

FEDERAL SPENDING AND REVENUES IN ALASKA

Prepared by
Scott Goldsmith
and
Eric Larson

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Institute of Social and Economic Research
University of Alaska Anchorage
3211 Providence Drive
Anchorage, Alaska 99508
(907) 786-7710 (telephone)
(907) 786-7739 (fax)
www.iser.uaa.alaska.edu



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Executive Summary

This report describes the flows of federal money in and out of Alaska. The report focuses on the period from 1983 through 2002 to identify patterns and changes in federal spending in the state. The report identifies the major components, departments, programs, and types of federal spending in Alaska and describes how each has changed over time. This analysis provides the basis for understanding the significant role the federal government has played in the Alaska economy:

- **Annual federal spending is over \$11,700 per Alaskan.**

The federal government spent about \$7.6 billion dollars in Alaska in 2002. This federal spending amounted to \$11,752 per resident.

- **Federal spending is one-third the size of total personal income.**

The Federal government contribution to the Alaska economy as a whole has declined since statehood. Yet still, federal spending is 38% of the level of personal income of Alaska residents.

- **Federal spending directly creates about 38,000 jobs.**

Federal government wages and salary expenditures directly create 13% of all jobs in the state -- including both civilian and active duty military jobs.

- **Federal spending indirectly creates an additional 58,000 jobs.**

Federal spending on grants, procurement, and payments to individuals indirectly create an *additional* 58,000 jobs in the economy. These indirect jobs include 3,000 state government jobs and 55,000 other jobs in the private sector, non-profits, and local government.

- **In total, Federal spending supports one third of the jobs in the state.**

In total, the federal government supports 96,000 direct and indirect jobs -- about one third of the total 292,000 jobs in the state.

- **Federal spending continues to grow.**

Over the past nineteen years, total federal spending grew on average 4.5% annually, after adjusting for inflation. Real federal spending per resident increased 3% annually over the same period.

- **Alaskans receive more per capita than the US average.**

Each year, Alaska receives about \$5,150 more per capita federal spending than the US average. Part of the reason Alaska receives more is that the federal government in Alaska operates more military bases and manages larger land holdings than other states. In addition, Alaska receives substantially more in project grant funding to build roads, health facilities, sanitation facilities, and other infrastructure.

- **Alaskans receive more than they pay.**

On average, for every dollar that Alaska residents pay in federal personal income taxes, Alaska residents receive \$2 per resident in federal dollars. This “bang-per-buck” is nearly twice the US average. In nearly all years since statehood, the federal government spent more money in Alaska than it collected.

- **Individuals receive the largest share of federal dollars.**

About 41% of all federal spending coming to the state goes to individual Alaskans in the form of wages, salaries, federal retirement benefits, veterans retirement benefits, Social Security payments, Medicare payments, and unemployment insurance benefits.

- **State and Local Governments receive the next largest share.**

About 28% of federal funds coming to the state go to state and local governments as grants. The state government distributes much of the federal grant money it receives to individuals and local governments throughout the state.

- **Businesses receive federal money from procurement contracts.**

Businesses receive about 18% of the total federal dollars coming to Alaska. These businesses provide the federal government with construction services, materials, supplies, research, and other services.

- **Indian Tribes, Non Profit Organizations, and others also receive federal money.**

The remaining 13% of federal funds goes to tribes, non-profit organizations, universities, school districts, and others – mostly in the form of grants.

- **The size of the defense industry in Alaska has declined significantly.**

Since 1993, wages and salaries in the defense industry have decreased and Alaska lost approximately 6,000 military jobs as the federal government closed or realigned some military bases in the state.

- **Highway construction funding has brought the most formula grant funding to the state.**

Over the past two decades, Highway Planning and Construction formula grants from the US Department of Transportation brought the largest amounts of any type of federal formula grant funding to the state.

- **Other formula grants from the federal government continue to grow steadily.**

Over the past four years, the Medical Assistance (Medicaid) formula grant program and US Department of Education “Impact Aid” formula grant programs brought increasing amounts of federal formula grants to the state. State government and school districts receive most of the funds for these formula grant programs.

- **Project grant funding has increased dramatically since 1997.**

Total federal spending for project grants in Alaska grew from 1997 to 2002 at annual growth rates higher than any time in the state’s history. Much of this increase is from increased spending for the Indian Health Services Management Development Program and a wide variety of new project grant programs.

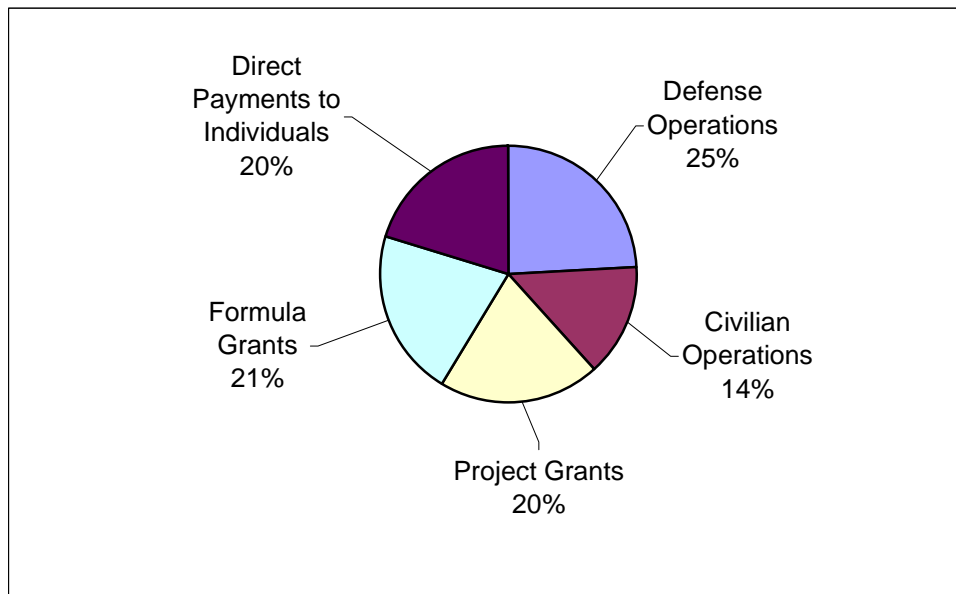
- **Direct payments to individuals continue to grow but remain below national averages.**

Direct payments to individuals in Alaska have grown steadily each year as more and more retirees settle in Alaska and collect Social Security, federal employee retirement benefits, or veterans’ benefits. Direct payments received by Alaskans from the federal government are still below the national average because Alaska has a smaller proportion of retired individuals than the US.

