

Alaska's personal income in 2022

A bump last year, but gap with U.S. has narrowed long-term

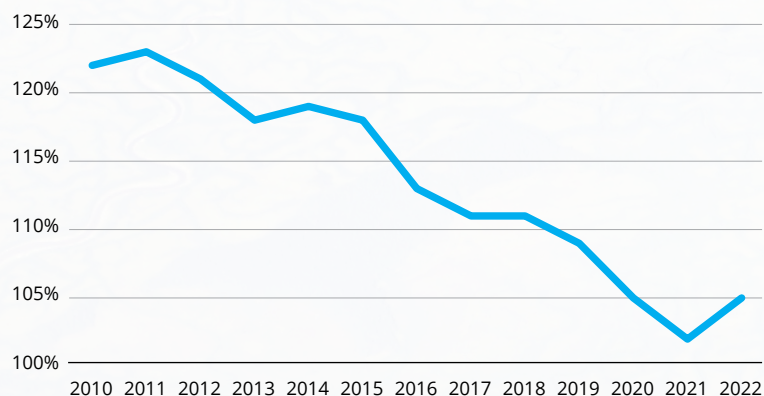
By NEAL FRIED

Alaska's total personal income, which is all of the income its residents receive, grew 4.8 percent in 2022 — twice the national rate. The state's personal income growth had lagged behind the nation and most states for years as our economy underperformed, but Alaskans enjoyed a bigger bump last year.

Among states, total personal income growth ranged from a low of 0.01 percent in Louisiana to a high of 6.2 percent for Idaho.

Total personal income is linked to population size, though, which makes it less enlightening when looking beyond the growth rate. Alaska ranks 48th among states for total personal income, but our population size also ranks 48th.

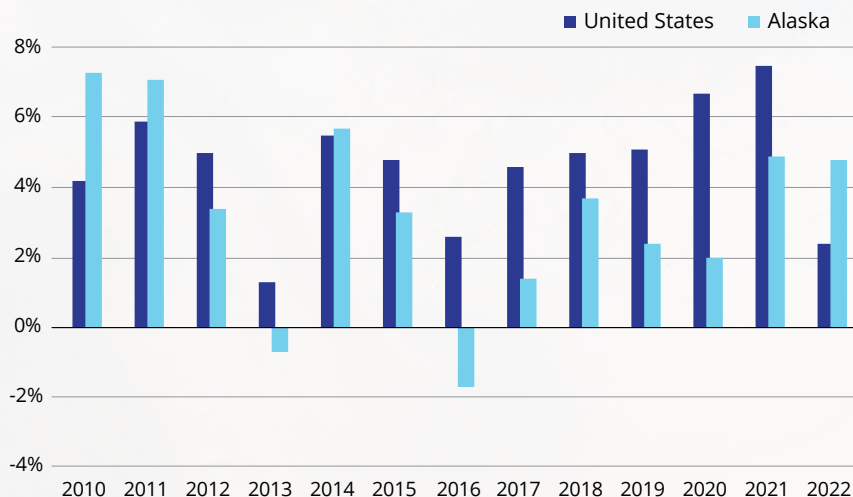
Alaska per capita income as a percent of U.S.



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

Per capita income, which is the amount of annual income per person in the state from nearly all sources, allows for more meaningful comparisons among states. Per capita income is also used as a

Growth in total personal income for U.S. and Alaska



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

The increase in transfer payments more than offset Alaska's losses from pandemic job cuts, and personal income kept growing.

rough barometer for a state's economic well-being.

Alaska's *total* personal income in 2022 was \$50.6 billion, and Washington, which has far more people, had \$589 billion. Dividing our states' total personal income by our respective populations shows Alaska's income per person was \$68,919 and Washington's was \$75,698, ranking Alaska 11th and Washington sixth.

At the top of the list was Connecticut at \$84,972 and at the bottom was Mississippi at \$46,248.

Alaska's per capita income topped that of the U.S. as a whole last year, but not by much, at 105 percent of the national figure.

