

Also in 2009, Alaska's jobless rate (7.8 percent) dropped below the nation's (9.3 percent) for the first time in history, a pattern that continued throughout 2010. (See Exhibit 3.) This wasn't an indicator of a robust job market in Alaska, as state unemployment did increase — it was more a reflection of how badly the labor market had turned in the rest of the nation.

## Oil and gas prices, jobs

One of the big economic surprises of this past decade was oil and gas employment reaching record levels even though oil production in the state continued to decline. Between 2000 and 2010, oil production in Alaska fell from 970,000 barrels per day to 599,000, but oil industry employment grew from 8,800 to 12,800.

During the 1990s, industry employment and oil production both declined. By 1999, employment had fallen to a 19-year low of 7,900 amid strong signals that Alaska's oil workforce had entered an era of stagnation and enduring losses. This indication was further reinforced in 2000, when Alaska's largest oil industry employer, Atlantic Richfield Company, sold its assets to BP and ConocoPhillips.

However, oil and gas employment began to rebound that year, buoyed by the near-concurrent developments of the Alpine and North Star oil fields. The industry also built a number of large oil modules around the state, whereas before they had always been in the Lower 48 or overseas.

This burst of activity was short-lived, though. By 2003, with the major work on the North Star and Alpine fields complete, oil patch employment fell steeply and hovered at near-record lows through 2004, raising concerns of a permanent downward curve.

That didn't happen. After four years of above-

## Balanced Growth Spanned Nearly All Industries 2 Alaska, 2000 to 2010

	2000	2010	Change 2000–2010	Percent change 2000–2010
Total Nonfarm	280,700	323,400	42,700	15.2%
Mining and Logging	11,500	16,100	4,600	40.0%
Mining	9,900	15,200	5,300	53.5%
Oil and Gas	8,800	12,800	4,000	45.5%
Construction	14,000	16,100	2,100	15.0%
Manufacturing	12,100	12,700	600	5.0%
Wholesale Trade	6,300	6,300	–	0.0%
Retail Trade	33,000	35,400	2,400	7.3%
Transportation and Warehousing	18,700	18,900	200	1.1%
Utilities	1,600	2,100	500	31.3%
Information	7,400	6,400	(1,000)	-13.5%
Financial Activities	12,300	14,800	2,500	20.3%
Professional and Business Services	23,900	26,200	2,300	9.6%
Educational and Health Services	25,900	41,800	15,900	61.4%
Health Care	18,600	30,000	11,400	61.3%
Social Assistance	5,400	9,500	4,100	75.9%
Leisure and Hospitality	27,500	31,400	3,900	14.2%
Accommodations	7,100	7,700	600	8.5%
Food Services and Drinking Places	16,800	19,300	2,500	14.9%
Other Services	9,900	18,900	9,000	90.9%
Government	76,500	82,700	6,200	8.1%
Federal Government	17,100	17,500	400	2.3%
State Government	22,100	25,900	3,800	17.2%
Local Government*	37,300	39,300	2,000	5.4%

\*Tribal government was manually added to local government in 2000.

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

average oil prices, which by 2005 had more than doubled from the 2001 low, the oil industry began to stir again. (See Exhibit 4.)

Unlike many earlier upswings, this recovery was tied to many small projects. Then in early 2006, a section of BP's pipeline sprung a leak that became the largest oil spill in the history of the North Slope. Soon after, BP discovered additional corrosion problems and began to replace pipe and upgrade its facilities — undoubtedly a major contributor to the hefty increase in industry employment, which hit a new high by 2007 and kept growing. In 2009, employment reached an all-time record of 12,900 jobs, a number that retreated slightly the following year.

Higher oil prices and maintenance were likely overriding factors in the upswing in jobs.