I. Introduction

The federal government plays several prominent roles in the Alaska economy. First, it sets national laws that regulate and affect economic activity in the state. Second, the federal government is the majority landowner in Alaska, and its decisions about the development or conservation of its lands affect the Alaska economy. Finally, the federal government directly participates in the Alaska economy by spending and collecting money. This report focuses on the final role -- the many ways that the federal spends money and collects revenues in Alaska. The federal government makes five major types of expenditures in Alaska: defense operations, civilian operations, formula grants, project grants, and direct payments to individuals (Figure 1).

Figure 1: Composition of Federal Spending in Alaska in 2002



Sources: Consolidated Federal Funds Reports, Classification of grants by type is from Federals Awards Assistance Catalogue. ISER spreadsheet source: Overview Summary.XLS

Defense Operations: The largest component of federal spending in Alaska is for national defense. The Defense Department operates air force bases, army bases, and other military installations. These bases provide defense services for the entire nation. As part of operating these bases the Defense Department pays wages and salaries to both military and civilian personnel; buys materials, supplies, and equipment; and makes investments in land, buildings, and other infrastructure. These expenditures by the Defense Department for wages, salaries, and procurement are “defense operations” spending and account for about one quarter of federal spending in the state (Figure 1).

Civilian Operations: Besides the military, many other federal agencies provide goods and services to residents of the state and the nation. These services include air

traffic control, emergency rescue, weather forecasting, law enforcement, courts, managing national parks, administrating federal programs, and a myriad of another federal services. As part of these operations, federal departments make expenditures for wages and salaries, construction services, research, and supplies. These are federal “civilian operations” expenditures and make up about 14% of total federal spending in the state.

Formula Grants: Besides spending for operations, the federal government also provides formula grants primarily to the state government and school districts. The state government distributes much of these formula grant funds throughout the state. The number of eligible recipients for some of these formula grant programs (such as Medicaid, Food Stamps, and Unemployment Insurance) largely determine how much formula grant spending comes to the state. Federal formula grant spending contributes about 21% of the federal money coming to the state.

Project grants make up another 20% of the federal money coming to the state. The federal government awards project grants to tribes, non-profits, businesses, individuals, school districts, universities, and the state government for many particular projects. Unlike formula grants, project grant spending does not always follow particular spending formulas. Project grants typically have an explicit deadline. They often last one or two years, and they are typically for specific projects.

Direct Payments to Individuals: The federal government also gives money directly to Alaska residents in the form of Social Security benefits, Medicare, unemployment insurance, federal retirement, and other benefits prescribed by federal law. These direct payments contribute another 20% of the federal money coming into the state.

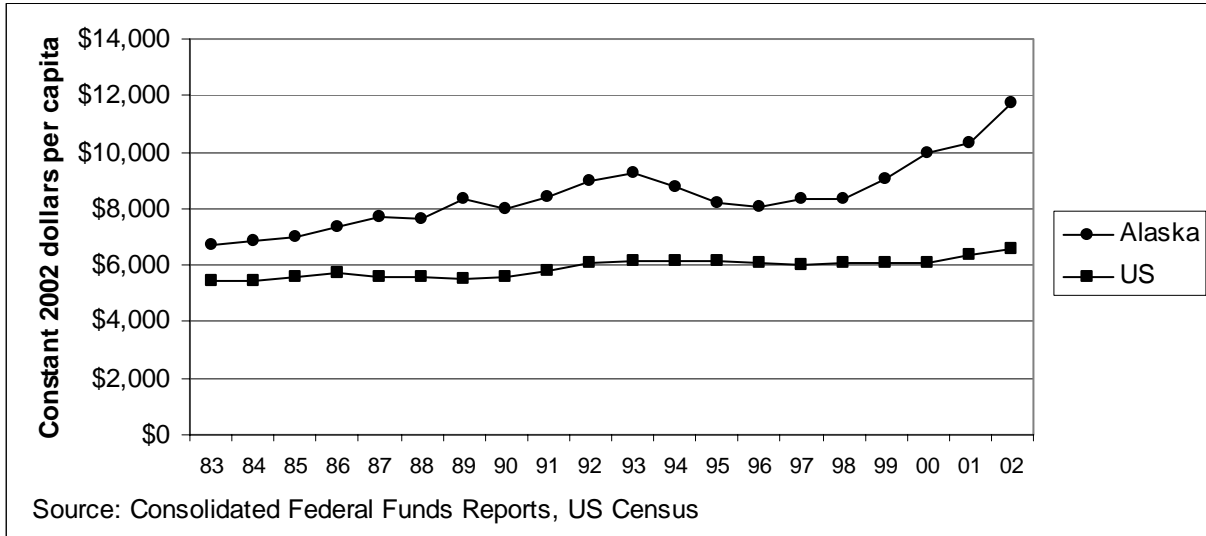
Revenues: On the revenue side, the federal government collects income taxes from individuals and businesses. It also collects excise taxes, gasoline taxes, gift taxes, estate taxes, and license fees. Besides direct taxes, the federal government also collects a diverse variety of non-tax revenues, including lease and bonus payments, oil and gas production royalties and severance taxes, timber sales revenues, and US Postal Service revenues.

