

How Alaska's INDUSTRIES STACK UP

We'll probably never look exactly like the rest of the U.S., and here's why

1 Detailed Industry Breakdown

ALASKA AND THE U.S., 2015

	Alaska	U.S.
Natural Resources	5.1%	0.6%
Mining	5.0%	0.5%
Oil and Gas	4.2%	0.3%
Construction	5.2%	4.5%
Manufacturing	4.2%	8.7%
Seafood Processing	3.0%	0.0%
Trade	13.0%	15.2%
Wholesale	1.9%	4.1%
Retail	11.1%	11.0%
Transportation	5.8%	3.4%
Air	1.8%	0.3%
Utilities	0.6%	0.4%
Information	1.9%	1.9%
Financial Activities	3.6%	5.7%
Professional and Business Svcs	8.8%	13.9%
Education and Health Services	13.9%	15.5%
Health Care	10.2%	10.6%
Leisure and Hospitality	10.3%	10.7%
Accommodation	2.5%	1.4%
Food Svcs and Drinking Places	6.3%	7.8%
Other Services	3.4%	4.0%
Government	24.2%	15.5%
Federal Government	4.4%	1.9%
State Government	7.6%	3.6%
Local Government	12.2%	10.0%

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

By NEAL FRIED

Alaska's mix of industries has grown to look a bit more like the rest of the nation over time, but we're still a long ways off. It's also unlikely we'll ever mimic the national economy.

In no other state do oil, tourism, fishing, and the federal government play such fundamental roles. And given the small size of our economy, its seasonality, our expansive geography, and our largely public land ownership and natural resource endowment, Alaskans will likely continue to hold a unique mix of jobs.

Where we have much less

Manufacturing

Although the country's manufacturing industry is much smaller than it used to be, the average U.S. worker is still more than twice as likely as an Alaskan to work in manufacturing, at nearly 9 percent versus 4 percent. (See Exhibit 1.)

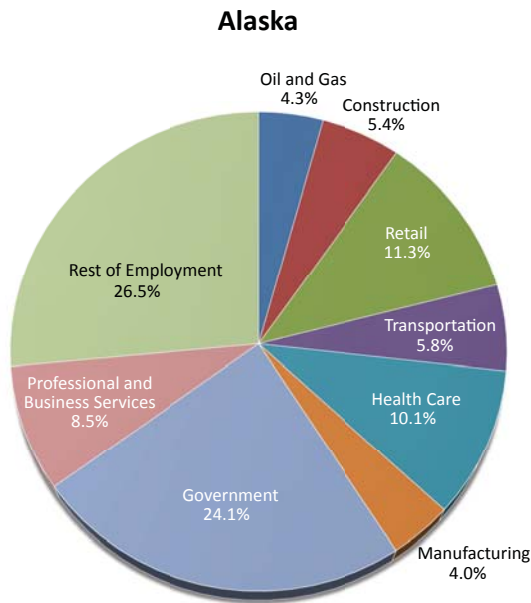
Digging a bit deeper reveals an even bigger difference. Seventy-one percent of Alaska's manufacturing jobs are tied to seafood processing, versus less than half a percent nationally. Manufacturing here and nationwide are really two different industries.

On a related note, a worker is 100 times more likely to be a commercial seafood harvester in Alaska than nationwide. Because fishermen are self-employed and can't be compared with any of the other job numbers in this article, they're harder to measure, but using 2012 federal estimates allows a general comparison.

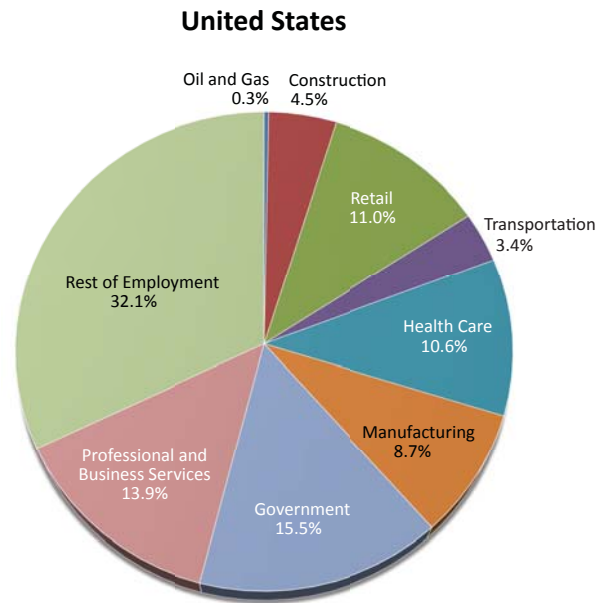
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Percent of Total Employment by Major Industry

ALASKA VS. THE UNITED STATES, 2015



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



Source: U.S. Department of Labor, Bureau of Labor Statistics

Financial and professional services

Alaska is home to many real estate, title, and mortgage offices; banks; insurance companies; credit unions; and security firms — collectively categorized as “financial activities” — but their percentage of our employment falls well below the national average.

