

# State Government Employment 1979-1987

By Greg Huff

## Introduction

According to the latest data, an annual average 19,893 people were working for the State of Alaska in 1986, making it the single largest employer in Alaska. The state's payroll in 1986 averaged \$58.2 million a month. Included in the employment count are general government operations, the University of Alaska system, and a collection of semi-autonomous state agencies such as the Alaska Railroad.

## Employment Trends

Between 1979 and 1986 state government employment grew 35%, a 4.3% annual rate (Figure 1). (This includes the Alaska Railroad transfer from federal to state ownership in 1985 and acquisition of Matanuska Maid dairy in 1986). This was greater than the 30% growth for the remainder of Alaska's employment, which grew at a 3.9% rate. Much of this difference in the rate of growth is accounted for by the acquisition of the Alaska Railroad.

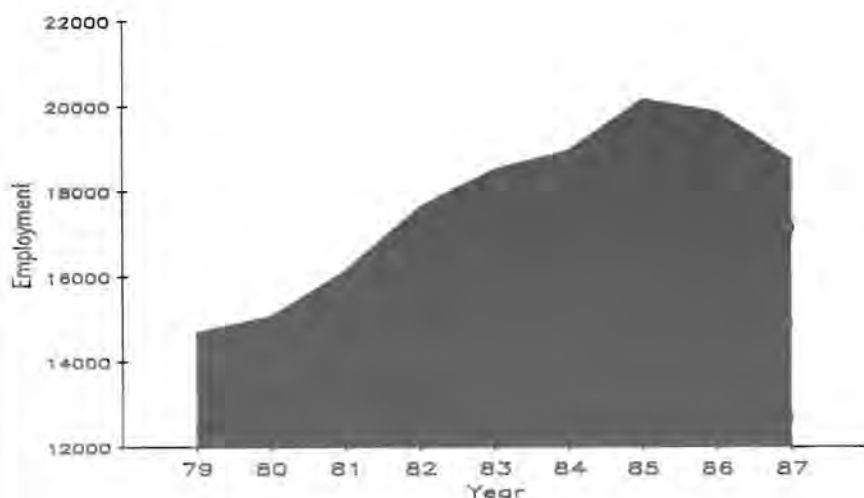
From 1979-1985 Alaska's economy grew rapidly with population growing 32%. The decline in the economy, as a result of falling oil prices, began to impact the private sector in late 1985. As a result, after leading state government in employment growth through 1985, the private sector began to lose employment in 1986.

State government also lost employment in 1986 but less than the overall employment losses. In actual numbers, state employment was down 292 jobs in 1986 compared to 1985. The state government employment picture deteriorated in 1987 with employment falling another 1,514 jobs or 7.5% during the first half of the year (Table 1). These losses represent the largest losses ever sustained in state government in Alaska's history.

From 1979 to 1986 state government's share of Alaska's total wage and salary employment remained in the 9% range. The ratio of Alaska's population to state government employment also remained relatively unchanged at 27 to 1 (Table 2).

**1987 losses represent the largest losses ever sustained in state government in Alaska's history.**

Figure 1  
State Government Employment in Alaska, 1979-1987



## Payroll and Wages

The state government's payroll has grown more rapidly than employment during this period. The state's payroll almost doubled from 1979 to 1986—from \$359 million in 1979 to \$699 million in 1986. In 1986 the state payroll represented 11.5% of Alaska's total payroll for that year. Some of the growth in payroll and wages can be attributed to a 39% increase in prices between 1979 and 1986.

