

Alaska's are 12 percent higher than the national average

Alaska's 2006 mean wage was 12 percent higher than for the United States as a whole and its median wage was more than 21 percent higher.¹ (See Exhibit 1.) Is that good news or bad news, and why?

Before you can answer such a question – if there truly is an answer – you have to consider many different factors. You also need a clear understanding of what's meant by the term “wages,” versus similar terms such as income.

In its simplest definition, a wage is the money received in exchange for labor. That labor might entail moving an item from one point to another, building a structure or coming up with an idea to market a new product.

The nonmonetary components of compensation, like insurance benefits, aren't counted as wages. Nor is the money one might make by, say, investing in stocks, collecting retirement payments, renting property to others or receiving an Alaska Permanent Fund Dividend. All those, however, are important contributors to total income, another highly touted measure of how Alaskans compare to all Americans.

Who sets wages?

Wages are determined by the marketplace, similar to the way prices for gasoline and salmon are determined by supply and demand. Gasoline and salmon are commodities bought and sold on the open market, and both require

¹ The mean wage for all occupations is the total wages for all occupations divided by the number of people employed in those occupations. The median wage for all occupations is the “middle” wage when all the workers' wages are arranged from smallest to largest. Half the workers make less than the median, while the other half make more.

a large amount of labor to get them to their respective markets.

Workers constantly negotiate their wages within their own markets. That's why there's been a change in relative wages between Alaska's earliest economic boom days and today. Historically, Alaska's economic booms, and the subsequent growth in the state's population, were fueled by two things: an excess demand for labor, and a willingness of workers to fill that demand as long as the wages made it worth the additional effort required to live a frontier lifestyle.

Delving deeper into the factors that affect labor supply and demand, there are four points that are generally relevant to how wages are negotiated:

Point No. 1 – As the demand for services increases, wages increase.

Alaska's Are Higher Wages for all occupations, 2006¹

Mean Wage, All Occupations ²		Percentage Difference
Alaska	U.S.	
\$21.12	\$18.84	12%

Median Wage, All Occupations ³		Percentage Difference
Alaska	U.S.	
\$17.70	\$14.61	21%

¹ Wages are as of May 2006

² The mean wage for all occupations is the estimated total wages for all occupations divided by the number of people employed in those occupations.

³ The median wage for all occupations represents the “middle” wage when all wages for wage earners are arranged from smallest to largest.

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

Point No. 2 – As the task becomes more unpleasant, wages increase.

Point No. 3 – As the knowledge and skills required to perform the task become more specialized, wages increase.

Point No. 4 – When more people are willing and able to perform a task, wages decline.

So, why are Alaska’s wages higher?

Using the above four points, we can better answer the question of why wages in Alaska are higher than the national average. Alaska’s economy and labor market are, for lack of a better term, special. These special circumstances play a large role in determining why the state’s wages diverge from the rest of the United States.

Alaska had an early economic boom in the last half of the 1700s, when Russian traders

settled in the Aleutians, Western and Southeast Alaska to establish trading posts with Alaska Natives. The discoveries of gold in Southeast Alaska in 1880 and the Yukon Territory in 1896 sparked two more economic booms, while the buildup of defense-related infrastructure during and after World War II created yet another boom.

The state’s more recent economic boom came with the construction of the trans-Alaska oil pipeline from 1974 through 1977, and the revenues it generated helped pay for later projects throughout the state.

Each of Alaska’s booms have similarities. Applying the four points above, we see that the following held true for each boom:

Point No. 1 – The increase in demand for labor to build the infrastructure – and supply services to those doing the building

