

The Military and Alaska's Economy

By Neal Fried and Greg Huff

The military in Alaska has considerably more economic clout than in most states.

George Rogers, a noted Alaskan economist, once wrote that "by the 50s and 60s Alaska had become primarily an 'exporter' of military defense" . . . and that the military had become "the major industry in the state." It seems strange that the military would be considered an "industry" or an "exporter of defense," but in essence that is what the military in Alaska does. It exports defense to the rest of the nation. In return, Alaska receives economic benefits from the military in a variety of ways, from the paychecks spent in the local economy to payments to local businesses that supply goods and services to the military and to contractors building and repairing the military's infrastructure.

The economic benefits from the military's presence have been great and indeed the military was "the major industry in Alaska during the 1950s and 1960s." The military's economic might has declined since that time but still provides a solid economic foundation. During the early 1980s the impacts of the military on the Alaskan economy were obscured by the flood of oil dollars that ignited our economy into a period of unprecedented growth but by 1986 the rapid growth came to a screeching halt and the military was again in the limelight.

The military in Alaska has considerably more economic clout than in most states. For example, the number of active duty personnel and the amount of defense expenditures on a per capita basis are far higher in Alaska than in most other states. In this article we will explore the military's influence on Alaska's population and economy.

The Military Population in Alaska 1980-1987

In 1980 the military accounted for 15.7% of Alaska's population. While the military population gradually increased during the early 1980s, the nonmilitary population in Alaska grew so rapidly that by 1985 the military represented only 12.5% of Alaska's population.

Table 1
Alaska's Military Population
Active Duty, Civilian and Dependents
1980-1987

	1980	1981	1982	1983	1984	1985	1986	1987
Military as % of State Population	15.7%	15.1%	14.3%	13.4%	13.1%	12.5%	13.2%	13.4%
Total State Population ¹	419,800	433,800	465,200	497,600	522,000	539,600	542,151	537,080
Total Military Population	65,828	65,485	66,344	66,747	68,143	67,314	71,747	72,110
Dependents: Civilian ²	8,545	8,672	9,633	9,757	9,957	10,226	10,547	10,573
Dependents: Active Duty ³	27,903	27,589	27,083	27,100	27,973	26,026	30,007	29,923
Civilian Military (Incl. NAF/Exch.) ⁴	6,676	6,775	7,526	7,623	7,779	7,989	8,240	8,260
Active Duty Military ³	22,704	22,449	22,102	22,267	22,434	23,073	22,953	23,354

Sources:

¹ Figures from Alaska Population Projection, Research and Analysis, Demographics. (1986 and 1987 low projection selected).

² Figures estimated from data in Impacts of Military Spending on the Economy of Alaska, Fiscal Years 1980 to 1986, from Alaska Air Command and data from Alaska Department of Labor. A ratio of 1.28 dependents for every military civilian was formulated from these sources.

³ Alaska Department of Labor, RGA Demographics, unpublished 1987 data. Aleutian Islands figure estimated because it was not available at time of publication.

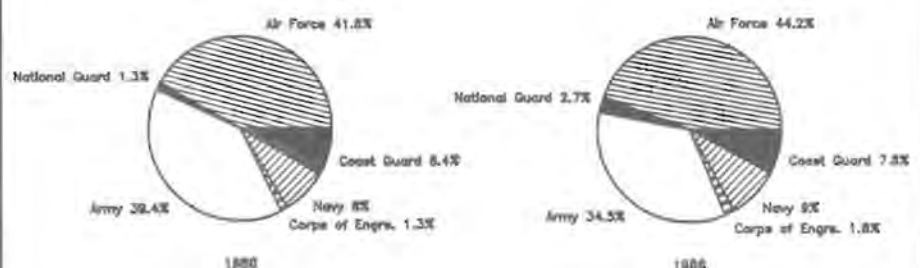
⁴ Alaska Department of Labor, ES-202 files.

