

# Alaska's Personal Income

The makeup of what we take in and how Alaska compares

By **NEAL FRIED**

**A**laska residents brought in \$42.3 billion in personal income in 2017. Dividing that total by the number of residents — adults and children alike — puts 2017's per capita income at \$57,179.

Because personal income takes all income sources and all residents into account, it's considered the most comprehensive measure of what residents take in and is a useful barometer of an area's overall economic well-being.

Although personal income has been somewhat erratic over the years, total personal income was up about \$840 million in 2017 from the year before, which was the first full year of the state recession.

Preliminary data show this growth continued into 2018, even as the state continued to shed jobs. (See Exhibit 1.) While this could be a sign of economic recovery, it likely means other sources of income besides work earnings boosted the numbers.

## 65 percent comes from work

Of the \$42.3 billion Alaskans received in 2017, about \$27.5 billion — 65 percent — came from working. The nationwide share was about the same. (See Exhibit 2.)

The vast majority of Alaskans' work earnings came from regular wage or salary jobs and the remainder were from self-employment.

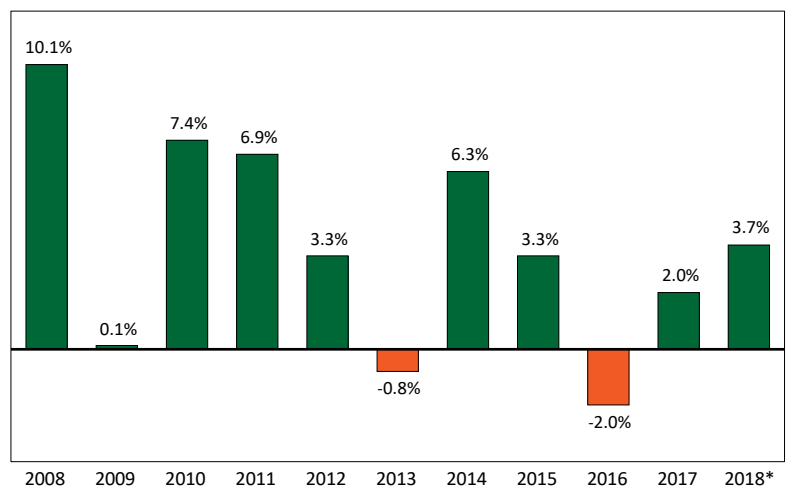
## 19 percent is from investments

Also similar to the U.S., close to 19 percent of per-

# 1

## Income Changes Have Been Erratic

TOTAL PERSONAL INCOME, YEARLY CHANGE, 2008 TO 2018\*



\*First three quarters of 2017 compared to first three quarters of 2018  
Source: U.S. Department of Commerce, Bureau of Economic Analysis

sonal income was from investments, characterized as "dividends, interest, or rent." This amounted to more than \$7.8 billion in Alaska.

Investment income includes interest and dividend distributions from private holdings in corporate stock and shareholder dividends from Alaska Native corporations. It also covers rents from real estate minus rental property expenses and the depreciation of fixed assets, and royalties from natural resource rights.

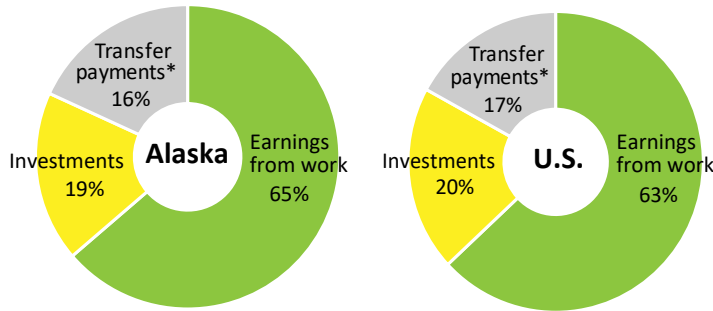
## The rest from transfer payments

Transfer payments contributed the remaining 16 percent of Alaskans' income, and they too represent a similar share nationally.