2 Wage Differences Vary Across Occupations Alaska and U.S. wages by occupational groups, 2006

Occupational Groups	Mean Wages			Median Wages		
	Alaska	U.S.	Percentage Difference	Alaska	U.S.	Percentage Difference
All Occupations	\$21.12	\$18.84	12%	\$17.70	\$14.61	21%
Management	\$ 34.32	\$44.20	-22%	\$31.25	\$38.93	-20%
Business and financial operations	\$28.69	\$28.85	-1%	\$26.98	\$25.81	5%
Computer and mathematical	\$29.80	\$33.29	-10%	\$29.15	\$31.80	-8%
Architecture and engineering	\$33.26	\$31.82	5%	\$32.29	\$30.00	8%
Life, physical and social science	\$26.37	\$28.68	-8%	\$24.94	\$25.49	-2%
Community and social services	\$19.31	\$18.75	3%	\$17.73	\$17.21	3%
Legal	\$33.25	\$41.04	-19%	\$29.63	\$32.56	-9%
Education, training and library	\$22.21	\$21.79	2%	\$21.33	\$19.76	8%
Arts, design, entertainment, sports and media	\$20.66	\$22.17	-7%	\$18.27	\$18.44	-1%
Healthcare practitioners and technical	\$34.64	\$29.82	16%	\$29.69	\$24.99	19%
Healthcare support	\$14.98	\$11.83	27%	\$14.18	\$11.00	29%
Protective service	\$18.32	\$17.81	3%	\$14.71	\$15.42	-5%
Food preparation and serving related	\$10.80	\$8.86	22%	\$9.38	\$7.90	19%
Building and grounds cleaning and maintenance	\$12.78	\$10.86	18%	\$11.80	\$9.75	21%
Personal care and service	\$13.17	\$11.02	20%	\$12.32	\$9.17	34%
Sales and related	\$14.89	\$16.52	-10%	\$11.87	\$11.14	7%
Office and administrative support	\$16.72	\$14.60	15%	\$15.93	\$13.50	18%
Farming, fishing and forestry	\$16.92	\$10.49	61%	\$15.51	\$8.63	80%
Construction and extraction	\$25.94	\$18.89	37%	\$25.49	\$17.04	50%
Installation, maintenance and repair	\$23.62	\$18.78	26%	\$22.89	\$17.65	30%
Production	\$18.59	\$14.65	27%	\$14.59	\$13.16	11%
Transportation and material moving	\$20.63	\$14.16	46%	\$16.35	\$12.17	34%

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

– outstripped the supply of available workers, so competition for workers among employers drove up wages.

Point No. 2 – Whether one was a welder, carpenter, blacksmith or fur trader, plying one’s trade in Alaska normally entailed working in more difficult conditions than workers faced in, say, Seattle or St. Petersburg, so workers demanded higher wages to work in Alaska.

Point No. 3 – While this point illustrates why carpenters get paid more than carpenters’ helpers, it also applies to more specialized skills within an occupation. Pipeline welders brought with them more specialized skills compared to most welders working in machine shops. Demand for those specialized skills drove wages up.

Point No. 4 – And finally, toward the end of the booms, as the effects of Point No. 1 diminished and workers either acquired more skills or workers migrated into the market to meet the requirements imposed by Point No. 3, wages were forced back down compared to other occupations.

We’re not booming anymore, so why do we still have higher wages?

Alaska’s economy isn’t booming, but still our wages continue to be higher than the United States as a whole. Why? One reason is that wages are “sticky downward,” an economic term meaning that once a person is paid a particular amount for the services he or she provides, the employer finds it difficult to reduce that amount. Similar to Newton’s First Law of Motion, a wage that’s high tends to remain high, unless acted on by some outside force.

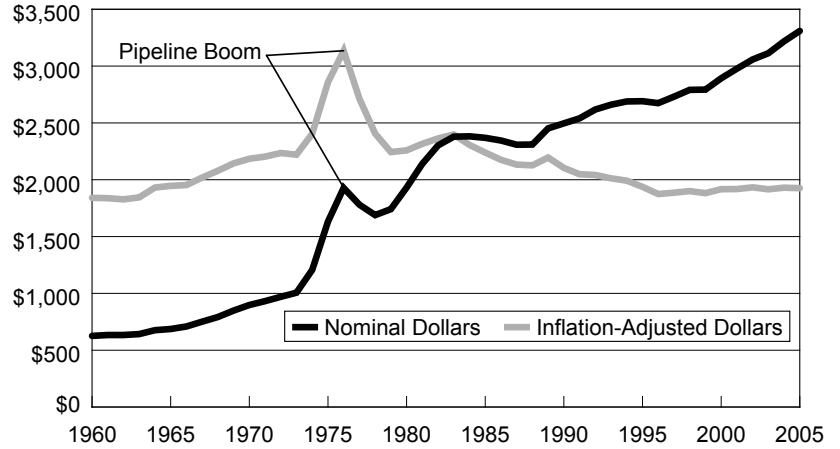
Alaska’s nominal earnings² – roughly \$600 a month in the early 1960s – grew to nearly \$2,000 a month at the peak of the pipeline boom, then they fell a little and began to rise again. (See Exhibit 3.)

