

# Understanding the impact of Alaska's proposed \$15 minimum wage

**Issue Brief** • By Sebastian Martinez Hickey • May 14, 2024

# Executive summary

This November, Alaska voters will decide whether to increase the state’s minimum wage to \$15 an hour by 2027.<sup>1</sup> This new wage floor will produce significant increases for Alaska’s low-wage workers, helping them make ends meet amid high costs of living throughout the state. The minimum wage increase will help lock in the wage gains low-wage workers have experienced during the economic recovery from the pandemic and will create greater equity by disproportionately lifting wages for women, workers of color, and parents.

## Key findings

- Alaska’s current minimum wage falls short of providing true economic security for low-wage workers. A modest estimate of a living wage for Anchorage residents is \$18.58 an hour.
- The proposed minimum wage increase would lift wages for 30,800 workers, roughly ten percent (9.7%) of Alaska’s wage-earning workforce. In total, the increase would put \$51,141,000 in the pockets of workers.
- More than half (55.1%) of workers that would get a wage increase are women. The minimum wage increases would also disproportionately benefit workers of color. Hispanic workers make up 13.3% of the affected workers; and American Indian, Alaska Native, and multiracial workers are 22.7% of the workers receiving wage increases.
- Minimum wage workers are from all walks of life. Most workers getting an increase—78.4%—would be 20 years old or older. Nearly 1 in 5 (19.1%) are parents.

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Table 1

## Annual living expenses and living wage estimate for Alaska by family type and select boroughs

Area	Single adult annual expenses	Two adult, two children family annual expenses	Living wage for single adult*
Anchorage Municipality	\$47,713	\$118,206	\$18.58
Fairbanks North Star Borough	\$50,401	\$120,462	\$19.63
Juneau City and Borough	\$50,460	\$120,132	\$19.65
Kenai Peninsula Borough	\$50,185	\$110,441	\$19.54
Matanuska-Susitna Borough	\$49,205	\$111,792	\$19.16

**Notes:** Boroughs are the primary substate jurisdiction in Alaska. The five listed boroughs are the most populous in Alaska, containing approximately 80% of the state's population.

\*Assuming wages cover 81% of expenses and the remainder is covered by non-wage income, social insurance, and means-tested transfers.

**Source:** EPI Family Budget Calculator (EPI 2024b).

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## Why Alaska's current minimum wage falls short

Alaska's current minimum wage (\$11.73 an hour as of January 1, 2024) falls short of covering the basic expenses of working people in the state.<sup>2</sup> EPI's Family Budget Calculator (FBC) measures the monthly and annual costs families need to afford a modest standard of living in each county in the United States. (In Alaska, the primary substate jurisdictions are boroughs.) These estimates include essential expenses for a secure life including food, housing, health care, and transportation, but omit other expenses many would consider critical, such as retirement and education savings. The FBC estimates can also be customized to account for families of various sizes and with different numbers of children.

**Table 1** shows the annual expenses for households in the five most populous boroughs in Alaska, which in total contain 80% of the state's population (AK DOLWD 2020). Even in the least expensive of these boroughs, Anchorage, a single adult must cover expenses of \$47,713 to reach the Family Budget Calculator's threshold for a modest, but secure, standard of living. For a family with two adults and two children, those expenses rise to \$118,206. The Family Budget Calculator allocates families with children significantly higher living costs due to increased need in all major expense categories and the addition of child care expenses.

The FBC numbers provide a useful benchmark for assessing the adequacy of the

minimum wage. However, translating family expenses into a single estimate of a “living wage” requires making judgments about the type of household the living wage should cover. A working adult living alone does not need to earn as much as a working caregiver with two young children to provide for.

