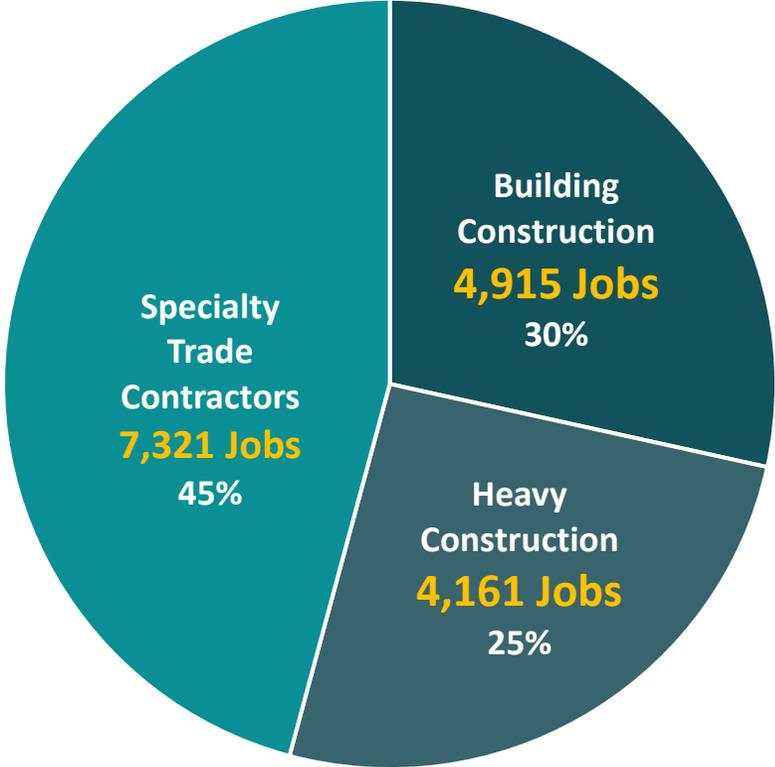
## Alaska Construction Industry Employers, Jobs, and Wages, 2019 (By Top 10 Boroughs)

Borough/Census Area	Total Number of Employers	Total Jobs (Monthly Average)	Total Wages (\$Millions)
Anchorage Municipality	886	7,660	\$645
Fairbanks North Star Borough	341	2,729	\$237
Matanuska-Susitna Borough	466	2,495	\$179
Kenai Peninsula Borough	251	919	\$56
Juneau City and Borough	123	622	\$41
Ketchikan Gateway Borough	67	280	\$18
Valdez-Cordova Census Area	37	185	\$19
Kodiak Island Borough	45	184	\$13
Sitka City and Borough	37	155	\$12
Haines Borough	16	91	\$10
All Other Boroughs/Census Areas	238	1,076	\$102
<b>Total</b>	<b>2,507</b>	<b>16,396</b>	<b>\$1,332</b>