Real wages, however, were affected by high inflation during the pipeline boom and that

Fighting to Keep Up with Inflation

Average monthly earnings in Alaska

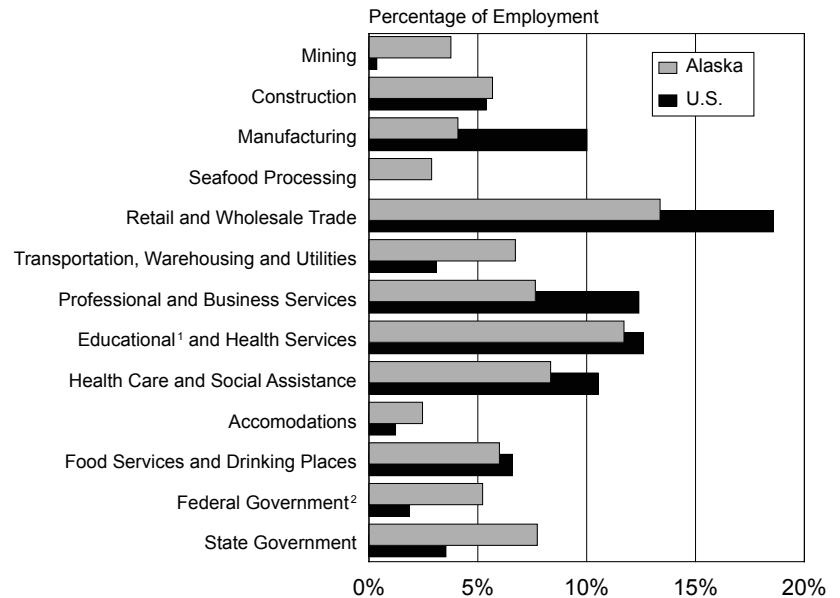
Average Monthly Earnings in Alaska



Sources: Alaska Department of Labor and Workforce Development, Research and Analysis Section; and the U.S. Department of Labor, Quarterly Census of Employment and Wages

Employment in Various Industries

Alaska and the U.S., 2006



¹ Private education only

² Excludes the uniform military

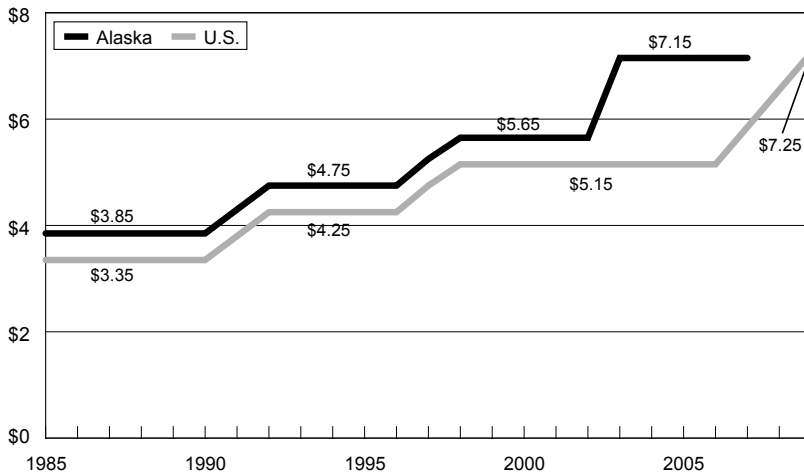
Sources: Alaska Department of Labor and Workforce Development, Research and Analysis Section; and the U.S. Department of Labor, Current Employment Statistics

² A measure of an actual amount, without regard to the real value

5 Will the Minimum Wages Converge? The Alaska and federal minimum wage

Still other factors boost Alaska's average

Hourly Minimum Wage



Sources: Alaska Statute 23.10.065 and, on the national level, the Fair Minimum Wage Act of 2007 that amends the Fair Labor Standards Act of 1938 (29 U.S.C. 206(a)(1))

quickly ate away at the dollar's purchasing power. After reaching a peak of more than \$3,000 a month in 1976, average real monthly wages quickly fell to around \$2,500 a month. Then they saw a slow, steady decline until 1996 and have since leveled off.³

Yet, wage stickiness doesn't entirely account for Alaska's continued higher wages. If wages had simply remained at their peak pipeline boom levels, then wage inflation in other parts of the United States would have overtaken them by now, so there must be other factors working to keep Alaska's wages higher.

