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Alaskan Transportation and Construction Sector

Michael Jones, Ph.D. | UAA-ISER

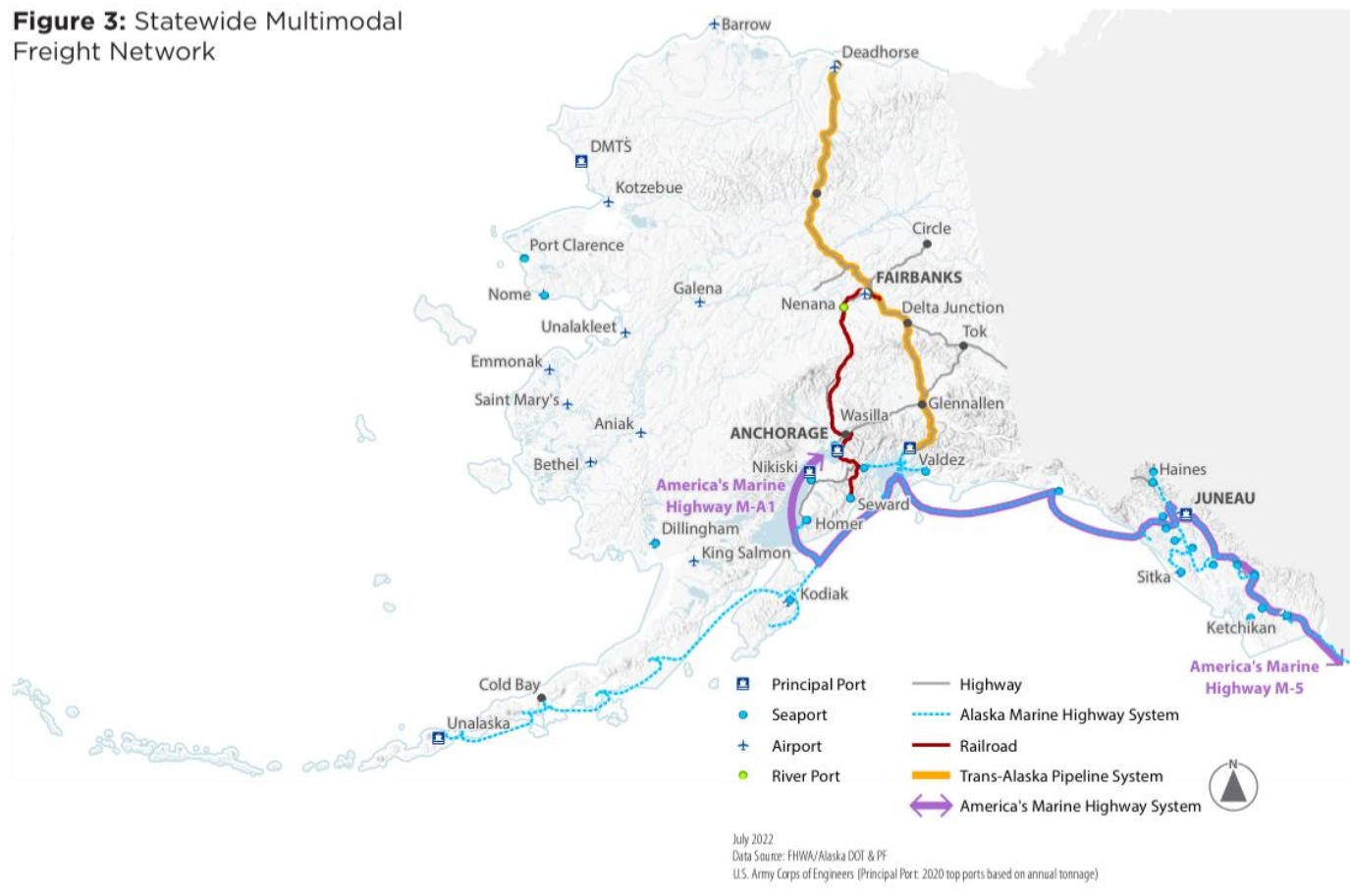
E: msjones6@alaska.edu

AK Leg Hearing – Labor and Commerce – 15OCT25

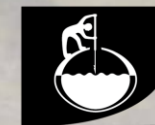


Transport networks critically link us

Figure 3: Statewide Multimodal Freight Network



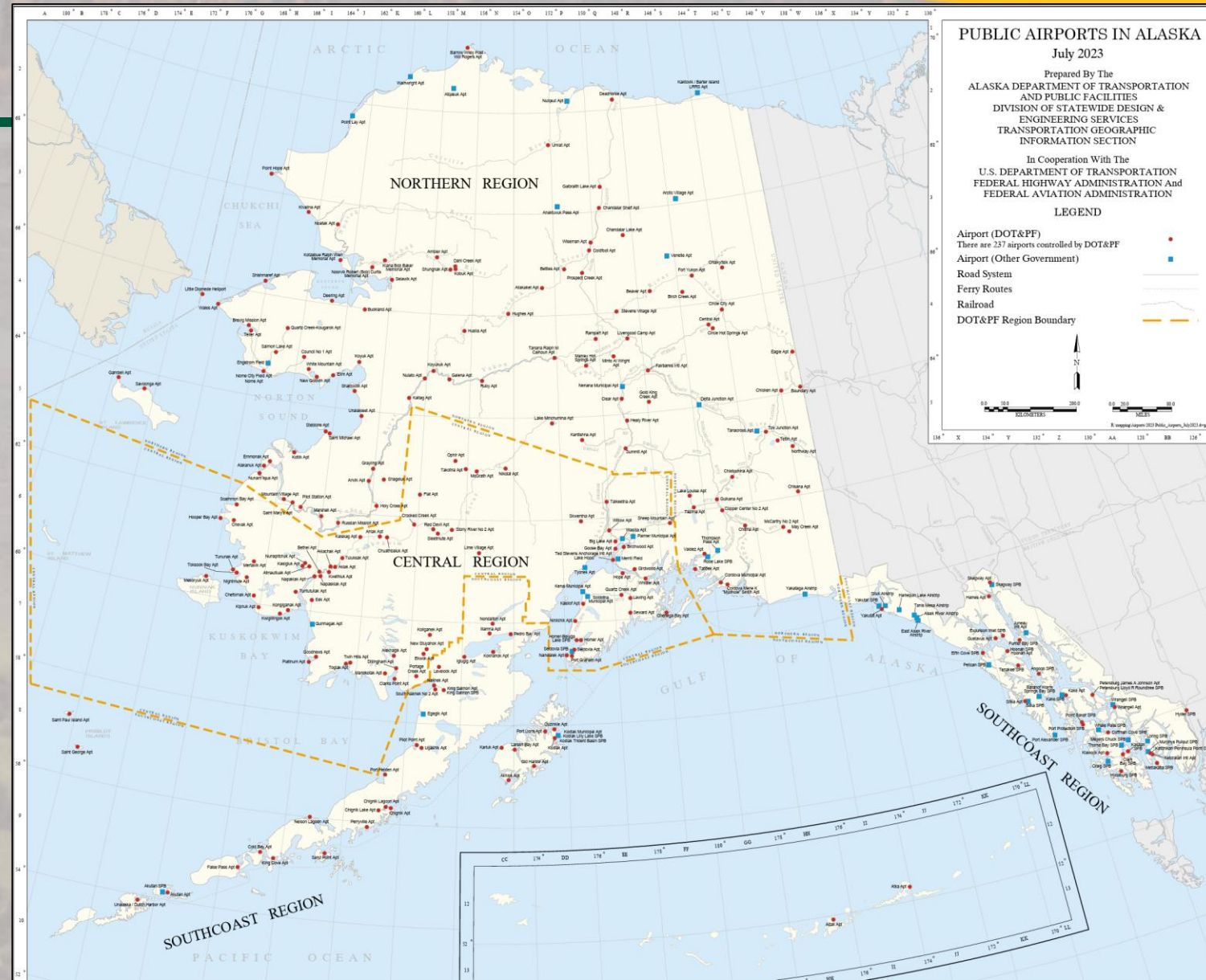
- 5,635 miles of road
- 839 state owned bridges
- 35 ports of call; 17 harbors
- 10 ferries
- Network requiring heavy maintenance, let alone needs for expansion



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Public Airports

- **237 airports** controlled by DOT&PF
- **Over 400M lbs/year of cargo** flown between Alaskan origins and destinations (T100)
- **~550lb/cap annually** flown intra-AK; >2x Hawaii, order of magnitude above other states (T100;ADOL&WD)