A conservative choice for a living wage would be one that covers the basic expenses of only single, childless adults who work full time and year-round. To be even more conservative, we can also assume that some of these workers’ expenses will be covered by income other than wages—such as employer-provided health insurance or government-provided social insurance or means-tested benefits (e.g., housing or food assistance). A reasonable assumption would be that the workers’ wages only need to cover 81% of their expenses, and that the remaining 19% will be covered by non-wage income and social insurance and means-tested transfers, based on Congressional Budget Office data on income sources for households at different levels of household income (Gould, Mokhiber, and deCourcy 2024).

Even in this scenario, Alaska’s current minimum wage is not enough. In Juneau, the most expensive borough listed, a conservative living wage would be \$19.65 an hour today. Meanwhile, in Anchorage, the living wage would be \$18.58. Thus, increasing the state minimum wage to \$15 an hour by 2027 will not fully achieve a living wage for all Alaskans, but it would be an important step toward greater economic security for working families.

## Breaking down the benefits of a minimum wage increase

**Table 2** shows the proposed ballot measure’s schedule for increasing the minimum wage in Alaska. If passed, the minimum wage will increase from its current level of \$11.73 to \$13.00 at the beginning of 2025. The minimum wage would rise again in 2026 to \$14.00 and once more to \$15.00 in 2027. Beginning in 2028, the minimum wage would be automatically adjusted for inflation every year thereafter to protect the buying power of the minimum wage if prices increase. Importantly, Alaska is one of seven states where employers must pay tipped workers such as bartenders, waitstaff, barbers, and hairstylists at least the full minimum wage, regardless of any earnings from tips (Hickey 2023).

Raising the minimum wage will provide significant wage increases for tens of thousands of workers in the state. Through 2027, Alaska’s minimum wage increase will lift wages for 30,800 workers, roughly ten percent (9.7%) of Alaska’s wage-earning workforce. In total, the increase will put \$51,141,000 in the pockets of workers impacted by the change. The wages of a typical full-time, year-round worker would increase by \$1,659 a year. And these effects go beyond workers who benefit directly from the minimum wage increase. For a directly affected worker, the new minimum has a higher value than their current wage, so their employer must increase their wage to comply with the law. But there are also indirectly affected workers earning slightly above the new minimum wage threshold who will benefit from the change because research shows that employers adjust their wage ladders in response to the new minimum wage (Cooper, Mokhiber, and Zipperer 2019).

Table 2

## Proposed minimum wage increase schedule

Year	Minimum wage level
2025	\$13.00
2026	\$14.00
2027	\$15.00

**Notes:** Alaska has no separate tipped minimum wage. Alaska's minimum wage does not cover government employees and other groups of workers including those in agriculture or fishing. Beginning in 2028, the minimum wage will increase with inflation as measured by the Anchorage metropolitan area Consumer Price Index for Urban Consumers.

**Source:** Alaska Minimum Labor Standards Initiative (AK DOE 2023).

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Raising the minimum wage would have powerful equity ramifications for Alaskan workers. **Table 3** shows that despite being less than half (46.2%) of workers in Alaska, women make up 55.1% of the workers who would benefit from the increase. While white workers will be the most impacted by the minimum wage as a group (with more than 14,000 white workers receiving increases), Black, Hispanic, Asian American and Pacific Islander (AAPI), American Indian and Alaska Native (AIAN), and multiracial workers will all disproportionately benefit from the increase. Hispanic workers are 7.4% of Alaska's workforce but make up 13.3% of the affected workers. Similarly, AIAN and multiracial workers are 16.7% of the workforce, but 22.7% of the workers getting a raise. Increasing the minimum wage will help narrow gaps between workers by gender, race, and ethnicity.

The increases will also provide critical support for Alaskans living in poverty. Over 20% of the workers getting an increase have incomes below the federal poverty line, and 47.4% earn less than 200% of the poverty line.<sup>3</sup> Research has found that the raising the minimum wage can significantly reduce poverty (Godoey and Reich 2021).

