

WORKERS AND WAGES

How earning patterns have shifted in the last 25 years

By MALI ABRAHAMSON

The number of workers in Alaska and the total amount earned has grown steadily over the past 25 years, but there have been shifts in the distribution of those earnings. (See exhibits 1 and 2.)

The percentage of year-round workers making relatively low wages — between \$20,000 and \$40,000 — increased from 28 percent in 1989 to 34 percent in 2014. Conversely, the percentage making moderately high wages — between \$70,000 and \$150,000 — fell

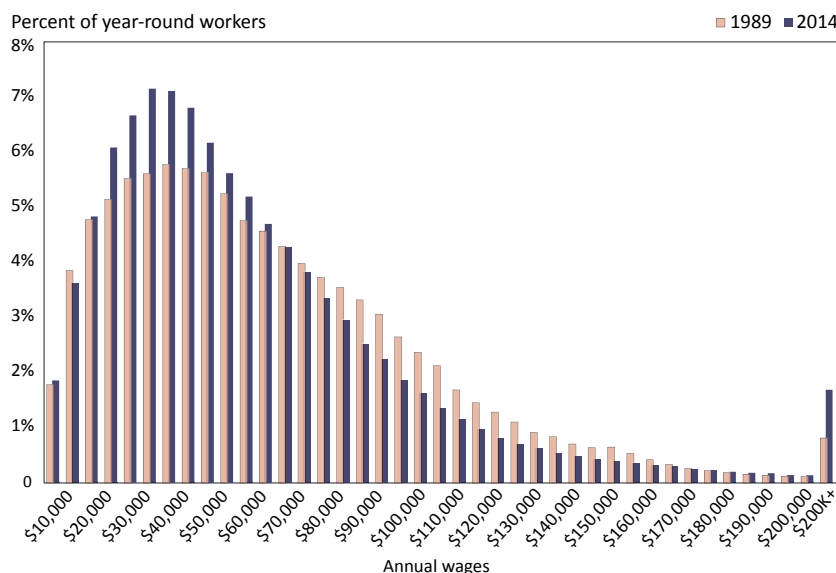
from 34 percent to 26 percent.

For the small number of workers making more than \$200,000 a year, the percentage more than doubled between 1989 and 2014, from 0.8 percent to 1.7 percent. That growth came mostly from upper management occupations in the oil and gas industry.

Related to the shift in wages, Alaska's median wage is also lower now than it was 25 years ago, though it has been steadily rising since 1999. (See Exhibit 3.) All wages in this article are adjusted for inflation and are in 2014 dollars.

1 A Higher Share of Workers Are Lower-Wage

ALASKA, 2014 VERSUS 1989



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

About the data

This article covers only year-round workers, or those who worked in Alaska in all four quarters of the year. Wages and worker counts include full-time and part-time employees and exclude federal civilian and military workers as well as the self-employed.

It also only covers payroll workers, or those who earn a wage or salary. Business owners, including partners in a business who share profits but don't receive a wage or salary, are excluded.

The median wage went down

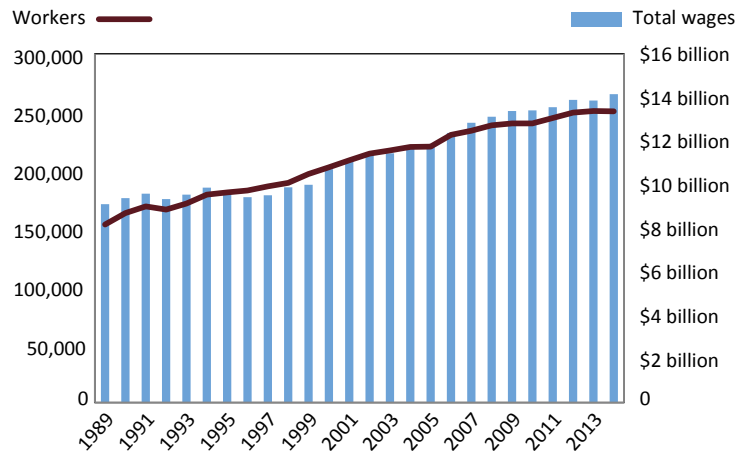
In 1989, Alaska's median wage was \$48,654, the highest over the 25-year period. The state's economy changed as the service sector expanded in the early '90s, bringing in more lower-paying jobs in office administration, food service, and retail.

