

Alaska Wage Rates—Are They Declining?

By Dan Zobrist

There appears to be a widespread belief that wage rates in Alaska are dropping. That the many advantages of being an Alaskan may not include a top-of-the-line rate of pay. This conventional wisdom is pervasive and has made commonplace a discussion of such topics as "brain-drain," which refers to the flight out-of-state of skilled workers seeking the highest bidder. To help in the understanding of this question, and of other questions related to Alaska wage rates, this article presents evidence on current Alaska wage rates as measured by a variety of sources.

"Tough times never stay but tough people do." Alaska's boom years of 1980-85 brought a net migration to Alaska of an estimated 73,340 people. Seeking their gold in the urban centers of the state, new residents, along with the old, enjoyed rising incomes and wages as oil prices peaked and tens of thousands of jobs were added to the economy. The collapse of oil prices in 1986 was the prime cause of this trend's reversal. Average annual employment in 1986 dropped 9,346 from 1985, and, for the first time in the 1980s, there was a net out-migration from the state of an estimated 4,144 people. The following year, an additional estimated 19,335 people left the state.

Tough times caused Alaska to drop from number one in 1985 to number five among the fifty states in per capita personal income in 1987. Total earnings from wages and salary dropped \$451 million from 1985 to 1986, and the average monthly wage dropped by \$277, due mostly to the reduction of the number of hours worked each month. This last monetary statistic, the drop in wages, requires more careful analysis.

There is no scientific sample to allow a strict statistical measure of statewide wage rates for most occupations employed in the private sector. Instead, there are a variety of sources of information on Alaska wage rates, each with its relative strengths and weaknesses.

Alaska Job Service—Wage Rates for Job Orders

Job Service, also known as the Alaska State Employment Service, argues correctly that it is the largest employment agency in Alaska. The most important, though not the exclusive, role of Job Service is to match workers who are looking for work with employers who are looking for workers. Employers place a job order, at a given wage, with Job Service for an opening in an occupation which they wish to fill. Their annual report for state fiscal year 1987 reports that Job Service received over 46,000 job openings, primarily in seafood processing, service, construction, and clerical occupations.

One of the strengths of the Job Service wage data is that they are driven by employers who are responding to changes in the labor market or to the demand for their product. A weakness of data from this source is that they are only wage offers and subject to revision upward during negotiation

The average wage from job openings in Anchorage dropped by over four percent.

Table 1
Changes in Total Number of Job Openings and Average Hourly Wage
Alaska Job Service

	Number of Openings			Percent Change
	7/86-6/87	7/85-6/86	Difference	
Statewide	46,215	49,896	-3,681	-7.4
Anchorage	12,996	17,394	-4,398	-25.3
Fairbanks	4,491	4,359	132	3.0
	Average Hourly Wage			Percent Change
	7/86-6/87	7/85-6/86	Difference	
Statewide	\$6.52	\$7.03	-\$0.51	-7.3
Anchorage	6.94	7.26	-0.32	-4.4
Fairbanks	7.20	7.09	0.11	1.6

Source: Employment Security Automated Reporting System (ESARS), 1986-87 Alaska Department of Labor, Research & Analysis

with the worker. Actual wages paid are more likely a compromise between wages asked by labor and those offered by management.

While constrained by certain laws, such as the local minimum wage and those governing wages paid on public construction, an employer can still respond to shifts in the supply curve of labor, or in the demand curve for the product, by offering a lower or higher wage than was offered in a previous market. Therefore, changes in the average wage offered by employers through Job Service, on average, may reveal movements or trends in statewide wage rates.

For example, in comparison with the prior year, the statewide average wage of job openings declined by over seven percent (Table 1). However, 57% of the occupations showed increased wages. One determinant of the overall average wage is the mix of occupations ordered by employers (e.g. the average hourly wage offer for welders was over \$14 while that for

file clerks was \$6). Any significant changes in the occupational mix from year to year will affect the overall average wage rate, and could affect conclusions based on the average rate.

Maintenance and production types of occupations tend to receive higher wage offers than the average of all occupations. Last year, openings from these occupations represented 49% of all openings (Table 2). This year the percentage declined to 47%, while the relatively low-paying agricultural jobs increased from four to seven and a half percent of the total openings. The average wage rate might decline just from influences of this type.