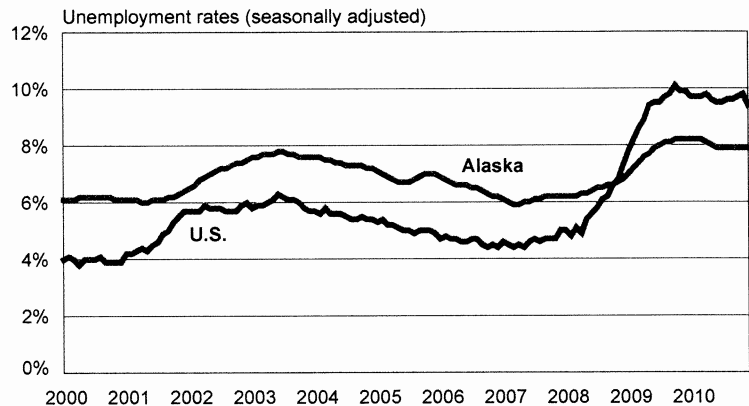
A growing list of independent producers and other

new players also contributed to the oil industry's rebound. Shell Oil returned to the state in 2005 and became the largest bidder in the 2008 Chukchi Sea lease sale, which netted \$2.7 billion. It was the highest lease bid in Alaska's history, and represented the first major offshore oil activity in the state since Cook Inlet.

Another example of a new-comer mixing things up is Pioneer Natural Resources, which made history on the North Slope in 2008 with its Oooguruk project and became the first independent to operate a producing oil field on the North Slope.

Despite high levels of oil and gas employment, national industry employment still outpaced Alaska, growing 56 percent over the decade versus Alaska's 47 percent. One big reason for this difference is that natural gas has remained largely idle in Alaska while it drives oil and gas employment elsewhere in the country.

### 3 Alaska's Jobless Rate Below Nation's 2000 to 2010

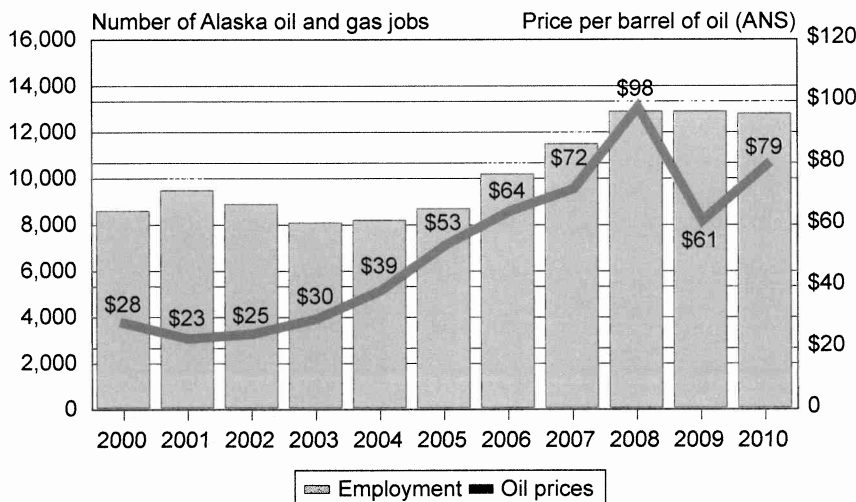


Sources: Alaska Department of Labor and Workforce Development, Research and Analysis Section; U.S. Department of Labor, Bureau of Labor Statistics

### Health care maintained momentum

Health care is the state's fastest-growing industry as well as one of the largest. It employs nearly 32,000 people, and in 2010 its payroll exceeded \$1.5 billion. Fifteen of the 100 largest private-sector employers in the state are health care providers.

