

Federal Government: The Largest Alaskan Employer

by John Boucher

The federal government (including uniformed military personnel) has been the largest employer in Alaska since well before statehood. In Alaska's early years, it was the dominant civilian employer, and even as late as 1970, nearly one in every five civilian wage and salary jobs was with the federal government. The federal government began to fade as the dominant employer of Alaskans as the oil and other industries rose to prominence in the 1970s. However, the federal government still remains an important contributor to Alaska's job base. The ratio of federal civilian jobs to total wage and salary employment was 2.8 times that of the nation in 1992. In that same year, more than 43,000 individuals in Alaska drew a paycheck from the federal government; about 75% of these were either uniformed military, or civilian employees of military agencies. The balance of federal government employment in Alaska is civilian agency employment.

This article examines civilian federal agency employment in Alaska and gives a brief outlook for agency employment in the future. Analysis of military-related employment is excluded. For a picture of the economic impact the military has on Alaska see the September 1993 issue of *Alaska Economic Trends*.

In 1992, the annual average federal agency employment was 10,902 with a total payroll of \$469.6 million. This represented about 4.4% of the state's total wage and salary employment and 6.0% of the payroll. In measuring the civilian payroll's impact, it should be remembered that many civilian employees receive a 25% tax free cost-of-living allowance (COLA) for being located in Alaska. The federal COLA gives these employees more disposable income to spend on local goods and services than individuals of comparable income.

Interior the largest department

Five agencies accounted for most of the federal employment in Alaska. In order from the largest they were: the Department of Interior, the Postal Service, the Department of Transportation, the Department of Agriculture and the Department of Health and Human Services. (See Table 1.)

The relative size of these particular agencies gives some insight into the unique federal presence in Alaska. Interior is the largest department in Alaska primarily because the federal government is the largest landowner in the state. Most agencies in Interior manage federal lands or their associated resources. Within Interior, prominent branches are: the Bureau of Land Management, the Fish and Wildlife Service, the National Park Service, the Bureau of Indian Affairs, the Minerals Management Service and the U.S. Geological Survey. Except for the Bureau of Indian Affairs, the primary function of these bureaus is to manage federal landholdings and resources of the federal government within Alaska.

Alaska's second largest federal civilian employer is the Postal Service. This is no surprise since the Postal Service is the largest federal employer in many states. However, Alaska's unique geographic characteristics contribute to a relatively large work force. Isolated areas of Alaska are more dependent on mail service than the average rural community. In Alaska's remote areas it's not uncommon for residents to call up a grocer in a nearby town and have their groceries delivered through the mail. The Department of Transportation's prominence is also related to Alaska's geographic characteristics. Alaska's large land area makes the airways a more common mode of transportation for goods and people than anywhere else in the country. In support of the air transportation

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Table • 1

Federal Civilian Agency Employment 1982-1992 ^{1/}

	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1992 payroll	Average Annual Wage per Job
US Dept of Interior	2,601	2,480	2,466	2,364	2,241	2,230	2,297	2,371	2,371	2,482	2,636	\$116,697,266	\$44,268
US Postal Service	1,425	1,628	1,893	1,979	2,169	2,240	2,216	2,186	2,136	2,125	2,113	75,501,955	35,741
US Dept of Transportation ^{2/}	2,380	2,341	2,326	1,631	1,576	1,632	1,625	1,661	1,704	1,777	1,882	106,750,096	56,737
US Dept of Agriculture	1,220	1,185	1,134	1,081	1,048	1,057	1,061	1,163	1,233	1,241	1,326	51,678,567	38,983
US Dept of Health & Human Services	1,374	1,359	1,402	1,422	1,248	1,158	1,137	1,114	1,127	1,182	1,191	41,330,030	34,709
US Dept of Commerce	578	577	500	437	406	396	397	415	732	432	429	20,809,980	48,565
US Treasury Dept.	278	303	321	308	333	371	406	389	367	380	376	13,927,062	37,081
Veteran's Administration	101	113	127	136	139	151	162	183	196	217	256	11,297,751	44,089
Federal Deposit Insurance Corp.	0	0	0	0	0	2	50	78	143	180	171	6,649,029	38,940
US Dept of Justice	62	66	67	86	100	109	117	125	135	147	128	7,493,997	58,776
General Services Administration	116	115	117	118	117	120	115	120	115	111	120	5,017,609	41,813
US Courts	58	54	55	59	63	71	72	72	81	93	107	4,811,367	45,142
US Dept of Housing & Urban Development	57	51	43	47	49	60	69	75	70	65	60	2,696,432	45,066
US Dept of Energy	13	13	10	16	39	39	36	35	34	36	34	2,022,728	59,058
Small Business Administration	25	26	29	30	30	30	29	30	27	29	31	1,462,167	47,679
US Dept of Labor	11	13	13	13	14	14	16	19	18	17	17	562,671	32,462
Office of Personnel Management	31	21	21	20	21	21	20	21	20	15	14	271,105	19,959
Federal Communications Commission	9	9	11	10	13	13	13	13	13	11	11	542,503	48,222
National Labor Relations Board	0	2	7	5	6	5	5	4	4	3	3	168,237	56,079
Interstate Commerce Commission	1	1	1	1	1	0	0	0	0	0	0	0	0
US General Accounting Office	7	7	7	5	3	0	0	0	0	0	0	0	0
TOTAL CIVILIAN AGENCIES	10,347	10,364	10,550	9,768	9,616	9,720	9,844	10,073	10,524	10,543	10,902	\$469,690,552	\$43,084