Table 3

### Share of workers affected by minimum wage increase and wage impacts by select demographic characteristics

Group	Wage-earning workforce	Group's share of workforce	Count directly affected	Total affected directly or indirectly	Share affected directly or indirectly	Share of affected workers	Total change in annual wagebill	Average change in annual wages (full-time worker)	Average change in hourly wages
<b>All workers</b>	319,000	100.0%	16,000	30,800	9.7%	100.0%	\$51,141,000	\$1,659	\$1.02
<b>Gender</b>									
Men	171,700	53.8%	7,300	13,800	8.1%	44.9%	\$22,746,000	\$1,643	\$0.99
Women	147,400	46.2%	8,700	17,000	11.5%	55.1%	\$28,395,000	\$1,672	\$1.04
<b>Teenager category</b>									
Teenager	11,300	3.6%	4,900	6,700	58.7%	21.6%	\$12,652,000	\$1,900	\$1.43
Age 20 or older	307,700	96.4%	11,100	24,200	7.9%	78.4%	\$38,489,000	\$1,593	\$0.90
<b>Age category</b>									
Age 16 to 24	42,500	13.3%	10,500	16,500	38.9%	53.6%	\$30,263,000	\$1,833	\$1.19
Age 25 to 39	114,200	35.8%	4,000	9,700	8.5%	31.3%	\$14,965,000	\$1,550	\$0.85
Age 40 to 54	93,200	29.2%	700	2,200	2.4%	7.3%	\$2,621,000	\$1,167	\$0.72
Age 55 or older	69,200	21.7%	800	2,400	3.5%	7.8%	\$3,291,000	\$1,364	\$0.72
<b>Race / ethnicity</b>									
White, non-Hispanic	201,300	63.1%	6,600	14,100	7.0%	45.6%	\$22,834,000	\$1,624	\$1.03
Black, non-Hispanic	11,400	3.6%	–	1,700	15.2%	5.6%	–	–	–
Hispanic, any race	23,800	7.4%	1,800	4,100	17.3%	13.3%	–	–	–
AAPI	29,200	9.2%	2,100	3,900	13.5%	12.8%	\$6,385,000	\$1,621	\$0.87
AIAN and multiracial	53,400	16.7%	4,600	7,000	13.1%	22.7%	\$12,596,000	\$1,800	\$1.13
<b>Person of color</b>									
Not person of color	201,300	63.1%	6,600	14,100	7.0%	45.6%	\$22,834,000	\$1,624	\$1.03
Person of color	117,800	36.9%	9,400	16,800	14.2%	54.4%	\$28,307,000	\$1,688	\$1.01
<b>Family status</b>									
Married parent	76,600	24.0%	1,300	2,700	3.6%	8.8%	\$3,576,000	\$1,312	\$0.87
Single parent	28,600	9.0%	1,200	3,200	11.0%	10.3%	\$5,423,000	\$1,715	\$0.94

Table 3 (cont.)

Group	Wage-earning workforce	Group's share of workforce	Count directly affected	Total affected directly or indirectly	Share affected directly or indirectly	Share of affected workers	Total change in annual wagebill	Average change in annual wages (full-time worker)	Average change in hourly wages
Married, no children	84,900	26.6%	1,100	2,800	3.3%	9.0%	\$3,593,000	\$1,300	\$0.80
Unmarried, no children	128,900	40.4%	12,500	22,200	17.2%	71.9%	\$38,550,000	\$1,738	\$1.07
<b>Usual weekly work hours category</b>									
Part time (<20 hours per week)	15,000	4.7%	2,500	4,100	27.1%	13.2%	\$3,199,000	\$787	\$1.17
Mid time (20-34 hours)	46,200	14.5%	7,700	12,800	27.8%	41.6%	\$19,891,000	\$1,550	\$1.14
Full time (35+ hours)	257,800	80.8%	5,800	13,900	5.4%	45.2%	\$28,051,000	\$2,015	\$0.86
<b>Educational attainment</b>									
Less than high school	20,200	6.3%	5,300	7,200	35.5%	23.3%	\$14,384,000	\$2,002	\$1.32
High school	86,400	27.1%	5,900	11,900	13.7%	38.5%	\$20,534,000	\$1,728	\$0.99
Some college, no degree	91,200	28.6%	3,700	8,900	9.8%	28.9%	\$11,667,000	\$1,310	\$0.80
Associate degree	27,300	8.6%	–	1,800	6.7%	5.9%	–	–	–
Bachelor's degree or higher	93,900	29.4%	–	1,000	1.1%	3.4%	–	–	–
<b>Major industry</b>									
Agriculture, fishing, forestry, mining	15,100	4.7%	NA	NA	NA	NA	NA	NA	NA
Construction	20,100	6.3%	–	–	–	–	–	–	–
Manufacturing	14,200	4.5%	800	1,400	9.8%	4.5%	\$3,216,000	\$2,297	\$0.80
Wholesale trade	6,900	2.2%	–	–	–	–	–	–	–
Retail trade	35,000	11.0%	4,300	6,900	19.7%	22.3%	\$12,583,000	\$1,828	\$1.09
Transportation, warehousing, utilities	27,000	8.5%	–	1,000	3.7%	3.3%	–	–	–
Information	7,100	2.2%	–	–	–	–	–	–	–
Finance, insurance, real estate	9,400	3.0%	–	–	–	–	–	–	–