Though it doesn't apply to all occupations, Point No. 2 still holds true – Alaska's environment is harsh. That, combined with the state's relative remoteness, commands a wage premium to attract workers to the state. This can be seen in the wages of Alaska's mining workers – primarily oil workers on the North Slope – who generally make more than workers doing the same jobs in other states. (See Exhibit 9.)

³ Based on adjustments to the Anchorage Consumer Price Index for all Urban Consumers. The \$3,000 and \$2,500 are adjusted to 1982-1984 dollars using the CPI-U. Because a CPI isn't calculated for any other Alaska city, the Anchorage CPI is often the best substitute for a statewide inflation measure.

If a larger proportion of Alaskans are employed in higher paying occupations, such as in the mining, government and construction-related occupations, then we'd expect average wages to be high in Alaska. While that was particularly true in the state's earlier boom periods, it's still somewhat true today.

If you're employed in Alaska, you're nine times more likely to be employed in the mining industry than if you're employed elsewhere in the United States. You're more than twice as likely to be employed in federal or state government, and are slightly more likely to be employed in the construction industry. (See Exhibit 4.) You'd also be only three-quarters as likely to be working in retail and wholesale trade, which typically has lower paying jobs.

Employment in the service-providing sectors⁴ since the pipeline boom – particularly in retail and wholesale trade – has outpaced growth in Alaska's economy as a whole, causing the state's occupational employment patterns to more closely resemble the nation's. When lower paying jobs have above-average employment growth, then the average wage is pressured downward.

Minimum and prevailing wages have an effect

There are also structural issues affecting Alaska's wages. In 2003, Alaska's minimum wage was set at \$2 an hour above the then federal minimum wage of \$5.15 an hour. (See Exhibit 5.)

Alaska workers in the lowest paid occupations have earned significantly more than workers in other states. However, as other states have increased their minimum wage, the difference has become less of a factor. Without legislative intervention, the difference will disappear entirely

⁴ The service-providing sectors are leisure and hospitality, educational (private education) and health services, financial activities, professional and business services, information, government (includes public education), as well as the sector titled trade, transportation and utilities.

in July 2009, when the federal minimum wage will surpass the state's current minimum wage of \$7.15 an hour.⁵

Similar to minimum wages, wages on publically funded state and federal construction projects – often called the prevailing wage – can affect the average wages for an occupation. Since statehood, Alaska's higher-than-average share of federally funded construction projects has helped bolster wages in various construction-related occupations across the state.

Typically, if the ratio of publically funded construction to privately funded construction in Alaska is higher than the national average, then prevailing wages increase the average wage for certain occupations.

Make your money while you can

The seasonal nature of work in Alaska can also factor into the state's higher-than-average wages. Again, wages aren't income, but they certainly affect how much income people make in a year. If people can only pursue their employment during certain months of the year, then they may insist on higher wages to compensate for their loss of wages during the off-season.

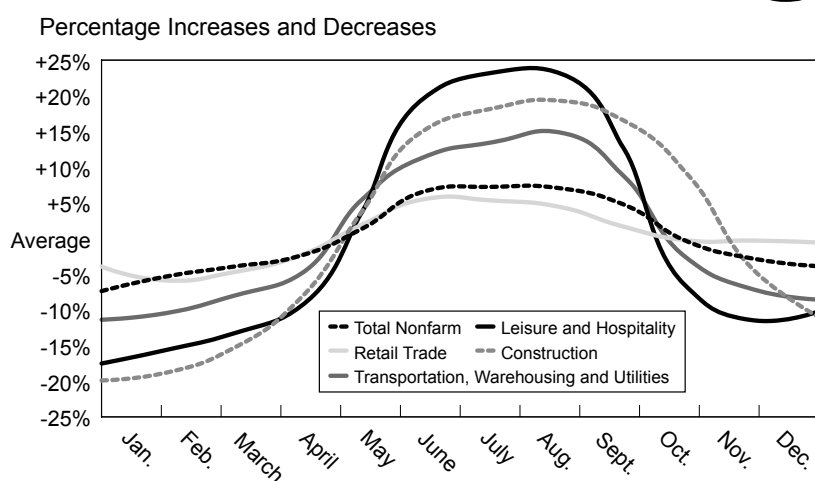
Some employment sectors are particularly seasonal. (See Exhibits 6 and 7.) Looking at Exhibit 6, if employment levels were consistent throughout the year, then the lines in the graph would be flat, so the larger the bump in the summer

months, the more seasonal the employment is within that industry.