State and local government workers' wages also dropped significantly as Alaska emerged from the high-demand labor market of the 1970s and 1980s brought on by pipeline construction and the boom fueled by new oil revenue.

By 1999, the median wage hit its lowest point at \$40,350. It has gradually increased since then, to \$44,750 by 2014.

2 Workers, Total Wages Grew

ALASKA, 1989 TO 2014



Note: Includes year-round workers only.

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

More workers with lower wages

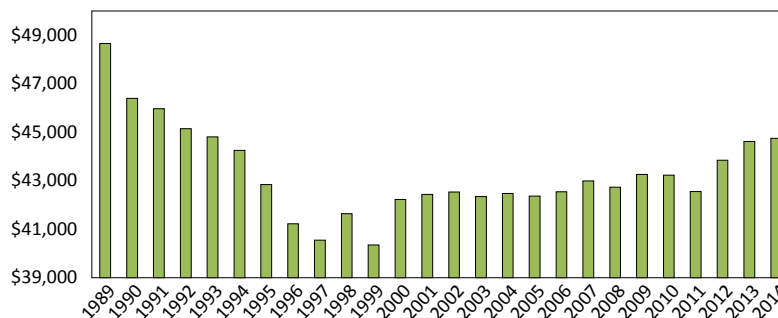
Two-thirds of the numerical growth in year-round workers since 1989 has been among those making less than \$50,000 a year. There was little to no increase in the number of workers in the \$90,000 to \$200,000 range. (See Exhibit 4.)

The high earners

To help explain some of the shifts, we grouped workers into five wage categories and adjusted their earnings to 2014 dollars for comparison. (See Exhibit 5.)

3 Adjusted for Inflation, Median Wage is Down

ALASKA YEAR-ROUND WORKERS, 1989 TO 2014

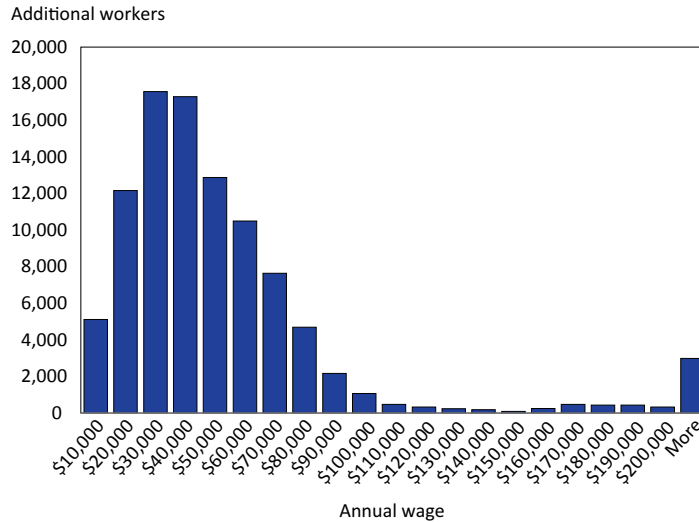


Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

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Growth Mainly in Low-Wage Workers

BY WAGE RANGE, 1989 TO 2014



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

In 2014, the top 20 percent earned 45 percent of Alaska's total wages. The top 40 percent earned more than two-thirds. The top 1 percent earned 6.5 percent.

Median wages fell for all quintiles through 1999, but the top 20 percent's earnings have recovered the most since. In this group, median wages fell by \$18,000, or 16 percent, from 1989 to 1999. But by 2014, the median was down just \$7,400 from 1989. (See Exhibit 6.)

The *mean or average* wage among the top earners grew, however, from \$124,000 in 1989 to \$128,000 in 2014. The reason the median went down but the average went up for this group is that the number and percentage of especially high earners grew, skewing the average upward. In 2014, more than 40 people earned

more than \$1 million, while in 1989 there were just a few.