These caveats aside, wage data from Job Service remain an important tool in understanding some of the effects of Alaska's recession. For example, for Anchorage the effects of both a change in the occupational mix of job openings and the decline in wages for specific occupations become apparent. Maintenance and production occupations dropped from 49% to 44%

Table 2
Job Openings by Major Occupational Category
Alaska Job Service

	Statewide				Anchorage			
	7/86-6/87	Percent of all Openings	7/85-6/86	Percent of all Openings	7/86-6/87	Percent of all Openings	7/85-6/86	Percent of all Openings
Managers & Officers	303	0.7	336	0.7	64	0.5	85	0.5
Professional & Technical	1,466	3.2	1,570	3.1	490	3.8	503	2.9
Sales	3,027	6.5	2,949	5.9	948	7.3	1,048	6.0
Clerical & Admin. Support Services	4,775	10.3	5,675	11.4	1,822	14.0	2,304	13.2
Agric. Forestry & Fishing	8,296	18.0	10,027	20.1	2,347	18.1	3,394	19.5
Maintenance & Production	3,494	7.6	2,040	4.1	717	5.5	533	3.1
Commission or Not Classified	21,707	47.0	24,477	49.1	5,750	44.2	8,545	49.1
	3,147	6.8	2,822	5.7	858	6.6	982	5.6
TOTALS	46,215	100.0%	49,896	100.0%	12,996	100.0%	17,394	100.0%

Source: ESARS, 1986-1987. Alaska Department of Labor Research and Analysis

Table 3
Average Hourly Wage — OFFICE WORKERS 1977-87

	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987
Secretaries	\$7.44	\$8.35	\$8.70	\$9.48	\$10.67	\$11.74	\$12.01	\$12.55	\$12.40	\$13.01	\$13.31
Computer Operator	7.04	7.38	8.26	9.50	9.35	10.07	10.57	11.38	11.63	11.79	12.14
Key Entry Operator	6.25	6.61	7.04	7.85	8.28	8.72	8.84	9.11	9.02	9.16	8.46
Switchboard Operator	5.40	5.53	5.96	6.27	6.34	6.66	7.12	7.80	7.73	8.03	8.17
File Clerk	4.59	4.92	5.15	5.05	5.11	6.72	6.65	6.96	6.28	7.03	7.75

Source: BLS Area Wage Surveys

of the total job openings (Table 2) and they were split 50/50 between occupations with increased or decreased wages (*Alaska Wage Rates 1987*). Clerical occupations increased by one percent in proportion, however, 78% of the clerical occupations, representing 91% of the openings in that occupational category, reported lower wage offers from the previous year. The average wage from job openings in Anchorage dropped by over four percent.

Do Job Service wage data indicate that wage rates have declined from the previous year? The answer may be yes for some occupations in some geographic areas—but wages have also risen. The individual looking for wages for a particular occupation should consult the complete listing of job openings and wage rates available in the publication, *Alaska Wage Rates, 1987*.

Wage Surveys

"Occupational wage survey programs are not designed to supply mechanical answers to questions of pay policy." This caution, found in the Bureau of Labor Statistics (BLS) *Handbook of Methods* is from an agency which maintains wage rate records extending continuously back to 1860. The BLS, of the U.S. Department of Labor, conducts "Area Wage Surveys" for over 100 areas of the U.S. Regardless of the above admonishment, these surveys, and others like them, have met a variety of demands for wage information going back to the War Industries Board in 1919, to the Services Contract Act of 1965, and the Federal Pay Comparability Act of 1970.

The strength of these BLS surveys is that they are conducted in a consistent manner, with common defini-

tions of occupations, across many areas, and over many years. These features allow comparability of wage rates between areas, and provide a historical series. Two features restrict the usefulness of this data: the limited number of occupations surveyed, and; the restriction of surveying only firms which employ 50 or more workers. By limiting the survey to relatively large firms, the published rates may not reflect the wages received by workers in medium and small establishments.

BLS wage surveys cover selected occupations of "office" and "plant" workers. The Alaska area survey includes 29 major occupational classifications, within which are distinctions in grade, e.g. secretaries I, II, etc. Tables 3 and 4 illustrate a ten year trend of nominal mean wages for a sample of these occupations.