The road to Alaskan consumers



McDowell (2016) [now McKinley]

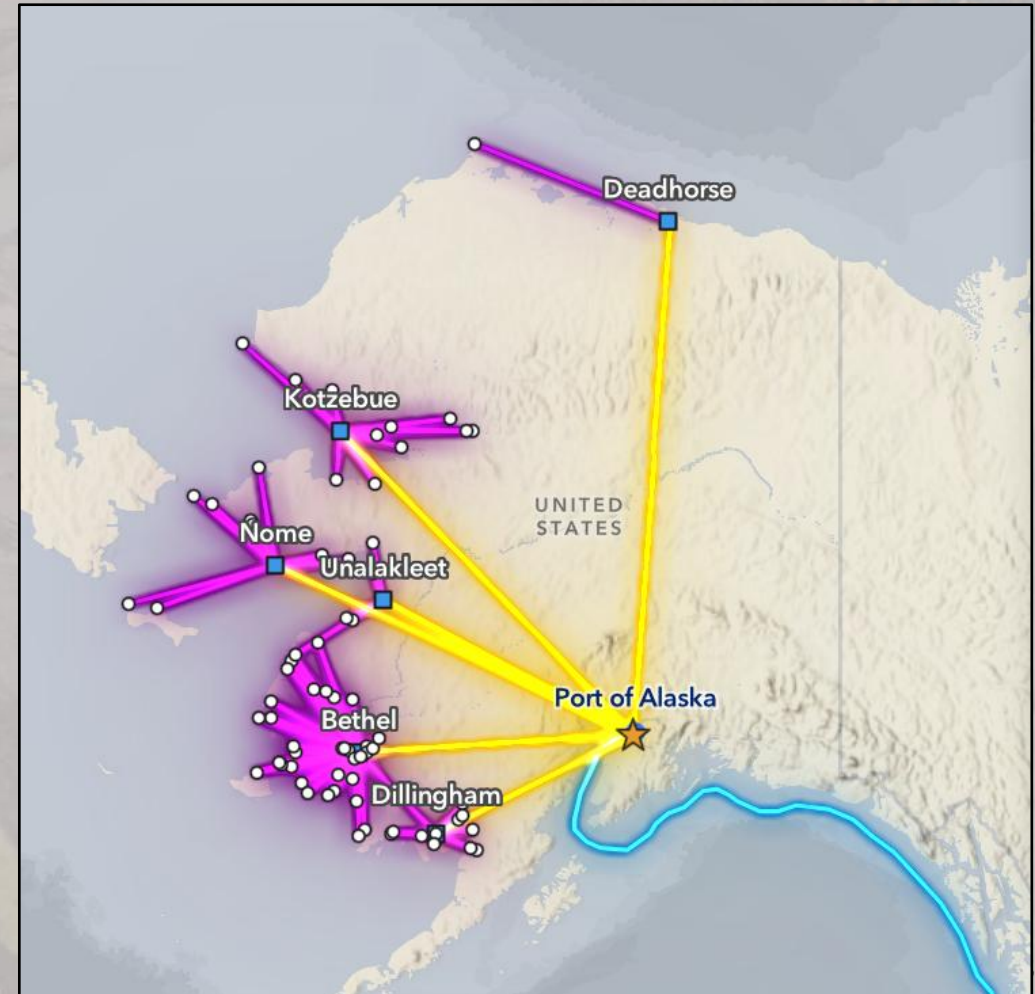


Image Credit: AFPC/Dewberry "Distribution Network" for lettuce

Transport/construction jobs

ADOL&WD has projected **20,600 construction jobs in 2025** – one of the highest sector growths from 2019