Employment in the leisure and hospitality category is Alaska's most seasonal, followed by construction. Other categories not shown in the exhibit, like government, mining and health care, show much smaller seasonal variations.

Since wage data are based on what people are earning while they're working, and not how much they make during the year, hourly wages

It's Often Seasonal 6 Alaska's monthly employment changes, 2006



Notes: This exhibit was produced by dividing each sector's monthly employment by its average monthly employment for the year. See Exhibit 7 for the specific data. This exhibit covers total nonfarm wage and salary employment, and employment in various sectors. Total nonfarm excludes the self-employed, fishermen and other agricultural workers, and private household workers.

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

⁵ The federal minimum wage is set to increase to \$5.85 an hour on July 24, 2007, then increase to \$6.55 an hour on July 24, 2008, and to \$7.25 an hour on July 24, 2009.

Seasonal Industries Vary in Size 7 Monthly employment in some industries, 2006

Industry	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Monthly Average in 2006
Total Nonfarm	291,600	298,100	302,300	306,800	319,200	336,000	337,600	337,100	329,900	313,300	305,900	302,600	314,800
Construction	14,500	14,700	15,300	16,500	18,800	20,900	21,400	21,600	21,100	19,700	17,300	16,100	18,100
Retail Trade	34,300	33,600	34,000	34,800	36,400	37,700	37,600	37,300	36,300	35,600	35,600	35,500	35,700
Transportation, Warehousing and Utilities	19,000	19,200	19,700	20,300	22,600	23,900	24,300	24,600	23,300	20,800	19,900	19,600	21,400
Leisure and Hospitality	25,900	26,500	27,200	28,300	32,600	37,700	38,700	38,700	35,400	29,200	27,800	28,200	31,400
All Other Industries	197,900	204,100	206,100	206,900	208,800	215,800	215,600	214,900	213,800	208,000	205,300	203,200	208,200

Note: This exhibit covers total nonfarm wage and salary employment, and employment in various sectors. Total nonfarm excludes the self-employed, fishermen and other agricultural workers, and private household workers.

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

8 Seasonal and Low-Wage Workers Hit Hardest

Wage differences by occupation, 2006

Occupation	Median Hourly Wages in 2006		Percentage Difference
	Alaska	U.S.	
Administrative			
Bookkeeping, accounting and auditing clerks	\$17.41	\$14.69	19%
Cashiers	\$10.41	\$8.08	29%
Computer programmers	\$29.72	\$31.50	-6%
Executive secretaries and administrative assistants	\$17.82	\$17.90	0%
General and operations managers	\$31.12	\$40.97	-24%
Office clerks, general	\$14.02	\$11.40	23%
Receptionists and information clerks	\$13.51	\$11.01	23%
Retail salespersons	\$10.98	\$9.50	16%
Construction			
Carpenters	\$24.83	\$17.57	41%
Construction laborers	\$19.07	\$12.66	51%
Electricians	\$30.56	\$20.97	46%
Laborers and freight, stock and material movers, hand	\$13.85	\$10.20	36%
Operating engineers and other construction equipment operators	\$27.83	\$17.74	57%
Plumbers, pipefitters and steamfitters	\$28.50	\$20.56	39%
Roofers	\$21.91	\$15.51	41%
Structural iron and steel workers	\$28.32	\$19.46	46%
Truck drivers, heavy and tractor-trailer	\$20.60	\$16.85	22%
Truck drivers, light or delivery services	\$13.75	\$12.17	13%
Welders, cutters, solderers and brazers	\$23.43	\$15.10	55%
Food, Drink and Accommodations			
Chefs and head cooks	\$14.34	\$16.52	-13%
Cooks, fast food	\$8.46	\$7.41	14%
Counter attendants, cafeteria, food concession and coffee shop	\$8.57	\$7.76	10%
Janitors and cleaners, except maids and housekeeping cleaners	\$12.66	\$9.58	32%
Maids and housekeeping cleaners	\$10.23	\$8.45	21%
Food preparation workers	\$10.98	\$8.37	31%
Waiters and waitresses	\$8.12	\$7.14	14%
Health Care			
Dental hygienists	\$40.75	\$30.19	35%
Emergency medical technicians and paramedics	\$21.64	\$13.01	66%
Home health aides	\$12.12	\$9.34	30%
Nursing aides, orderlies and attendants	\$14.36	\$10.67	35%
Personal and home care aides	\$13.64	\$8.54	60%
Pharmacists	\$50.77	\$45.44	12%
Physical therapists	\$34.05	\$31.83	7%
Registered nurses	\$30.41	\$27.54	10%
Mining			
Derrick operators, oil and gas	\$20.41	\$17.42	17%
Petroleum engineers	\$50.17	\$47.30	6%
Rotary drill operators, oil and gas	\$29.54	\$18.49	60%
Roustabouts, oil and gas	\$16.76	\$12.36	36%