Table 3 (cont.)

Group	Wage-earning workforce	Group's share of workforce	Count directly affected	Total affected directly or indirectly	Share affected directly or indirectly	Share of affected workers	Total change in annual wagebill	Average change in annual wages (full-time worker)	Average change in hourly wages
Professional, science, management services	15,900	5.0%	–	–	–	–	–	–	–
Administrative, support, waste services	7,700	2.4%	–	–	–	–	–	–	–
Educational services	31,300	9.8%	–	–	–	–	–	–	–
Healthcare, social assistance	47,400	14.8%	1,700	3,200	6.8%	10.4%	\$4,239,000	\$1,324	\$0.82
Arts, entertainment, recreational services	5,000	1.6%	800	1,600	31.4%	5.1%	–	–	–
Accommodation	4,900	1.5%	800	1,500	30.5%	4.8%	–	–	–
Restaurants	18,100	5.7%	5,000	11,200	61.9%	36.4%	\$19,326,000	\$1,724	\$1.14
Other services	12,200	3.8%	700	1,600	13.3%	5.3%	–	–	–
Public administration	41,600	13.0%	NA	NA	NA	NA	NA	NA	NA
<b>Sector</b>									
For profit	196,100	61.5%	14,800	28,300	14.4%	91.7%	\$47,935,000	\$1,695	\$1.03
Nonprofit	34,700	10.9%	1,200	2,500	7.3%	8.3%	\$3,206,000	\$1,258	\$0.82
Government	88,200	27.7%	NA	NA	NA	NA	NA	NA	NA
<b>Family income category</b>									
Less than \$25,000	27,200	8.5%	3,900	8,800	32.4%	28.5%	\$12,924,000	\$1,469	\$0.85
\$25,000–\$49,999	47,200	14.8%	2,900	5,900	12.4%	19.0%	\$9,338,000	\$1,593	\$1.07
\$50,000–\$74,999	53,900	16.9%	2,400	4,300	8.1%	14.1%	\$8,289,000	\$1,910	\$1.12
\$75,000–\$99,999	39,000	12.2%	1,500	2,700	6.8%	8.7%	\$3,765,000	\$1,411	\$1.01
\$100,000–\$149,999	69,000	21.6%	2,800	4,800	7.0%	15.7%	\$8,816,000	\$1,825	\$1.18
\$150,000 or more	71,500	22.4%	1,800	3,300	4.6%	10.7%	\$5,273,000	\$1,594	\$1.01
NA	11,300	3.5%	600	1,000	9.1%	3.3%	\$2,736,000	\$2,681	\$0.86



Table 3 (cont.)