Construction ~ 8% of projected total private sector employment

Trans, Warehousing, Util ~ 10%

Professional / Business Services noted to move with construction

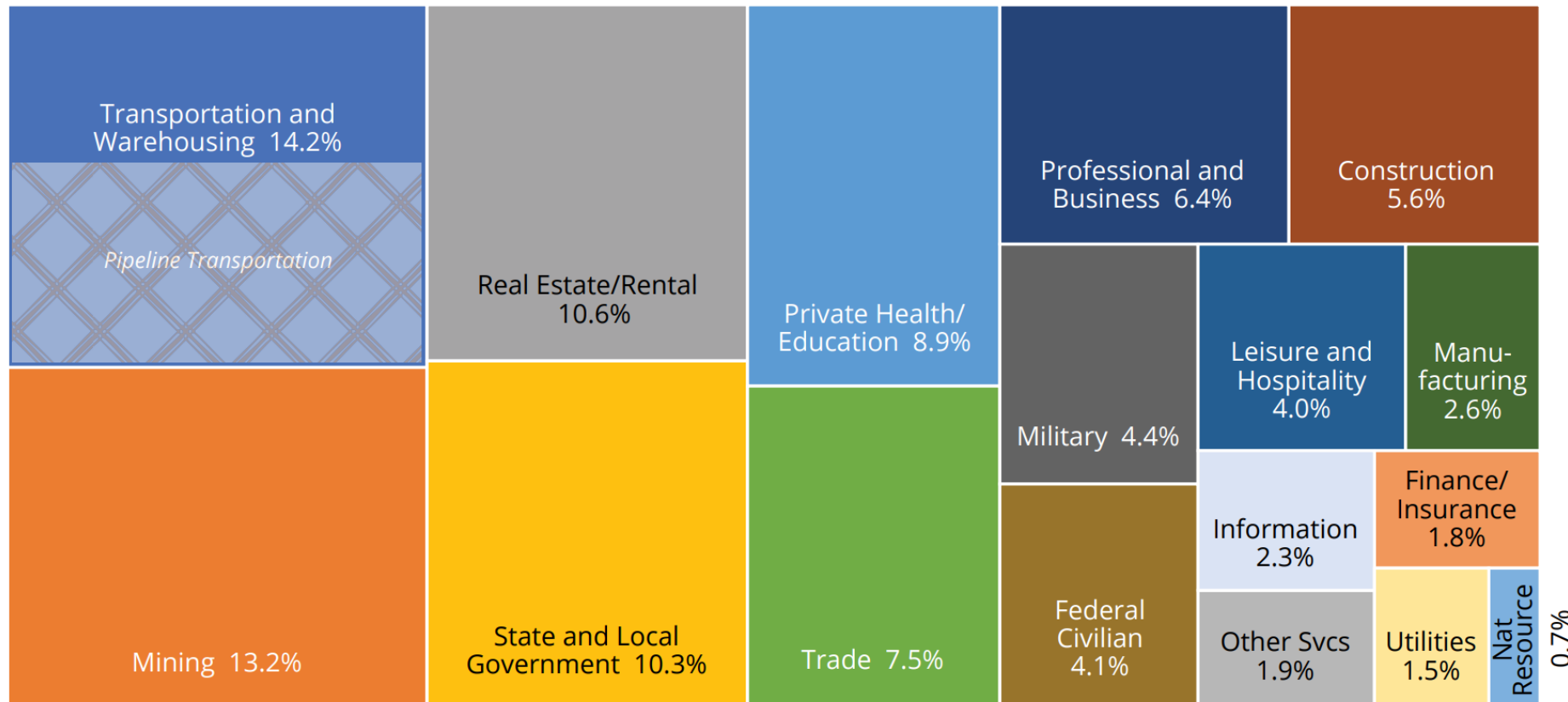
Job recovery forecast by industry

Industry	2019	2025	Change
Total Nonfarm Employment	330,000	339,700	2.9%
Total Private Sector	250,200	259,400	3.7%
Mining and Logging	13,400	13,500	0.7%
Oil & Gas	9,900	8,700	-12.1%
Construction	16,400	20,600	25.6%
Manufacturing	13,100	11,400	-13.0%
Trade, Transp, and Utilities	64,600	66,900	3.6%
Wholesale Trade	6,600	6,500	-1.5%
Retail Trade	35,600	34,700	-2.5%
Transp, Warehousing, Util	22,500	25,700	14.2%
Information	5,400	4,300	-20.4%
Financial Activities	11,600	10,600	-8.6%
Professional/Business Services	27,700	29,500	6.5%
Educational and Health Svcs	50,800	54,000	6.3%
Health Care	38,700	43,000	11.1%
Leisure and Hospitality	36,200	36,200	0.0%
Other Services	11,000	12,400	12.7%
Total Government	79,900	80,300	0.5%
Federal	14,900	15,600	4.7%
State	23,200	24,000	3.4%
Local	41,800	40,700	-2.6%