This report enumerates and describes these flows of federal funds in and out of Alaska. The report focuses on historical changes from 1983 through 2002 to identify notable patterns and changes in federal spending. The report identifies the major components, departments, programs, and types of federal spending in Alaska and describes how each has changed over time. This analysis provides the basis for understanding the significant role the federal government has played in the economy since statehood. Part II of this report presents an overview of total federal spending in Alaska. Part III describes the major components of federal spending in Alaska. Part IV describes the major flow of funds out of the state to the federal government. The appendices list the data and methods used to measure federal spending.

II. Total Spending

The federal government spent over \$7.6 billion in Alaska in 2002. On average, this spending amounts to about \$11,752 per person.¹ After adjusting for inflation, federal spending per capita has grown on average 3% per year over the last nineteen years (Figure 2). In contrast, inflation-adjusted per capita federal spending for the US grew only at 1% per year and currently amounts to \$6,600 per capita.

Figure 2: Real Per Capita Federal Spending in Alaska and the US



Source: Consolidated Federal Funds Reports

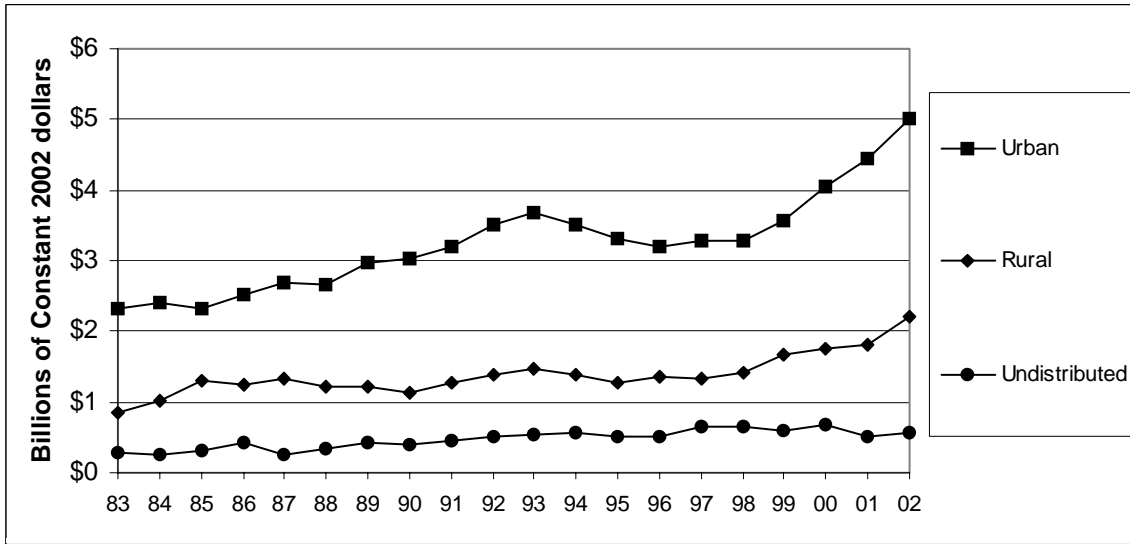
ISER spreadsheet source: Rural Urban Comparisons.XLS

Total federal spending varies substantially across regions of Alaska. About three quarters of total federal spending goes to urban areas of Alaska and the remainder goes to rural areas (Figure 3).² Part of the reason for this distribution is that about three quarters of the population of the state lives in urban areas. After adjusting for the distribution of population across regions of the state, per capita spending in rural and urban areas of Alaska are nearly the same (Figure 4).

¹ Throughout this report, we measure federal spending in constant 2002 dollars per capita to account for changes in price level and population over time. The total spending reported in this section does not include loans or insurance payments. See Section III.D of this report for a discussion of loans and insurance. See Appendix A for a more detailed description of data sources and methodology.

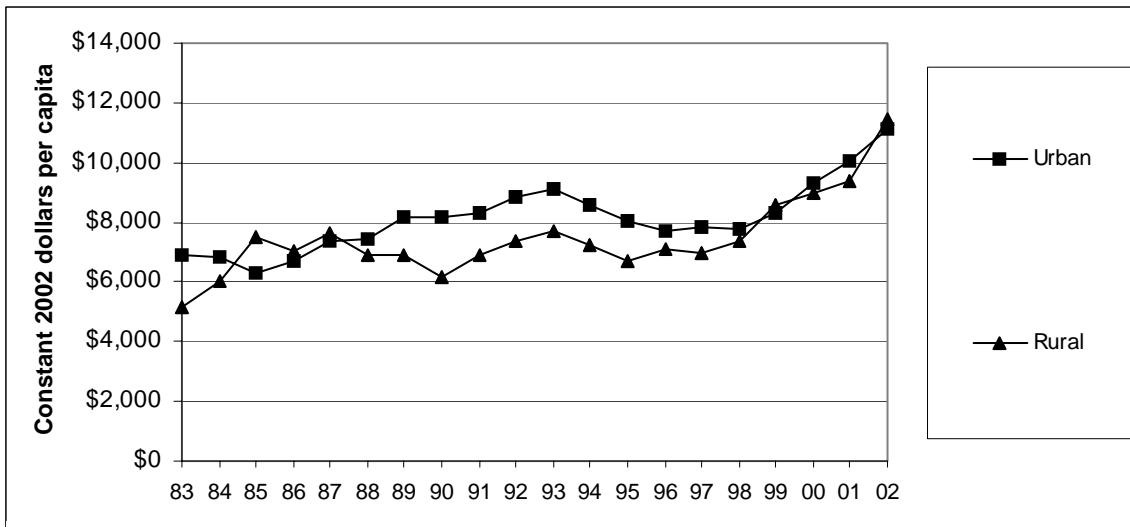
² Urban areas for this report are Anchorage, Fairbanks, Juneau, and Matanuska-Susitna Borough. Based on the 2000 Census, rural population is 30% of the total state population and urban population is 70% of the total. The Consolidated Federal Funds Reports do not assign all federal expenditures to a particular region of Alaska. So, we cannot estimate the share of some expenditures going to each region. We call these federal expenditures “undistributed” in this report. See Appendix A for discussion of allocating spending to geographic levels in Alaska. See Appendix C for more detailed breakdowns of federal spending by borough and Census area.