State government's average monthly inflation adjusted earnings grew from \$2,777 in 1979 to \$2,887 in 1986, while the overall average monthly inflation adjusted earnings for Alaska declined from \$2,420 in 1979 to \$2,287 in 1986. State government average monthly earnings was 26% higher than the overall monthly earn-

Table 1  
State Government Employment by Organization

	1979	1980	1981	1982	1983	1984	1985	1986	Percent Change 79-86	Percent Share 1986
DAIRY	0	0	0	0	0	0	0	32	--	0.2
Matanuska Maid	0	0	0	0	0	0	0	32	--	0.2
ECONOMIC PROGRAMS	3,211	3,242	3,342	3,518	3,490	3,468	3,484	3,403	6.0	17.1
Alaska Power Authority	0	0	0	0	0	0	30	45	--	0.2
Department of Commerce	265	280	329	406	442	422	379	339	27.9	1.7
Department of Transportation	2,945	2,961	3,013	3,112	3,048	3,046	3,075	3,019	2.5	15.2
Other	1	1	0	0	0	0	0	0	--	0.0
EDUCATIONAL SERVICES	3,429	3,695	3,887	4,388	4,725	4,918	4,974	4,874	42.1	24.5
Geophysical Institute	167	159	167	182	173	157	160	136	-18.6	0.7
University of Alaska	3,133	3,359	3,663	4,206	4,552	4,761	4,814	4,738	51.2	23.8
Other	129	177	57	0	0	0	0	0	--	0.0
ENVIRONMENTAL QUALITY	1,916	1,954	2,407	2,605	2,705	2,644	2,761	2,706	41.2	13.6
Department of Comm/Reg Affairs	144	126	172	224	209	178	189	187	29.9	0.9
Department of Env Conservation	118	133	191	211	213	219	237	240	103.4	1.2
Department of Fish & Game	851	864	1,036	1,162	1,225	1,224	1,237	1,133	33.1	5.7
Department of Natural Resources	789	821	1,008	1,008	1,058	1,023	1,098	1,146	45.2	5.8
Other	14	10	0	0	0	0	0	0	--	0.0
EXECUTIVE, LEGISLATIVE & GEN. GOV'T	1,194	1,199	1,349	1,604	1,735	1,807	1,821	1,714	43.6	8.6
Department of Administration	675	673	833	1,026	1,132	1,167	1,215	1,170	73.3	5.9
Department of Legislative Affairs	185	224	293	322	376	395	372	318	71.9	1.6
Governor's Office	311	277	207	238	204	219	206	205	-34.1	1.0
Ombudsman's Office	14	17	16	18	23	26	28	21	50.0	0.1
Other	9	8	0	0	0	0	0	0	--	0.0
HUMAN RESOURCE PROGRAMS	2,973	2,940	3,097	3,231	3,107	2,823	2,929	2,974	0.0	14.9
Department of Education	409	418	456	488	499	511	532	528	29.1	2.7
Department of H&SS	1,753	1,781	1,931	2,077	1,933	1,622	1,664	1,673	-4.6	8.4
Department of Labor	630	589	612	583	623	650	681	695	10.3	3.5
SE Regional Resource Center	44	33	52	83	52	40	52	78	77.3	0.4
Other	137	119	46	0	0	0	0	0	--	0.0
INVESTMENT/SECURITY BROKERS	13	17	32	38	42	42	43	45	246.2	0.2
Alaska Housing Finance Corp.	12	16	32	38	42	42	43	45	275.0	0.2
Other	1	1	0	0	0	0	0	0	--	0.0
JUSTICE, PUBLIC ORDER & SAFETY	1,415	1,446	1,582	1,673	2,043	2,611	2,775	2,767	95.5	13.9
Court System	457	468	515	545	572	596	617	596	30.4	3.0
Department of Corrections	0	0	0	0	350	831	946	969	--	4.9
Department of Law	145	166	204	230	250	269	299	313	115.9	1.6
Department of Public Safety	794	794	862	898	871	915	913	889	12.0	4.5
Other	19	18	1	0	0	0	0	0	--	0.0
NATIONAL SECURITY	86	88	89	87	89	87	83	88	2.3	0.4
Department of Military Affairs	86	88	89	87	89	87	83	88	2.3	0.4
Other	0	0	0	0	0	0	0	0	0.0	0.0
OPERATORS OF APARTMENT BUILDINGS	118	117	125	124	140	144	159	158	33.9	0.8
Alaska State Housing Authority	118	117	125	124	140	144	159	158	33.9	0.8
PUBLIC FINANCE & TAXATION	347	383	411	402	463	438	456	439	26.5	2.2
Department of Legislative Audit	21	30	43	45	43	44	44	38	81.0	0.2
Department of Legislative Finance	42	46	47	35	38	37	45	50	19.0	0.3
Department of Revenue	277	305	321	322	382	357	367	351	26.7	1.8
Other	7	2	0	0	0	0	0	0	--	0.0
RAILROAD TRANSPORTATION	0	0	0	0	0	0	700	693	--	3.5
Alaska Railroad Corporation	0	0	0	0	0	0	700	693	--	3.5
TOTAL STATE GOVERNMENT	14,702	15,081	16,154	17,670	18,539	18,982	20,185	19,893	35.3	100.0