By 1987, Alaska's recession had prompted people to leave Alaska in search of work. At a time when more people were leaving Alaska than arriving, the military population continued to increase. By 1987 the military accounted for 13.4% of the forecast 537,080 people living in Alaska. This includes 23,000+ active duty personnel plus their 30,000 dependents and 8,000+ civil service personnel (Table 1).

The military in Alaska is represented by the Air Force, Army, and Navy and are all organized under the Department of Defense (DOD). The Coast Guard is organized under the Department of Transportation, but provides many defense related services and impacts a local economy in a fashion similar to that of the DOD agencies. Hence, the Coast Guard will be included in the military figures unless specifically noted that the data is not available. The Army's Corps of Engineers and Air National Guard work force figures are also included in the total military figures

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Figure 1
Military Labor Force by Type of Service
1980 and 1986



In 1980 the Air Force was Alaska's largest military service.

presented in this article (full-time active duty and civil service only).

In 1980 the Air Force was Alaska's largest military service, representing over 41% of the military's active duty and civil service personnel. This share increased to over 44% by 1986, due to a 12% increase in its work force and a decline in the number of Army active duty personnel over the period. The six year decline in the number of Army active duty personnel ended with the deployment of the 6th Light Infantry Division in Alaska in 1987. The deployment helped boost the number of Army active duty personnel by nearly 1,000 from year ago levels.

There were shifts in the relative work force figures among Alaska's "smaller" services as well (Figure 1). From 1980 to 1986 the National Guard, Navy, and Army Corps of Engineers increased their proportion of the total military work force as the Coast Guard share declined. This does not reflect a drastic cut back in Coast Guard personnel, but rather significant growth in the Corps of Engineers and National Guard civil service work force and the Navy's active duty work force.

The Corps of Engineers' civilian work force increased by 50% from 1980 to 1986, to over 550 (97% of the Corps work force is civilian). The National Guard full-time work force, both civilian and active duty personnel,

doubled over the period. The number of Navy active duty personnel (including the Marines) has increased by one-third as its presence in the North Pacific intensifies.

Some of the increase in the National Guard's share of the military work force is attributable to the reclassification of certain active duty guardsman to full-time. There is a clear trend of expanding the guard and reserve by the military because it is cost effective. In late 1987 it was announced that the Alaska National Guard work force would increase by several hundred over the next year.

An important trend in the military work force data is the decrease in the ratio of active duty to civilian employees. For example, in 1980 there were 3.4 active duty personnel for each civilian employee. By 1986 this ratio had fallen to 2.8. The number of civilian personnel rose from 6,676 in 1980 to 8,240 in 1986, an increase of 23% (Table 1). Preliminary data for 1987 shows military civilian employment growth continued into 1987 but at a slower pace. The increase in the number of civilians is a trend consistent with the military's increased practice of hiring civilians to do work that in the past was done by active duty personnel.

Military Payrolls

The military exerts its financial influence on the state in a number of

Table 2
Military Expenditures in Alaska
FFY 1980-1986

(in millions of dollars)

	1980	1981	1982	1983	1984	1985	1986
Payroll	\$ 473.0	\$ 557.7	\$ 617.2	\$ 657.9	\$ 676.1	\$ 725.6	\$ 733.2
Military	319.8	390.3	440.6	464.4	469.9	503.1	516.0
Civilian ¹	129.6	146	156.1	168.7	182.1	189.7	181.5
NAf/Exch	23.6	21.4	20.5	24.8	24.1	32.8	35.7
Construction	78.6	94.1	104.8	141.2	135.1	204	180.3
Operations & Maintenance	303.1	308.3	366.5	380	362.6	389.1	493.3
Other Procurement	168.2	194.4	188.5	219	161	136.9	149.5
Total	1022.9	1,154.5	1,277	1,398.1	1,334.8	1,455.6	1,556.3
Retirement payroll ²						113.1	122.3

Source: Impact of Military Spending on the Economy of Alaska by Alaskan Air Command

¹ Includes Army, Air Force, Navy, Corps of Engineers, National Guard and Coast Guard

² Retirement payroll was not available until FFY 1985 and was not included in totals

ways. Military personnel spend part of their paychecks locally, they purchase goods and supplies in the local market, and they employ local contractors for many projects. These funds flow into the economy and either directly or indirectly support thousands of jobs in Alaska.