Transfer payments can come from private sources, but most come from government. Examples include

## 2 Alaska, U.S. Income Makeup Similar

TOTAL PERSONAL INCOME, 2017



\*Transfer payments include benefits such as disability and retirement payments, and in Alaska, Permanent Fund Dividends.

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

retirement and disability payments, supplemental benefits for low income people, and unemployment and veterans' benefits. In Alaska, they also include Permanent Fund Dividends.

## Alaska ranks 10th in the nation per capita

Personal income takes on additional meaning when calculated per capita and used for comparisons between places in Alaska and between Alaska and other states.

Alaska's per capita income of \$57,179 in 2017 put us in 10th place among states (see Exhibit 3), a ranking that hadn't changed much over the prior four years but is still the lowest we've been in recent years.

Alaska's income reached its peak relative to the nation's in 1976. That year, as the Trans-Alaska Pipeline was being built, Alaska's per capita income was a whopping 73 percent higher than U.S. per capita income.

Alaska's income remained well above the nation's until the trend changed in 1986 with the onset of the state's most severe recession to date. Our per capita income shrank from a high of 38 percent above the nation's in 1985 to a low of 4 percent above in 1999 and 2000.

Over the most recent decade, the gap fluctuated between 10 percent above the nation in 2007 to a high of 22 percent in 2010 as the national economy suffered through several years of the Great Recession. (See Exhibit 4.) After that, Alaska's advantage shrank as we entered our own recession while the national economy thrived.

The long-term narrowing trend is mainly due to the shrinking difference in wages between Alaska and the nation as a whole. (See the sidebar on page 8.) Two major reasons are that Alaska's economic growth has been slower in recent years, we've lost a disproportionate share of jobs in high-wage industries such as oil and gas, and Alaska's service sector and its lower-wage jobs have become a bigger slice of our economy.

## 3 Alaska Ranks 10th

PER CAPITA INCOME, 2017

1	Connecticut	\$71,823
2	Massachusetts	\$67,630
3	New York	\$64,540
4	New Jersey	\$64,537
5	Maryland	\$60,847
6	California	\$59,796
7	New Hampshire	\$59,668
8	Washington	\$57,896
9	Wyoming	\$57,346
<b>10</b>	<b>Alaska</b>	<b>\$57,179</b>
11	Virginia	\$55,105
12	Colorado	\$54,646
13	Minnesota	\$54,359
14	Illinois	\$54,203
15	Pennsylvania	\$53,300
16	Hawaii	\$52,787
17	Rhode Island	\$52,786
18	North Dakota	\$52,269
19	Vermont	\$52,225
	<b>United States</b>	<b>\$51,640</b>
20	Nebraska	\$50,809
21	Delaware	\$49,673
22	Wisconsin	\$48,941
23	South Dakota	\$48,818
24	Kansas	\$48,559
25	Oregon	\$48,137
26	Florida	\$47,684
27	Texas	\$47,362
28	Iowa	\$47,062
29	Ohio	\$46,732
30	Maine	\$46,455
31	Michigan	\$46,201
32	Nevada	\$46,159
33	Tennessee	\$45,517
34	Montana	\$45,385
35	Indiana	\$45,150
36	Missouri	\$44,978
37	Oklahoma	\$44,376
38	North Carolina	\$44,222
39	Georgia	\$44,145
40	Louisiana	\$43,660
41	Utah	\$43,459
42	Arizona	\$42,280
43	Idaho	\$41,826
44	South Carolina	\$41,633
45	Arkansas	\$41,046
46	Alabama	\$40,805
47	Kentucky	\$40,597
48	New Mexico	\$39,811
49	West Virginia	\$38,479
50	Mississippi	\$36,636

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

## Income equality 2nd among states, differs within Alaska

Alaska's income distribution is the second most equal in the nation as of 2017, according to the U.S. Census Bureau, a spot we often trade off with Utah for No. 1. (See Exhibit 5.) For income equality, the ratio, called the Gini Index, ranges from 0 to 1, with 0 indicating perfect equality and 1 meaning one household has all the income and the rest have none.