Table 2  
State Government Employment by Census Area

	1980	1981	1982	1983	1984	1985	1986	Percent Change 80-86	Percent Share 1986	Population per State Employee	
										1980	1985
Aleutian Islands	66	64	73	70	71	78	72	9.1	0.4	118	116
Anchorage Borough	4,861	5,422	6,002	6,375	6,476	7,162	7,017	44.4	35.3	36	33
Bethel	184	210	235	254	237	262	260	41.3	1.3	60	49
Bristol Bay Borough	22	22	22	29	40	40	36	63.6	0.2	50	33
Dillingham	55	62	73	67	71	76	74	34.5	0.4	84	75
Fairbanks North Star Bor	3,177	3,352	3,565	3,757	3,820	4,009	3,914	23.2	19.7	17	18
Haines Borough	40	40	45	46	42	39	42	5.0	0.2	42	51
Juneau Borough	3,761	4,035	4,224	4,263	4,290	4,391	4,226	12.4	21.2	5	6
Kenai Peninsula Borough	524	574	636	694	773	830	815	55.5	4.1	48	47
Ketchikan Gateway Bor	425	438	522	553	580	537	551	29.6	2.8	27	23
Kodiak Island Borough	203	249	254	267	279	276	261	28.6	1.3	49	47
MatSu Borough	400	458	542	591	648	734	759	89.8	3.8	45	50
Nome	173	189	214	238	237	242	237	37.0	1.2	38	32
North Slope Borough	42	19	21	30	36	36	32	-23.8	0.2	100	153
Northwest Arctic Borough	58	51	59	81	86	92	90	55.2	0.5	171	141
Prince of Wales-Outer Ktch	15	20	24	25	26	30	29	93.3	0.1	255	167
Sitka Borough	201	220	229	235	253	249	278	38.3	1.4	39	33
Skagway-Yakutat-Angoon	23	25	29	33	36	36	37	60.9	0.2	151	102
Southeast Fairbanks	118	119	126	139	153	149	195	65.3	1.0	48	46
Valdez-Cordova	503	507	495	498	524	510	500	-0.6	2.5	17	18
Wade Hampton	12	16	15	18	20	24	20	66.7	0.1	389	233
Wrangell-Petersburg	71	79	94	106	102	108	105	47.9	0.5	87	63
Yukon-Koyukuk	147	150	171	170	182	229	218	48.3	1.1	54	40
Nonclassifiable	0	0	0	0	0	46	125	--	0.6	--	--
State Total	15,081	16,321	17,670	18,539	18,982	20,185	19,893	31.9	100.0	27	27

ings in 1986. Earnings are higher in state government primarily because employment is not seasonal, there are few part-time employees, and there is a larger proportion of professional and technical workers. Approximately 40% of state government is

employed in professional, or technical occupations versus 22% for Alaska's total wage and salary employment.