A study by the Institute of Social and Economic Research shows that the military from 1980 to 1983 accounted for 15% to 17% of all jobs in Alaska. It is likely that this contribution was several percentage points higher in 1987, particularly in light of defense expenditure increases during a period when other sectors were reducing expenditures. From Federal Fiscal Year (FFY) 1983 (October 1982 to September 1983) through FFY 1986 total military expenditures increased by over \$200 million dollars to \$1.5 billion (Table 2) and significant increases were expected in FFY 1987.

The largest and most direct economic benefit Alaska receives from the military is through its payroll. During FFY 1986 the payroll totalled \$733 million and the military estimates that 86% of its payroll is spent in Alaska. Although military personnel may spend a high proportion of their paychecks in Alaska the amount that actually reaches the local economy is less given the self-sufficient nature of military operations.

Many goods and services of the active duty personnel and their dependents are either provided for or can be purchased at discount at the military postal exchanges (PX's) and commissaries. Housing, medical care, child care, and a variety of other services are provided by the military. This insulation factor is greater at remote and isolated installations than at urban installations.

In an urban setting the economy receives the benefit of the incidental spending made by the active duty personnel and their dependents. They may not buy the bulk of their groceries at the local grocery store but they do purchase odds and ends, buy gasoline, go to movies, and engage in many other activities that require spending part of their paycheck.

On a per capita basis the military's civilian employees provide more eco-

nomical stimulus to the local economy than the active duty personnel. The civilians working on base are not usually given the many benefits received by active duty personnel and their dependents, hence more of their paycheck is spent in the local economy. In addition their paychecks are greater. In 1986 the average earnings of \$31,000 of a military civilian employee was over \$10,000 more than the average earnings of active duty personnel.

One major benefit received by active duty personnel that offsets the higher earnings of the civilians is off-base housing assistance. This benefit pumps millions of dollars into local housing markets. In Anchorage, for example, it has been estimated that 39% of the active duty personnel lived off base in May of 1987. They

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received from between \$797 to \$1,417 a month in housing assistance, depending upon rank. In Fairbanks approximately 30% of active duty personnel live off base. In Kodiak the most current figures show that 312 out of the 1,000 active duty Coast Guard live in off base housing.

Military Construction

Military construction projects impact the Alaska economy in a variety of ways depending upon type of construction, but it is estimated by the military that 50% of the total construction budget is spent in Alaska. The amount that actually circulates through the local economy is probably less because the contractors or the suppliers of construction goods usually buy materials from outside sources.

Still, the military's construction projects inject millions of dollars into the economy. The primary input to the Alaskan economy is the utilization of Alaskan workers that spend wages locally. From FFY 1980 to FFY 1986 construction expenditure in Alaska increased twofold, peaking at \$240 million in 1985.

Military expenditures for operations and maintenance at their facilities have a greater impact on the local economy than does construction expenditures. Not only is the budget larger, but a higher proportion of the money is distributed into the local economy. Generally, the purchase of services by the military has a greater impact on the local economy than does the purchase of goods. Services are likely to be provided locally whereas goods are usually produced and/or purchased outside of Alaska. The military estimates that 72% of the operations and maintenance expenditures are spent locally. In FFY 1986 that amounted to over \$350 million.

Geographic Distribution

From Coast Guard stations in Ketchikan to Distant Early Warning (DEW) sites on the North Slope the military has over 50 installations located across the state. Many have no permanent crew, others are remote and isolated, and some are only staffed by a handful to a couple hundred personnel. Only a relative few have larger concentrations of military personnel.