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

may seem higher than average, yet wage income for the year may be less than the national average.⁶

Finally, Alaska's cost of living tends to be higher than the U.S. average, and that helps to keep the state's wages higher.⁷ As Alaska's cost of living differential shrinks – or more accurately, as other regions see their costs of living increase more rapidly than Alaska's – there'll be less upward pressure on Alaska's wages. That's a contributing factor for why real wages in Alaska, after adjusting for inflation, have largely remained flat over the last several decades, with the exception of the pipeline boom period.

So, where should the money be?

Taking all the above into consideration, we'd predict that certain occupations in Alaska would see wages that are even higher than the 12 percent that the state was above the national average in 2006. Those might include occupations that (1) pay near minimum wage, (2) require working in harsher than normal conditions, and (3) are associated with publicly funded projects or with high paying industries like mining or construction.

⁶ For an analysis of Alaskans' income, how it's derived and how it compares to the nation as a whole, see "Alaska: An Interesting Income Picture," in *Trends*' November 2005 issue.

⁷ For more information, see "The Cost of Living in Alaska" in *Trends*' July 2006 issue.

Comparing Alaska to Other States

Wage differences by occupation, 2006

9

Median Hourly Wages in 2006

Occupation	Alaska	U.S.	Wash.	Calif.	N.Y.	Fla.	Va.	Okla.	Texas	Vt.	Wyo.	La.
Administrative												
Bookkeeping, accounting and auditing clerks	\$17.41	\$14.69	\$15.88	\$16.74	\$16.01	\$13.94	\$15.46	\$12.78	\$13.85	\$14.41	\$12.41	\$13.02
Cashiers	\$10.41	\$8.08	\$9.84	\$8.87	\$7.82	\$7.95	\$7.86	\$7.23	\$7.73	\$8.68	\$7.90	\$6.90
Computer programmers	\$29.72	\$31.50	\$40.53	\$35.39	\$31.71	\$29.83	\$35.01	\$25.76	\$33.59	\$26.35	\$18.00	\$25.07
Executive secretaries and administrative assistants	\$17.82	\$17.90	\$20.44	\$20.11	\$20.65	\$16.41	\$19.86	\$14.79	\$17.03	\$17.56	\$15.07	\$14.71
General and operations managers	\$31.12	\$40.97	\$51.89	\$48.06	\$51.26	\$41.58	\$52.51	\$28.55	\$39.07	\$40.90	\$29.84	\$32.45
Office clerks, general	\$14.02	\$11.40	\$13.06	\$12.45	\$12.25	\$10.65	\$12.64	\$10.02	\$10.07	\$11.23	\$10.23	\$8.66
Receptionists and information clerks	\$13.51	\$11.01	\$11.35	\$11.88	\$12.42	\$10.47	\$10.77	\$9.87	\$10.18	\$11.16	\$9.78	\$9.18
Retail salespeople	\$10.98	\$9.50	\$11.19	\$9.94	\$9.56	\$10.18	\$9.30	\$8.70	\$8.95	\$10.38	\$8.73	\$9.01
Construction												
Carpenters	\$24.83	\$17.57	\$21.34	\$23.50	\$21.21	\$15.01	\$16.39	\$13.75	\$13.75	\$17.04	\$16.80	\$14.94
Construction laborers	\$19.07	\$12.66	\$14.63	\$14.83	\$19.06	\$10.84	\$11.50	\$10.69	\$9.64	\$12.42	\$12.03	\$10.56
Electricians	\$30.56	\$20.97	\$24.11	\$23.64	\$26.05	\$16.48	\$19.54	\$19.17	\$17.90	\$18.53	\$21.27	\$18.66
Laborers and freight, stock and material movers, hand	\$13.85	\$10.20	\$11.10	\$9.85	\$10.61	\$9.35	\$10.23	\$9.22	\$9.36	\$10.70	\$10.45	\$9.24