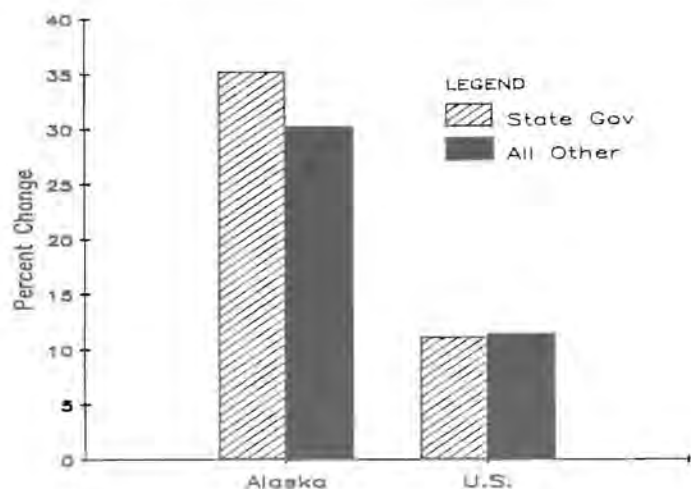
The occupational makeup in state government helps explain why state government wages (in real terms) increased over the long term, whereas, the average monthly earnings in the overall economy fell. The proportion of higher paid professional and technical workers grew faster in state government than in Alaska's overall economy. The industries that grew the most from 1979 to 1986 (trade and services) tend to pay the least and have the highest proportion of unskilled, semi-skilled and part-time workers.

#### National Comparisons

From 1979 to 1986, the nation's total wage and salary employment grew more slowly than Alaska's, 11% versus 31%. State government employment followed a similar pattern; it increased 11% across the nation and 35% in Alaska (Figure 2).

In contrast, wage increases in Alaska

Figure 2  
Employment Growth Alaska and U.S. 1979-1987



were similar to wage increases for state workers across the country. The most current data available show wages, on average, increased 41% (in nominal terms) nationally and 45% in Alaska from 1980 to 1985. In 1985, according to the U.S. Bureau of the Census, Alaska's state average monthly wage was \$3,004, while the national average state pay was \$1,935 per month. California paid the next highest monthly wage, \$2,556 per month, and Nebraska and Mississippi state workers had the lowest monthly pay, \$1,426.

The state government work force in Alaska represents a larger share of total employment than it does nationally. On average, 4% of the wage and salary work force is employed in state government compared to 9% in Alaska. According to a 1985 U.S. Bureau of Census survey, Alaska employed 402 full time equivalent state employees per 10,000 population compared to 125 nationally. Hawaii follows Alaska with a ratio of 342. At the other end of the spectrum are Ohio and Illinois with 95 state workers per 10,000 population.

The sheer geographic size of our state is one reason for the large size of Alaska's state government. Alaska encompasses 570,833 square miles, 1/5 the size of the entire land mass of the contiguous 48 states. In addition, Alaska's state government is responsible for many tasks local governments normally undertake because large areas of Alaska do not fall within an organized governmental jurisdiction, including many public safety, social service, and judicial functions. Alaska's state government offers some unique services and operate businesses, which most other state governments do not do. Operating a railroad, a dairy and managing a housing finance corporation or the Permanent Fund Corporation are a few examples of the range of enterprises Alaska's state government is involved in that state governments normally play no role.

#### **State Government by Department**

The growth in state government was not equal for all departments. While each department or agency is organized by its primary function not all agencies fit neatly into a particular

category. Nor do all agencies have eight year histories, for example the Alaska Railroad and the Department of Corrections.

The Alaska Railroad was acquired by the state from the federal government in 1985 and the Matanuska Maid dairy has been operated by the state since it filed bankruptcy in 1986. The Department of Corrections was created in 1983. Previously Corrections was a division in the Department of Health and Social Services. Because the change occurred during the second quarter of 1983, the annual average for the year shows only half the number of jobs involved in the move. Apart from these anomalies, the remainder of the data should be quite clear. Table 1 provides a detailed picture of state government employment over a period of eight years.