Why Alaska nearly tops the list isn't fully understood, but several factors contribute. First, Alaska isn't home to a significant number of extremely wealthy people. Alaska is also a young state, as is Utah, and Permanent Fund Dividends narrow the gap by supplementing the income of all Alaska residents.

Although Alaska's income distribution is one of the nation's most equal, per capita income varies widely between urban and rural Alaska areas. Many rural areas have per capita incomes well below the state and national numbers. (See Exhibit 6.) This disparity would be even larger if adjusted for the high rural cost of living.

Lower rural incomes are due partly to relatively fewer job opportunities and lower labor force participation rates. Families in rural Alaska also tend to be larger and younger, which further lowers per capita income. In rural areas, transfer payments make up a larger share of personal income.

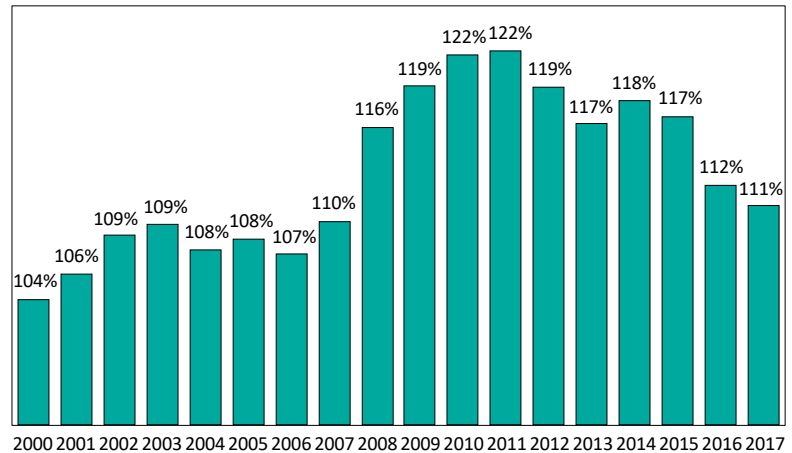
Kusilvak Census Area in the Southwest is a good proxy

# 4

## Per Capita Income Down Relative to U.S.

### ALASKA AS A PERCENTAGE OF U.S., 2000 TO 2017

Alaska per capita income as percent of U.S. income



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

for many small, off-road areas. At \$30,872, Kusilvak's per capita income was just 54 percent of statewide, and nearly 48 percent of its income came from transfer payments. Kusilvak is the youngest part of the state, with a median age of 22.2 to Alaska's 33.8, and its unemployment rate is often the highest in the state, due mainly to a lack of available jobs.

There are exceptions to the urban-rural divide, though. Per capita income tops the statewide figure in the North Slope, Skagway, Denali, and Bristol Bay boroughs. Conversely, incomes in the urban Fairbanks North Star and Matanuska-Susitna boroughs fall below the state as a whole.

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### About the data

Personal income data come from the U.S. Bureau of Economic Analysis, which releases these numbers each quarter for all states and annually for every county equivalent.

Personal income encompasses all sources, including wages and self-employment earnings, investments, interest, rents, and transfer payments such as retirement and disability payments and the Permanent Fund Dividend, to name a few.

The per capita calculation simply divides an area's total personal income by its number of residents. Because it includes

every resident, including children and retirees, an area's demographic makeup, economic conditions, and mix of jobs all affect the final number.

Relevant demographics include family size, the typical number of dependents, population age, and the percent who participate in the labor force. For example, areas with higher percentages of children or retirees, and therefore proportionally fewer workers, often have lower per capita income.

Overall, though, Alaska has an above-average labor force participation rate and is among the highest-ranked states for female labor force participation, which both push per capita income higher.