Figure 3: Real Total Federal Spending in Regions of Alaska



Source: Consolidated Federal Funds Reports
 ISER spreadsheet source: Overview Summary.XLS

Figure 4: Real Per Capita Federal Spending in Regions of Alaska

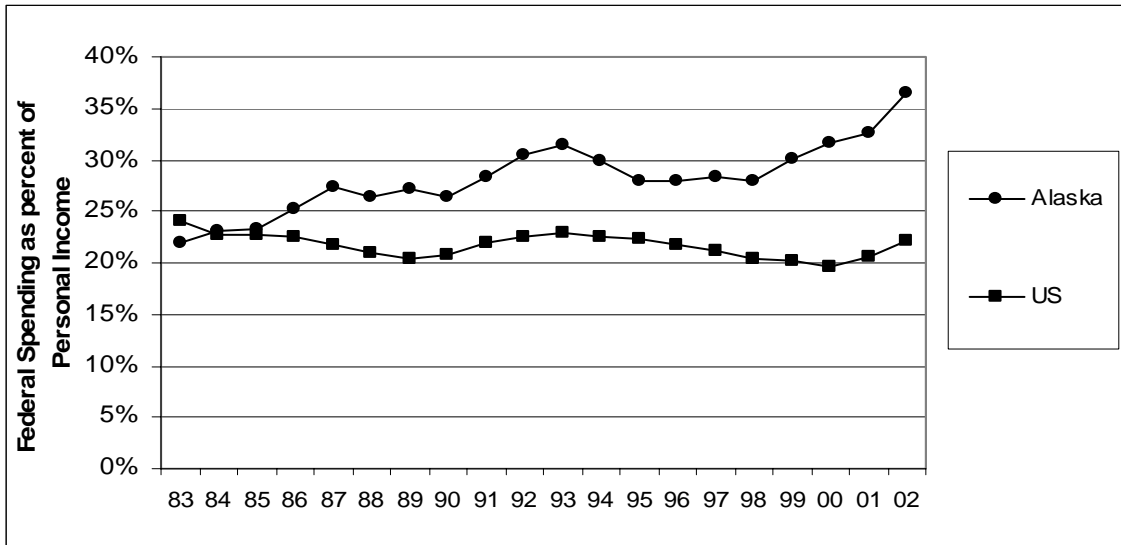


Source: Consolidated Federal Funds Reports
 ISER spreadsheet source: Overview Summary.XLS

The federal government is a major component of the Alaska economy. One way to gauge the overall importance of federal spending to the Alaska economy is to compare federal spending to total personal income. Personal income measures the total income earned in by residents of the state from all sources -- including private sector wages and salaries; dividends, interest, and rent; and state, local, and federal payments to individuals. Federal spending in the state is nearly 40% of the amount of personal

income in the state.³ Figure 5 shows federal spending has grown relative to the personal income over the past nineteen years. In 1983, federal spending amounted to 25% of personal income, but now federal spending amounts to 38% of personal income. In contrast, the federal spending for the US as whole amounted to only 22% of personal income in 2002.

Figure 5: Federal Spending Compared to the Level of Personal Income



Source: Consolidated Federal Funds Reports, US Census Bureau and Bureau of Economic Analysis, Local Area Personal Income, ISER spreadsheet source: Personal Income and Taxes.XLS

Another way to gauge the significance of federal spending is by the number of jobs the federal government creates. Figure 6 shows total military and civilian federal government employment has gradually declined since statehood from about 50,000 jobs in 1960 to under 40,000 jobs for the last seven years. Our best available estimate of current direct federal employment is 38,000 jobs in 2002.⁴ As federal government employment has declined and employment in other industries has increased, the federal government share in total state employment has dramatically declined since statehood. In the early 1960's, the federal government directly created over 80% of total employment in the state, but now directly creates less than 15% (Figure 7).

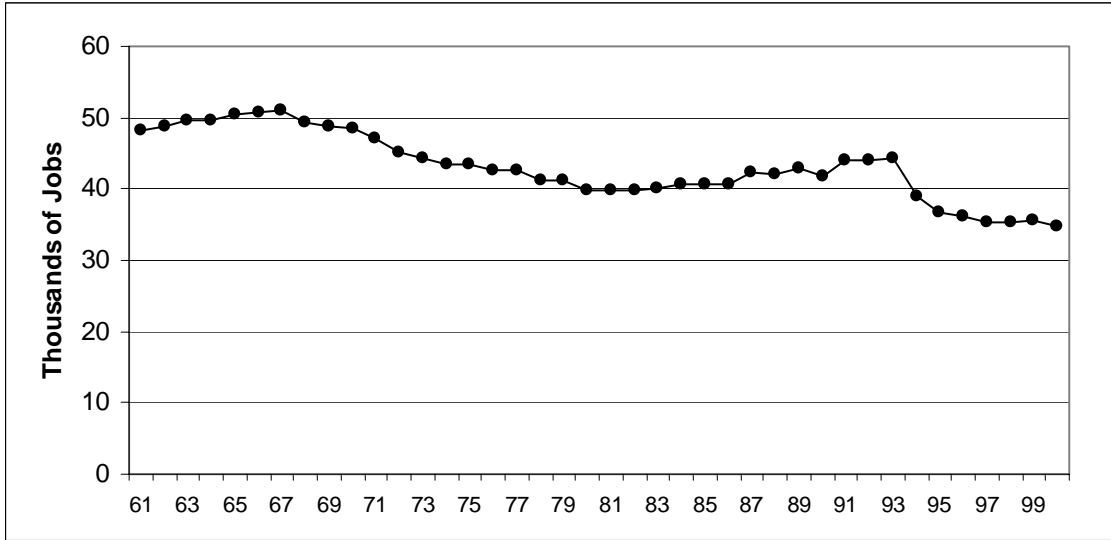
The estimate of 38,000 *direct* jobs understates the total effect of federal spending on employment. Besides these *direct* federal civilian and active duty military jobs,

³ When making this comparison, it is important to note that not all forms of federal spending are part of personal income received by Alaska residents. For example, many forms of federal spending coming to Alaska for procurement and grants are not part of total personal income because they do not end up in the hands of residents of Alaska as income.