### 4 Oil Prices and Employment Alaska, 2000 to 2010



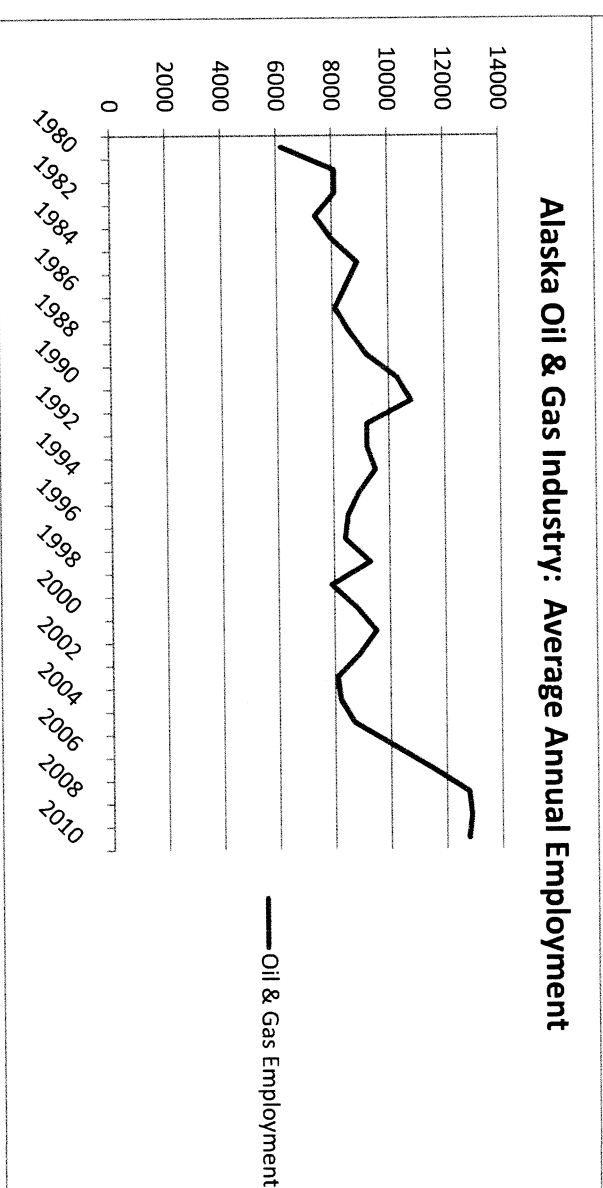
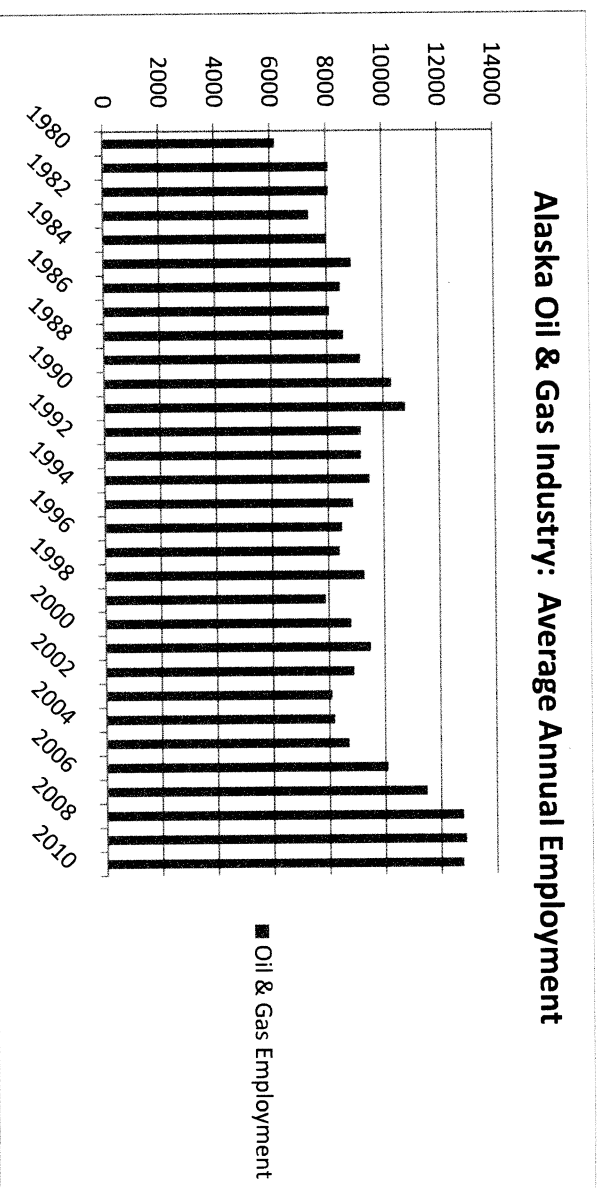
Sources: Alaska Department of Revenue, Tax Division; Alaska Department of Labor and Workforce Development, Research and Analysis Section