Source: Alaska Department of Labor and Workforce Development

# CONSTRUCTION WAGE AND SALARY JOBS, BY TYPE

Total Wage and Salary Employment: **16,396**

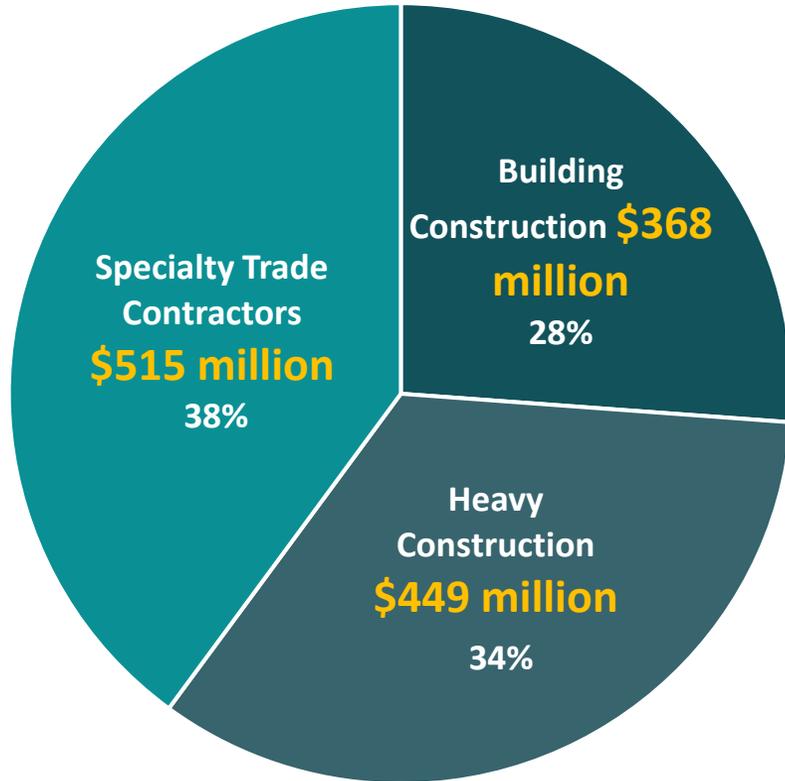


Source: Alaska Department of Labor and Workforce Development.



# CONSTRUCTION WAGES

Total Wage & Salary Wages: **\$1.3 B**



Source: Alaska Department of Labor and Workforce Development.

Wage & Salary Wages: **\$1.3 B**  
+ Self-Employed Wages: **\$1.0 B**  
Total Wages: **\$2.3 B**

Average Annual  
Construction Worker Wage:  
**\$81,258**  
**43% above** average Alaska wage  
(\$56,983)



# TOTAL ECONOMIC IMPACT

- Statewide construction industry-related jobs represent **9%** of all Alaska jobs (**42,000** of 453,788)
- Construction industry-related activity accounted for **\$3.4B** in labor income, **10%** of Alaska's total labor income (\$32.7B)

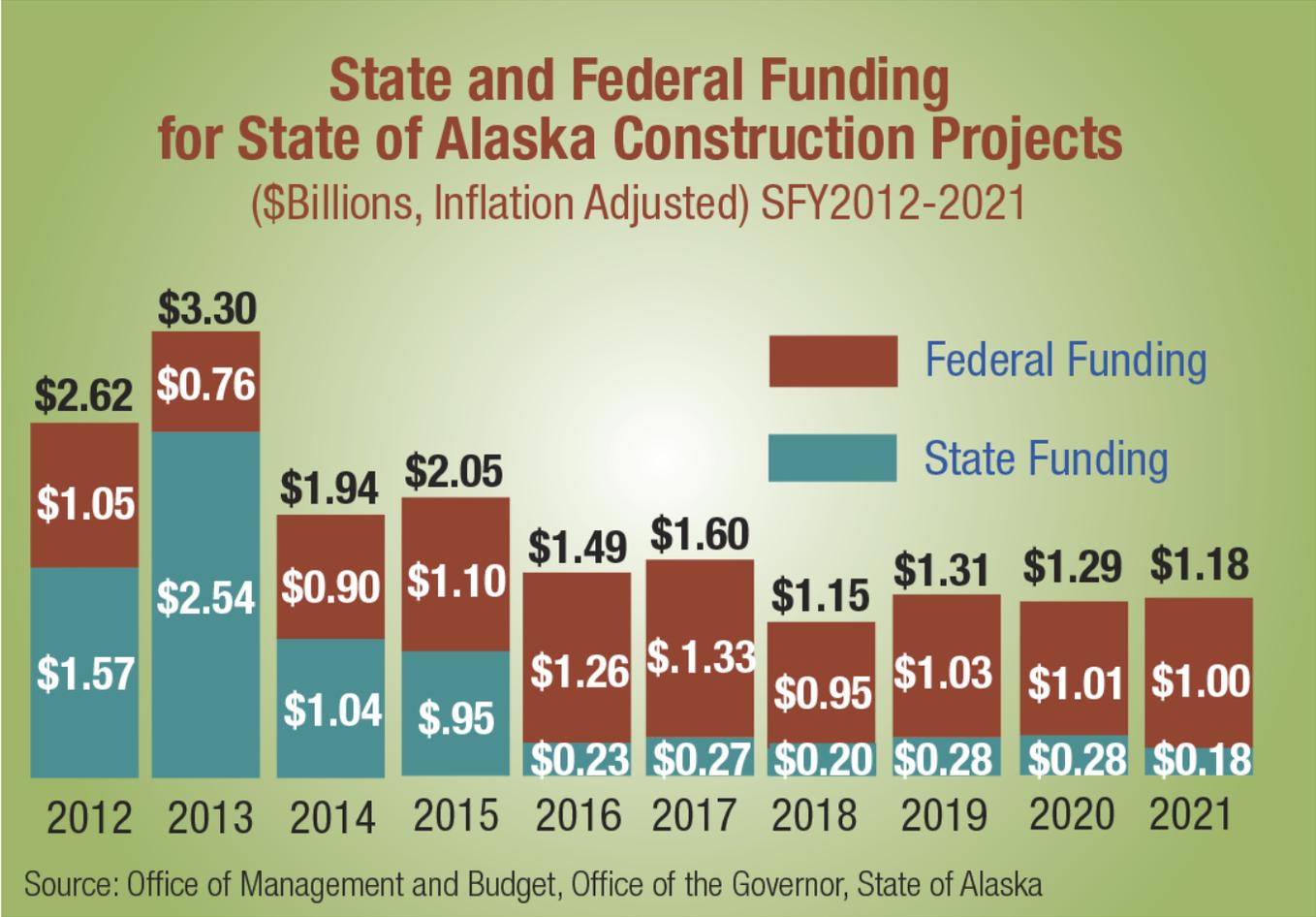
### Construction Industry-Related Jobs and Labor Income Impacts in Alaska, 2019