⁴ From ISER MAP Database. See Appendix A for a description of alternative estimates of federal government employment.

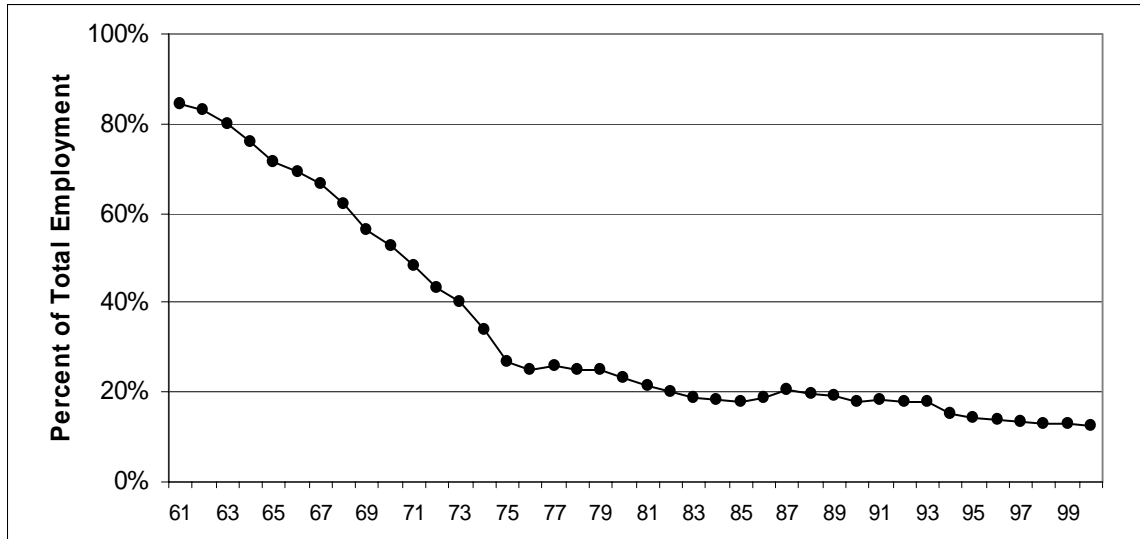
spending by the federal government on grants, procurement, and direct payments indirectly creates an additional 58,000 jobs in the state. These indirect jobs include 3,000 state government jobs and 55,000 jobs in private industry, non-profits, and local government. In total, the federal government supports 96,000 jobs in the state. This amounts to about one third of the total 292,000 jobs in the state.⁵

Figure 6: Federal Employment in Alaska



Source: Alaska Department of Labor, Research and Analysis Section
ISER spreadsheet source: Federal Employment.XLS

Figure 7: Share of Federal Employment in Total Alaska Employment



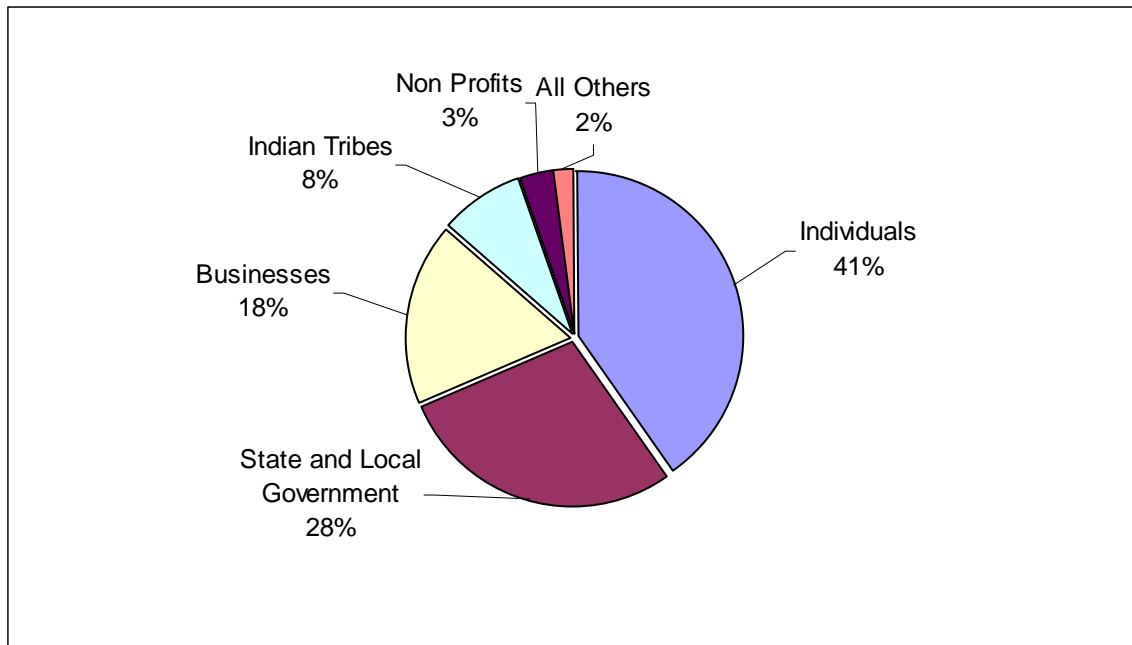
Source: Alaska Department of Labor, Research and Analysis Section
ISER spreadsheet source: Federal Employment.XLS

⁵ These estimates of indirect and total federal employment are from the ISER MAP database. See Appendix A for a description of alternative estimates of federal employment.

