

Bigger Decade for Wages, Income

What Alaskans make grew more from 2002-2012 than in the '90s

Alaskans' per capita income and average wages grew significantly more over the past decade than during the 1990s. When adjusted for inflation, per capita income increased 12 percent between 2002 and 2012, double its growth during the decade before. Adjusted wages grew by 5 percent after falling 8 percent between 1990 and 2000. (See Exhibits 1 and 2.)

Though neither are a perfect measurement of what Alaskans make, they provide some insight into an area's ability to generate income. And because wages make up nearly 57 percent of total personal income in Alaska, their trends tend to be similar.

What changed between the two decades

The differences between the two decades are partly due to the mix of industries that grew the most in each. During the 1990s, many of the higher-wage industries such as oil and timber declined or stagnated while some lower-wage industries

added a large number of jobs. For example, retail accounted for 25 percent of job growth in the '90s but grew far more slowly in the most recent decade. In contrast, the top-earning mining and oil industries added more jobs from 2002 to 2012.

Another difference was a shift in Alaska's median age, which rose from 29.4 years in 1990 to 34.1 in 2012. Workers tend to make more money as they gain experience, so a larger share of the working population in their higher-earning years could bump up average wages.

Ways to measure what Alaskans make

Total personal income is the most comprehensive measure because it includes income from all sources — wages from a job, transfer payments such as food stamps and other noncash benefits like Medicare, Alaska Permanent Fund dividends, and other types of dividend and interest income. It also covers every man, woman, and child in the state and not just workers.

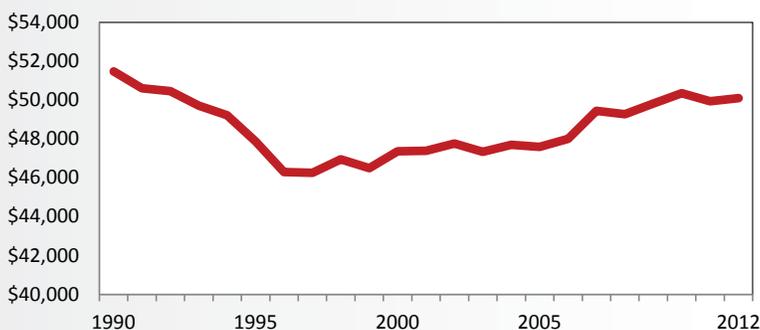
Economic conditions have a major effect on personal income levels, but demographics also play an important role. Family size, the number of dependents, the age of the population, and the percentage of the population in the workforce all influence per capita income.

For example, during the mid-1970s, Alaska's per capita income reached its pinnacle at 75 percent above the national average, largely driven by fat paychecks from oil pipeline construction. Back then, the demographic composition of the state pushed those numbers even higher because many wage earners were single men with no dependents.

Annual average wages only include what's paid by an employer, dividing total payroll by the average

1 Average Wages Up After '90s Decline

Alaska real* wages, 1990 to 2012



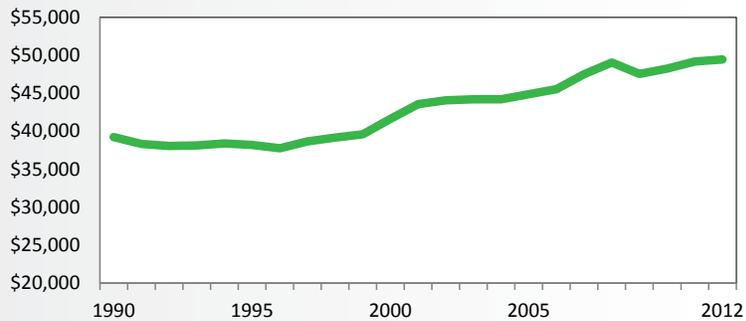
*Values are adjusted for inflation.

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

number of yearly jobs. This is useful for determining what an industry pays on average.

Long hours, high wages, and a year-round workforce keep the oil and gas industry's average wages on top — nearly three times the overall average. On the other side of the spectrum are retail and the leisure and hospitality sector, which consists mostly of hotels, bars, and restaurants; these jobs typically pay less than average and are often seasonal or part-time.

2 Income* Rose Faster in the 00s Alaska, 1990 to 2012



*Personal per capita income

Note: Values are adjusted for inflation.

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



This month in Trends history

MARCH 1968

March employment in Alaska continued its moderate upswing, which began in early February. The modest month-to-month improvement is evident in several areas of the state.

Juneau, where the Snettisham Dam project is slowly increasing operations and Ketchikan, where logging and pulp mill companies have accelerated their operations, have together contributed most to the improved employment picture.

Firm steps are being taken in Fairbanks to protect the city and surrounding area from floods. The Board of Army Engineers announced a \$113 million flood control project that will include a 124-foot earth dam on the Chena River, a 68-foot dam on the Little Chena River, and nearly 27 miles of levees on the Tanana and Chena rivers, but no announcement was made of the commencement date.

The State of Alaska provided an incentive to stimulate further interest in the Bristol Bay area by releasing for competitive bidding 350,000 acres of offshore land for petroleum leasing. The oil leases are the first the state has ever offered in the area, which extends from Port Heiden to Port Moller.

The Department of Labor and Workforce Development has published *Alaska Economic Trends* as far back as 1961, and other labor market summaries since the late 1940s. Historical *Trends* articles are available at labor.alaska.gov/trends as far back as 1978, and complete issues are available from 1994.