The low earners

The lowest 20 percent of earners made less than 5 percent of total wages in 2014. Their wages varied the least over the 25-year period.

This group's 2014 median wage of \$14,700 was about a hundred dollars less than it was in 1989. Although these were all year-round workers, many in the lowest bracket worked part-time.

Those in the middle

Wages for quintiles two through four fell considerably through 1999, then had ups and downs through 2014 but didn't recover to 1989 levels.

In 2014, the second-lowest earning group, group two, had a median wage that was \$3,000 lower than it was in 1989. Group three's wages were \$6,250 lower, and group four's were \$9,600 lower. (See Exhibit 6.)

More women in low, high brackets

In both 1989 and 2014, women were much more like-

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Yearly Wage Ranges

ALASKA, BY QUINTILE, 2014

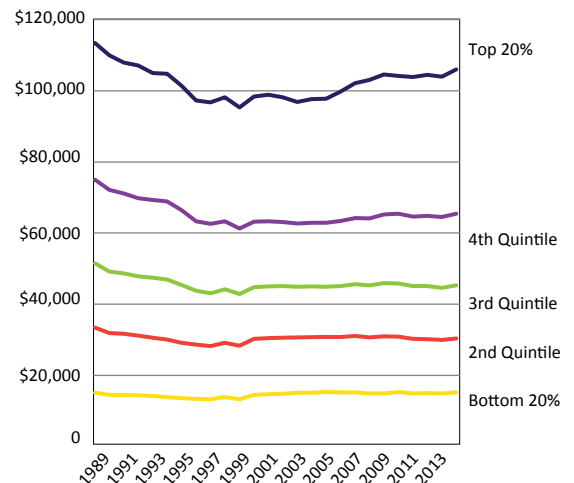
	Median	Maximum	Minimum
Bottom 20%	\$14,700	\$22,800	–
2nd Quintile	\$29,900	\$36,900	\$22,800
3rd Quintile	\$44,700	\$53,900	\$36,900
4th Quintile	\$64,900	\$79,500	\$53,900
Top 20%	\$105,500	–	\$79,500

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

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Top 20% Recovered Most

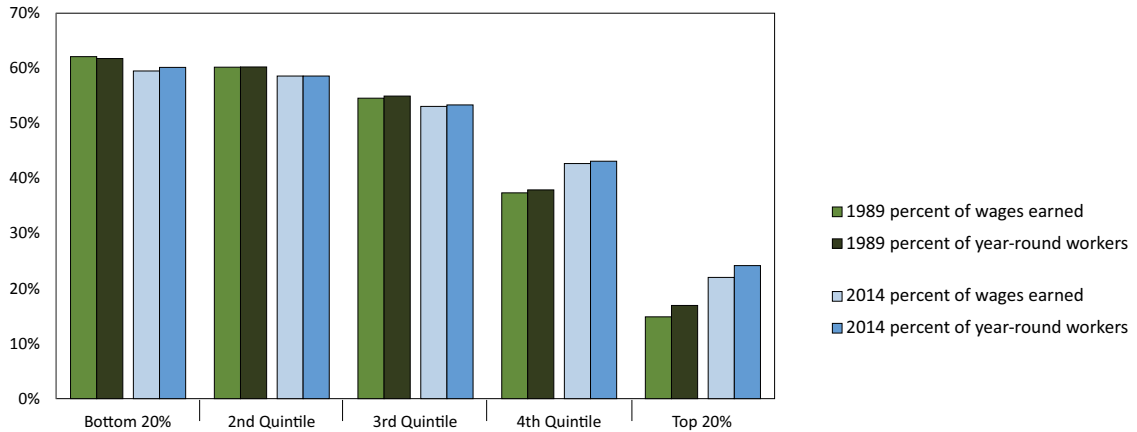
MEDIAN WAGES, ALASKA, 1989 TO 2014



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

7 Percent Female, Workers and Wages

ALASKA, 1989 VERSUS 2014



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

ly than men to earn low wages. More than 60 percent of workers in the bottom 20 percent of earners were women in 1989 and that percentage had dropped only slightly by 2014. (See Exhibit 7.)