Federal money goes to many different recipients in the state, including individuals, state and local government, tribes, non-profits, businesses, universities, Native corporations, and others. Figure 8 summarizes the distribution of federal funds among recipients in Alaska. In 2002, individuals received about 41% of federal funds; state and local governments received about 28%; businesses 18%; and tribes received 8%. The share of federal funds going to individuals and businesses has remained relatively stable since 1996 (Figure 9). In contrast, the share of federal funds going to state and local governments, tribes, and non-profits has increased. The share of federal money going to Indian tribes has increased most substantially of all recipients during the last three years.

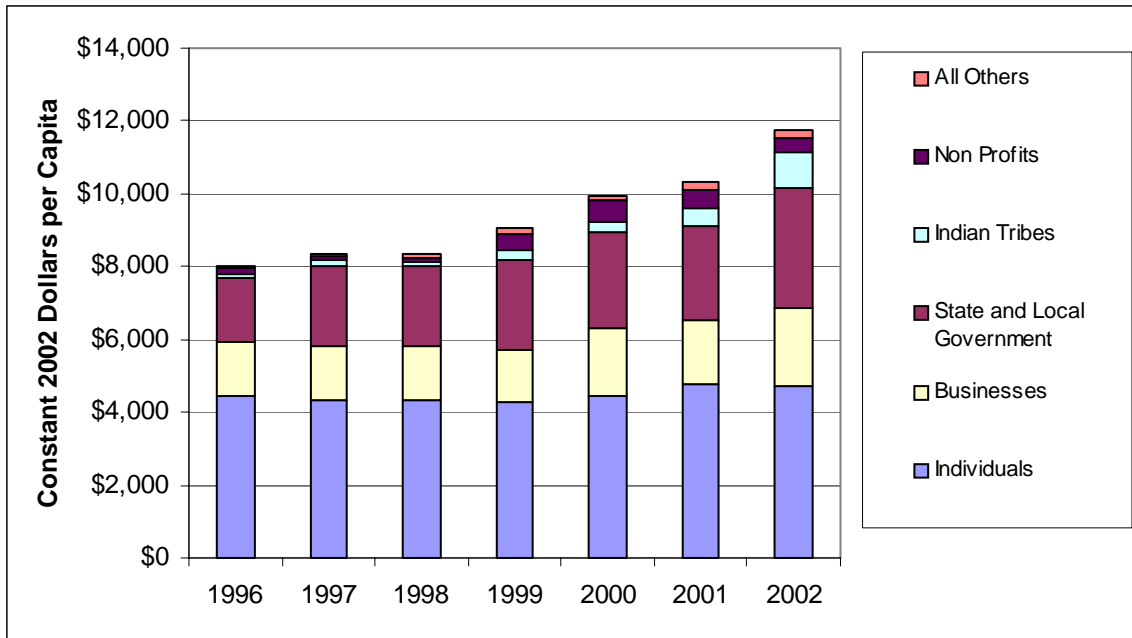
The share of money going to individuals in Alaska is much lower than for the US (Figure 10). This is because the nation as a whole has proportionately more retirement-age people than Alaska. These retirement age individuals receive Social Security benefits, federal retirement benefits, and Medicaid payments from the federal government. Therefore, individuals in the nation as a whole receive a larger share of federal spending than in Alaska.

Figure 8: Distribution of Federal Spending to Recipients in Alaska in 2002



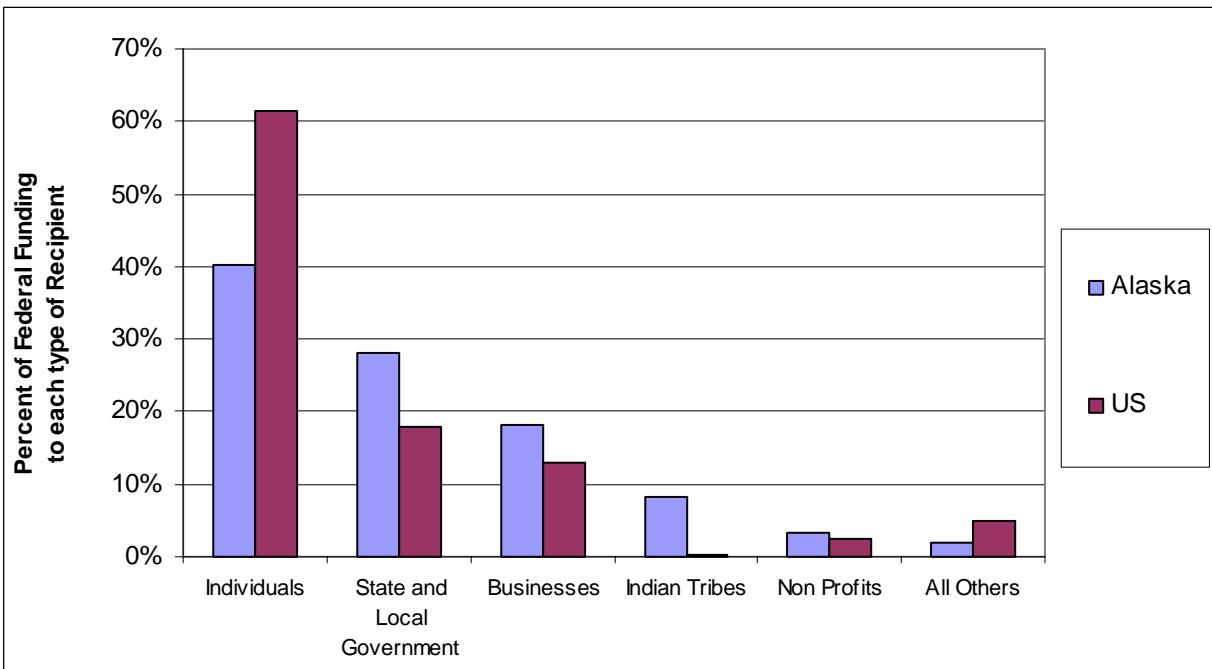
Source: Consolidated Federal Funds Reports and Federal Assistance Awards Data System, ISER spreadsheet source: Overview Summary.XLS