Group	Wage-earning workforce	Group's share of workforce	Count directly affected	Total affected directly or indirectly	Share affected directly or indirectly	Share of affected workers	Total change in annual wagebill	Average change in annual wages (full-time worker)	Average change in hourly wages
<b>Tipped occupations</b>									
Not tipped	313,600	98.3%	15,400	25,600	8.1%	82.9%	\$40,304,000	\$1,577	\$0.97
Tipped worker	5,400	1.7%	600	5,300	96.9%	17.1%	\$10,837,000	\$2,056	\$1.22
<b>Family income-to-poverty status</b>									
In Poverty	16,300	5.1%	4,100	6,600	40.2%	21.3%	\$11,603,000	\$1,766	\$1.03
100–199% poverty	36,600	11.5%	3,700	8,100	22.0%	26.1%	\$11,889,000	\$1,476	\$0.88
200–399% poverty	88,100	27.6%	4,300	8,400	9.6%	27.4%	\$14,728,000	\$1,744	\$1.09
400%+ poverty	178,000	55.8%	3,800	7,800	4.4%	25.2%	\$12,921,000	\$1,666	\$1.06
<b>Children in households impacted by minimum wage increase</b>	<b>Number of children</b>	<b>Number of children in households directly impacted by increase</b>	<b>Number of children in households indirectly impacted by increase</b>	<b>Total number of children in households affected by increase</b>	<b>Share of children in households affected by increase</b>				
	184,500	14,700	9,900	23,600	12.8%				

**Notes:** Estimated effect of minimum wage increases through 2027. All values in 2023 dollars. Some results omitted due to low sample size (-). Government workers and agriculture, fishing, and mining workers are exempted from Alaska minimum wage (NA). AAPI stands for Asian American and Pacific Islander. AIAN stands for American Indian and Alaska Native. Some totals might not add up precisely due to rounding.

**Source:** Economic Policy Institute Minimum Wage Simulation Model; 2015–2019 5-year ACS data pinned to 2023 CPS wage distribution. Employment scaled to match 2023 CPS labor force size. For more details see Cooper, Mokhiber, and Zipperer 2019.

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Minimum wage workers come from many walks of life and are at different points of their career. Almost four-fifths (78.4%) of workers getting increases will be 20 years old or older. Almost 40% will be prime-age workers between 25 and 55. Almost half (45.2%) of the affected workers are full-time. Although most minimum wage workers have a high school degree or less education, 38.2% have completed at least some college coursework.<sup>4</sup> Minimum wage workers are also parents and caregivers. Nearly 5,900 workers (19.1%) getting a raise have children. In total, we estimate that 23,600 children live in households that will benefit from the increase.

## Raising the minimum wage will lock in wage gains for low-wage workers

In recent years, Alaskan workers have had to navigate rising prices. At the same time, the economic recovery from the pandemic has produced once-in-a-generation wage growth for low-wage Alaskan workers. Increasing the minimum wage would help workers lock in gains before the end of another business cycle. Doing so would help preserve a more equitable economy in Alaska.

**Figure A** shows the minimum wage, median wage, and 10th percentile wage in Alaska from 1991–2023 in constant (i.e., inflation-adjusted) 2023 dollars. The median wage (at the 50th percentile) is the wage of someone in the middle of the distribution—what might be considered the wage of a typical middle-class worker. The 10th percentile is the wage of someone closer to the bottom of the wage distribution who makes more than 10% of all workers but less than 90% of all workers.

