

Personal Income DIPS ^B_Y 1 PERCENT

Smaller PFD, job loss drop Alaska from 5th to 8th place nationally

By NEAL FRIED

Alaska has long been among the top states for per capita income, and it still is — but total personal income dropped by 1 percent in 2016. Although the decline was small, it was a departure from the past decade's trend of 4.8 percent growth per year on average.

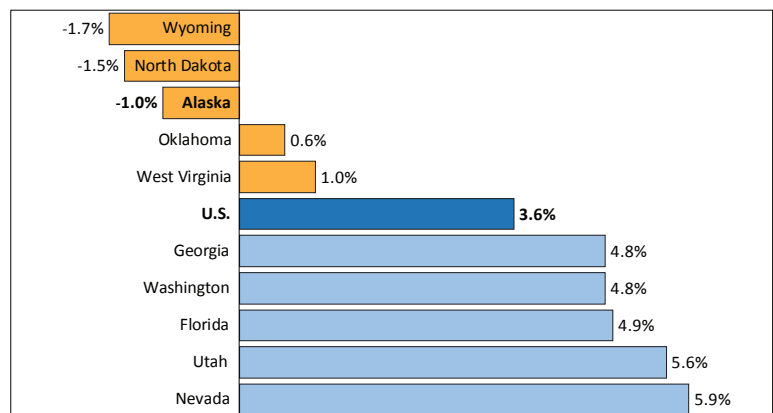
Two other states' incomes also declined, and all three have one thing in common: energy-dependent economies. (See Exhibit 1.) Wyoming lost the most at -1.7 percent, followed by North Dakota, then Alaska. Meanwhile, the national average rose 3.6 percent.

12 percent higher than U.S.

Alaska's 2016 per capita income of \$55,307

1 Alaska Loses A Little Ground

TOTAL PERSONAL INCOME, 2015 TO 2016 CHANGE



Source: U.S. Bureau of Economic Analysis

About the data

Total personal income is the most comprehensive measure of what Alaskans make, and it's considered a good barometer for economic well-being because it's so inclusive.

Personal income encompasses what residents take in from all sources. It includes earnings (mostly from wages and salaries), investment income (corporate dividends,

income from rent, and interest earned from savings), transfer payments (income from government or private social insurance programs and in Alaska's case, Alaska Permanent Fund Dividends), and interest income.

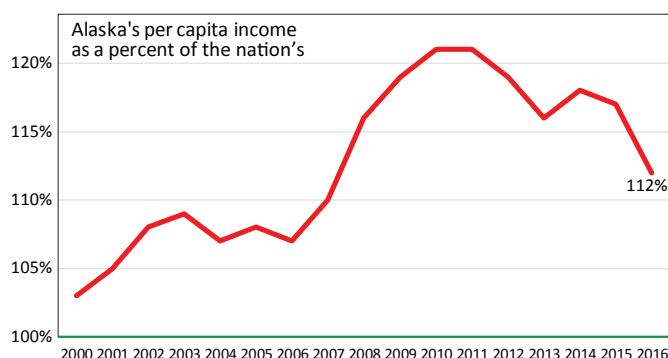
Per capita income is calculated by dividing the total personal income of people in an area by the area's total resident population. Note that none of this article's data have been adjusted for inflation.

2 Per Capita Income by State 2016

1	Connecticut	\$71,033	26	Iowa	\$46,794
2	Massachusetts	\$65,137	27	Florida	\$45,819
3	New Jersey	\$61,968	28	Oklahoma	\$45,682
4	New York	\$60,534	29	Oregon	\$45,049
5	New Hampshire	\$58,322	30	Ohio	\$44,876
6	Maryland	\$57,936	31	Michigan	\$44,347
7	California	\$55,987	32	Maine	\$44,316
8	Alaska	\$55,307	33	Missouri	\$43,723
9	Wyoming	\$55,212	34	Nevada	\$43,637
10	North Dakota	\$55,038	35	Indiana	\$43,492
11	Virginia	\$53,723	36	Louisiana	\$43,487
12	Washington	\$53,493	37	Tennessee	\$43,380
13	Minnesota	\$52,117	38	Montana	\$42,386
14	Illinois	\$52,098	39	North Carolina	\$42,002
15	Colorado	\$52,059	40	Georgia	\$41,835
16	Rhode Island	\$51,576	41	Utah	\$40,744
17	Pennsylvania	\$51,275	42	Arizona	\$40,243
18	Hawaii*	\$50,551	43	Kentucky	\$39,499
19	Vermont	\$50,321	44	South Carolina	\$39,465
20	Nebraska	\$49,636	45	Arkansas	\$39,345
	U.S. Average	\$49,571	46	Alabama	\$39,231
21	Delaware	\$48,697	47	Idaho	\$39,107
22	Kansas	\$48,537	48	New Mexico	\$38,807
23	South Dakota	\$48,049	49	West Virginia	\$37,386
24	Texas	\$47,636	50	Mississippi	\$35,936
25	Wisconsin	\$47,275			

Source: U.S. Bureau of Economic Analysis

3 Income Still High Relative to U.S., But Not as High 2000 to 2016



Source: U.S. Bureau of Economic Analysis

pushed the state down from fifth to eighth place nationally. (See Exhibit 2.)

Alaskans' per capita income was 17 percent higher than the U.S. average in 2015, and dipped to 12 percent higher in 2016. (See Exhibit 3.)

Fifth place among states was a decade high for Alaska, and the state reached that peak five times. At the opposite extreme, Alaska dropped to 11th place once, in 2006, when many states' incomes grew much faster.

This fluctuation depends on the relative health of the national and state economies, and because Alaska is in a recession now and the nation's economy is relatively healthy, Alaska's ranking is likely to fall further in the short-term.

Job losses and a smaller PFD

The reason for Alaska's modest decline is twofold: job losses and smaller Permanent Fund Dividend checks, both of which were expected. If only one of these factors had been in play, overall personal income might still have increased in 2016, but together the declines were too big.

The PFD fell from \$2,072 in 2015 to \$1,022 in 2016. Total transfer payments, which include PFDs, fell by \$387 million in 2016, or nearly 6 percent.

Net earnings from a job, which represent nearly three-quarters of all personal income, dipped by nearly a percent. That decline was driven by employment losses in oil and gas, which is Alaska's highest-paying industry, and related job losses in construction and professional, scientific, and technical services.

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