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

Construction 5.6% state GDP, underpins many other sectors

Contribution by major industry to Alaska's GDP in 2024



Source: U.S. Bureau of Economic Analysis, SAGDP2 GDP by state

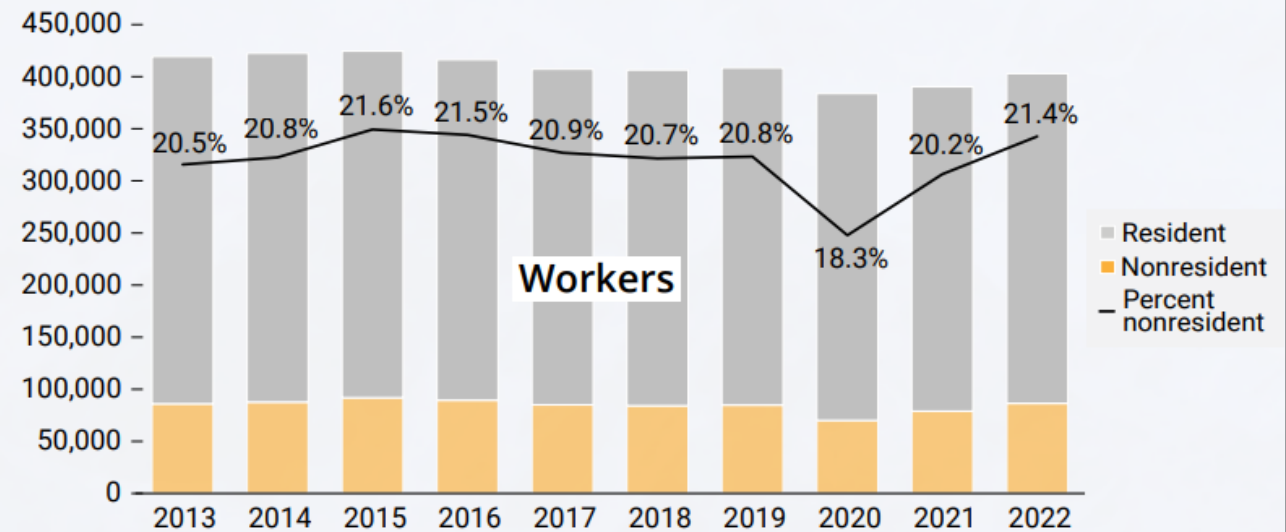
Construction labor residency

82% of construction jobs held
by residents (above state avg)

88% of wages paid to residents
(AGCA/McK Res (2025);
ADOL&WD data)

About 14% of 2022 non-
resident construction labor
became a resident in 2023
(bottom quarter of sectors)
ADOL&WD (2024)

Alaska's overall worker residency in 2022



Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section



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Construction spending

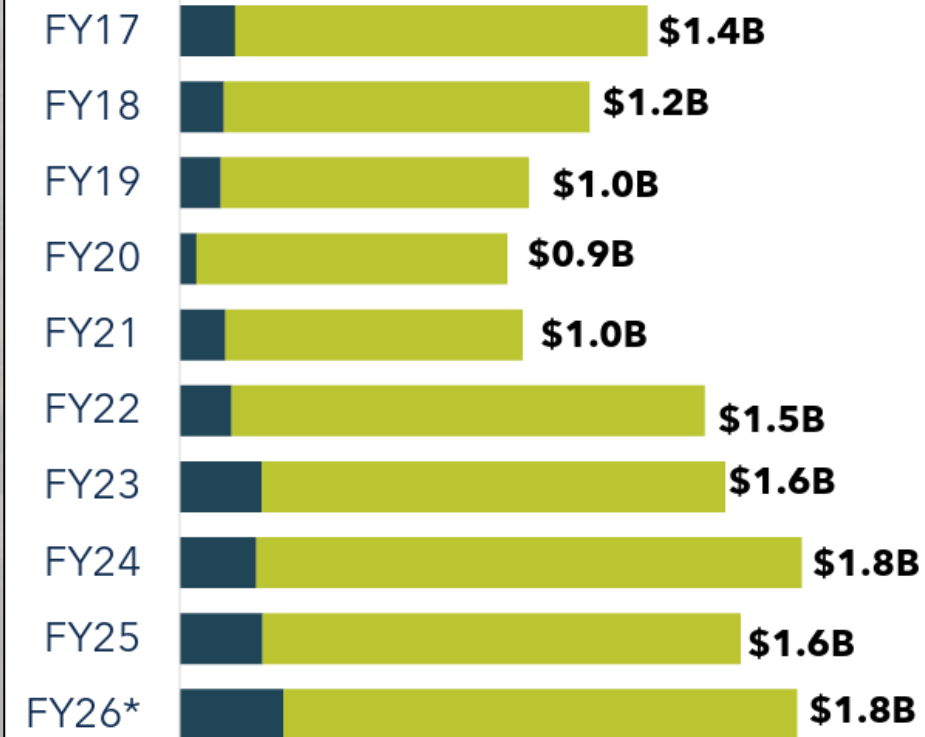
Boost after Covid; YoY decline for
FY25 (\$200M)