Private sector health care employment increased from 18,600 in 2000 to 30,000 in 2010 and grew four times as fast as the average for all industries: 62 percent compared to 15 percent for total employment. (See Exhibit 5.) As a result, health care made up over a quarter of all employment growth over the past decade in Alaska. It also grew twice as fast as the nation's health care sector.

There is no single explanation for the magnitude or speed of growth, but some of the reasons include:

- Technological changes increased the availability of health care services to consumers.
- The number of medical procedures available grew.
- More of Alaska's health care needs were met locally.

Year	Oil & Gas Employment
1980	6200
1981	8100
1982	8100
1983	7400
1984	8000
1985	8900
1986	8500
1987	8100
1988	8600
1989	9200
1990	10300
1991	10800
1992	9200
1993	9200
1994	9500
1995	8900
1996	8500
1997	8400
1998	9300
1999	7900
2000	8800
2001	9500
2002	8900
2003	8100
2004	8200
2005	8700
2006	10100
2007	11500
2008	12800
2009	12900
2010	12800



Numbers provided by Alaska Department of Labor and Workforce Development, Research and Analysis Section, Current Employment Statistics 3/30/2011.

# Alaska oil industry looks to fill more jobs

Hundreds of positions will be open on North Slope and in Arctic

Posted: Friday, July 11, 2008

**FAIRBANKS - Oil industry officials in Alaska said they need to fill hundreds of jobs in preparation for more development on the North Slope and the Arctic Ocean and because of the aging of the current workforce.**

A proposed natural gas pipeline, which could be the largest-ever construction project in North America, would place heavy demands on the oil industry's work force. Plus, existing infrastructure on the North Slope needs maintenance, said Mike Utsler, a senior vice president for BP who oversees the company's operations at Prudhoe Bay.

The oil and gas work force is also aging, with an estimated 40 percent of those in professional occupations eligible for retirement in the next seven years.

Utsler said the North Slope has a slightly younger work force, where those in mechanical and technical trades average between 48 and 51 years, and professional employees average 43 to 44 years.

BP Alaska has hired 600 people in the last 2 ½ years, many of whom are recent graduates who could help offset anticipated retirements, Utsler said.

**"There is a vast array of opportunities to pursue," Utsler said. "When you look at the next 50 years in Alaska - what an incredible period of opportunity."**

[http://juneauempire.com/stories/071108/sta\\_302723385.shtml](http://juneauempire.com/stories/071108/sta_302723385.shtml)

**Senate Labor and Commerce Committee**

**Alaska Department of Labor and  
Workforce Development**

**April 8, 2011**

**Alaska Oil Industry  
Employment and Percent Nonresident Workers  
Statewide and North Slope Borough 2000 - 2010**

Year	Alaska Oil Industry				All Industries	
	Statewide		North Slope Borough		Statewide	
	Annual Average Employment	Percent of Nonresident Workers	Annual Average Employment	Percent of Nonresident Workers	Annual Average Employment	Percent of Nonresident Workers
2000	8,800	27.9	3,355	32.5	283,800	17.9
2001	9,500	28.2	4,275	33.0	289,300	18.4
2002	8,900	25.8	4,546	33.3	295,000	18.2
2003	8,100	26.6	4,670	34.1	299,400	18.1
2004	8,200	28.0	4,745	34.7	304,300	18.4
2005	8,700	29.6	5,191	37.2	309,800	19.1
2006	10,100	30.8	6,295	37.0	315,000	19.9
2007	11,500	29.3	7,496	35.4	317,900	19.6
2008	12,800	29.8	8,314	35.6	322,100	19.6
2009	12,900	28.1	8,429	35.0	320,900	19.1
2010*	12,800	N/A	N/A	N/A	324,400	N/A

