

Federal Agency Employment in Alaska

By John Boucher

The federal government has been the largest single employer in the state of Alaska since well before statehood. This includes all types of federal employment; military, civilian military, and federal agency employment. Since 1980 there has been a distinct shift in the total employment pattern of the federal government in Alaska. Agency employment, which is every federal function in Alaska that is nonmilitary in nature, has been declining at a steady pace. On the other hand military and civilian military employment has been on the upswing.

This article will examine federal agency employment patterns in Alaska and examine which federal agencies are prominent in Alaska and why. Following that will be an examination and analysis of federal government employment patterns over the last six years. The article will conclude with a brief outlook for federal agency employment in the state.

A clear understanding of what constitutes federal agency employment in this article is necessary. In this article, federal agency employment includes agencies such as the U.S. Department of the Interior, U.S. Department of Agriculture and U.S. Department of Transportation. No uniformed or civilian military are counted in these figures. The U.S. Coast Guard, which is under the U.S. Department of Transportation, is not included in these figures. For a detailed look at the military's role in Alaska, including the Coast Guard, see 'The Military in Alaska's Economy' in this issue of *Trends*.

Federal Agency Employment— The Prominent Players

In 1986 federal agency annual average employment was 9,590. This represented about 4% of total wage and salary employment in Alaska and was larger than the annual average employment in Alaska's mining industry. Five agencies accounted for 86% of the 9590 workers in federal employment in Alaska. Those five agencies from the largest were: the U.S. Department of the Interior, the U.S. Postal Service, the U.S. Department of Transportation, the U.S. Department of Health and Human Services, and the U.S. Department of Agriculture (Table 1).

The activities of these five agencies gives some insight into the unique character of the federal government in Alaska. As the largest land owner in the state the federal government needs to manage the resources of its lands. Most of the Department of Interior's individual branches are charged with managing federal lands or the resources associated with those lands. Because the amount of federal lands in Alaska are so much greater than in other states the number of Department of Interior employees is relatively large.

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The second largest employer in the state, the U.S. Postal Service, is no real surprise because it is the largest federal employer in most states. The Postal Service also requires a large contingent of employees in Alaska because of the unique geographic characteristics of the state. Mail is delivered to far flung areas of the state and the Postal Service must have means to provide this service. In many areas of the state the volume of mail is much more than normal circumstances warrant. For example, in some remote areas it is common for residents to call up a grocer in a nearby larger town and order groceries to be sent through the mail.

The U.S. Department of Transportation's large complement of employees is related to another of Alaska's unique characteristics—its dependence upon air transportation.

The Department's largest number of employees are in the Federal Aviation Administration. These employees man airports, provide inspections, and in general support Alaska's air transportation industry.

The U.S. Department of Health and Human Services large detachment of employees is to serve the public health needs of the state. Over ninety percent of all of Department's employees are in the Public Health Service in communities around the state. The PHS has traditionally been an important provider of basic medical service to rural Alaska, especially to the native population.

The U.S. Department of Agriculture's employees in Alaska serve in a similar capacity to the Interior's in that they are predominantly resource and land managers. The difference is that the lands that they are managing are the Tongass and Chugach National Forests. The Forest Service is almost 90% of all Department of Agriculture employment.

These five agencies comprised 86% of federal agency employment in 1986. A whole host of federal agencies make up the balance of federal agency employment in Alaska. Among the larger of the remaining groups are the Department of Commerce, the Department of the Treasury (IRS) and the Veterans Administration.

Agency Employment Trends 1981-1986

Since 1981 federal agency employment has been on a downward trend. In the six year period, ending in 1986, 14% of agency employment was lost (Graph 1). Not all agencies declined during this period, in fact some agencies grew. In general though federal government employment was on a steady downtrend.