Operating engineers and other construction equipment operators	\$27.83	\$17.74	\$24.34	\$27.72	\$25.81	\$14.53	\$15.78	\$13.60	\$13.60	\$15.17	\$17.59	\$14.54
Plumbers, pipefitters and steamfitters	\$28.50	\$20.56	\$24.88	\$21.51	\$25.47	\$16.32	\$18.08	\$16.65	\$17.73	\$17.91	\$20.10	\$18.87
Roofers	\$21.91	\$15.51	\$19.09	\$19.90	\$17.51	\$14.00	\$14.47	\$13.02	\$12.20	\$13.86	\$13.32	\$13.47
Structural iron and steel workers	\$28.32	\$19.46	\$26.47	\$25.17	\$34.63	\$16.68	\$16.45	\$18.97	\$13.51	\$14.80	\$13.52	\$16.61
Truck drivers, heavy and tractor-trailer	\$20.60	\$16.85	\$17.76	\$18.05	\$18.14	\$14.63	\$15.97	\$14.75	\$15.17	\$14.95	\$16.41	\$13.98
Truck drivers, light or delivery services	\$13.75	\$12.17	\$13.23	\$12.39	\$13.28	\$11.80	\$10.93	\$10.10	\$11.24	\$12.26	\$12.00	\$10.06
Welders, cutters, solderers and brazers	\$23.43	\$15.10	\$18.89	\$15.16	\$15.78	\$14.49	\$16.21	\$13.96	\$13.88	\$14.26	\$17.34	\$16.82
Food, Drink and Accommodations												
Chefs and head cooks	\$14.34	\$16.52	\$18.93	\$17.99	\$20.25	\$17.60	\$16.40	\$9.97	\$15.53	\$16.15	\$14.45	\$14.21
Cooks, fast food	\$8.46	\$7.41	\$8.39	\$7.93	\$7.70	\$7.64	\$6.97	\$6.84	\$6.83	\$8.60	\$6.53	\$6.48
Counter attendants, cafeteria, food concession and coffee shop	\$8.57	\$7.76	\$8.65	\$8.23	\$7.53	\$7.58	\$7.16	\$6.78	\$6.80	\$8.43	\$6.36	\$6.75
Janitors and cleaners, except maids and housekeeping cleaners	\$12.66	\$9.58	\$11.58	\$9.98	\$11.09	\$8.71	\$8.72	\$8.33	\$7.92	\$10.37	\$9.65	\$7.68
Maids and housekeeping cleaners	\$10.23	\$8.45	\$9.26	\$8.94	\$11.58	\$8.03	\$8.29	\$7.22	\$7.28	\$9.70	\$7.81	\$6.71
Food preparation workers	\$10.98	\$8.37	\$9.65	\$8.43	\$8.82	\$8.51	\$8.34	\$7.11	\$7.57	\$9.13	\$8.16	\$6.59
Waiters and waitresses	\$8.12	\$7.14	\$11.41	\$7.87	\$9.60	\$7.81	\$6.90	\$6.58	\$6.50	\$8.25	\$6.55	\$6.53
Health Care												
Dental hygienists	\$40.75	\$30.19	\$40.71	\$36.83	\$27.98	\$26.40	\$32.54	\$30.04	\$31.76	\$27.19	\$25.63	\$26.26
Emergency medical technicians and paramedics	\$21.64	\$13.01	\$17.72	\$12.19	\$16.38	\$13.24	\$13.52	\$9.83	\$12.75	\$12.94	\$11.28	\$11.68
Home health aides	\$12.12	\$9.34	\$9.86	\$9.38	\$9.70	\$9.44	\$8.66	\$8.70	\$7.17	\$9.91	\$9.70	\$7.17
Nursing aides, orderlies and attendants	\$14.36	\$10.67	\$11.49	\$11.34	\$13.63	\$10.34	\$10.17	\$8.62	\$9.43	\$10.66	\$10.44	\$7.57
Personal and home care aides	\$13.64	\$8.54	\$10.08	\$9.54	\$9.78	\$8.61	\$7.73	\$7.82	\$6.41	\$10.21	\$9.32	\$6.91
Pharmacists	\$50.77	\$45.44	\$44.27	\$53.03	\$43.95	\$45.07	\$44.88	\$42.09	\$47.10	\$45.74	\$42.17	\$42.12
Physical therapists	\$34.05	\$31.83	\$32.10	\$35.55	\$30.05	\$32.44	\$31.63	\$32.60	\$34.04	\$26.80	\$28.93	\$34.01
Registered nurses	\$30.41	\$27.54	\$30.84	\$35.23	\$30.80	\$26.31	\$26.25	\$22.95	\$26.66	\$24.92	\$23.16	\$24.44
Mining												
Derrick operators, oil and gas	\$20.41	\$17.42	n/a	18.07	n/a	n/a	n/a	\$20.74	\$15.70	n/a	\$19.50	\$18.80
Petroleum engineers	\$50.17	\$47.30	\$44.46	47.61	\$43.81	n/a	n/a	\$41.70	\$52.22	n/a	\$42.02	\$42.31
Rotary drill operators, oil and gas	\$29.54	\$18.49	\$18.14	23.73	n/a	n/a	\$17.79	\$24.73	\$17.49	n/a	\$23.92	\$19.57
Roustabouts, oil and gas	\$16.76	\$12.36	n/a	16.53	n/a	n/a	\$10.54	n/a	\$11.51	n/a	\$13.82	\$13.02