\*Preliminary

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section and U.S. Bureau of Labor Statistics

Prepared by: Alaska Department of Labor and Workforce Development, Research and Analysis Section, April 8, 2011

**Alaska Oil Industry  
Regular UI Claimants  
CY2000-CY2010**

Industry	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
<b>All Oil Industry</b>	<b>2,540</b>	<b>2,708</b>	<b>1,362</b>	<b>1,084</b>	<b>904</b>	<b>1,195</b>	<b>1,589</b>	<b>2,607</b>	<b>2,681</b>	<b>1,680</b>	<b>1,561</b>
Intrastate	2,058	2,215	1,208	928	793	1,025	1,327	2,131	2,186	1,361	1,296
Interstate	482	493	154	156	111	170	262	476	495	319	265
Weeks Paid to Claimants	28,688	35,879	15,283	11,090	9,017	13,288	16,950	31,406	33,955	18,202	16,259
<b>Oil and Gas Extraction</b>	<b>71</b>	<b>63</b>	<b>12</b>	<b>17</b>	<b>27</b>	<b>38</b>	<b>77</b>	<b>120</b>	<b>181</b>	<b>177</b>	<b>143</b>
Intrastate	57	51	10	14	22	31	61	88	125	112	87
Interstate	14	12	2	3	5	7	16	32	56	65	56
Weeks Paid to Claimants	965	861	115	151	367	518	1,137	1,569	2,738	2,981	1,567
<b>Support Activities for Drilling Oil &amp; Gas Wells</b>	<b>332</b>	<b>413</b>	<b>188</b>	<b>153</b>	<b>121</b>	<b>154</b>	<b>201</b>	<b>336</b>	<b>409</b>	<b>97</b>	<b>268</b>
Intrastate	255	341	170	135	109	140	168	266	317	78	238
Interstate	77	72	18	18	12	14	33	70	92	19	30
Weeks Paid to Claimants	3,738	6,136	1,920	1,554	1,044	1,382	2,113	3,810	5,195	834	2,571
<b>Support Activities for Oil &amp; Gas Operations</b>	<b>2,137</b>	<b>2,232</b>	<b>1,162</b>	<b>914</b>	<b>756</b>	<b>1,003</b>	<b>1,311</b>	<b>2,151</b>	<b>2,091</b>	<b>1,406</b>	<b>1,150</b>
Intrastate	1,746	1,823	1,028	779	662	854	1,098	1,777	1,744	1,171	971
Interstate	391	409	134	135	94	149	213	374	347	235	179
Weeks Paid to Claimants	23,985	28,882	13,248	9,385	7,606	11,388	13,700	26,027	26,022	14,387	12,121
<b>All Industries</b>	<b>63,453</b>	<b>58,325</b>	<b>45,281</b>	<b>47,718</b>	<b>51,521</b>	<b>52,775</b>	<b>58,138</b>	<b>60,502</b>	<b>57,602</b>	<b>53,318</b>	<b>54,195</b>
Intrastate	50,312	47,912	38,136	39,962	43,098	43,962	48,353	50,194	48,009	44,467	45,111
Interstate	13,141	10,413	7,145	7,756	8,423	8,813	9,785	10,308	9,593	8,851	9,084

**Intrastate:** Claims made by people residing within Alaska.

**Interstate:** Claims made by people residing in other states who worked in Alaska, and for which Alaska is at least partly liable for unemployment compensation.