Department of Interior

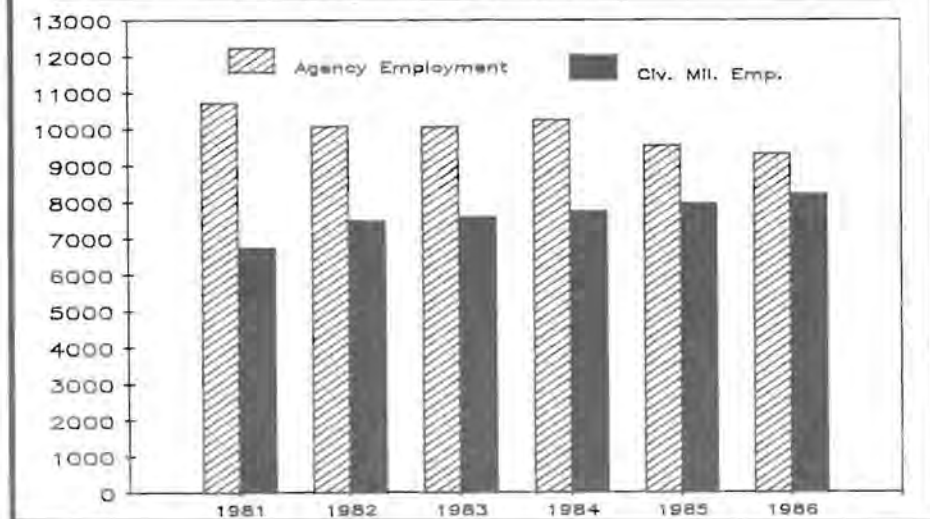
From 1981-1986 the Department of Interior's Alaska employment declined 20.3%, which was slightly greater than the average for all federal agencies. The real story in the Department, however, is the tremendous shifts that have occurred. In 1981 the Department of Interior's largest branches in terms of employment were the Bureau of Land Management with 42% of nearly 2,900 employees and the Bureau of Indian Affairs (BIA) with 30% of the total. No other branch had more than 10% of the annual average employment of the Department of Interior.

By 1986 the Bureau of Indian Affairs (BIA) had dropped to the fourth largest branch in Interior comprising only 10% of Interior's total employment. The Bureau of Land Management remained fairly close to its overall share with 41% of total Department of Interior employment, while two agencies, the National Park Service and Fish and Wildlife increased their shares of employment.

Several events occurred to shift the mix of agency employment. First, the Bureau of Indian Affairs (BIA) gradually turned over the responsibility for schools that were being run by the BIA to the State of Alaska. In 1981 an average of 630 employees were in schools operated by the BIA in Alaska. By the end of 1986, the BIA had no employees in BIA operated schools.

While the Bureau of Indian Affairs was divesting itself of schools in Alaska, legislation was passed which stimulated employment growth in Fish and Wildlife and the National Park Service. The Alaska National Interest Land Claims Act (ANILCA) established 16 new wildlife refuges in Alaska in 1982. The substantial addi-

Figure 1
Federal Civilian Employment
Agency and Civilian Military 1981-1986



tion of wildlife resources and habitat to be managed in Alaska required the addition of new staff and support personnel to accompany it. In response to ANILCA, Fish and Wildlife employment in Alaska has grown 62% since 1981 and become the second largest agency in the Department of Interior in Alaska.

The National Park Service (NPS) responded in a similar fashion to increasing demands for its services, more than doubling employment from 1981 levels. The additional load placed on Alaska's national parks such as Mt. McKinley and Glacier Bay National Monument by Alaska's burgeoning tourist industry was a cause for expansion of NPS employment. Alaska's 40% population increase from 1980-1985 also contributed to NPS employment growth.

U.S. Postal Service

In terms of number of jobs added and percentage growth the U.S. Postal Service (USPS) was far and away the fastest growing federal agency from 1981 through 1986. USPS employment grew 63% during this period, more than 700 jobs. The rapid expansion of Postal Service employment is largely explainable by the rapid population growth in the state in the early 1980s. When population increases business and personal mail volume also increase, generating a need for additional postal workers.

In addition to the increasing mail volumes, many areas such as Wasilla and Palmer expanded postal services. Areas where contracted carriers were used in the past were given city postal carriers. As the larger cities expanded, more stations and branches were required. In 1983 the Postal Service began an aggressive facilities upgrade program, identifying 70 facilities projects which needed attention. From 1983 to 1987 over \$112 million was spent on new post offices and upgrading existing facilities. While most new and upgraded facilities resulted in a shift of workforce from existing facilities, the additional facilities added some workforce to the Postal Service.