What personal income includes

Income covers not just earnings from work but also dividends, interest, rents, and transfer payments, which are mostly government payments in the form of Social Security, veterans' benefits, unemployment benefits, Temporary Assistance for Needy Families benefits, and in Alaska's case, Permanent Fund Dividends.

Private pension payments are not included in personal income. The Bureau of Economic Analysis, which produces the data, captures employer contributions at the time they are made into pension accounts rather than when retirees receive the payments.

That means residents of popular retirement states such as Florida and Arizona are receiving a lot of money that isn't reflected in that year's personal income numbers. It's also a reminder that personal income as defined here is not the same as the Internal Revenue Service's income definition for tax purposes.

2022 was a good year for Alaska

Alaskans' income sources didn't vary much from

Per capita income by state, 2022

		2022 per capita income	Percent of U.S.
1	Connecticut	\$84,972	130%
2	Massachusetts	\$84,945	130%
3	New Jersey	\$78,700	120%
4	New York	\$78,089	119%
5	California	\$77,339	118%
6	Washington	\$75,698	116%
7	New Hampshire	\$74,663	114%
8	Colorado	\$74,167	113%
9	Wyoming	\$71,342	109%
10	Maryland	\$70,730	108%
11	Alaska	\$68,919	105%
12	Illinois	\$68,822	105%
13	Virginia	\$68,211	104%
14	Minnesota	\$68,010	104%
15	North Dakota	\$66,184	101%
16	South Dakota	\$65,806	101%
	United States	\$65,423	100%
17	Rhode Island	\$65,377	100%
18	Pennsylvania	\$65,167	100%
19	Florida	\$63,597	97%
20	Nebraska	\$63,321	97%
21	Vermont	\$63,206	97%
22	Oregon	\$62,767	96%
23	Texas	\$61,985	95%
24	Delaware	\$61,387	94%
25	Nevada	\$61,282	94%
26	Wisconsin	\$61,210	94%
27	Hawaii	\$61,175	94%
28	Kansas	\$60,152	92%
29	Maine	\$59,463	91%
30	Iowa	\$58,905	90%
31	Tennessee	\$58,279	89%
32	Indiana	\$57,930	89%
33	Utah	\$57,925	89%
34	Ohio	\$57,880	88%
35	Montana	\$57,719	88%
36	North Carolina	\$57,416	88%
37	Georgia	\$57,129	87%
38	Michigan	\$56,813	87%
39	Arizona	\$56,667	87%
40	Missouri	\$56,551	86%
41	Oklahoma	\$54,998	84%
42	Louisiana	\$54,622	83%
43	Idaho	\$54,537	83%
44	South Carolina	\$53,320	82%
45	Kentucky	\$52,109	80%
46	Arkansas	\$51,787	79%
47	New Mexico	\$51,500	79%
48	Alabama	\$50,637	77%
49	West Virginia	\$49,169	75%
50	Mississippi	\$46,248	71%

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

Alaska's income bump in 2022 came mainly from the large Permanent Fund Dividend.

the rest of the country in recent years. Our transfer payment share was almost the same, with about 21 percent coming from transfer payments. Earnings from work were a bit higher share in Alaska and dividends (again, not the PFD, but those coming from investments) were far smaller.

In 2020 and 2021, the transfer payment percentages of the whole increased considerably throughout the country when the federal government sent billions of dollars in economic relief payments to most households.

In Alaska, transfer payments went from \$7.9 billion in 2019 to \$9.4 billion in 2020, then to \$10.3 billion in 2021 and 2022. The increase in transfer payments was more than enough to offset Alaska's losses from pandemic-related job cuts, and personal income continued to grow throughout COVID.

In 2022, though, Alaska and the U.S. diverged in terms of transfer payment shares. Most pandemic-related payments had dried up everywhere, and the transfer payment share of national personal income dropped by 15 percent. Alaska's proportion increased by 1 percent, and the reason is the record-high Permanent Fund Dividend Alaskans received that year. The large PFD was also the main reason Alaska's total personal income grew faster than the nation's in 2022.

Alaska has lost ground to the U.S. over the long term

While Alaska had a profitable year, the state has lost ground to the nation over the long term. In 2010, Alaska's per capita income was \$49,652 and the nation's was \$40,683 — a 22 percent advantage. At that time, Alaska ranked fifth among states.