Figure 9: Real Per Capita Federal Spending by Type of Recipient in Alaska



Source: Consolidated Federal Funds Reports and Federal Assistance Awards Data System, ISER spreadsheet source: Overview Summary.XLS

Figure 10: Percent of Federal Funding by Type of Recipient in Alaska and US in 2002



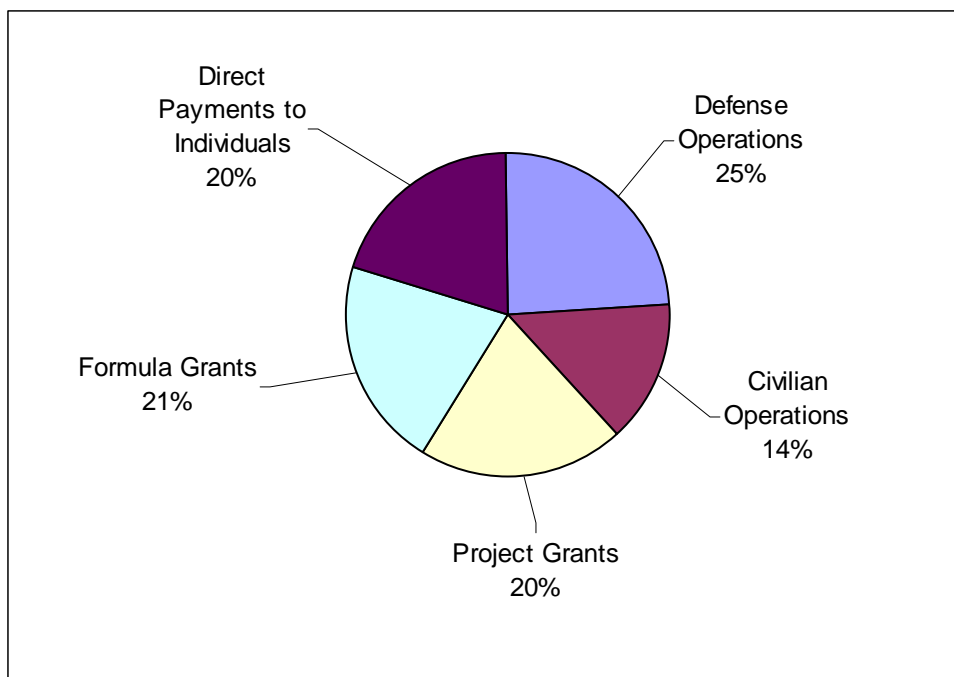
Source: Consolidated Federal Funds Reports and Federal Assistance Awards Data System, ISER spreadsheet source: Overview Summary.XLS

III. Components of Spending

A. Overview of Components

To understand how and why total federal spending in Alaska has changed over the past nineteen years, we must look more closely at its components: defense operations, civilian operations, formula grants, project grants, and direct payments to individuals (Figure 11).

Figure 11: Components of Federal Spending in Alaska in 2002

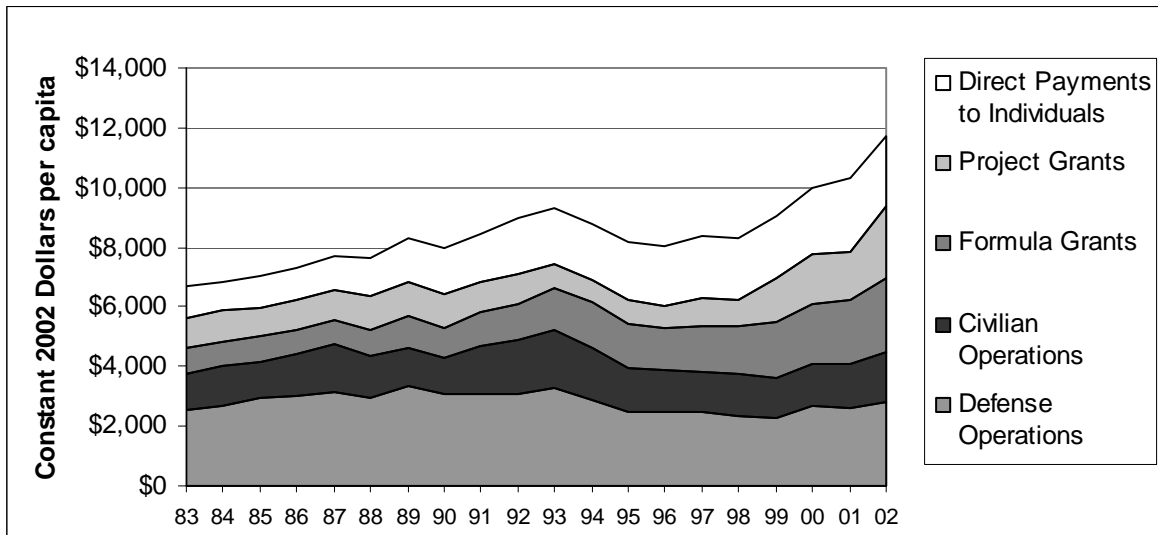


*Source: Consolidated Federal Funds Reports
ISER spreadsheet source: Overview Summary.XLS*

The contribution of each of these components to total spending has shifted substantially since 1983 (Figure 12).⁶ Between 1983 and 1994, defense and civilian operations spending contributed a steadily growing share of total spending and amounted to more than half of all spending before 1994. However, since 1994, defense and civilian operations spending has declined while other components have increased. During the 1990's, grant spending grew substantially faster than any other component of spending. Grant spending is now the largest component of federal spending. Over the past decade, the federal government in Alaska has gradually shifted away from operations spending and toward grant spending.