One major reason is that Alaska isn’t home to many national or regional headquarters for any financial or insurance firm. Financial service companies here only provide local services.

It’s a similar story with professional and business services in that many of these companies cater to larger corporate operations, which are underrepresented in Alaska. Alaska’s smaller economy is also not as specialized. This broad category includes legal, accounting, waste, consulting, and landscaping services as well as holding companies, call and telemarketing centers, and computer design firms, to name just a few.

Where we have much more

Government

Nearly a quarter of all payroll jobs in Alaska are in government, versus 16 percent nationwide. A decade ago, it was 31 percent in Alaska.

Alaskans are more than twice as likely to work for the federal or state government. Our share of federal jobs is proportionally bigger than any other state, mostly because we have a large military presence (though active-duty military aren’t included in these numbers) and the federal government is our largest landlord.

Like the federal government, state government has a large land base and natural resource base to manage. It also has some atypical responsibilities such as managing the Alaska Permanent Fund, the Alaska Railroad, Alaska Housing Finance Corporation, and many airports. The State of Alaska also carries responsibilities that local governments handle elsewhere, such as courts, prisons, and public safety for many smaller communities.

Alaska’s local government presence is just slightly higher than the nation’s. See the May 2015 issue of *Alaska Economic Trends*, “Government Jobs by State,” for additional explanation.

Oil and gas

In 2015, 4.2 percent of Alaska’s wage and salary jobs were in the oil and gas industry. While that doesn’t sound like a large number, it’s more than 14 times the percentage for the nation as whole. Or, said differently, 0.3 percent of the nation’s workers are employed by

the oil industry. (See Exhibit 2.) That may seem surprising, because the oil industry has been through an enormous growth spurt nationally in recent years. Between 2005 and 2015, national oil employment grew by 73 percent, or 202,000 jobs. That did bump up U.S. oil employment, from 0.1 percent to 0.3 percent, but compared to Alaska its share is barely on the radar.

Transportation

Our vast geography makes transportation more important, tying nearly 6 percent of Alaska's private jobs to transportation versus 3 percent for the U.S.

It takes a lot more to move something or someone in Alaska than it does elsewhere. For example, what might involve a single truck delivery in most of the nation often requires a truck, ship, airplane, and maybe a four-wheeler in Alaska.

In addition to all the extra effort it takes to get around the state, transportation's larger role here includes one of the busiest international air cargo airports in the country and a sizable visitor sector.

Where we look about the same

Retail

Some Alaskans may not believe it, as we seem to have fewer buying options, but the retail industry is Alaska's largest private employer and is as proportionately deep as the nation's.

Both statewide and nationally, 11 percent of workers are in retail trade. This wasn't always the case in Alaska, but with the meteoric growth of new retailers that began in the early 1990s, Alaska caught up with the rest of the country.

For small communities with fewer local buying options, the rise of online shopping has bridged some of the gap. There's some evidence that Alaskans rank among the nation's most ardent online shoppers.

It's a different story at the wholesale trade level, where Alaska has half the representation of the rest of the country. Seattle and other Lower 48 cities continue to serve this need for Alaska.

The visitor sector

Given the size of the state's visitor sector, it is not surprising that proportionately more Alaska jobs are in accommodations such as hotels and bed-and-breakfasts. But when it comes to bars and restaurants, Alaska still

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has some catching up to do. In the June 2015 issue of *Alaska Economic Trends*, "Bar and Restaurant Jobs in Alaska," Alaska ranked 49th in the country for its share of employment in food and drinking places.

Health care

If this article had been written a decade ago, health care would have been under the "where we have less" segment. But because health care played catch-up for decades and grew considerably faster than national health care, it has finally reached nearly the same share of total employment. In the process, it has become one of the largest employers in the state and, hands down, the largest generator of new jobs in the last few decades.

Construction

Given our young state's infrastructure needs and construction's historical role in our economic development, one might expect Alaska's construction workforce to be proportionately much larger than the nation's. And before the 1990s, it was.

But since then, instead of leading the state's economic growth with such events as the construction of the Trans-Alaska Oil Pipeline, it has taken the lesser role of accommodating general population and economic growth, becoming only slightly bigger proportionally than the national construction sector.

Information and other services

The information industry is largely made up of the media, including television and radio stations, newspapers, cable companies, publishers, and telecommunications. The makeup of "other services" is even more eclectic and includes businesses involved in maintenance and repairs, funeral homes, laundromats, and civic and social organizations. In all of these categories, Alaskans and Americans overall consume similar amounts of services.

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