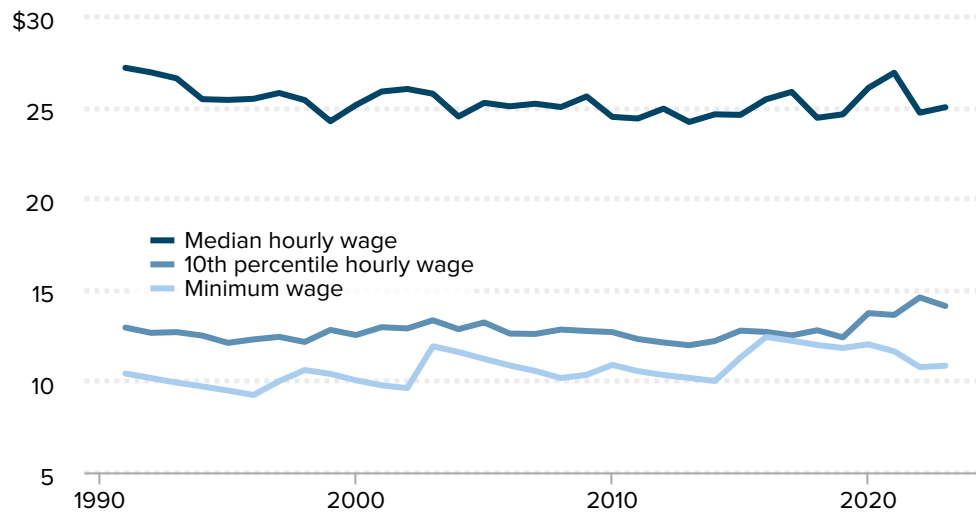
From 2019 to 2023, real 10th percentile wages in Alaska grew from \$12.40 to \$14.12, the quickest growth rate (13.9%) of any state in the Pacific Census Division and slightly faster than the U.S. overall (13.5%).<sup>5</sup> This rapid wage growth was no accident. Key federal policy decisions including expanded unemployment insurance, economic impact payments, aid to states and localities, child tax credits, and protection from eviction helped families weather the pandemic recession and maintain regular levels of spending (Gould and deCourcy 2024). Millions of low-wage workers could stay home without risking their health and lives to work. As a result, when the economy reopened, employers had to work harder to attract and retain workers. A competitive labor market with low unemployment forced employers to pay higher wages to recruit workers.

Of course, the strong labor market and resulting strong wage growth will not last forever. And it is in periods of labor market slack when workers have less leverage that policies like the minimum wage are essential for protecting low-wage workers' earnings. During the most recent economic recovery, both states with and without minimum wage increases have seen strong wage growth for low-wage workers. But during the recovery from the Great Recession when labor market conditions were not favorable to workers, the wage growth in states with minimum wage increases strongly outperformed states without those increases (Gould and deCourcy 2024).

Figure A

## Wage growth for low-wage Alaskans in recent years has created a more equitable wage distribution

10th percentile hourly wage, median hourly wage, and state minimum wage in Alaska, 2023 dollars, 1991–2023



**Source:** EPI analysis of Current Population Survey Outgoing Rotation Group microdata. Alaska minimum wage data from Alaska Department of Labor website (AK DOLWD 2024).

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This strong wage growth for low-wage workers also created a more equitable wage distribution in Alaska. In 2022, the Alaskan 10th percentile wage was \$14.59, which was 59.0% of the median wage of \$24.72, a high-water mark since at least 1979. Before the pandemic, the 10th percentile wage had not exceeded 52.4% of the median wage.<sup>6</sup> This means that in the last two years, low-wage workers in Alaska have been paid wages closer to those of typical middle-class workers than at any point in more than four decades.<sup>7</sup> This condensed wage distribution means economic prosperity is being shared more equally across workers in the economy.

The minimum wage can be a tool for improving and sustaining equity by ensuring that the wage for the lowest paid job is not too far from that of a middle-income job. Research has found that from 1979 to 2012, almost 39% of the increase in inequality between the median worker and workers at the 10th percentile can be attributed to declining minimum wages (Zipperer 2015b). Comparing the minimum wage share of the 50th percentile wage indicates how far the distance is between the lowest paid worker and a typical worker. As a benchmark, in 1968 the federal minimum wage was at its highest real value and was worth 52% of the median wage (Zipperer 2015a). **Figure B** shows that since 1991, Alaska’s minimum wage has generally increased as a share of the median wage in the state but has never exceeded 50% of the median wage.