Prepared by: Alaska Department of Labor and Workforce Development, Research and Analysis Section, April 8, 2011

percent of the total third-quarter employment growth in 2010. Retail trade was the only sector whose new hires declined in every quarter for more than a year.

The accommodations industry had the largest year-over-year decrease in quarterly new hires, with the number declining by 1,500 workers between the first quarter of 2009 and the first quarter of 2010. Although the accommodations sector's new hires grew in the second and third quarters of 2010, they still were not enough to equal net growth.

Among occupations, construction trade posted the most new hires between the fourth quarter 2009 and third quarter 2010. (See Exhibit 3.) As in prior years, the two other occupations to fill the top three spots are retail salespeople and food and beverage service workers, occupations typical in seasonal industries such as construction and tourism. Hiring in these top occupations reached a peak during 2010.

Overall, 61.8 percent of new positions in third quarter 2010 went to Alaskans. Industries with the highest resident hire rates included public administration; real estate, rental, and leasing; management of companies and enterprises; and local government. The industry with the highest nonresident hire rate was manufacturing — primarily influenced by seafood processing — with 82.2 percent of new workers coming from outside Alaska. (See Exhibit 2.)

Most new hires and rehires are seasonal; the downside is they only result in temporary employment. Of the employees hired in the third quarter of 2009, only 20.7 percent had been working continuously for that employer a year later.

## Rehires

Seasonal jobs are a sizeable share of the state's wage and salary employment, and some people bounce from job to job and return to the same employer every year as seasonal work picks up. These

## New Hires by Industry 2

Alaska, third quarter 2009 and third quarter 2010

Industry	3rd qtr 2009	3rd qtr 2010	Residents	Year-over- year Change
Local Government	6,165	5,744	77.0%	-6.8%
State Government	1,778	1,746	71.6%	-1.8%
Agriculture, Forestry, Fishing, and Hunting	432	605	35.5%	40.0%
Mining	947	2,015	49.0%	112.8%
Oil and Gas	636	1,420 <sup>a</sup>	47.7% <sup>a</sup>	123.3% <sup>a</sup>
Utilities	233	171	76.0%	-26.6%
Construction	6,594	6,560	72.5%	-0.5%
Manufacturing	6,521	6,942	17.8%	6.5%
Wholesale Trade	972	978	69.4%	0.6%
Retail Trade	4,233	4,084	68.6%	-3.5%
Transportation and Warehousing	2,355	2,446	60.8%	3.9%
Information	590	612	74.3%	3.7%
Finance and Insurance	757	902	75.7%	19.2%
Real Estate, Rental, and Leasing	1,538	1,475	80.7%	-4.1%
Professional, Scientific, and Technical Services	1,999	2,524	65.5%	26.3%
Management of Companies and Enterprises	82	74	79.7%	-9.8%
Administrative Support/Waste Management and Remediation	3,778	3,820	66.9%	1.1%
Educational Services	455	579	66.8%	27.3%
Health Care and Social Assistance	5,081	5,454	72.9%	7.3%
Arts, Entertainment, and Recreation	1,515	1,678	68.2%	10.8%
Accommodations and Food Services	10,038	10,209	59.5%	1.7%
Other Services	2,109	2,203	74.4%	4.5%
Public Administration	123	61	91.8%	-50.4%
Total	58,931	62,302	61.8%	5.7%

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

people are rehires, and they represent the smallest number among the three categories.

Rehires primarily work in industries and positions whose employment spikes in one or two quarters of the year. As with new hires, a majority of rehires return to work for the same employer in the second quarter of the year.

Manufacturing rehires the most employees, followed by local government, construction, and accommodations and food services. (See Exhibit 4.) Mirroring those industries, the top two occupations for rehires are in construction trade and food processing. (See Exhibit 3.)