# 5 Alaska Income Equality is 2nd BY STATE, 2017

	Gini Index*
Utah	0.423
<b>Alaska</b>	<b>0.424</b>
Wyoming	0.433
Iowa	0.438
Nebraska	0.439
New Hampshire	0.439
Hawaii	0.446
Wisconsin	0.447
Idaho	0.448
South Dakota	0.449
Indiana	0.45
Minnesota	0.452
Maine	0.453
Maryland	0.453
Vermont	0.453
Kansas	0.454
Montana	0.454
Colorado	0.455
North Dakota	0.455
Washington	0.456
Oregon	0.459
Nevada	0.461
Missouri	0.462
Ohio	0.464
Oklahoma	0.466
Arizona	0.467
Michigan	0.467
Virginia	0.467
West Virginia	0.469
Rhode Island	0.472
Arkansas	0.473
North Carolina	0.476
Alabama	0.477
Kentucky	0.478
New Mexico	0.478
Pennsylvania	0.478
Texas	0.478
Mississippi	0.479
New Jersey	0.479
South Carolina	0.48
Delaware	0.481
<b>U.S.</b>	<b>0.482</b>
Illinois	0.482
Tennessee	0.482
Georgia	0.483
Massachusetts	0.485
Florida	0.486
California	0.487
Connecticut	0.494
Louisiana	0.494
New York	0.546



More equal



Less equal

# 6 Income Varies Widely by Area PER CAPITA INCOME AROUND ALASKA, 2017

	Per capita income	Percent of statewide
Bristol Bay Borough	\$126,725	222%
North Slope Borough	\$86,588	151%
Denali Borough	\$78,138	137%
Skagway, Municipality	\$76,710	134%
Juneau, City and Borough	\$66,367	116%
Sitka, City and Borough	\$65,745	115%
Ketchikan Gateway Borough	\$65,034	114%
Petersburg Borough	\$63,637	111%
Anchorage, Municipality	\$63,532	111%
Kodiak Island Borough	\$60,891	106%
Haines Borough	\$59,951	105%
Lake and Peninsula Borough	\$59,760	105%
Valdez-Cordova Census Area	\$59,622	104%
Dillingham Census Area	\$59,340	104%
Aleutians East Borough	\$59,084	103%
<b>Alaska</b>	<b>\$57,179</b>	<b>100%</b>
Hoonah-Angoon Census Area	\$55,045	96%
Fairbanks North Star Borough	\$54,497	95%
Aleutians West Census Area	\$53,010	93%
Yakutat, City and Borough	\$52,812	92%
Nome Census Area	\$49,983	87%
Kenai Peninsula Borough	\$49,800	87%
Southeast Fairbanks Census Area	\$47,802	84%
Northwest Arctic Borough	\$46,033	81%
Matanuska-Susitna Borough	\$44,803	78%
Wrangell, City and Borough	\$44,286	77%
Bethel Census Area	\$42,863	75%
Prince of Wales-Hyder Census Area	\$41,420	72%
Kusilvak Census Area	\$30,872	54%

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

\*The Gini index is the most common measure of income equality, where 0 represents exact equality and 1 would mean one household has all the wealth.  
Source: U.S. Census Bureau, 2017 Median Household Income

# A look at yearly wages, the biggest slice of income

Pay from working is the biggest share of total personal income. In 2017, Alaska's average annual wage was \$53,714, putting us in 16th place nationally.

Alaska has historically ranked much higher. In 2015, before the state recession hit and Alaska lost thousands of high-paying oil and gas jobs, our average annual wage was well above the national average, at \$54,755 versus \$52,942, and we ranked ninth among states.

Then in 2016, Alaska's average annual wage fell below the national average for the first time. It remained lower through 2017 and, according to preliminary data, through the first two quarters of 2018. This is because Alaska remains in a prolonged recession while the national economy is thriving, and the state's growth was slower in the years that preceded it.

Average annual wages vary considerably within the state, and often along rural-urban lines. In 2017, area wages varied from a high of \$96,912 in the North Slope Borough, home to many high-wage oil industry jobs, to a low of \$25,800 in Kusilvak Census Area in Southwest. (Wages are calculated by place of work, unlike personal income, which is by place of residence.)