Impacts	Jobs	Labor Income
Direct	24,000	\$2.3 billion
Indirect & Induced	18,000	\$1.1 billion
<b>Total</b>	<b>42,000</b>	<b>\$3.4 billion</b>

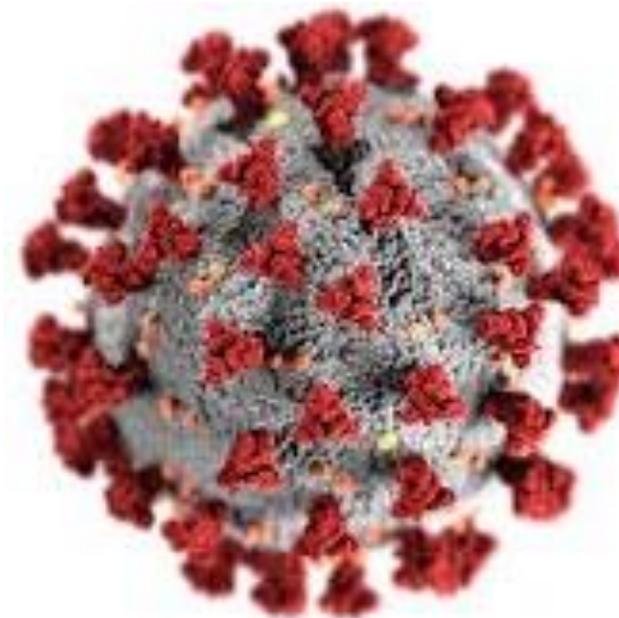
Sources: Direct impacts, U.S. Bureau of Economic Analysis. Indirect and induced impacts, McKinley Research Group estimates



# STATE/FEDERAL FUNDING FOR STATE OF ALASKA CONSTRUCTION PROJECTS



# COVID-19 IMPACTS



# CONSTRUCTION ACTIVITY IMPACTS

- As essential workers, the construction industry continued work on projects across Alaska throughout the pandemic.
- However, due to revenue constraints, supply chain challenges, and complicated logistics, construction activity was significantly impacted in 2020; these impacts are expected to continue in 2021