The ten year trends for "office" workers (Table 3) show a mostly steady

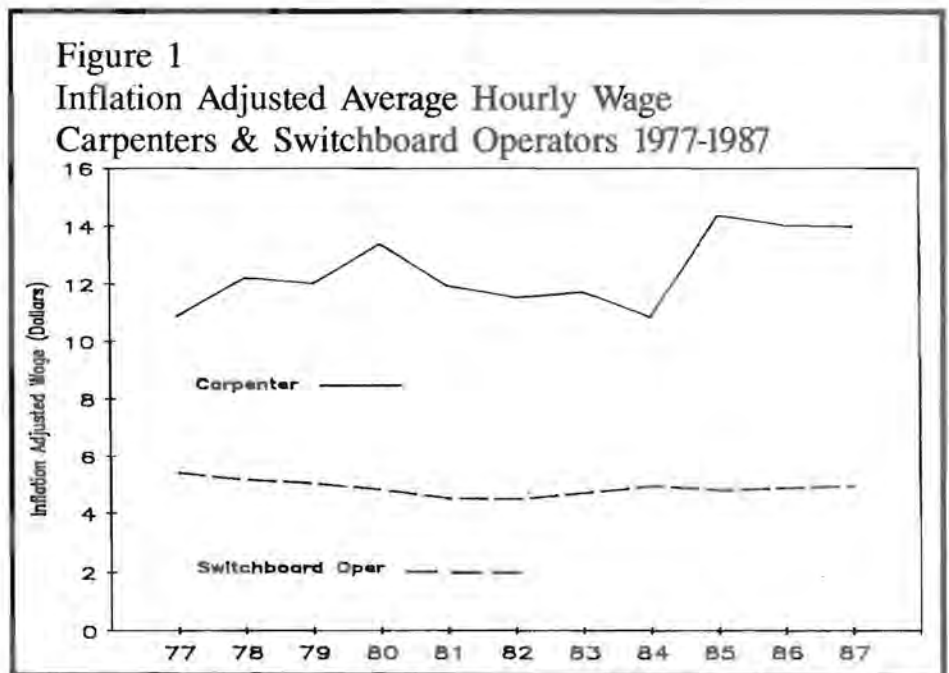


Table 4
Average Hourly Wage Rates- PLANT WORKERS- 1977-87

	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987
Maintenance Carpenters	\$10.90	\$13.10	\$14.20	\$17.47	\$16.78	\$17.10	\$17.72	\$17.05	\$23.15	\$23.02	\$23.07
Maintenance Electricians	12.05	13.11	13.65	15.62	16.44	17.68	18.80	17.05	21.81	18.21	18.45
Maintenance Mechanics	11.60	12.74	10.37	9.68	13.31	18.83	19.53	20.41	20.23	21.84	21.74
Truckdrivers	10.22	10.45	11.80	12.31	12.08	12.22	13.33	14.97	15.81	16.21	14.95
Forklift Operator	9.00	9.76	10.11	11.48	11.93	12.63	13.28	11.29	13.11	12.93	13.58

Source: BLS Area Wage Surveys

Table 5
Comparison of Wage Differences for Selected Occupations
between Alaska and Seattle — 1987

	Alaska	Seattle	Percent Difference From Seattle
Maintenance Mechanic	\$21.74	\$14.42	50.8
Motor Vehicle Mechanic	17.64	15.13	16.6
General Maintenance Worker	11.42	9.93	15.0
Stationary Engineers	15.04	15.07	-0.2
Truckdrivers	16.27	13.36	21.8
Shippers & Receivers	11.32	11.95	-5.3
Warehouseman	16.40	9.59	71.0
Forklift Operator	13.58	12.11	12.1
Guard	9.45	5.02	88.2
Janitor & Cleaners	7.62	6.91	10.3

Source: BLS Area Wage Surveys, 1987

increase in wage rates through 1987. A different picture emerges when the increases are adjusted for the effects of inflation. Only three of the five occupations in Table 3 meet or exceed the rate of increase in prices from 1977 to 1987, as measured by the Anchorage Consumer Price Index (CPI). Secretaries, file clerks, and computer operators either meet or exceed the 65% rise in consumer prices. The reported wages for switchboard operators are 8% less in 1987 than they were ten years ago. Key-entry operators have especially lost ground in

their battle with the cost of living. Their reported wages in 1987 are 18% less than they were in 1977 (Figure 1).

The trends of wages for "plant" workers (Table 4) are more volatile than those of "office" workers. The wages of machinery maintenance mechanics rebounded from a post pipeline construction low of \$9.68 per hour to almost \$19.00 hourly two years later. Wages for carpenters rose and fell during the decade and then jumped from \$17 to over \$23 per hour in one year (1985). Both occupations enjoyed wage increases over the ten year span far in excess of the rise in the Anchorage CPI. Figure 1 illustrates the wage trends for maintenance carpenters after adjusting for inflation. The rest of the occupations reported wage declines over the decade ranging from seven to 11%.