The single largest agency is the University of Alaska, which includes the university and community college systems. In 1986 the University system employed 24.5% of the state government's work force. In actual number of positions it grew the most between 1979 and 1986, adding 1,445 positions to its ranks; a 42% increase. During this same period University enrollment grew approximately 30%. In 1986 university employment fell 2%. Data for the first months of 1987 indicates that the University system has sustained another 5.7% decline in employment.

Though the University system experienced the largest increase in the number of employees, there were other agencies which grew faster during this period. Those agencies which doubled their employment or better from 1979 to 1986 were the Department of Law, the Department of Environmental Conservation, and the Alaska Housing Finance Corporation. The Department of Corrections employment grew 62%. (When the Department of Corrections was still a division, it employed approximately 600 employees in 1979). However, all of these agencies, with the exception of Corrections, are relatively small and therefore the overall impact is not dramatic.

#### **Regional State Government Employment**

State government is a major employer in many areas around the state. In Juneau state government accounted for one-third of all jobs in 1986. Juneau, Alaska's state capital, had the lowest population/state employee ratio among the state's 23 census areas during the early 1980s and was five times greater than the statewide average of 27 to 1 in 1986.

Juneau state employees accounted for 21% of state jobs in 1986. This work force primarily performs the task of administering most state government functions, from the Governors Office to the Commissioners offices and their departments. In addition, Juneau is home to the legislative branch which includes the Departments of Legislative Affairs, Legislative Audit, and Legislative Finance. Juneau also is regional headquarters for state government in the Southeast region of Alaska.

Besides Juneau, three other census areas—Fairbanks, Ketchikan and Valdez/Cordova—had a higher than average ratio of state employees to population. Fairbanks' high proportion of state workers stems from the University of Alaska-Fairbanks, the headquarters of the statewide university system, and Fairbanks' role as a regional center for many departments serving Alaska's Interior Region.

Ketchikan has a relatively large number of state workers because it is a regional headquarters for the Department of Transportation/Public Facilities' (DOTPF) Alaska Marine Highway System and it has a DOTPF operated airport. In Valdez the primary state government employers are the Department of Transportation (road maintenance and ferry) and Health and Social Services (which operates the Harbor View facility for the handicapped).

Although Juneau had the highest ratio of state employees to population, Anchorage had the largest state government work force. Over 7,000 or one-third of state government employment was located in Anchorage in 1986. Because of Anchorage's large private sector state government employment accounted for less than 7% of total employment in 1986.

**The Anchorage/MatSu Region had the largest state government work force while the Northern Region had the smallest in 1986.**

With Anchorage's large population base the Department of Health and Social Services has nearly half of its employment based in Anchorage. Anchorage also is regional headquarters for the Southcentral region and serves as headquarters for several semi-autonomous state agencies such as the Alaska Railroad and Alaska Housing Finance Corporation.

Anchorage is the headquarters of the statewide court system and the Third Judicial District. The Department of Law has its largest staff located in Anchorage. Anchorage is also home for the University of Alaska at Anchorage and Anchorage Community College, the two of which accounted for nearly 1,600 jobs in 1986.

When the state's work force located in Anchorage is combined with those in Juneau and Fairbanks three-quarters

of state government employment is accounted for. The remainder is distributed among the other 20 census areas.

Combining the census areas into six labor market regions provides a convenient way to analyze the movement of state government by department (Table 3). The distribution of state government employment by labor market region for 1979 and 1986 is shown in the following map (figure 3).

The map also provides the name of the census areas contained in each region.

The Anchorage/MatSu region had the largest state government work force while the Northern Region had the smallest in 1986. The same was true in 1979 for the Northern Region, but the Anchorage/MatSu share of the state work force has increased from 34% to 39%. All other regions had shares of state employment that remained fairly constant, except for the Southeast region which lost share.

