

Relief funds boosted income

Alaskans' personal income rose 3 percent in 2020

By NEAL FRIED

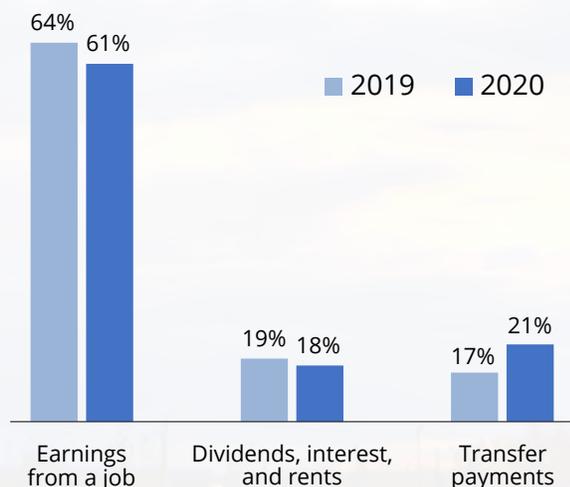
Thousands of jobs evaporated last year, unemployment soared, and some businesses struggled to stay open while others closed. One would expect such economic devastation to put a dent in people's income, and it has before. During the recent statewide recession, Alaskans' total personal income fell by \$800 million in a single year.

But when the pandemic-led slump piled on job losses in 2020, the opposite happened — personal income went up.

Personal income data show a jump of more than \$1.5 billion in 2020, or a little over 3 percent, from 2019. Alaskans received more than \$47 billion overall last year.

Income is what people take in from all sources. Two-thirds come from what people earn at their jobs or through self-employment, and the rest comes from dividends and interest earnings as well as government checks known as transfer payments. (See the

Job earnings dipped as a percent of income; transfer payments rose



Source: U.S. Bureau of Economic Analysis

Alaskans' personal income jumped



Source: U.S. Bureau of Economic Analysis

sidebar on this page for examples.)

Work earnings did drop last year, as one would expect with so many lost jobs. Alaskans earned about \$29 billion at work in 2020, which was \$435 million less than the year before.

COVID-related transfer payments more than made up for those lost wages, however, pushing the level of annual transfer payments Alaskans received to a new

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About the data

Each quarter, the U.S. Bureau of Economic Analysis releases comprehensive personal income data for all 50 states. Personal income includes what every adult and child in the state takes in from all sources: work earnings, dividends (such as Alaska Native Corporation shareholder dividends), interest income, and transfer payments.

Transfer payments include government payments such as Social Security, unemployment benefits, veterans' benefits, Permanent Fund Dividends, and Medicaid, to name just a few.

About the retail data

For this article, retail includes any business that sells merchandise for personal or household consumption. In Alaska, this generally means a place with a storefront. Some Alaska retailers sell both in-store and online, but Alaska has few strictly online retailers.

While Alaskans probably shop online at least as much as most Americans, there is no barometer for online purchasing in Alaska. The state has no reliable or timely way to track retail sales because the two largest markets, Anchorage and Fairbanks, don't have a sales tax. The U.S. Census Bureau estimates Alaska retail sales, but they are survey-based and only come out every five years. (The table on the previous page gives the 2017 estimates, the most recent available. The bureau has released more recent numbers, but they are part of a new experimental data set.) Employment data augmented by limited consumer spending data remain the best proxy for the retail industry's health.

Retail has nearly a dozen broad categories. Most are straightforward, such as gas stations, furniture stores, and motor vehicle and parts dealers, but others need some explanation. Food and beverage stores include grocery and convenience stores while specialty food stores cover meat markets and bakeries. The miscellaneous category encompasses florists, office supply stores, pet stores, souvenir shops, used goods stores, and mobile home dealers. Nonstore retailers include mail order/online sellers and vending machines.

Many places are hybrids and not so easily defined. The largest category, general merchandise stores such as Fred Meyer and Costco, sells just about everything. In general, though, stores are categorized by what they sell most.

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high. In the preceding "normal" years — 2010 through 2019 — transfer payments made up between 14 percent and 17 percent of Alaskans' income. In 2020, that shot up to a record 21 percent.

A large share of the massive federal CARES Act, signed in March last year, went to individuals. For Alaska that included nearly \$2 billion in unemployment compensation, almost \$2.5 billion in stimulus payments, a Medicare reimbursement boost, and payments through various other relief programs.

Pandemic relief programs also bumped up Alaska's per capita income, which is total personal income divided by the number of residents. It rose from \$62,629 per person in 2019 to \$64,780 in 2020.

Less clarity on 2021's outlook

The pattern for personal income in 2021 is less

Transfer payments rose in Alaska with unemployment, relief checks



Source: U.S. Bureau of Economic Analysis

certain. Congress passed a second large COVID-19 relief bill last month, and those funds will soon work their way into Alaska's economy. That bill includes another \$1,400 in economic stimulus payments for most Alaskans.

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