^{1/} While researching this article, it was discovered that current federal reporting procedures undercount the number of civilian agency employees in Alaska. For example, the Environmental Protection Agency and the US Congress have employees in Alaska, but they are not accounted for in federal reports sent to the Alaska Department of Labor. While the exact magnitude of the undercount is unknown at this time, it appears that approximately 200 employees on the federal payroll were unaccounted for in the reports. Research and Analysis is currently pursuing accurate and complete reporting of all civilian agency employment in Alaska.

^{2/} Includes civilian employees of the US Coast Guard.

Source: Alaska Department of Labor, Research & Analysis Section.

sector, the Federal Aviation Administration (FAA) has a large contingent, accounting for most of the Department of Transportation's employment in Alaska. The FAA provides air traffic controllers to airfields, and is responsible for engineering, design and maintenance of Alaska's air navigational aids and traffic management systems. In addition, FAA personnel conduct inspections and certify the fitness of aircraft. After the FAA, the U.S. Coast Guard in Alaska is the second largest employer of civilian personnel within Transportation.

Like Transportation, the Department of Agriculture is dominated by one branch of the department. More than 90% of Agriculture's employees are in the Forest Service. Forest Service employees serve a similar function to Interior's in that many are land and resource managers. The difference is that the Forest Service's jurisdiction is restricted to the Tongass and Chugach National Forests.

Alaska's fifth largest civilian federal agency, the Department of Health and Human Services, is dominated by the Public Health Service. The Public Health Service administers the health care needs of the Alaska

Native population through the Indian Health Service. The Indian Health Service's largest facility is the Alaska Native Medical Center in Anchorage. It also operates smaller facilities in Ketchikan and Barrow. In addition to these facilities, the Public Health Service provides employees to the nine privately-contracted Native hospitals and clinics around the state. In addition to the Public Health Service, the Social Security Administration and Center for Disease Control also contribute to the department's presence in Alaska. They are relatively small branches, however, when compared to the Public Health Service.

Outside of the largest five, a whole host of agencies comprise the balance of federal employment in the state. The largest of the remaining agencies is the Department of Commerce, of which the National Weather Service and the National Marine Fisheries Service are the primary components. The Treasury Department, of which the Internal Revenue Service and Customs Bureau are the prominent arms, has a significant employee base in Alaska. Alaska's relatively large veteran population is a factor in the Department of Veteran's Affairs being one of the larger of the remaining federal agencies in Alaska. Most of the other federal agencies tend to have a small presence.

Employment falls, then makes a comeback

Throughout much of the 1980s civilian federal employment in Alaska declined. During this period many federally-provided services were transferred to state and private control. The Bureau of Indian Affairs transferred administration of its schools to the state, the Alaska Railroad was transferred from federal to state ownership, the Forest Service contracted out more seasonal employment, and the Public Health Service turned over health care facilities to Alaska's Native corporations. Of the five largest agencies, only the Postal Service bucked the trend of dropping employment. The Postal Service expanded from 1982-1987 due to three factors: rapid population growth, an aggressive facilities upgrade program, and designation

of Alaska as a postal district, which resulted in responsibility for some support functions being transferred from Seattle to Anchorage.

Most of the large-scale transfers of services were completed by 1987, when civilian agency employment began growing again. When these slowed, growth in other agencies became evident. One agency which contributed to the rebound was the Department of the Treasury, primarily the Internal Revenue Service (IRS). Staffing up at IRS was in response to the growth in population, incomes and businesses in Alaska during the early 1980s. While growth at the IRS was due to the economic expansion, one agency opened as a result of the 1986-88 recession. The Federal Deposit Insurance Corporation (FDIC), established an Alaskan office in the late 1980s to deal with the aftermath of the bank closures that plagued the economy.

The Department of Interior also contributed to the expanding civilian employment base. Two agencies in Interior were responsible for most of the growth- the Fish and Wildlife Service and the National Park Service. In the mid to late 1980s growth in the Fish and Wildlife Service was in response to the passage of the Alaska National Interest Land Claims Act (ANILCA) in 1982. That legislation established 16 new wildlife refuges which substantially increased the wildlife resources and habitat to be managed in Alaska. Another employment boost occurred in 1989 when Fish and Wildlife was given the responsibility of managing subsistence activities on federal lands in Alaska. Prior to that time, this was the responsibility of the state government.