Within this story of general progress, there are periods of stagnation where the minimum wage has declined in value. From 1999 to 2002, the minimum wage share of the median

Figure B

## During the recovery Alaska's minimum wage value has not kept up with median wage growth

State minimum wage and minimum wage as share of median wage in Alaska, 1991–2023



Source: EPI analysis of Current Population Survey Outgoing Rotation Group microdata. Alaska minimum wage data from Alaska Department of Labor website (AK DOLWD 2024).

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wage declined by 5.9 percentage points. From 2004 to 2009, it declined by 6.9 percentage points. Both declines occurred during multi-year periods when the minimum wage was not proactively increased.

In recent years, Alaska’s minimum wage has once again experienced a significant decline in value. From 2018 to 2023, the minimum wage share of the median wage has decreased by 5.6 percentage points. This decline has occurred in spite of Alaska’s 2014 decision to index its minimum wage to annual inflation growth.<sup>8</sup> Without indexing, Alaska’s minimum wage value would have eroded even more quickly, but the historic conditions of the pandemic recovery mean that this prudent step has still not been enough. A proactive increase is needed to bring the minimum wage back to a level where it is creating a more equitable economy in Alaska.

In addition to promoting equity, the minimum wage also serves as a backstop that protects the earnings of low-wage workers during weak and strong labor markets. In an economic downturn, without a strong minimum wage floor, there’s greater potential for backsliding of wages. To effectively support low-wage workers, the minimum wage can’t fall too far behind the going rate of low-wage labor. Even at times when wage growth is strong for low-wage workers, it is important for the minimum wage to keep pace with increases in earnings.

The recent strong wage growth in Alaska means the minimum wage’s level has decreased compared with low-wage workers’ earnings. **Figure C** shows that in 2019, Alaska’s

Figure C

## In 2022 the value of Alaska's minimum wage compared with low-wage workers' wages reached its lowest point since at least 1991

State minimum wage and minimum wage as share of 10th percentile wage in Alaska, 1991–2023



**Source:** EPI analysis of Current Population Survey Outgoing Rotation Group microdata. Alaska minimum wage data from Alaska Department of Labor website (AK DOLWD 2024).

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minimum wage was \$9.89, more than 95% of the 10th percentile wage. However, in 2022, the minimum wage was only 73.8% of the 10th percentile wage, its lowest share since at least 1991. In 2023, the minimum wage value grew slightly, but was still only 76.8% of the 10th percentile wage.

Since 1991, the only other occasions when the minimum wage's value fell below 76% of the 10th percentile wage were in 1996 and 2001–2002. Both times were preceded by periods where the minimum wage stagnated for at least five years without an increase. Alaskans recognized on both occasions that the minimum wage was too low and increased it. During the pandemic recovery, the value of Alaska's minimum wage has eroded once again. To protect the gains that Alaska's low-wage workers have experienced, the minimum wage should be increased to bring its value back into the range of what has historically been the case.

## How will raising the minimum wage affect employment?

Raising the minimum wage will provide an economic boost to low-wage workers without hurting employment in Alaska. Concern that raising the minimum wage hurts low-wage

workers has been refuted consistently by high-quality research. A comprehensive review of 30 years of minimum wage research found at most a muted effect on employment (Dube 2019). Another study focused only on the highest minimum wages enacted at state or local levels showed no evidence of reduction in the number of jobs for low-wage workers (Cengiz et al. 2019). A study of 21 city-level minimum wage increases found that they raised wages with little effect on the number of jobs (Dube and Lindner 2021).

These research findings imply that in the low-wage labor market, employers have significant power over their workers, and higher minimum wages can help to correct some of this imbalance of power. The empirical research shows that when the minimum wage is raised, low-wage workers' paychecks increase, and businesses can adjust through channels that don't require laying off workers (Zipperer 2023). For instance, higher labor costs from the rising minimum wage can be offset by other cost savings.