Generally the larger the installation the larger the surrounding community. Of the 14 installations in 1987 having 100 or more personnel, four contain three-quarters of Alaska's active duty personnel (Table 3) and an even greater share of military's civilian workforce and military's dependent population (Figure 2). The two largest of the installations, Elmendorf Air Force Base (AFB) and Fort Richardson, are located in Anchorage, and the third and fourth largest, Eielson AFB and Fort Wainwright, are located in Fairbanks.

Anchorage is home of the Alaskan Air Command which serves as the senior military organization in the state and is headquartered at Elmendorf AFB. In 1987, 6,700 active duty personnel were stationed at Elmendorf—the highest count in the 1980s. The number of soldiers stationed at Fort Richardson totaled 4,860 in 1987, up 360 from 1986. This is the highest recorded level in the 1980s.

The military's civilian workforce also reached new highs in 1987. Over a

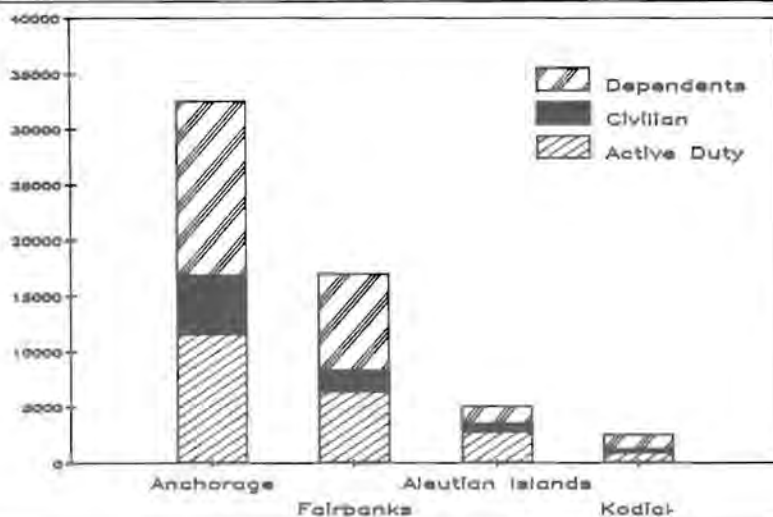
Table 3
Alaska
Station Strength, Active duty
By Census Area
July 1, 1980-July 1, 1987

	1980	1981	1982	1983	1984	1985	1986	1987
Total Alaska Active Duty	22,704	22,449	22,102	22,267	22,434	23,073	22,953	23,354
Aleutian Islands Census Area	2,213	2,242	2,218	2,194	2,307	2,890	2,847	2,900 ¹
Anchorage Borough	11,298	10,833	10,955	10,531	10,904	10,829	10,807	11,700
Bethel Census Area	42	47	43	24	0	0	0	0
Bristol Bay Borough	329	351	344	311	273	300	291	275
Dillingham Census Area	0	0	0	0	0	0	0	0
Fairbanks Northstar Borough	5,481	5,529	5,133	5,841	5,882	5,912	5,938	5,452
Haines Borough	0	0	0	0	0	0	0	0
Juneau Borough	293	357	292	341	368	316	235	223
Kenai Peninsula Borough	67	68	68	72	70	72	77	72
Ketchikan Gateway Borough	203	204	215	182	163	152	211	276
Kobuk Census Area ²	17	18	17	12	0	0	0	0
Kodiak Island Borough	1,098	1,073	1,010	1,097	921	1,086	1,076	1,000
Matanuska-Susitna Borough	0	0	0	0	0	0	0	0
Nome Census Area	41	43	44	39	29	31	26	31
North Slope Borough	15	16	19	13	0	0	0	0
Prince of Wales-Outer Ketchikan	0	0	0	0	0	0	0	0
Sitka Census Area	174	177	193	201	190	185	195	187
Skagway-Yakutat-Angoon Census Area	0	0	0	0	0	0	0	0
Southeast Fairbanks Census Area	801	810	780	815	784	718	710	689
Valdez-Cordova Census Area	103	103	87	90	94	101	101	96
Wade Hampton Census Area	12	17	15	9	0	0	0	0
Wrangell-Petersburg Census Area	20	21	22	22	13	21	20	23
Yukon-Koyukuk Census Area	497	540	647	473	436	460	419	430

¹ Estimated. Count from Navy was not available at time of publication
Alaska Department of Labor, Research & Analysis, Demographics

² Reorganized as Northwest Arctic Borough in 1986.