How do wages in Alaska stack up against those from outside? BLS Area Wage Surveys are good sources for comparisons. Table 5 compares a sample of Alaska wages with those from the Seattle, Washington Metropolitan Area surveyed in 1987. Although most of the occupations show higher wages in Alaska, there are some wild swings of differences. Guards in Alaska enjoyed an 88% ad-

Table 6
Alaska Wage Rates 1987
(Nonunion)
Regional Comparisons

	Alaska Statewide	Anchorage MatSu Region	Interior Region	Southeast Region	Gulf Coast Region	Southwest Region	Northern Region
Merchandise Managers	\$16.01	\$16.83	\$19.24	\$14.53	\$13.54	\$13.76	\$10.59
Electronic Engineering Technicians	17.51	18.31	12.61	15.69	17.47		19.39
Accountants & Auditors	18.55	18.15	19.53	19.15	20.38	17.67	
Cashiers	6.53	6.89	6.78	7.97	5.42	6.89	6.03
Nurses: Registered	15.33	13.87	16.96	16.20	14.98		
Secretaries	11.87	11.73	11.23	12.60	11.61	11.98	13.07
Stock Clerks	10.95	10.50	9.95	8.73	10.46	6.27	15.96
Clerical Supervisors & Office Managers	15.73	17.22	15.16	14.04	13.75	13.59	15.30
Bookkeeping & Accounting Clerks	11.10	10.88	11.40	11.31	10.15	11.77	13.39
Bakers	9.43	8.75		10.53	7.23		12.39
Dental Assistants	11.39	12.05	11.06	11.84			
Bartenders	8.56	7.64	8.12	8.54	8.84	7.90	10.59
Carpenters	17.90	14.59	12.52	16.68	17.03	19.98	19.54
Electricians	17.39	12.75		17.92	20.11		17.94
Automotive Mechanics	15.92	15.42	16.61	13.36	16.33	15.58	24.41
Laborers	11.01	10.67	8.72	8.57	13.20	8.89	15.03
Maintenance Repairers	13.18	13.19	11.11	14.04	13.34	9.05	15.05
Truckers-Light	9.53	9.61	8.66	9.05	13.31	9.04	

Source: Alaska Wage Rates 1987, Alaska Department of Labor, Research and Analysis

vantage in wages over guards in Seattle, while shippers and receivers were at a five percent disadvantage to their Seattle counterparts. The differing rates at which wages differ between these two areas may indicate other influences at work besides geography. Two factors which can influence the average wage are the degree of union participation and size of firms. Influences of these other variables could be explored with the use of econometric techniques.

Alaska Wage Rates is an annual survey, first done in 1975, conducted by the Research and Analysis Section in the Alaska Department of Labor. The strengths of the survey are the relatively large number of occupations, with consistent definitions, and the large sample of employment surveyed: almost 150 occupations and nearly 24,000 workers. Many of the occupations covered are professional and technical ones for which information on wages is not available from any other source. The survey includes data on wages for union, nonunion, and state government workers (for comparable occupations). The information from this survey is published each year and is also available to counselors and job seekers through the Alaska Career Information System (AKCIS).

For the 1987 wage survey, the department changed its estimating metho-

Table 7
Professional & Technical Workers Wage
Anchorage & Interior - 1987

	Anchorage	Interior
Civil Engineers	\$24.46	\$22.81
Computer Programmers	18.80	17.94
Drafters	15.56	14.51
Mechanical Engineers	27.13	17.20
Nurses: Licensed Practical	11.60	11.33
Social Workers	13.24	14.31
Surveyors & Mapping Scientist	17.60	19.12
System Analyst: E.O.P.	23.70	19.17
Nurses: Registered	13.87	16.96
Purchasing Agents	20.09	15.19
Electrical Technician	18.31	12.61
Electrical Engineer	26.89	23.29

Source: Alaska Wage Rates 1987, Department of Labor, Research and Analysis

dology from prior years to better estimate the average (mean) wage. This means that comparisons of the survey with those of earlier years is not possible. But one of the strengths of the wage survey is its regional information. While no strict comparisons across regions can be made without a scientific sample, it is still useful for many purposes to review the wages reported for each of six regions.

Occupations which were reported from most of the regions are listed in Table 6. As would be expected, the Northern region reports consistently higher wages across occupations.