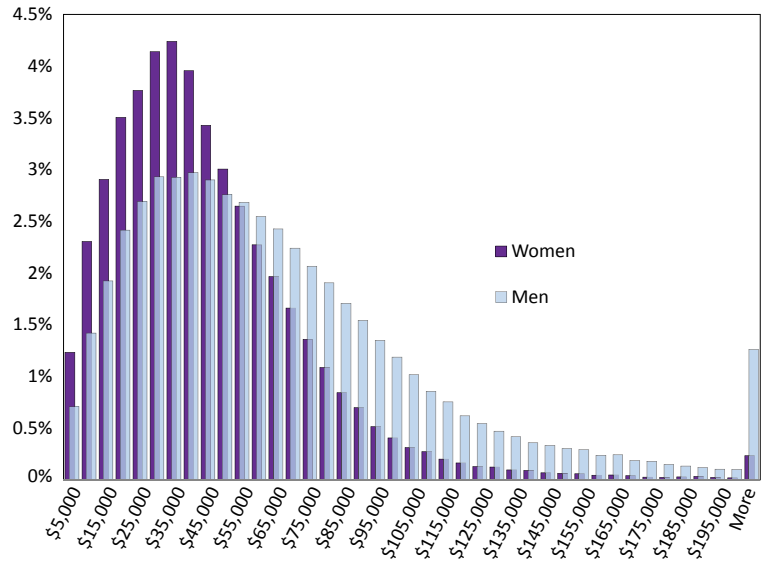
There were noticeable increases in women in the overall percentage of workers and wages in the top two quintiles, although in the highest quintile women still are just 24 percent of workers and make 22 percent of that group's wages.

In 2014, the ten lowest earning levels, from \$5,000 to \$50,000, all had higher percentages of women than men, and the reverse is true at higher earning levels. (See Exhibit 8.) The fact that women are more likely to work part time explains some, but not all, of the difference.

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8 More Low Earners Are Women

PERCENT OF ALL WORKERS BY WAGE RANGE, 2014



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

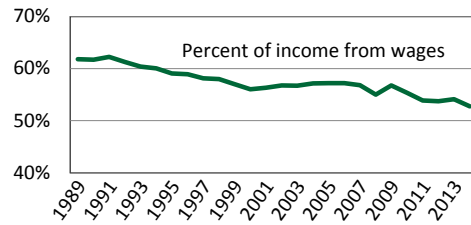
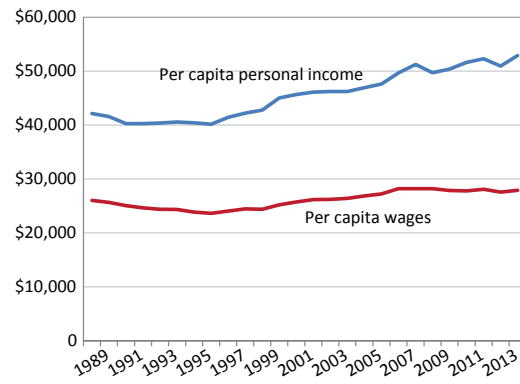
Wages and their connection to personal income

Income inequality has become a hot national topic in recent years, and although the distribution of wages is relevant to questions about income inequality in Alaska, there are important differences.

Income includes three main categories: 1) “earnings by place of work,” of which wages are the largest piece; 2) “dividends, interest, and rent,” broadly defined as investment or property income; and 3) “personal current transfer receipts,” or payments to people “for which no current services are performed.” This last category includes Medicaid and Medicare, retirement and disability benefits, unemployment insurance benefits, and the Alaska Permanent Fund Dividend.

Over the period measured, Alaskans’ per capita income climbed about 25 percent, though per capita wages rose by only 7 percent. That means we are bringing in a smaller percentage of our income from year-round wage and salary jobs.

Growth in per capita income has come from the dividends, interest, and rent category, which has increased by 20 percent, and from personal current transfer receipts, which have nearly doubled.



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