In addition to increasing and upgrading facilities, the Postal Service in Alaska became a postal district in 1982. Accompanying that was an in-

crease in staff to support the functions of the Alaska postal district which were previously performed in Seattle.

U.S. Department of Transportation

In 1981 the U.S. Department of Transportation was the second largest federal agency in Alaska. By 1986 Transportation employment had dropped 58% and had lost over 900 employees.

Two major events affected the Department of Transportation employment during this period. First, in 1981 the air traffic controllers union (PATCO) went on strike. Staffing levels were immediately affected and although the strike was declared illegal and the strikers were replaced, staffing levels took quite some time to return to normal.

Since 1981 federal agency employment has been on a downward trend.

The second event, the transfer of the Alaska Railroad from federal to state ownership in 1985, was of even more significance to U.S. Department of Transportation employment than the air traffic controllers strike. In 1984 the Alaska Railroad accounted for an annual average of over 700 employees in the Department of Transportation. These 700 employees just dropped off the federal payroll in 1985. Some but not all were picked up by the State of Alaska.

Health and Human Services

The Department of Health and Human Services has experienced a steady erosion of employment since 1981. Budget constraints, combined with a return of health care services to private control are the primary causes.

The Public Health Services (PHS) is the largest entity in Health and Human Services, comprising 90% of the agency's employment in the state. The two major factors affecting the PHS have been budget cuts and the passage of the Indian Self-Determination Act which allows regional native health corporations to assume the administration of Public Health Service facilities.

Under this arrangement what normally happens is the administrative people who are federal employees come immediately under private control. Staff employees retain their federal employment status to retain federal employment benefits. However, as these staff employees resign, retire or leave they are replaced by employees of the nonprofit corporation which administers the facility.

This takeover process of Public Health Service facilities has placed steady downward pressure on PHS employment since 1980. The first contract was in the Bristol Bay area service unit, the second was with Tanana Chiefs to take over the PHS Fairbanks facility (now Chief Andrew Isaac Health Center). The largest contract to date involved the takeover of Mt. Edgecumbe hospital. All of these have contributed to falling federal PHS and Health and Human Services employment in Alaska.

Department of Agriculture

In the Department of Agriculture the U.S. Forest Service (USFS) dominates the employment picture. The Forest Service has been in a gradual paring down process since 1980, much like the Public Health Service. This is primarily due to budget constraints placed on the USFS. The Forest Service consolidated support services to the regional office in Juneau which resulted in less employment in the USFS. In addition, some summer seasonal employment which was previously hired by the USFS is now contracted out. Examples of this type of employment are surveying and timber thinning.

While the Forest Service is often mentioned in the same breath as the timber industry the hardships of the timber industry in Southeast Alaska has minimally affected USFS employment.

Unless current agency plans change, Alaska can expect a continued slow decline in federal employment from 1986 levels.

Combined, the largest five agencies dropped 13.7% in employment from 1981 through 1986. Agencies outside of the largest five fared much worse, falling 20% during the same five years.

Other Agencies

Most agencies, in addition to the largest five, experienced some declines in employment from 1981 to 1986, although a few agencies gained employment. Two agencies in particular grew during this period—The U.S. Department of the Treasury and the U.S. Department of Justice/U.S. Courts.

The Department of Treasury growth was in its largest agency, the Internal Revenue Service (IRS). This growth in the IRS could be expected in Alaska given the high rate of population growth, the high incomes, and the tremendous business growth that occurred in Alaska during the first half of the 1980s. Growth in the U.S. Courts/U.S. Department of Justice (they became two different departments in 1982) was also driven by an increased population.

Among the smaller agencies which experienced employment drops the U.S. Department of Commerce was one of the hardest hit by employment cutbacks. From 1981 to 1986 employment fell nearly a third. Some of the employment was lost from the National Weather Service where reorganizations made for some efficiencies and contracting of some technical services has taken place.