While the state shows a modest 2.1 percent overall increase in rehiring, the largest gains were in a mostly nonseasonal industry. Health care and social assistance rehires increased 59.2 percent when comparing the third quarter of 2009 to the third quarter 2010. In contrast, information in-



### 3 Top Occupations by Hiring Classification

Alaska, fourth quarter 2009 to third quarter 2010

#### NEW HIRES

Occupation	Four-Qtr Total	4th Qtr 2009	1st Qtr 2010	2nd Qtr 2010	3rd Qtr 2010
Construction trade workers	16,683	3,627	2,605	6,089	4,362
Retail sales workers	16,235	4,588	2,702	5,785	3,160
Food and beverage service workers	13,226	3,289	2,431	4,957	2,549
Materials moving workers	7,190	1,610	1,160	2,544	1,876
Other office and administrative support workers	7,308	1,682	1,511	2,470	1,645

#### REHIRES

Occupation	Four-Qtr Total	4th Qtr 2009	1st Qtr 2010	2nd Qtr 2010	3rd Qtr 2010
Construction trade workers	6,393	1,022	981	3,149	1,241
Food processing workers	6,302	155	2,232	2,207	1,708
Retail sales workers	5,165	548	2,533	1,414	670
Materials moving workers	3,007	497	511	1,310	689
Food and beverage service workers	2,855	424	710	1,217	504

#### CONTINUOUS

Occupation	Four-Qtr Total	4th Qtr 2009	1st Qtr 2010	2nd Qtr 2010	3rd Qtr 2010
Retail sales workers	42,837	10,641	10,517	10,574	11,105
Construction trade workers	32,790	8,546	7,887	8,099	8,258
Information and record clerks, all other	32,681	8,395	8,201	7,990	8,095
Other office and administrative support workers	32,000	8,288	8,072	7,579	8,061
Teachers: Primary, secondary, and special education	29,269	7,392	7,369	7,193	7,315

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

### 4 Rehires by Industry

Alaska, third quarter 2009 and third quarter 2010

Industry	3rd Qtr 2009	3rd Qtr 2010	Year-Over-Year Change
Local Government	1,824	1,803	-1.2%
State Government	544	650	19.5%
Agriculture, Forestry, Fishing, and Hunting	101	96	-5.0%
Mining	248	211	-14.9%
Oil and Gas	163	164	0.6%
Utilities	25	36	44.0%
Construction	1,310	1,284	-2.0%
Manufacturing	2,089	1,962	-6.1%
Wholesale Trade	212	248	17.0%
Retail Trade	472	426	-9.7%
Transportation and Warehousing	645	608	-5.7%
Information	334	80	-76.0%
Finance and Insurance	77	108	40.3%
Real Estate, Rental, and Leasing	217	253	16.6%
Professional, Scientific, and Technical Services	326	388	19.0%
Management of Companies and Enterprises	7	5	-28.6%
Administrative Support/Waste Management and Remediation	592	554	-6.4%
Educational Services	145	112	-22.8%
Health Care and Social Assistance	684	1,089	59.2%
Arts, Entertainment, and Recreation	465	507	9.0%
Accommodation and Food Services	1,303	1,402	7.6%
Other Services	290	344	18.6%
Total	12,073	12,330	2.1%

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

dusty rehires decreased by 76.0 percent, or 254 workers: the most dramatic drop among all sectors. The loss was largely offset by a gain of 168 continuous workers the same year.

#### Continuous workers

People employed all four quarters of the year are by far the largest group of workers, and they seem largely unaffected by the recession, with only small changes in some industries and a minor gain overall.

The largest group of continuous employees works in local government. (See Exhibit 5.) The only two industries to come close to local government's employment levels are health care and social assistance, and state government. It isn't surprising that those industries have the largest number of continuous workers, as they are all large employers with little

seasonal fluctuation.

However, the individual occupations with the highest numbers of continuous employees were not in health care and government, probably because those sectors contain so many distinct occupations.

Among employees who have held their jobs for at least four quarters, retail sales and construction trade workers led the pack. (See Exhibit 3.) Information and record clerks were right behind them, probably because they are part of the largest industries.