Average annual wage is a more limited measure than total personal income — it's just the state's total payroll divided by the average number of jobs — but it provides some insight into an area's income-generating capacity. Note that unlike median, which is the middle value, averages can be skewed by extreme highs or lows.

Another limitation of average annual wage is that an area with few

## Average annual wages around Alaska in 2017

North Slope Borough	\$96,912
Northwest Arctic Borough	\$67,200
Southeast Fairbanks Census Area	\$65,040
Aleutians West Census Area	\$57,588
Anchorage, Municipality	\$55,920
Valdez-Cordova Census Area	\$54,996
Aleutians East Borough	\$53,928
Juneau, City and Borough	\$51,036
Fairbanks North Star Borough	\$50,112
Bristol Bay Borough	\$49,656
Nome Census Area	\$49,044
Kenai Peninsula Borough	\$47,052
Ketchikan Gateway Borough	\$45,828
Kodiak Island Borough	\$44,772
Denali Borough	\$44,580
Dillingham Census Area	\$44,520
Sitka, City and Borough	\$43,488
Petersburg Borough	\$43,056
Matanuska-Susitna Borough	\$41,760
Bethel Census Area	\$40,680
Yakutat, City and Borough	\$40,560
Skagway, Municipality	\$40,344
Lake and Peninsula Borough	\$39,996
Prince of Wales-Hyder Census Area	\$39,648
Wrangell, City and Borough	\$38,316
Haines Borough	\$37,152
Hoonah-Angoon Census Area	\$35,472
Yukon-Koyukuk Census Area	\$35,244
Kusilvak Census Area	\$25,800

Source: Alaska Department of Labor, Research and Analysis Section

employment opportunities and lower per capita income can still have a high average wage for the small number of jobs that do exist. Examples are the Northwest Arctic Borough with its hundreds of jobs at the Red Dog Mine and Southeast Fairbanks Census Area, which has high-paying federal civilian jobs at Fort Greely. Both areas also have few of the lower-paying service jobs common in other boroughs.

These numbers reflect wage and salary jobs only, so they exclude self-employment such as commercial fishing. They also exclude active duty military.

## Average annual wages by state, 2017

1 New York	\$70,682
2 Massachusetts	\$69,929
3 Connecticut	\$66,636
4 California	\$65,857
5 New Jersey	\$64,042
6 Washington	\$62,041
7 Maryland	\$59,603
8 Illinois	\$57,971
9 Colorado	\$56,914
10 Virginia	\$56,503
11 Minnesota	\$56,140
12 Delaware	\$55,828
13 Texas	\$55,795
<b>U.S. average</b>	<b>\$55,390</b>
14 New Hampshire	\$55,138
15 Pennsylvania	\$54,000
<b>16 Alaska</b>	<b>\$53,714</b>
17 Rhode Island	\$52,840
18 Michigan	\$52,487
19 Georgia	\$52,189
20 Oregon	\$51,118
21 North Dakota	\$50,313
22 Arizona	\$50,146
23 Hawaii	\$49,671
24 Ohio	\$49,153
25 North Carolina	\$48,920
26 Tennessee	\$48,820
27 Florida	\$48,455
28 Nevada	\$48,126
29 Missouri	\$47,364
30 Wisconsin	\$47,238
31 Utah	\$46,575
32 Louisiana	\$46,500
33 Wyoming	\$46,270
34 Indiana	\$46,192
35 Vermont	\$46,186
36 Iowa	\$46,074
37 Alabama	\$45,997
38 Kentucky	\$45,166
39 Oklahoma	\$45,121
40 Kansas	\$45,116
41 Nebraska	\$44,851
42 South Carolina	\$44,177
43 Maine	\$43,911
44 New Mexico	\$43,535
45 West Virginia	\$43,419
46 Arkansas	\$42,959
47 South Dakota	\$42,432
48 Montana	\$42,045
49 Idaho	\$41,345
50 Mississippi	\$38,788

Source: U.S. Department of Labor, Bureau of Labor Statistics