The relative gain in state employment in Anchorage was largely due to the transfer of the Alaska Railroad in 1985 and acquisition of Matanuska Maid in 1986. These two additions accounted for over 600 jobs. These jobs combined with employment increases in the university and community college, Departments of Administration, Natural Resources and Health and Social Service/Department of Corrections to provide the bulk of the increases in state government jobs in the Anchorage/MatSu Region. (Note: The combined figures of Department of Corrections and Health and Social Services show employment growing from 871 in 1979 to 1268 in 1986.)

In contrast to the 45% growth in state government employment in the Anchorage/MatSu region, state government employment grew 17% in the Southeast Region. Over half the growth was in Juneau, but all areas within the region experienced some gains. Generally the larger the population base the larger the gains. The departments primarily responsible for employment growth in the region were Administration, Education, Fish and Game, and Legislative Affairs.

The university system and Departments of Natural Resources and

**Figure 3**  
**Employment by Labor Market Area 1979 - 1980**

Area	1979	1986
(1) Northern	273	359
(2) Interior	3,442	4,327
(3) Gulf Coast	339	462
(4) Anchorage-MatSu	5,261	7,776
(5) Southwest	1,230	1,576
(6) Southeast	4,536	5,393



Table 3  
State Government Employment by Region

	Northern		Interior		Southwest		Anch/MatSu		Gulf Coast		Southeast	
	1979	1986	1979	1986	1979	1986	1979	1986	1979	1986	1979	1986
DAIRY	0	0	0	0	0	0	0	32	0	0	0	0
Matanuska Maid	0	0	0	0	0	0	0	32	0	0	0	0
ECONOMIC PROGRAMS	63	71	501	613	43	40	926	1,047	373	309	1,304	1,323
Alaska Power Authority	0	0	0	0	0	0	0	42	0	1	0	3
Department of Commerce	1	0	14	17	1	1	122	174	3	3	124	143
Department of Transportation	62	71	487	596	42	39	804	831	370	305	1,180	1,177
EDUCATIONAL SERVICES	80	67	1,713	2,270	103	116	1,050	1,722	138	310	216	389
Geophysical Institute	0	0	166	136	0	0	1	0	0	0	0	0
University of Alaska	80	67	1,547	2,134	103	116	1,049	1,722	138	310	216	389
ENVIRONMENTAL QUALITY	23	38	340	482	45	95	743	1,049	213	297	538	745
Department of Comm/Reg Affairs	6	11	13	9	7	11	48	91	2	1	68	64
Department of Env. Conservation	0	2	11	40	0	2	18	67	9	18	80	111
Department of Fish & Game	17	24	73	119	38	80	235	257	172	211	316	442
Department of Natural Resources	0	1	243	314	0	2	442	634	30	67	74	128
EXECUTIVE, LEGISLATIVE & GEN. GOV'T	9	20	117	139	8	14	349	541	9	28	693	972
Department of Administration	1	9	79	112	1	7	226	470	2	12	366	560
Department of Legislative Affairs	3	6	7	8	3	5	21	22	3	16	148	261
Governor's Office	5	5	31	14	4	2	94	41	4	0	173	143
Ombudsman's Office	0	0	0	5	0	0	8	8	0	0	6	8
HUMAN RESOURCE PROGRAMS	66	41	266	289	71	71	1,085	1,107	288	322	1,060	1,144
Department of Education	1	1	9	7	0	2	83	87	70	75	246	356
Department of H&SS	56	35	186	207	66	64	781	789	195	207	469	371
Department of Labor	9	5	71	75	5	5	221	231	23	40	301	339
SE Regional Resource Center	0	0	0	0	0	0	0	0	0	0	44	78
INVESTMENT/SECURITY BROKERS	0	0	0	0	0	0	12	45	0	0	0	0
Alaska Housing Finance Corp.	0	0	0	0	0	0	12	45	0	0	0	0
JUSTICE, PUBLIC ORDER & SAFETY	32	114	273	412	53	112	627	1,330	144	273	267	526
Court System	17	28	93	102	21	19	244	339	32	41	50	67
Department of Corrections	0	39	0	113	0	41	0	499	0	103	0	174
Department of Law	1	11	22	41	2	9	69	155	4	8	47	89
Department of Public Safety	14	36	158	156	30	43	314	337	108	121	170	196
NATIONAL SECURITY	7	4	4	1	8	5	58	70	2	0	7	8
Department of Military Affairs	7	4	4	1	8	5	58	70	2	0	7	8
OPERATORS OF APARTMENT BUILDINGS	4	3	13	16	8	8	63	92	7	12	23	27
Alaska State Housing Authority	4	3	13	16	8	8	63	92	7	12	23	27
PUBLIC FINANCE & TAXATION	0	1	10	5	0	1	122	173	0	0	208	259
Department of Legislative Audit	0	0	0	0	0	0	6	10	0	0	15	28
Department of Legislative Finance	0	1	1	0	0	1	5	4	0	0	36	44
Department of Revenue	0	0	9	5	0	0	111	159	0	0	157	187
RAILROAD TRANSPORTATION	0	0	0	100	0	0	0	568	0	25	0	0
Alaska Railroad Corporation	0	0	0	100	0	0	0	568	0	25	0	0
OTHER	0	0	119	0	0	0	0	0	0	0	198	0
TOTAL STATE GOVERNMENT	284	359	3,356	4,327	339	462	5,035	7,776	1,174	1,576	4,514	5,393