Outlook for Federal Agency Employment

The outlook for the immediate future of nonmilitary related federal agencies in Alaska indicates a slow decline in federal employment the next several years. Unless current agency plans change, Alaska can expect a continued slow decline in federal employment from 1986 levels. If agency plans change or legislative or executive action dictates change, it is far more probable that federal agency employment will decrease as a result of that change rather than increase. Following are some of the expectations of the large agencies in Alaska for the next several years.

**Table 1
Federal Employment by Agency
1981-1986**

Agency	1981	1982	1983	1984	1985	1986	Percent Change 1981-86
Interior	2,862	2,614	2,493	2,476	2,380	2,280	-20.3
U.S. Postal Service	1,328	1,425	1,628	1,893	1,979	2,169	63.3
Transportation	2,240	2,150	2,088	2,073	1,399	1,311	-41.4
Health & Human Services	1,666	1,374	1,359	1,402	1,422	1,248	-25.0
Agriculture	1,239	1,220	1,185	1,134	1,081	1,048	-15.4
Commerce	600	578	577	500	437	406	-32.3
Treasury	276	278	303	321	308	333	20.7
General Services Administration	145	116	115	117	118	117	-19.3
Veterans Administration	146	101	113	127	136	139	-4.8
Justice	115 ¹	68	66	67	86	100	41.7 ²
U.S. Courts	- ¹	58	54	55	59	63	- ²
Housing & Urban Development	62	57	51	43	47	49	-21.0
Small Business Administration	28	25	26	29	30	30	7.1
Office of Personnel Management	22	31	21	21	20	21	-4.5
Labor	20	11	13	13	13	14	-30.0
Federal Communications Commission	13	9	9	11	10	13	0.0
Selective Service	0	0	2	7	5	6	-
General Accounting Office	8	7	7	7	5	3	-62.5%
Interstate Commerce Commission	1	1	1	1	1	1	0.0
TOTAL	10,771	10,117	10,111	10,297	9,536	9,351¹	-13.2
Total including civilian military	17,544	17,643	17,732	18,075	17,524	17,592	0.3

¹ Reported as two departments, U.S. Dept. of Justice and U.S. Courts beginning 1982.

² Percentage change calculated combining Justice & U.S. Courts.

Overall, most of the major employment cuts by the Department of Interior have been completed. The turnover of the BIA schools to the State of Alaska are completed and the consolidation of the Bureau of Land Management has taken place. Of the two growth agencies, the National Park Service and Fish and Wildlife, neither expect to continue in the high growth mode of the last five years. The National Park Service may experience some slight growth if Alaska's tourist industry keeps increasing the burden on the National Parks. One possible area of growth given the recent interest in the mining industry in Alaska may be increased staffing levels at the U.S. Geological Survey to step up mapping efforts of suspected mineralized areas of Alaska.

The U.S. Postal Service has completed much of its expansion of force in Alaska. Most of the hiring that is anticipated will be to replace existing positions due to turnover or retirement. Even though population is declining in some of the areas which the Post Office expanded in the early 1980s, there are no plans to return to pre-1980s type postal service in these areas. Usually, once an area upgrades its postal services those services are there to stay despite population drops.

The Postal Service plans to continue to upgrade its facilities through the next several years. The planned construction budget for federal fiscal year 1988 is \$3.35 million, down from \$8.45 million in federal fiscal year 1987 but still a substantial amount of construction spending. The current plan is to concentrate on rural areas of the state where new "log cabin" post offices are being constructed. Areas where plans are under consideration for new facilities in the future include North Pole, Wasilla, Kotzebue, Barrow, Bethel and a whole host of other communities. However, it is anticipated that any new facilities brought on stream would result in an reorganization of existing work force rather than an expansion.

Most of the economies that have been made in the Department of Transportation are completed and the outlook for this department is for slight growth. The Federal Aviation Administration is currently under fire in

the media for what appears to be an increasing number of incidents relating to safety in the skies. A bill was recently introduced which would require the FAA hire an additional 1,000 air traffic controllers. Whether the additional 1,000 air traffic controllers are hired and some come to Alaska or not, the fact remains that strong sentiment has been expressed to beef up the FAA staffing levels rather than cut back employment.