Figure 2
Military Population: Active Duty, Civilian and Dependents¹ for Selected Areas of Alaska 1987



seven year period the number of military civil service jobs increased from 4,290 to 5,119. The most recent military workforce increases in Anchorage were in response to several

events, but most prominent were the activation of 962nd Airborne Warning and Control Squadron (AWACS) in 1984 and the arrival of a new F-15 squadron, and the deployment of the 6th Light Infantry Division in 1987.

The military installations located in Fairbanks support a quarter of Alaska's military population and contain over one-fifth of Fairbanks' population. The deployment of the 6th Infantry Division had the largest impact on Fort Wainwright and the Fairbanks area. Though the division was activated in 1986, the impacts on the active duty personnel level at Ft. Wainwright were not realized until 1987 when the ranks increased by 570.

Fort Greely, south of Fairbanks in the Southeast Fairbanks Census Area is the Army's third largest fort in the state. The deployment of the Light Infantry Division has not impacted the personnel levels at Fort Greely. The levels of active duty and military civilian personnel have been stable for the past six years. Overall, the

military accounts for nearly 2,000 people in the area (Table 3), which represents 32% of the area's population.

The Adak Naval Station on remote Adak Island, far out in the Aleutian chain, is Alaska's fifth largest military installation. Since the Navy's recent buildup in the Northern Pacific its work force has increased by over 30% from 1980 to 1987. The big increases occurred when the Navy reactivated a full anti-submarine warfare aircraft squadron and an aircraft intermediate maintenance department in 1985. When the military population on Adak is combined with the military population of Shemya AFB near Attu (8th largest military installation in the state) the military accounts for over 55% of the population in the Aleutian Island Census Area.

Kodiak is home to Alaska's sixth largest military installation and largest U.S. Coast Guard installation in Alaska. In fact, it is the largest Coast Guard station in the nation. In 1987 over 20% of Kodiak's population was directly related to the Coast Guard—1,000 active duty, 230 civilian personnel and 1,400 (active duty) dependents. The number of active duty personnel has fluctuated from a high of 1,097 in 1983 to a low of 921 the following year. The number of civil service employees totaled 230 in 1987, down from nearly 300 in 1980.

Additional areas with a significant amount of Coast Guard personnel are Ketchikan, Juneau and Sitka—the 11th, 12th and 13th largest military installations in Alaska. In 1986 the Juneau Coast Guard station workforce was reduced by nearly 100 active duty personnel when the USCGC Planetree was relocated to Ketchikan. This transfer reduced the Coast Guard workforce by one-third in Juneau and increased Ketchikan's by 80%.

Other military installations with 100 or more personnel are Galena (9th largest) and Clear AFB (13th largest) in Alaska's Yukon-Koyukuk Census Area and at King Salmon (10th largest) in the Aleutian Islands Census Area. These Air Force installations house first line defense Air Force Squadrons. Personnel levels in the Yukon-Koyukuk Census Area peaked in 1982 at 647 and by 1987 had fallen to 430. Elimination of positions at the

various DEW sites located throughout the area have been the primary cause of declines.

Impacts of military installations and related spending on a regional or local economy vary considerably. Overall, the impacts of the military are greatest in the urban areas of the state because the remote bases have a greater self sufficiency factor. The communities that appear to benefit the greatest from the military presence in Alaska are Fairbanks, Kodiak, and Anchorage (Table 4).