Transportation/Public Facilities were the primary source of employment gains in the Interior Region. The Alaska Railroad transfer also increased state government employment by some 100 jobs. Fairbanks, the Interior's regional center, represents 90% of state government employment in the region.

In the Gulf Coast region the university system played a key role in the increase of state employment, doubling in size from 1979 to 1986. Only the Department of Corrections increased faster. From 1983 to 1986 employment in the Department of Corrections increased from 30 jobs to over 100. As the Seward prison comes on line employment with the Depart-

ment of Corrections will more than double.

Because the Gulf Coast Region consists primarily of coastal/fishing communities the Department of Fish and Game has a large presence. In fact, over 18% of total statewide Fish and Game employment was located in the region in 1986, compared to less than

8% of total state government employment.

The remaining two regions, Northern and Southwest, are the most rural of Alaska's regions and have the smallest population base. Combined these regions in 1986 had 4% of the state work force in 1986, and 11% of the population, which gives them the highest ratio of population/state employee in the state. State government grew faster than population in these regions, which was not the case for the other regions of the state (if Alaska Railroad effects are taken out of Anchorage/MatSu). The Departments of Fish and Game, Corrections, and Public Safety were the big employment gainers for both regions.

### Summary

State government accounts for 8% to 9% of total employment in Alaska, making it the largest employer in the state. In terms of the number of state

workers to the total population it is the largest state government in the U.S. In 1985, the proportion was 402 state workers per 10,000 residents, 60 more than Hawaii and 150 more than Delaware the second and third greatest states in terms of ratio of the state work force to population.

Because the State of Alaska provides many services provided by local governments in other states it has been argued that combined state and local employment is a better measure for making inter-state comparisons. In doing so, Alaska's ratio of state and local government employment of 757 per 10,000 population is above the national average of 442, but several states are closer. For example, Texas has a ratio of 467 state and local government workers per 10,000 population and Wyoming has 635. Alaska's local government employment ratio of 355 per 10,000 people is only 12% greater than the U.S. average. New York has the highest

with 411 local government workers per 10,000 people.

From 1979 to mid 1986 Alaska's state government employment expanded in response to an increase in the demand for services by a rapidly growing population and availability of substantial revenues. But the oil price plunge in 1986, and the accompanying loss in state revenues, sent state officials scrambling to cover the cost of operating the government.

Oil prices have since recovered, easing the downward movement of oil revenues, but as with the rest of the economy state government has had to contract the size of its work force. State government accounted for 18,300 jobs in June 1987, down 1,500 jobs since June 1986, a 7.5% decline. Although this trend is likely to continue through 1987, the declines are expected to be moderate in 1988.