Of the three types of hires, continuous jobs are the most stable in both quarter-to-quarter and year-to-year employment numbers, and only one industry moved more than 10 percent in either direction. Because continuous workers exclude the seasonal workforce by definition, there is less chance of large employment swings.

In all the state's industries combined, there was an increase of only 1,297 employees working continuously: not enough to equal a 1 percent gain. However, if the job market continues to improve and recent new hires keep their positions, continuous employment is likely to improve significantly in third quarter 2011.

## Oil and gas

The biggest jumps in new hires and continuous workers were in the oil and gas-related industries, both of which reached a four-year peak in 2010. While continuous jobs peaked in the first quarter of 2010 with 11,522 jobs, the top total employment came in the second quarter of 2010 with 13,390 jobs in the industry: the result of 1,837 new hires that quarter. (See Exhibit 6.)

By region, new hires increased the most in the North Slope Borough, primarily due to the spike in the oil and gas industry. However, because it is not possible to differentiate between workers hired to maintain the current fields and those in new exploration, it is unclear if the jump in employment will continue.

## Continuous Employment by Industry 5

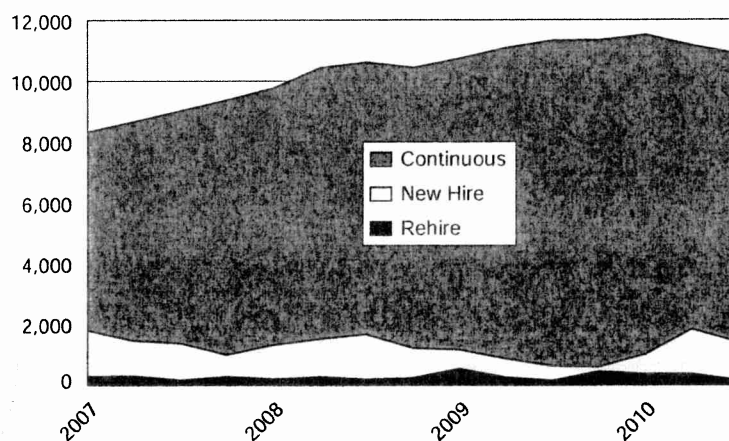
Alaska, third quarter 2009 and third quarter 2010

Industry	3rd Qtr 2009	3rd Qtr 2010	Year-over-Year Change
Local Government	31,352	31,318	-0.1%
State Government	20,590	20,841	1.2%
Agriculture, Forestry, Fishing, and Hunting	410	462	12.7%
Mining	13,039	12,930	-0.8%
<b>Oil and Gas</b>	<b>11,339</b>	<b>11,128</b>	<b>-1.9%</b>
Utilities	1,652	1,599	-3.2%
Construction	9,267	8,796	-5.1%
Manufacturing	4,915	4,763	-3.1%
Wholesale Trade	4,560	4,531	-0.6%
Retail Trade	12,727	13,015	2.3%
Transportation and Warehousing	11,288	11,325	0.3%
Information	5,109	5,277	3.3%
Finance and Insurance	6,694	6,593	-1.5%
Real Estate, Rental, and Leasing	3,116	3,255	4.5%
Professional, Scientific, and Technical Services	8,786	8,961	2.0%
Management of Companies and Enterprises	345	311	-9.9%
Administrative Support/Waste Management and Remediation	7,018	6,656	-5.2%
Educational Services	1,247	1,152	-7.6%
Health Care and Social Assistance	27,250	28,900	6.1%
Arts, Entertainment, and Recreation	2,035	1,940	-4.7%
Accommodations and Food Services	11,716	12,159	3.8%
Other Services	6,331	6,162	-2.7%
Public Administration	243	252	3.7%
<b>Total</b>	<b>201,029</b>	<b>202,326</b>	<b>0.6%</b>

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

## Oil and Gas Industry Hires 6

Alaska, 2007 to 2010



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