McKinley Research Construction
forecast (Feb 2025) anticipated
near record nominal state/federal
funding for FY26

In face of massive inflationary
pressures eroding project financials

Alaska DOT&PF Capital Appropriations,
FY17-FY25 Enacted, FY26 Proposed

■ State Funding ■ Federal Funding

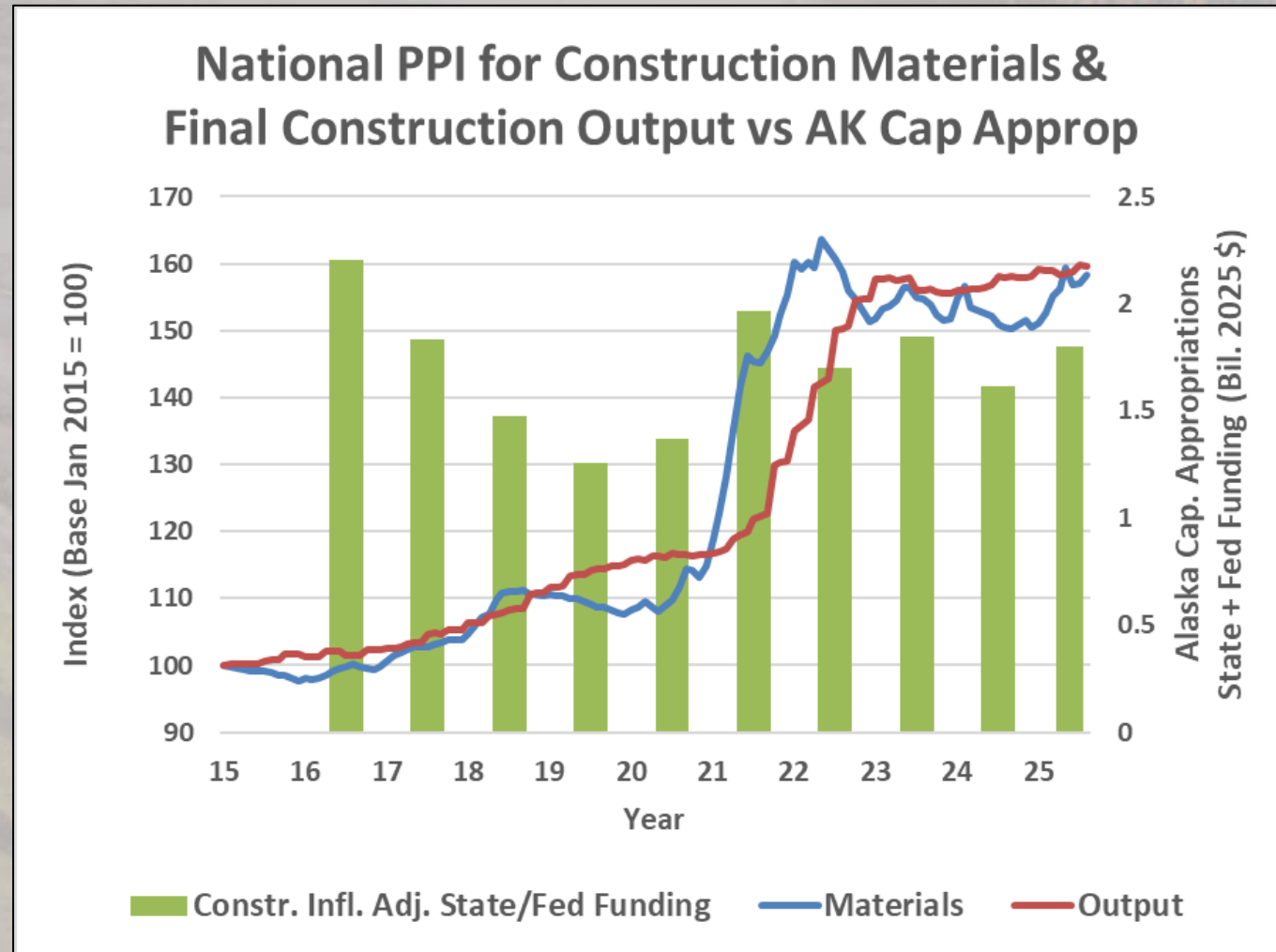


Construction inflation high, stabilized?

US BLS Producer Price Index data document massive cost spikes in 2021-23

Materials cost led final output costs for projects

ADOT&PF Capital appropriations (state & fed; green bars) chewed away by inflation post Covid



Blend of private + public sector spending

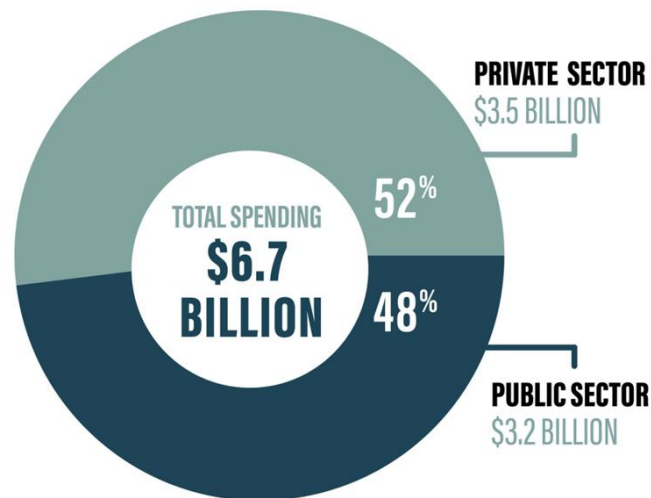
Projected \$6.7B in spending, \$3.2B from public sector

A \$600M loss is ~9% drop in total construction spending

- equiv. to entire Hwy & Roads spending
- 2x any YoY Cap. Approp. drop in last 10y

Construction Spending Forecast Summary

Construction Spending Forecast



Category	Total Spending	% of Total Spending
Private Construction Spending		
Oil and Gas	\$1,490	22%
Utilities	\$710	10%
Residential	\$415	6%
Hospitals/Health Care	\$260	4%
Mining	\$135	2%
Other Basic Industry	\$120	2%
Other Commercial	\$375	6%
Public Construction Spending		
National Defense	\$940	14%
Highways and Roads	\$600	9%
Airports, Ports/Harbors, Railroad	\$470	7%
Education	\$240	4%
Other State and Local Government	\$515	8%
Other Federal Government	\$440	6%
TOTAL	\$6,710	100%

Multiplier impacts should be anticipated

Any sector impact has **direct** effects, but also:

- **indirect** effects: *supplier activity (by proportional exposure)*
- and **induced** effects: *spending of worker income within the economy*

McKinley report for AGCA (2025): **25,200 directly employed** in construction, but **total impacts at 41,900 jobs. \$2.5B in sector labor; \$3.6B total.**

- Consistent range with Goldsmith (1985) generalized Alaskan workforce economic multipliers of 1.5

**~1.66 multiplier
on job counts**

**~1.44 multiplier
on labor income**



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Summary

A \$600M drop in funding would be ~2x any YoY reduction in state/federal funding for ADOT&PF capital appropriation in the last ten years

The construction sector is a large state employer, with 37% higher wages than state average

The sector exceeds state averages for resident workers; has a significant multiplier given key linked industries

Training pipelines matter for skilled work; disruptions create short- and longer-term risk



Questions/discussion

MIKE JONES
UAA-ISER Research Assistant
Professor of Economics

MSJONES6@ALASKA.EDU



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