Some of these cost savings result from decreased turnover. Most low-wage jobs have extremely high turnover rates, but when workers are paid more, they tend to stay at their current jobs longer. This cuts down on the time workers spend between jobs without getting paid and means businesses are spending less money on recruitment and training. Workers also might become more productive, both because of working in the same role longer and because of valuing their job more.

Employers also react to minimum wage increases by passing some of their cost increases on to consumers although research shows that the resulting price increases tend to be very small (Allegretto and Reich 2016). This effect does not seem to reduce the demand for the services in the industries most affected by minimum wage increases, perhaps because all businesses must raise their costs simultaneously, so consumers cannot discriminate by price. The minimum wage could also increase consumer demand by putting more money in the pockets of low-wage workers, who are more likely than business owners and higher income households to spend every additional dollar in the local economy.

## Conclusion

Increasing Alaska's minimum wage would strengthen the economic security of working people in the state. The wage benefits that the increase will bring are much needed for low-wage working people who face living expenses far in excess of the current minimum wage. In addition, the proposed ballot measure further supports the economic well-being and dignity of working Alaskans by providing them with paid sick leave and prohibiting employers from retaliating against workers who refuse to attend employer-sponsored religious or political meetings.<sup>9</sup> Implementing these policies would create a stronger and more inclusive state economy.

## Summary of minimum wage impacts by year

Statistic	2025	2026	2027
<b>Wage-earning workforce</b>	315,600	317,300	319,000
<b>Count directly affected</b>	9,900	12,500	16,000
<b>Share directly affected</b>	3.1%	3.9%	5.0%
<b>Count indirectly affected</b>	12,700	12,600	14,800
<b>Share indirectly affected</b>	4.0%	4.0%	4.6%
<b>Total affected directly or indirectly</b>	22,600	25,100	30,800
<b>Share affected directly or indirectly</b>	7.2%	7.9%	9.7%
<b>Total change in annual wage bill</b>	\$19,162,000	\$33,808,000	\$51,141,000
<b>Total counterfactual annual wage bill</b>	\$26,475,232,000	\$26,714,711,000	\$26,917,555,000
<b>Average change in annual wages (full-time worker)</b>	\$848	\$1,349	\$1,659
<b>Average change in hourly wages</b>	\$0.52	\$0.83	\$1.02

**Notes:** Estimated effect of minimum wage increases through 2027. All values in 2023 dollars. Results are cumulative. Government workers and agriculture, fishing, and mining workers are exempt from Alaska's minimum wage.

**Source:** Economic Policy Institute Minimum Wage Simulation Model; 2015–2019 5-year ACS data pinned to 2023 CPS wage distribution. Employment scaled to match 2023 CPS labor force size. For more details see Cooper, Mokhiber, and Zipperer 2019.

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## Notes

1. If passed, the ballot measure would also provide Alaskan workers with paid sick leave and allow them to opt out of attending unsolicited political and religious meetings in the workplace.
2. See the Economic Policy Institute's [Minimum Wage Tracker](#) for all state and local minimum wage rates (EPI 2024c).
3. Although 200% of the poverty line reflects an income level that is not technically poor, many families and individuals at that income level still struggle to make ends meet and achieve economic security. In 2024, the [official poverty threshold](#) for a 4-person household in Alaska is \$39,000 (HHS 2024).
4. Workers with at least some college coursework include those with some college education, but no degree; an associate degree; and either a bachelor's degree or higher.
5. EPI analysis of Current Population Survey Outgoing Rotation Group microdata (EPI 2024a).
6. The 10th percentile wage was 52.4% from 2004–2005.

7. Low-wage workers also made gains compared with high-wage workers. In 2022, the 10th percentile wage was 26.5% of the 90th percentile wage, a high point since at least 1979.
8. Alaska's minimum wage did not increase in 2022 because the Consumer Price Index (CPI) for Anchorage did not increase in 2021 (EPI 2024c).
9. For more on paid sick leave, see Gould and Wething 2023. For more on mandatory religious and political meetings, see Perez and Sherer 2023.

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