Future Projects

Predicting the Pentagon's next move

Table 4
Military Expenditure by Census Area
(In millions of Dollars)

	1980 Total	1986 Total
Alaska Total	\$762.4	\$1,186.6
Aleutian Islands Census Area	89.6	169.2
Anchorage Borough	454.6	457.5
Bethel Census Area	3.1	4.7
Bristol Bay Borough	6.9	11.0
Dillingham Census Area	0.2	0.2
Fairbanks Northstar Borough	143.0	346.7
Haines Borough	0.9	1.0
Juneau Borough	5.1	4.8
Kenai Peninsula Borough ¹	3.7	27.8
Ketchikan Gateway Borough	1.0	1.3
Kobuk Census Area ²	2.9	2.2
Kodiak Island Borough ³	0.5	8.5
Matanuska-Susitna Borough	1.4	5.5
Nome Census Area	3.4	6.7
North Slope Borough	5.0	9.6
Prince of Wales-Outer Ketchikan	0.1	0.2
Sitka Census Area	0.3	2.8
Skagway-Yakutat-Angoon Census Area	0.1	0.2
Southeast Fairbanks Census Area	22.4	37.9
Valdez-Cordova Census Area	1.5	1.6
Wade Hampton Census Area	0.7	0.0
Wrangell-Petersburg Census Area	0.0	0.4
Yukon-Koyukuk Census Area ⁴	16.9	87.0

Source: Federal Expenditures by state for FFY 1986 and Geographical Distribution of Federal Spending in Alaska FFY 1980.

¹ 1986 military expenditures included \$24 million in procurement contract awards

² Reorganized as Northwest Arctic Borough in 1986.

³ Change in military expenditures from 1980 to 1986 are mostly due to how Department of Defense Procurement Contract Awards through the Coast Guard were recorded.

⁴ 1986 military expenditures included \$75 million in Procurement contract awards.

(Note: these total expenditures do not match those in table 2 because non-appropriated and most Coast Guard funds are not included).

**Predicting the
Pentagon's next move
in Alaska is virtually an
impossible task.**

in Alaska is virtually an impossible task. Some analysts predict that mounting federal deficits will eventually inhibit the Defense Department's ability to grow. Other analysts believe that Alaska is again becoming a location of growing strategic importance because of the Soviet Union's expanding presence in the Pacific, insuring future defense expansion in the state. Notwithstanding this type of speculation, there are a number of projects the Defense Department already has planned which will impact the state's economy.

The deployment of the 6th Light Infantry Division at Fort Wainwright near Fairbanks is the single largest undertaking. Although the activation of the brigade began this year, the deployment will not be completed until 1992. An additional 3,564 soldiers and 300 civil service jobs will be in place at Fort Wainwright, and an additional 300 uniformed personnel will be deployed at Fort Richardson in Anchorage by 1992.

Construction activity on Fort Wainwright will accompany the deployment of the brigade. The Fairbanks North Star Borough's Community Research Center estimates the construction work force will reach 585 in 1988 and peak at 755 in 1989. The Center has also estimated that deployment of the division will create an additional 1490 direct and indirect nonmilitary jobs in Fairbanks by 1992.

The deployment of the division will reverse the diminishing military role in Fairbanks; bringing the area's total military strength up to levels of the late 1960s and early 1970s. But its relative importance to Fairbanks' economy will not reach historical levels because the local economy has broadened considerably since the discovery of oil in Prudhoe Bay.

Another sizeable military undertaking will be the construction and operation of a \$450 million over-the-horizon backscatter radar system. This radar will give the Air Force the ability to provide long-range surveillance of aircraft and missiles. Construction of the radar will take place in the vicinity of the Interior communities of Tok (the receiver site) and Gulkana (the transmitter site). Road work is planned for 1988 with a peak

construction work force of 350 by 1989-1990. The project is expected to go into operation by 1992. Approximately 60 operations personnel will be stationed in both Gulkana and Tok (30 civilians and 30 military personnel). An additional 315 people will operate the backscatter's operational center at Elmendorf AFB (expected to be mostly military personnel).