Another agency in Interior which grew during this period was the National Park Service (NPS). NPS grew in response to the tourism industry's increased demand for its facilities. Each year, more visitors are coming to NPS facilities such as Denali National Park, Glacier Bay National Monument, and Katmai National Monument.

At the same time Interior turned around, so did the Department of Agriculture. Since the late 1980s, the Forest Service has beefed up

its staff in two areas. The number of personnel devoted to studying forest habitat has increased, in particular wildlife and fisheries biologists, ecologists and technicians supporting their efforts. In addition to a larger scientific staff, more personnel were hired to plan, develop and maintain recreational facilities within the forests.

Another steady contributor to recent growth in civilian federal employment has been the Department of Veterans Affairs (VA). The VA administers veteran's entitlement programs in Alaska and provides health care services through the Anchorage VA clinic. In April 1990, the VA moved into a larger facility that enabled them to increase in-house health care services provided to veterans. The extra staff necessary to deliver these services is the primary reason for VA growth in the last several years. The Department of Transportation, in particular the Federal Aviation Administration, also expanded in the latter part of the 1980s. The primary reason for FAA expansion was an initiative to increase airline safety. This included a broad-based effort of hiring air traffic controllers, upgrading air traffic management systems, and increasing staff devoted to inspecting and certifying aircraft and operators.

Outlook is for little or no growth

The immediate future for most federal agencies ranges from little or no employment growth to declines. At the broadest level, the administration's Reinventing Government initiative is forcing federal agencies to examine how they deliver services. One goal of the initiative is to trim the nation's federal work force by 250,000; how that will affect Alaska is still an unknown.

Even without the Reinventing Government initiative, some agencies in Alaska have cut back on hiring or have a hiring freeze in place. The Federal Aviation Administration is in the midst of a hiring freeze and expects it to continue through the current federal fiscal year. In the future, there could be a significant impact on the FAA's work force if recommendations of the initiative are enacted. One proposal would establish the FAA as

an independent government corporation removed from the federal budget process. This may eventually result in some of the functions of the FAA being privatized.

The Public Health Service (PHS) will continue to increase the number of facilities which are privately contracted, which places downward pressure on Health & Human Services employment. In January 1994 the Southeast Regional Health Corporation will assume management of the PHS clinic in Ketchikan. The transfer of this facility will have a minimal impact on the agency's employment but it will have an impact nonetheless. The largest potential impact would be if the hospital in Anchorage was transferred to private ownership. This isn't expected to happen in the near term but remains a possibility after completion of the construction of the new facility in Anchorage.

The Postal Service, which experienced a steady downward movement in employment during the past several years, expects employment to remain close to current levels in the near term. The employment drop was a result of automation of sorting capabilities, but most of the job loss from automation has been realized. Mail volume is now the critical determining factor in future Postal Service employment; and if population continues to grow there will probably be slight growth in Post Office employment. Automation tended to hit the urban postal service harder than rural sections of the state. Even during the recent downsizing, postal employment in Alaska's outlying areas has been growing and this is the most likely area of future growth.

In the Department of Agriculture, the outlook is for slow declines in the Alaskan employment base. Most of the decline is expected to be a result of the Forest Service shift from timber harvest programs to total ecosystem management. The resulting change in land management philosophy is expected to place downward pressure on employment related to existing timber harvesting programs.

In contrast to the declines in most of the other large departments, the Department of

Interior just recently completed a restructuring which created a new bureau. The new bureau is the National Biological Survey, created as an independent research arm within the department. This agency will result in an overall increase for department employment, although most of the personnel were transferred from research arms in existing agencies.

Most of the other smaller federal agencies in the state expect little or no change in employment. Even so, their overall impact on federal employment tends to be small in comparison to what is happening at the larger agencies, although there are some exceptions. One notable change recently occurred when the Federal Deposit Insurance Corporation closed its Alaskan office in October of 1993. That move cut the federal work force by nearly 200 in Anchorage. On the side of potential future growth, there was a proposal to make the Alaska region a separate office within the Environmental Protection Agency (EPA). While that would add to employment, EPA's presence in Alaska is currently fairly small and the impact of any new personnel would likely be minimal.

Feds Remain An Economic Cornerstone

Although its relative prominence has declined since the emergence of oil as the major force in Alaska's economy, the federal government remains the state's largest single employer. In the last several years, a national effort to pare defense-related spending has placed downward pressure on the military side of Alaska's federal presence. During the same period, some civilian agencies in Alaska have grown due to increased population and demand for services. Other agencies grew in response to increased scrutiny of the land use management policy governing public lands and water resources in the state. With a large resource base to manage, and a growing population spread over a large area, it's a certainty that the federal government will remain a major player in Alaska's economy for many years to come.

Federal Agency Employment