Table 8
Occupational Wage Rates by Source of Data
Alaska 1987

	"Prevailing Wages"	BLS-Area Wage Survey	Job Service	Alaska Wage Rates 1987
Carpenter	\$23.95	\$23.07	\$12.79	\$17.90
Roofer	24.60		15.65	20.39
Electrician	25.77	18.45	16.49	17.39
Painter	24.50	19.82	9.12	15.61
Truckdriver	15.76	14.95	8.63	9.53
Maintenance Machinery Mechanic	23.17	21.74		19.30
Receptionist		6.84	6.48	8.44
Computer Programmer		16.41	13.82	18.46
Surveyors	22.43		19.13	18.55
Drafter		18.73	13.59	15.24
Guard/Watchman	20.34	9.45	6.33	6.80
Accounting Clerk		10.35	8.04	11.10
Secretary		13.31	8.86	11.87
Switchboard Operator		8.17	7.10	8.53
Payroll Clerk		11.13	8.14	11.13

Source: Alaska Wage Rates 1987, BLS Area Wage Survey, Alaska, July 1987, "Prevailing Wages," 1987, Labor Standards and Safety, Alaska Department of Labor

Also, rural areas in general tend to have higher wages than the major metropolitan area of Anchorage and the Interior region, which is mostly comprised of Fairbanks.

Wages reported for professional and technical workers in Anchorage and the Interior are compared in Table 7. With the exception of registered nurses, surveyors, and social workers, all of the occupations which were reported in both areas showed higher wages in Anchorage. This trend could be the result of a higher demand for advanced experience and skill levels needed for the more complex operations in corporate headquarters, which are often located in Alaska's largest city.

A contractor, or subcontractor, that does work on public construction in Alaska, as defined by AS 36.95.010(3), must pay specified wage rates. These rates are established by the Alaska Department of Labor as "prevailing" wages for work of a similar nature in the region in which the work is done. Currently, a wage determination is made for two geographic regions of the state: north of 63 degrees north latitude and south of 63 degrees north latitude.

The methodology used by the department to determine the wages is an eclectic sample of construction contractors surveyed for occupational wages. Alaska Administrative Code 30.050(b) stipulates that "In determining the prevailing wage rate . . . the department will consider the prevailing wage that represents the majority penetration for each work classification." This is interpreted to mean that if there is one wage, accurate to the penny, such as a union scale, for 51% of those surveyed in an occupation, then that wage is determined to be the prevailing wage. In the absence of this condition, the prevailing wage is calculated using an adjusted arithmetic mean of each occupation's wages collected in the sample.

The occupations affected by these "prevailing" wages are termed Laborers, Mechanics, and Field Surveyors. They include specializations of common crafts such as, Truck Driver: Turn-O-Wagon (not self-loading) or Painter: Steeplejack and Tower. Table 8 provides a few compar-

isons between prevailing wage and the other methodologies.

Summary

Each of the sources of wage information described above provides a different snapshot of the current Alaska wage scene. Job Service wage data shows that employers' wage offers for some occupations have climbed over the past year, but many others have fallen, especially wage offers for clerical jobs in Anchorage. BLS wage surveys show that wages for some occupations are volatile, and others are paid less than their counterparts in the Seattle, Washington area. Alaska Wage Rates 1987, the annual survey by Research and Analysis, reports that wages for professional and technical workers tend to be higher in Anchorage than in the Interior. "Prevailing wages" are required to be paid to those workers who work on public construction projects which are covered by statute.

Have wage rates in Alaska dropped? This discussion has pointed to areas where they have—and haven't. The Alaska labor market has been dynamic since at least the pipeline construction days. Many labor services are traded in an open market which is influenced by the forces of supply and demand, just like any other commodity. These labor services are often distinct, without close substitutes, and therefore traded in narrowly-defined markets. Each market may not respond identically to a decline in the price of oil, so wages may rise and fall independently, although Alaska history in this decade generally has seen a steady rise in the nominal wage of most occupations. Without large-scale, costly surveys there is no certain measure of the average occupational wage rate, and the definitive answer to the question about changes in wage rates remains elusive.

For More Information:

Information on wage rates for job orders with Alaska Job Service are published in *Alaska Wage Rates, 1987*. To receive a copy of this publication contact:

Research and Analysis Section
Alaska Department of Labor
P.O. Box 25501
Juneau, Alaska 99802-5501.

Area Wage Surveys are available in whole or in part from:

Bureau of Labor Statistics
Publications Sales Center
P.O. Box 2145
Chicago, IL 60690

A list of the prevailing wage rates may be obtained from:

Labor Standards and Safety Division
P.O. Box 630
Juneau, Alaska 99811