New radar systems in Alaska do not end with the backscatter: major work is being performed on two other systems. Alaska's DEW line (Defense Early Warning System) is being modernized. Seven of the 31 DEW line sites are located in Alaska. The total cost of the project, which includes the sites in Canada, is \$1.65 billion. The project is expected to be completed by 1992 with fewer personnel needed to run the sites. Presently the majority of these personnel are private contract workers.

On Amchitka Island, in the Aleutians, the Navy is building an over-the-horizon backscatter radar. Work began on the Amchitka radar in May, and presently the work force on this project has reached 140. The completion date is expected to be the summer of 1988.

In addition to Adak, the number of Navy ships visiting Alaska ports has been on the increase. Over the past two years there have been numerous unsubstantiated rumors in a number of communities that the Navy is planning to establish a new naval station in Alaska. What might lend more credence to these rumors now is the fact that Alaska's Senator Stevens announced that he had invited the Navy to assess any potential new home ports in Alaska for Navy vessels. The Navy toured the state in late October. Ketchikan has also been mentioned for the location of a submarine test facility.

On the down side the Kodiak Coast Guard Station may be experiencing major personnel changes during the next three to six months which will result in some cutbacks in staffing. A contract will be awarded soon to take over the maintenance of the station. Up to now, 220 uniformed and civil service personnel (almost equal in number) performed this work. The affected Coast Guard personnel will be reassigned to new positions in Kodiak

Table 5
Defense Expenditures and Active Duty Military
By State
1986

	Per Capita Defense Expenditures	Per Capita Defense Procurement Contracts	Defense Wages & Salaries	Active Duty Military by State	Ratio of Resident Population/ Active Military
U.S.	\$ 939	\$ 613	\$ 127	1,366,866	175
Alabama	841	392	173	23,096	174
ALASKA	2,223	1,062	525	20,375	26
Arizona	1,172	791	122	20,704	154
Arkansas	621	374	76	9,748	242
California	1,494	1,038	179	204,822	129
Colorado	1,080	579	178	36,914	88
Connecticut	1,880	1,703	70	6,526	486
Delaware	676	355	118	4,662	133
District of Columbia	2,766	1,222	736	12,710	49
Florida	888	485	125	73,140	155
Georgia	1,055	575	192	64,390	93
Hawaii	2,341	530	833	46,973	22
Idaho	305	62	80	5,647	178
Illinois	304	150	65	40,874	282
Indiana	602	451	61	6,576	836
Iowa	263	204	17	399	7,228
Kansas	1,156	792	149	23,627	104
Kentucky	479	144	144	40,782	91
Louisiana	566	333	85	25,710	174
Maine	782	498	99	5,382	216
Maryland	1,589	1,016	235	35,687	123
Massachusetts	1,652	1,498	58	9,417	618
Michigan	347	257	34	8,773	1,036
Minnesota	616	546	22	859	4,881
Mississippi	990	624	142	16,029	163
Missouri	1,343	1,095	97	16,072	313
Montana	291	76	75	3,728	222
Nebraska	480	141	135	12,794	126
Nevada	573	147	126	9,744	96
New Hampshire	920	459	183	4,122	242
New Jersey	619	423	81	18,974	399
New Mexico	946	381	216	16,421	88
New York	635	557	31	21,982	809
North Carolina	606	165	176	98,702	63
North Dakota	760	338	194	11,274	61
Ohio	644	484	65	13,815	778
Oklahoma	726	235	200	31,115	106
Oregon	255	126	31	782	3,436
Pennsylvania	548	357	79	6,711	1,766
Rhode Island	764	403	146	4,037	240
South Carolina	810	154	262	44,373	75
South Dakota	464	180	116	5,854	121
Tennessee	403	237	48	10,991	433
Texas	1,013	649	128	127,176	129
Utah	1,012	484	236	6,172	267
Vermont	347	228	32	74	7,230
Virginia	2,347	934	598	96,588	59
Washington	1,122	566	209	43,669	101
West Virginia	137	54	22	441	4,390
Wisconsin	278	204	26	912	5,236
Wyoming	466	182	109	3,747	136

Sources: U.S. Department of Commerce, Bureau of Census, Federal Expenditures by State for Fiscal Year 1986.
Statistical Abstract of the United States, 1987.