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

In a comparison of Alaska and national wages for various occupations (see Exhibit 8), it appears that those three assumptions hold true.⁸

For example, many of the occupations in the construction trades have estimated hourly wages significantly above the national average – most from 35 percent to 55 percent higher. (See Exhibit 8.) Given Alaska’s harsher working conditions and shorter seasons that shouldn’t be surprising. The wage differences may also be affected by increased publicly funded construction projects paying the prevailing wage.

Similarly, those occupations in Alaska’s mining industry show median wages that are considerably more than 12 percent above the national average for all occupations. Aside from petroleum engineers – one of Alaska’s higher paying occupations – the three other mining-related occupations shown in Exhibit 8 have wages 17 percent to 60 percent above the national average.

Three occupations on the exhibit show median wages below \$10 an hour. All three have to do with food and drink establishments and have wages that are only 10 percent to 14 percent higher than the national average.

⁸ For a complete list of Alaska occupations and their wages, go to Research and Analysis’ Web site at almis.labor.state.ak.us. Click on “Wages in Alaska” in the blue box on the left and choose a geographical area or use the alphabetical listings of occupations.

Unlike workers in mining and construction, most people who work in food service in Alaska work in environments similar to what their counterparts face in the Lower 48. That eliminates the need to provide an incentive wage to compensate for harsh working conditions.

So, why are food service wages higher in Alaska than in the nation as a whole? Most likely, given the relatively low wages for those occupations, the difference is due to Alaska’s higher minimum wage, compared to most other states. It’s also likely that Alaska’s minimum wage plays a role in other occupations with similarly low wages, such as cashiers, retail salespeople and maids.

Again, just why are Alaska wages what they are?

All the factors that make Alaska’s wages higher than the national average essentially boil down to the premise that wages are what they are because people are willing to work for what employers are willing to pay. There’s no fixed wage for each occupation. Some workers – often those with less experience and fewer skills – will work for lower wages than others. And employers hiring for jobs that require extensive skills and experience find they have to pay higher wages to get workers with those skills and experience. That’s why it’s called the “labor market.”

The Occupational Employment Statistics Survey

Every six months, the Alaska Department of Labor and Workforce Development’s Research and Analysis Section, with the U.S. Bureau of Labor Statistics, surveys Alaska firms to estimate the state’s occupational employment and wage structure. Each survey round includes roughly 700 firms employing about 40,000 workers.

Estimated wages for occupations are produced for the state as a whole, the Anchorage/Mat-Su and Southeast regions, Fairbanks North Star Borough and the balance of the state.

To improve the quality of the estimates, six survey rounds are combined in the estimation process, with wages adjusted for inflation using the wage component of the national Employment Cost Index, similar to the more often cited Consumer Price Index. For the May 2006 wage estimates, 450 occupations were included at the statewide level, and between 140 occupations and 325 occupations were reported for the various regions of Alaska.

More detailed information, including wages by region and an overview of the Occupational Employment Statistics methodology, can be found at Research and Analysis’ Web site at almis.labor.state.ak.us. Click on “Wages in Alaska” in the blue box on the left, then choose a region or an alphabetic listing of occupations or click on “Technical Notes.”