The outlook for the Public Health Service (PHS) in Alaska is one of continued contraction as more health services are contracted out to native corporation health organizations. Results of the contracting out have been favorable so there doesn't seem to be any major roadblocks to continuing to expand the practice. The question seems to be whether or not these private nonprofit corporations can find it financially feasible to take over the management of these Public Health facilities. Currently, facilities in Bethel and Kotzebue are under consideration for this arrangement which, if successful, would continue to erode PHS employment. In the meantime, turnover of current PHS employees at facilities currently contracted to private entities will contribute to declining employment.

In terms of construction budgets, the PHS plays a large role in many villages in constructing water and sewer projects, solid waste treatment facilities, and other public health construction projects. In cooperation with the Department of Housing and Urban Development (HUD), the Public Health Service provides journeyman and other skilled labor to these projects while the villages usually supply all of the unskilled and semi-skilled labor that is needed. In the last several years the construction budgets for both HUD and PHS have been tapering off and 1988 is expected to be a continuation of that trend. This would mean that there will be less PHS construction employment both in the PHS itself and by villages who provide the employment for the construction of these public health projects.

Of the major agencies only the Department of Agriculture currently is in danger of losing a substantial portion of its employment. The Tongass Timber Supply Fund, which is

used to manage the Tongass National Forest, is coming under severe Congressional scrutiny. The U.S. House of Representatives has passed a bill which would repeal the automatic appropriation to the Tongass. If the Tongass Timber Supply Fund were to be cut substantially, Forest Service employment would have to fall. For example if the \$21 million dollar reduction which had been proposed were implemented, the Forest Service could expect to lose 100-125 employees.

The Alaska's Congressional delegation is opposed to any change in the Tongass Timber Supply Fund and that may have a very strong influence on Senate lawmakers. If the status quo is kept in regard to the Tongass, Forest Service employment is expected to remain stable during the next several years.

The major employment change in other agencies is three years away and will take place in the Department of Commerce. That will be the hiring of 500-600 workers to perform the 1990 Census of Population. No other single event on the horizon will affect federal employment to the degree that the 1990 Census will, albeit for a short time.

The National Weather Service and other agencies of the National Oceanic and Atmospheric Administration are expected to remain at their current levels of employment for the immediate future. The same is expected for the Internal Revenue Service and the Veterans Administration.

Conclusion

While different agencies have had different experiences during the last five years, the overall trend in non-military federal agency employment in Alaska has been downward. Most of those organizations which lost employment did so through reorganization of their agencies, oftentimes consolidating support services such as personnel and accounting into central offices or simply paring back their support staffs.

In addition to paring down support staff, a good number of agencies which lost employment are contracting out for services previously done in their own agency. In the extreme

case, such as the Public Health Service, the Bureau of Indian Affairs Schools, and the Alaska Railroad, the federal government has relinquished control of these programs to either private nonprofit corporations or the State of Alaska.

It is important to remember that the federal employment numbers, if not carefully examined, can overstate the total employment lost to Alaska's economy. In addition, the military related civilian employment has been increasing over this period so that total federal employment has remained stable.

A good portion of the nonmilitary federal employment lost has been picked up by either private nonprofits or the State of Alaska. Whether it be

through contracting out or paring support staff the overall trend has been clear, there has been steadily less nonmilitary federal employment in Alaska during the last five years with just a few agencies bucking the overall trend.

It seems that those agencies which have cut their staffs do not expect any more drastic staff reductions in the next several years with the possible exception of the Forest Service. On the other hand, those agencies which have been in the growth mode for the last several years are not expecting to increase as rapidly as they have been during the past five years. This points to a stabilization of federal employment at somewhere close to 1986s level with some agencies growing and others shrinking.

Recent economic events and a general unsteadiness in the world economy have put pressure on the Administration to cut the federal deficit to steady the economy. This could mean that all agencies will be asked to reexamine their budgets and try to pare away more employment. In that case the expectations for the next few years could change significantly. In some areas of federal employment though, such as the Federal Aviation Administration, there seems to be growing public sentiment to find money to fund these agencies. In any case while the future of federal government employment in Alaska looks steady at this writing, it could change on a moments notice.