## Identified COVID-19 Impacts on Construction Activity in 2020

**\$50  
MILLION**

Amount of  
**Cancelled Contracts**

**\$50  
MILLION**

Amount of  
**Deferred Spending**

# CONSTRUCTION COMPANY IMPACTS



## CARES Act PPP Loans to Construction Companies in 2020

**1,325**

Number of CARES Act PPP Loans to Construction Companies

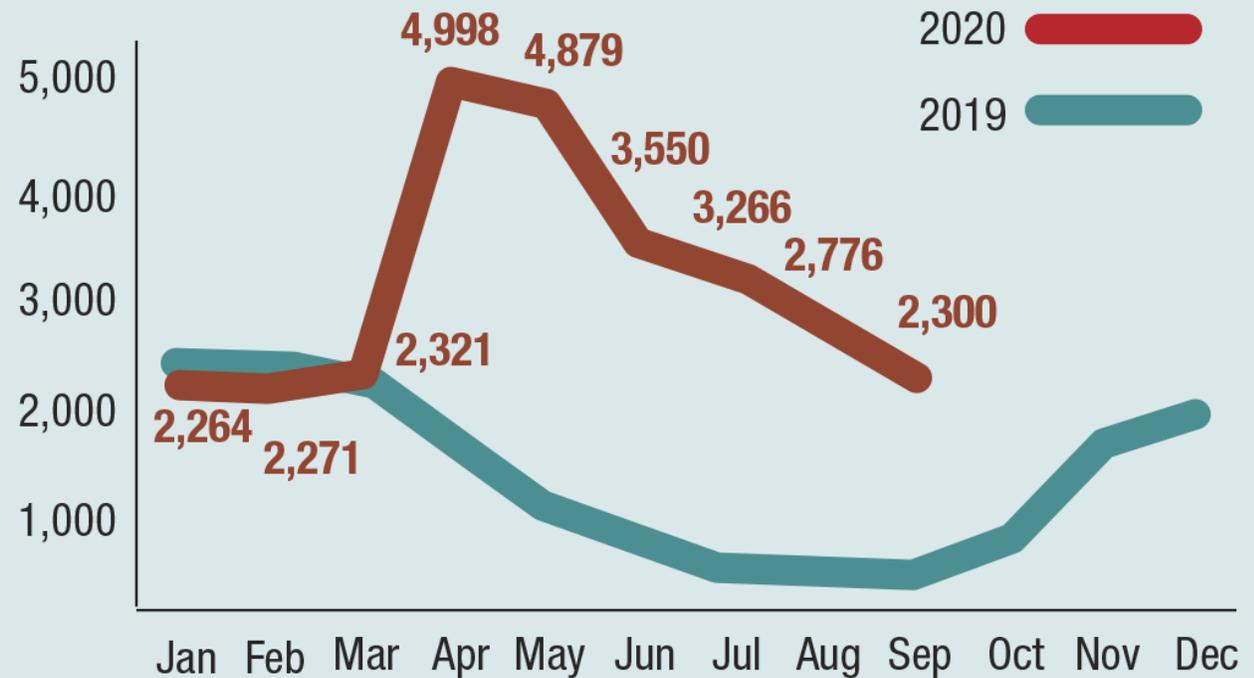
**\$200 MILLION**

Total Amount of CARES Act Loans

**12,000**

Number of Jobs Retained

## Construction Worker Unemployment Claimants by Month, 2019-2020



Source: Alaska Department of Labor and Workforce Development



**McKINLEY RESEARCH**  
GROUP, LLC

# THE BIG TAKEAWAYS

1

**24,000** construction jobs,  
earning  
**\$2.3 B**  
(**81%** Alaska Resident Hire  
and **86%** Alaska Resident  
Wages Paid)

2

Total Economic Impact of  
Industry:  
**42,000** jobs  
(**9%** of Alaska's jobs)  
**\$3.4 B**  
(**10%** of Alaska earnings)

3

Oil prices and COVID-19 have  
significantly impacted  
Alaska's construction activity  
and construction companies



Want to know more?

Download the Economic Benefit Report

[www.agcak.org](http://www.agcak.org)

**THE ECONOMIC BENEFITS OF ALASKA'S CONSTRUCTION INDUSTRY**



January 2021

**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.

**2019 BY THE NUMBERS**

<b>24,000</b>	Number of Alaska construction workers, including wage and salary and self-employed workers	<b>2,507</b>	Number of construction industry employers
<b>1 in 20</b>	Number of jobs in Alaska's economy that were in the construction sector	<b>42,000</b>	Number of statewide construction-related jobs, including multiplier effects
<b>\$2.3 BILLION</b>	Total labor income of construction workers, including self-employed workers	<b>9%</b>	Percentage of all Alaska jobs attributed to construction-related activity
<b>\$81,258</b>	Average annual construction worker wage	<b>\$3.4 BILLION</b>	Total statewide labor income impact, including multiplier effects
<b>43%</b>	Percentage of construction worker wage above the average wage for all Alaska workers	<b>10%</b>	Percentage of all Alaska income affected by construction-related activity
<b>81%</b>	Percentage of construction jobs held by Alaska residents	<b>8.6%</b>	Predicted growth in construction trades between 2018 and 2028
<b>86%</b>	Percentage of construction wages paid to Alaska residents	<b>\$4.3 BILLION</b>	Estimated 2021 construction spending, down from 2020 spending forecast



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