

Per Capita Income in Alaska

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Recently the U.S. Department of Commerce, Bureau of Economic Analysis released 2000 personal income figures for Alaska and the other 49 states. In 2000, all Alaska residents, that is all men, women and children, earned a total of \$18.8 billion. The figure was up by more than \$1.1 billion from the year before.

Total personal income is the most comprehensive measure of income. It includes net earnings (mostly wages and salaries), rental income, transfer payments, dividends and interest income. (See Exhibit 2.) Per capita income figures are the result of dividing total personal income by the entire resident population of an area. They are considered a good measurement of economic well being because of the inclusiveness of their definition. In 2000, Alaska's average per capita income was \$30,064.

Personal income grew 6.3% in 2000

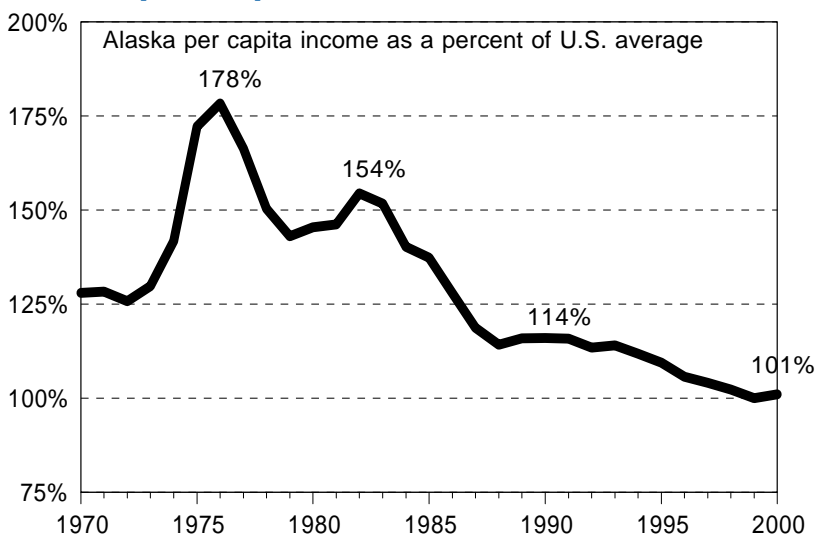
Total personal income grew by 6.3% in Alaska in 2000. That made it the most robust growth in over a decade and double the 1999 rate. The last time it experienced such strong growth was in 1990 at 6.7%. Average annual growth for the past decade was 4.1%. The rebound in the oil patch, strong employment growth and no big negatives in Alaska's economy help explain this past year's strength. Record high permanent fund dividend checks did not hurt either. And with last year's rate of inflation (Anchorage's) coming in just shy of 2%, real gains were significant.

Despite the positive nature of the news, Alaska was again out-performed by the rest of the nation. Personal income in the nation grew by 7.3%, a full percentage point faster than Alaska's. But it was also the strongest growth year for the nation in more than a decade. With the national economy slowing down and a robust economy in Alaska, maybe the state will manage to outpace the nation's income growth in 2001.

Alaska ranks 15th in per capita income

Alaska's per capita income of \$30,064 put Alaska in 15th place among the 50 states. This is an improvement over last year's figure which ranked Alaska 17th. But some caution has to be applied, because the new decennial census numbers were used to calculate the 2000 per capita income figures, and population estimates for the intercensal years that would be consistent have not yet been revised. So when these per capita income figures are revised with the new population estimates, the rankings could change for earlier years.

1 Alaska Now at Mid-Range In per capita income



Source: U.S. Department of Commerce, Bureau of Economic Analysis

Per Capita Income for 2000 2 States by rank

Alaska's per capita figure came in one percent ahead of the nation's average. As recently as 1990, Alaska ranked sixth in the nation. Alaska's long term downward drift, relative to the nation's, began in the mid-1980s with the onset of the state's severe economic recession. (See Exhibit 1.) There are a number of reasons for this relative decline. During the past decade Alaska's economy grew more slowly than in previous decades. And for many of these years Alaska's economy also grew more slowly than the nation's. This occurred when Alaska's oil production started to decline in 1988 and the industry's workforce started to retrench. Other negatives were the reduction in the federal government's workforce and the struggles in the fishing and timber industries. Furthermore, much of the employment growth during the past decade was concentrated in the lower wage industries such as retail and services. In recent years growth in high tech, a high wage industry, has been a big force in the nation's economy but was largely absent in Alaska. Besides economic conditions, demographics can also affect per capita income's performance.

The Bureau of Economic Analysis also publishes disposable per capita income figures for all of the states. Alaska per capita disposable income in 2000 was \$26,171, which ranked 11th in the nation and 4% higher than the nation as a whole. Because Alaska residents enjoy a relatively low state and local tax burden, it's not surprising that their disposable income figure ranks higher.

Will this relative long term decline in Alaska's income performance continue? That is a difficult question to answer. With the present slowdown in the national economy and the possible acceleration of Alaska's growth, some relative improvement may occur for the state's standing. But the longer-term trend is less clear.

Rank in U.S.	States	2000 Per Capita Income	Percent of National Average
1	Connecticut	\$40,640	137%
2	Massachusetts	37,992	128%
....	District of Columbia	37,383	126%
3	New Jersey	36,983	125%
4	New York	34,547	116%
5	Maryland	33,872	114%
6	New Hampshire	33,332	112%
7	Colorado	32,949	111%
8	California	32,275	109%
9	Illinois	32,259	109%
10	Minnesota	32,101	108%
11	Washington	31,528	106%
12	Delaware	31,255	105%
13	Virginia	31,162	105%
14	Nevada	30,529	103%
15	Alaska	30,064	101%
16	Rhode Island	29,685	100%
....	U.S.	29,676	100%
17	Michigan	29,612	100%
18	Pennsylvania	29,539	100%
19	Ohio	28,400	96%
20	Oregon	28,350	96%
21	Wisconsin	28,232	95%
22	Hawaii	28,221	95%
23	Florida	28,145	95%
24	Georgia	27,940	94%
25	Texas	27,871	94%
26	Nebraska	27,829	94%
27	Kansas	27,816	94%
28	Missouri	27,445	92%
29	Wyoming	27,230	92%
30	North Carolina	27,194	92%
31	Indiana	27,011	91%
32	Vermont	26,901	91%
33	Iowa	26,723	90%
34	Tennessee	26,239	88%
35	South Dakota	26,115	88%
36	Arizona	25,623	86%
37	Maine	25,623	86%
38	North Dakota	25,068	84%
39	South Carolina	24,321	82%
40	Kentucky	24,294	82%
41	Idaho	24,180	81%
42	Utah	23,907	81%
43	Oklahoma	23,517	79%
44	Alabama	23,471	79%
45	Louisiana	23,334	79%
46	Montana	22,569	76%
47	Arkansas	22,257	75%
48	New Mexico	22,203	75%
49	West Virginia	21,915	74%
50	Mississippi	20,993	71%

Source: U.S. Department of Commerce, Bureau of Economic Analysis