By 2022, Alaska's advantage had shrunk to 5 percent and our ranking fell to 11th. The main reasons we lost our lead include slow economic growth over multiple years and the three-year statewide recession during the last decade.

Between 2010 and 2015, Alaska's economy grew slightly each year. After that, through 2018, Alaska

Per capita income by area, 2021

Area	Per capita income
Alaska*	\$65,813
Aleutians East Borough	\$60,174
Aleutians West Census Area	\$65,812
Anchorage, Municipality	\$72,032
Bethel Census Area	\$48,189
Bristol Bay Borough	\$155,155
Chugach Census Area	\$70,362
Copper River Census Area	\$55,378
Denali Borough	\$107,916
Dillingham Census Area	\$61,572
Fairbanks North Star Borough	\$65,314
Haines Borough	\$88,152
Hoonah-Angoon Census Area	\$60,837
Juneau, City and Borough	\$75,996
Kenai Peninsula Borough	\$59,041
Ketchikan Gateway Borough	\$72,278
Kodiak Island Borough	\$69,546
Kusilvak Census Area	\$36,753
Lake and Peninsula Borough	\$67,539
Matanuska-Susitna Borough	\$54,207
Nome Census Area	\$58,882
North Slope Borough	\$73,320
Northwest Arctic Borough	\$52,915
Petersburg Borough	\$78,295
Prince of Wales-Hyder CA	\$53,266
Sitka, City and Borough	\$75,917
Skagway, Municipality	\$71,409
Southeast Fairbanks Census Area	\$58,988
Wrangell, City and Borough	\$61,327
Yakutat, City and Borough	\$66,375
Yukon-Koyukuk Census Area	\$63,452

*Because area-level per capita income is only available through 2021, this table provides Alaska's 2021 figure for comparison. As mentioned in the article, in 2022, statewide per capita income was \$68,919.

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

lost 5,800 jobs during the recession prompted by a plunge in oil prices in 2015, jobs that were disproportionately high wage. Over those same years, the nation's economy was on an expansion streak that lasted most of the decade.

On top of those differences, the nation's economic recovery from the pandemic slump has been much stronger than Alaska's — Alaska is at the bottom of the list for recovery by state. Given Alaska's poor performance on several economic fronts, it might be surprising that our income held up as well as it did.

Drilling down further into per capita personal

income provides another angle. Per capita *disposable* income is the income left after taxes are paid. After that adjustment, Alaska's per capita income's position relative to the nation and many states improves slightly, as Alaska has one of the lowest tax burdens in the U.S. Adjusting for taxes puts Alaska's per capita disposable income at \$62,045 in 2022, which moves us up one notch, to 10th place.

Income disparities around Alaska

Alaska's income disparity around the state is noteworthy and often split along rural and urban lines. In many rural areas, per capita income is well below both statewide and nationwide averages, and if cost-of-living is factored in, the gaps become even larger.

The lack of economic opportunities in rural areas helps explain these differences. Households in rural Alaska also tend to be larger and the population younger, which further depresses per capita income. (Children figure in to the per capita calculation, but they don't bring in much income aside from the PFD.)

There are exceptions, however. (Note that for per capita income by area, 2021 is the most recent year available.) The highest per capita income in 2021 was an eye-popping \$155,155 in the rural Bristol Bay Borough. The lowest was also in a rural area, at \$36,753 for the Kusilvak Census Area in western Alaska.

Rural is where the similarities end. The Bristol Bay Borough has just 800 residents and is in the center of the largest and most lucrative commercial salmon fisheries in the world. In contrast, Kusilvak has 13 isolated communities with a total population of 8,158 in 2022 and few economic opportunities.

Demographics also play a role. Bristol Bay's median age was 41.3 in 2021, making it one of the oldest parts of the state, and Kusilvak was the youngest at 24.2. This means a much larger share of Bristol Bay's population is in the labor force, whereas Kusilvak has far more children.

Nearly 63 percent of Bristol Bay's population was of working age in 2021 (ages 20 to 64) compared to 51 percent in Kusilvak.

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