State government is one of Alaska’s largest employers. With about 24,500 jobs in 2006 and over a billion dollars in wages, it provided almost 8 percent of all payroll jobs and 9 percent of all wages.

Looking at state government employment from 1980 to 2006 (see Exhibit 1), two broad themes emerge. The first is the relationship between state government employment and overall employment. (See Exhibit 2.) Generally, when the economy has shed jobs state government has followed suit, and the opposite has occurred when the economy added jobs.

The second theme is a qualification of the first: while both state government employment and total payroll employment have grown since 1980, state government has grown noticeably less. From 1990 to 1999 in particular, state government’s share of total employment and wages gradually declined.

The roller-coaster 1980s

From 1980 to 1984 total payroll employment grew at a robust average rate of 7 percent a year and total nominal wages grew at 8 percent a year. Oil prices were high and North Slope production doubled from 1978 to 1980 then continued to grow incrementally. The state’s coffers were full and state government employment and wages grew right along with the rest of the economy, though at a slightly lower rate of 6 percent for both.

Job growth for the broader economy slowed considerably in 1985 before shedding over 20,000 jobs in 1986 and 1987, a number that equated to an 8.8 percent loss. State government followed suit and cut 1,700 jobs over the next two years, or 8.5 percent of its 1985 number.

The recovery began for both groups in 1988 and by 1990 both had reached job counts well above 1986 levels. Over the next de-
Similar Trends
State government and total employment

A Declining Percentage
Share of total employment and wages

A Different Pattern Every Decade
State government wages

cade, however, the trend lines diverged slightly.

Little state government
growth in the 1990s

State government employment grew very little during the 1990s, a decade of budget tightening and concern about actual and expected fiscal gaps resulting from declining oil production and relatively low oil prices. From 1990 to 1999, state government added less than 300 jobs and grew at an average annual rate of less than two-tenths of a percentage point. Over that same time, the state’s total job count grew by an average rate of 1.7 percent a year and added more than 38,000 jobs.

As a result, state government’s share of the broader economy gradually shrunk from 9.1 percent of all payroll jobs in 1990 to 7.9 percent in 1999. (See Exhibit 3.) Total wages paid for state government jobs followed a similar trajectory although a change in what was included as wages in 1996 created a break in that series. (See Exhibit 4.) Both before and after 1996, however, state government wages’ declining share of total wages is apparent.

Roughly equal growth
from 2000 to 2006

From 2000 to 2006, state government employment and wages grew at an average rate that more closely resembled the broader economy. Average growth of 1.7 percent a year for state government jobs was just slightly behind the 1.9 percent average rate for total payroll employment. As a result, state government’s share of total employment fell only very slightly from 7.9 percent in 2000 to 7.8 percent in 2006.

Note for Exhibits 3 and 4:
1A change in what was included in wages created a series break in 1996; wage data from earlier years are not directly comparable with data from 1996 forward.

Sources for Exhibits 2, 3 and 4: Alaska Department of Labor and Workforce Development, Research and Analysis Section; and the U.S. Department of Labor, Bureau of Labor Statistics
Still large by national standards

Although the 1990s shrunk state government employment and wages relative to the state’s broader job market, it still plays a larger than average role when compared to the United States as a whole. (See Exhibit 5.) One reason for the difference is that state government in Alaska pays for a larger share of education, corrections and the court system, among other things. Special programs such as the Alaska Permanent Fund are also unique sources of employment in Alaska.

Alaska’s relatively small population and enormous land mass are yet another reason why state government has historically provided a larger share of total employment and will likely continue to do so. For perspective, Delaware’s state government, which oversees a slightly larger population than Alaska’s and a land mass more than 200 times smaller, provides 6.7 percent of the state’s total job count, not too far removed from Alaska’s 7.8 percent.

About 30 percent in state education

About 7,100 of the 24,500 state government jobs in 2006 were associated with the University of Alaska system or Mount Edgecumbe High School, a state-operated boarding school in Sitka. Altogether, state education jobs made up 29 percent of total state employment in 2006.

Nationally, 45.2 percent of 2006 state government employment was in education, but the difference should not be misinterpreted to mean Alaska has a smaller percentage of state education jobs than the nation. In fact, Alaska’s state education jobs make up 2.2 percent of total employment compared to 1.7 percent nationally. In other words, Alaska provides a larger share of state education jobs than the national average, but education jobs make up a smaller share of total state government employment.

Anchorage, Fairbanks and Juneau have most of the jobs

Nearly 80 percent of state government jobs are located in Anchorage, Fairbanks and Juneau.
Not surprisingly, in states where the capital is also the largest city, state government jobs are significantly less noticeable in the local economy. In Denver County, Colo., state government jobs make up just 5 percent of total payroll employment.

Because of the education component, state government also provides a significant portion of total payroll jobs in Fairbanks and Sitka. State government has grown in importance for Ketchikan as a result of the Alaska Marine Highway’s headquarters being moved there from Juneau in 2004.

Many cubicle jobs and many in the great outdoors

The largest group of state government jobs is in the occupational category of office and administrative support. (See Exhibit 8.) The group includes all kinds of office occupations ranging from first-line supervisors to billing clerks and secretaries. Not far behind is the protective services occupational group, which includes firefighters, state troopers and correctional officers, among others.

A tally of specific occupations shows that there were more firefighters than any other occupation in 2006. (See Exhibit 9.) Nearly all those jobs were focused on fighting the forest fires that are a regular summer occurrence in Alaska; local governments generally employ the firefighters who respond to fires and other emergencies in incorporated areas.

Clerks, secretaries and administrative assistants are also well represented occupations, as are correctional officers and jailers. Education-related occupations show up in the

(See Exhibit 6). The mix of employment is quite different for the three, though, with education jobs making up about a fourth of the total in Anchorage, two-thirds in Fairbanks, and just one-tenth in Juneau. If the education component is removed from the totals, Anchorage would still have the largest number of state government jobs, but Juneau would move past Fairbanks into second place.

State government dominates Juneau job market

Although Juneau has fewer total state government jobs than either Anchorage or Fairbanks, state government employment makes up a substantially larger percentage of Juneau’s total employment. (See Exhibit 7.) Nearly one out of every four Juneau payroll jobs in 2006 was in state government.

As dominant as that percentage is, it’s similar to other state capitals that are not their respective states’ population centers. For example, state government jobs make up 21 percent of all payroll employment in Carson City, Nev., and 24 percent in Olympia, Wash.
470 postsecondary business teacher jobs.

**A large, interdependent piece of the economy**

When considered as a unit, Alaska’s state government provides more than twice as many direct jobs as the oil and gas industry, 35 percent more than the construction industry and almost as many as the health care industry – which is not to say that it’s more or less important than any of them to the state’s economy. The question of relative importance can be endlessly and fruitlessly debated, but there’s no question that state government’s size makes it an important piece of the puzzle.

Judging by numbers alone, state government plays a more significant role in Alaska’s economy than for the nation as a whole. This is true for a variety of reasons, not the least of which are the state’s vast area, relatively small population and rich storehouse of natural resources.

Over the last three decades, three distinct patterns can be seen in state government employment and wages. During the 1980s they rose and fell sharply, then rose again, in a decade of boom and bust. Then, having been influenced by that bumpy ride, spending was restrained in the 1990s and state government grew progressively leaner as a share of total payroll employment and wages. Most recently, in the period from 2000 to 2006, state government has grown at roughly the same rate as the broader economy.

When the entire period from 1980 to 2006 is viewed as a whole, two themes emerge: first, state government has generally followed the broader economy’s trends; and second, state government has gradually shrunk as a percentage of the total employment and wage base.