Note: Active duty military data is based on Federal Fiscal Year 1985.

or to other facilities, and some of the civilians may be hired by the contractor, but they expect there will be a net loss in positions. The savings to the military will be primarily in the form of lower wages and benefits. The impact to the economy is unclear but local spending should increase since the contractor's employees will not receive the benefit of the military commissary and other support.

Projecting military activities is a particular challenge because neither the state's nor the nation's economy dictates future trends as much as national and international politics. Budgets from one year to the next are never assured but given the military's intentions as presented above, its presence in Alaska will undoubtedly grow during the next two to three years. The deployment of the Light Infantry Division in Fairbanks alone guarantees this and other evidence suggests a growing military presence. In some industries such as construction, defense related projects may represent the major impetus for growth. In communities such as Fair-

banks, Tok and Gulkana the military presence may mean the difference between a shrinking or growing economy.

A National Comparison

In defense dollars received by states in FFY 1986, Alaska ranks only 36th but given our population base, the military's presence in Alaska is one of the most prominent in the nation. There is one active duty military person for every 175 people in the nation, compared to a ratio of 26 people for every active duty military person in Alaska. Alaska is second only to Hawaii in the number of soldiers on a per capita basis.

The level of expenditures clearly illustrates how pervasive the military's presence is in Alaska. Defense dollars per capita spent in Alaska are over twice as high as the national average, fourth highest among states. Alaska is fifth highest when ranking the value of procurement contracts on a per capita basis, although Alaska manufactures little or no military hardware. Military procurement in Alaska represents only the amount spent to provide supplies, services and construction.

For wages and salaries paid by the Department of Defense the numbers become more striking. Including uniformed and military civilians, Alaska receives four times the amount in wages and salaries on a per capita basis as the national average—\$525 versus \$127. The proportionately larger military presence explains most of the difference but cost of living adjustments for military civil service workers and the active duty personnel provides an additional boost to Alaska's wages. Federal civil service workers in Alaska receive a tax free 25% cost of living adjustment and the uniformed soldiers receive a cost of living adjustment which varies according to their rank.

Even after the military personnel leave the service, a portion of their retirement and disability dollars continues to be spent in the economy. In 1986 military retirement benefits paid to Alaskans totaled \$58 million, which represents \$108 for every Alaskan. This figure is 49% higher than the national average and puts

Alaska in tenth place among the states.

Between 1980 and 1985 the number of uniformed military in Alaska and the nation has grown a little less than 1%, while the civilian military work force has not been quite as stagnant. Alaska's military civilian work force grew slightly more rapidly than the nation's, 14% versus 12%. Defense expenditures in the nation have grown slightly faster than in Alaska, growing 48% compared to 41% in Alaska. (These figures represent FFY 1981-1986 and are not adjusted for inflation). This trend could be reversed in the near future because of planned defense expenditures in the state.

Conclusion

Since Alaska "exports defense" to the rest of the nation it in turn receives economic benefits from the military through the millions of dollars in wages and other expenditures in the state. Although the military's economic might in the 1980s is not what it was in the 1950s and 1960s, its influence was on the increase by the mid 1980s.

Impacts of military installations on a regional or local economy vary considerably, but overall, the impacts are greatest in the urban areas of the state because the remote bases have a greater self-sufficiency factor, which insulates it from the local economy. Hence, the communities that appear to benefit the greatest from the military in Alaska are Fairbanks, Kodiak and Anchorage, where over three-quarters of the military's population is located.

In 1987, the military accounted for over 13% of Alaska's population. This represented some 62,000 people located in over 50 installations from Ketchikan to Barrow. Of these, 14 installations had 100 or more personnel with the largest located in Anchorage, Fairbanks, Adak, and Kodiak.

While other economic factors were on the decline the military population and expenditures were on the increase. Because of Alaska's strategic location it is likely that the military's economic influence will continue to increase through the decade.

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