

Alaska's Median Wage Highest in the U.S.

Alaska has historically been in the top tier, though not always first

By NEAL FRIED

Nearly 94 percent of workers in Alaska earn wages at a job, making up half the total income we bring in each year. Other sources include investment income and government transfer payments.

Wages in Alaska have historically been high, and at times they've been the state's No. 1 draw for job seekers. Fat paychecks during the military boom of the early 1950s, construction of the Trans-Alaska Oil Pipeline in the 1970s, and the oil boom of the early '80s created the largest periods of migration to Alaska to date.

Though these premium wages moderated considerably during the economic bust of the mid-to-late 1980s, Alaska's median hourly wage has remained among the highest in the nation, and was No. 1 among states in 2013. (See Exhibit 1.)

Median hourly wage was \$21.32

In 2013, Alaska's median hourly wage was \$21.32, barely edging out Massachusetts. The national median was \$16.87, or 79 percent of Alaska's. The median, which is less affected by outliers than the average, means simply that half the occupations surveyed paid less than \$21.32 and half paid more. Of the nearly 500 surveyed occupations, the median wage ranged from a high of \$88.70 per hour for general pediatricians to a low of \$8.97 for hosts and hostesses.

Wages are higher in Alaska for a number of reasons, including the cost of living, geography, the harsher climate, tough working conditions, and the seasonality of the state's workforce. Higher compensation is often necessary to entice qualified workers to make their living during a shortened year.

There may be other factors we don't understand as well.

1 Median Wage Highest

ALASKA VS. OTHER STATES, 2013

1	Alaska	\$21.32
2	Massachusetts	\$21.07
3	Connecticut	\$20.33
4	Washington	\$19.67
5	Maryland	\$19.57
6	New York	\$19.45
7	New Jersey	\$19.35
8	California	\$18.71
9	Colorado	\$18.04
10	Rhode Island	\$18.03
	U.S. Average	\$16.87
41	Montana	\$14.79
42	Oklahoma	\$14.77
43	Florida	\$14.74
44	Idaho	\$14.68
45	Alabama	\$14.61
46	South Carolina	\$14.56
47	South Dakota	\$14.14
48	West Virginia	\$13.96
49	Arkansas	\$13.90
50	Mississippi	\$13.57

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

For example, our remoteness and higher cost of living are certainly factors, but Hawaii, the other far-flung state which also has a high cost of living, ranked 15th for median wage. Overall, though, most states with high median wages tend to have above-average costs of living.

gap is unlikely to grow further in the near future, though, as the national labor market has continued to improve.

Alaska's wages gained on nation's

The gap between Alaska's median wage and the nation's widened in recent years, largely due to the blow the national recession dealt to most states but which Alaska mostly dodged. (See Exhibit 2.) In 2013, Alaska's hourly wage was 126 percent of the nation's, the largest difference in more than a decade. This wage

Wages change little over decade

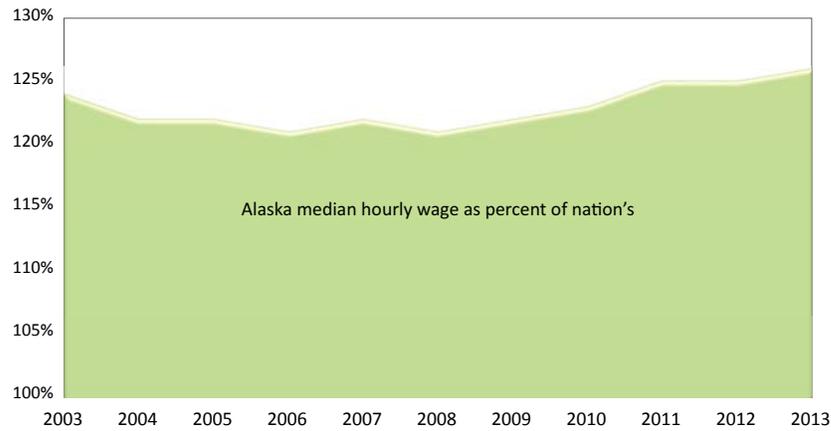
In 2003, Alaska's median hourly wage was \$16.69 compared to the \$21.32 a decade later. (See Exhibit 3.) Those wage gains were about the same as inflation over the same period, though, so in terms of actual buying power, wages have been essentially flat. The same is true for national wages.

Neal Fried is an economist in Anchorage. Reach him at (907) 269-4861 or neal.fried@alaska.gov.

2

Alaska's Wage Gains on National Wage

ALASKA MEDIAN WAGE AS A PERCENT OF U.S. MEDIAN, 2004 TO 2013

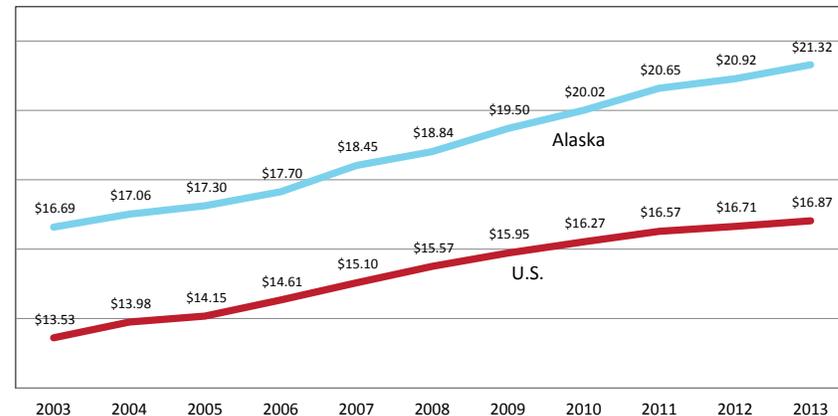


Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

3

Alaska's Wages Track Higher Than Nation's

2003 TO 2013



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