⁶ Data for federal spending for each of these components are not available before 1983. See Appendix A for a description of the data published on federal spending before 1983.

Figure 12: Components of Real Per Capita Federal Spending in Alaska



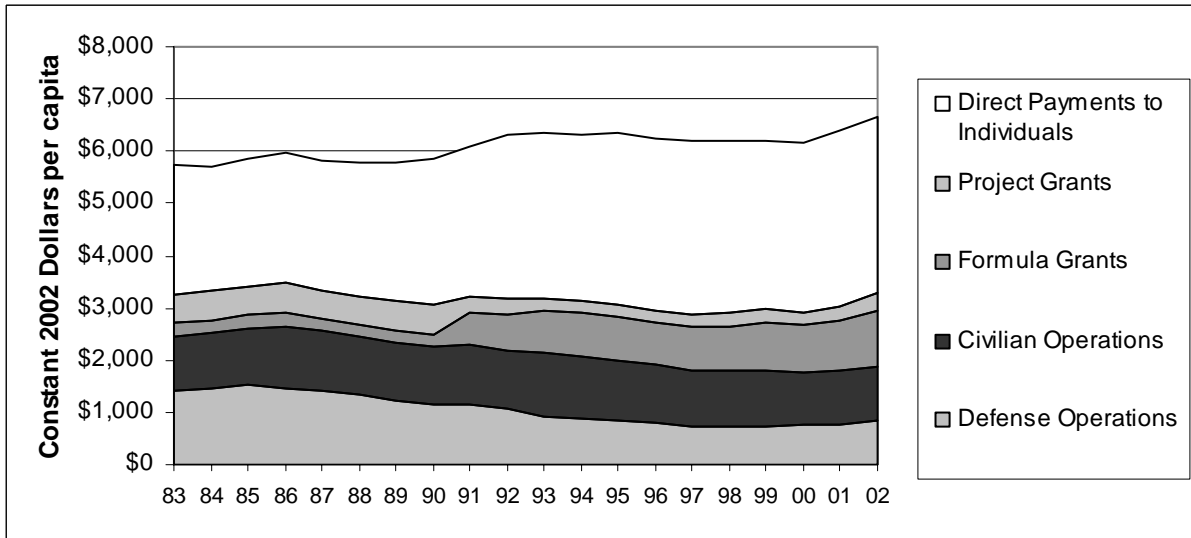
Source: Consolidated Federal Funds Reports
 ISER spreadsheet source: Overview Summary.XLS

Aside from these change in operations and grant spending, federal government spending for direct payments to individuals has steadily increased over the past nineteen years. The bulk of direct payments to individuals are unemployment insurance benefits and retirement payments -- such as Social Security, federal employee retirement benefits, Medicare benefits, and veterans' retirement benefits.. Over the past nineteen years, the percent of the Alaska population of retirement age has gradually increased. As a result, per capita federal spending for retirement benefits in Alaska has gradually increased and contributed a growing share of total federal spending in the state. Direct payments now contribute about twenty five percent of federal spending; but nineteen years ago, direct payments contributed only sixteen percent.

B. Comparisons to US

The components of federal spending in Alaska have grown very differently than in the US. As mentioned earlier, Alaska has experienced a shift away from operations spending toward grant spending. This shift from operations spending to grant spending is not as pronounced for the nation as a whole. For the US, per capita defense operations has declined gradually over the past nineteen years, but all other components continue to contribute similar shares over time (Figure 13).

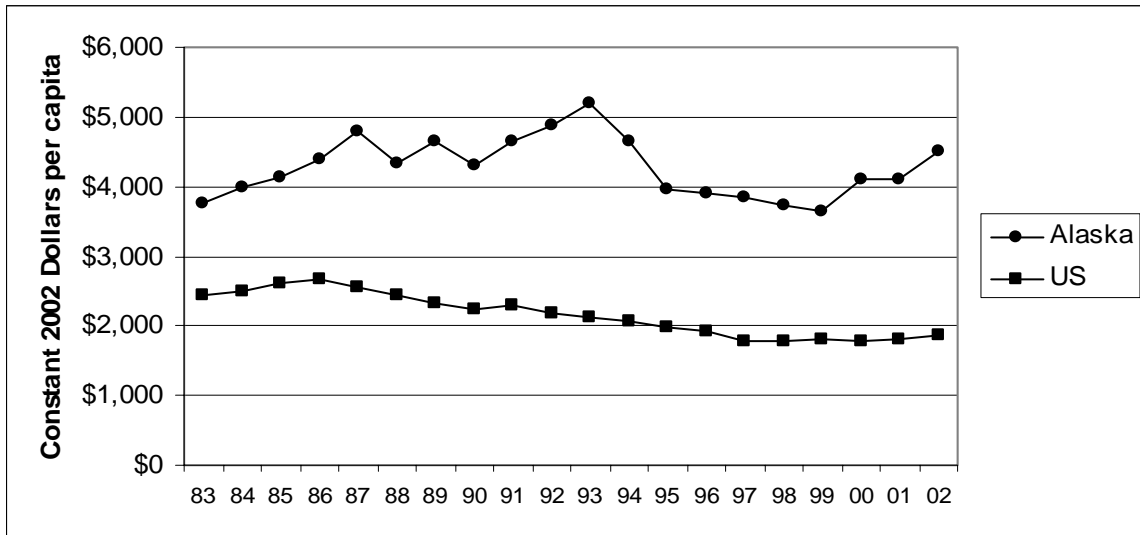
Figure 13: Real Per Capita Federal Spending in US



Source: Consolidated Federal Funds Reports
 ISER spreadsheet source: Overview Summary.XLS

As mentioned earlier, federal spending per capita is much higher for Alaska than the nation as whole. Federal spending per capita is higher in Alaska for three reasons: First, Alaska has a greater concentration of military bases than most other parts of the nation. Second, the federal government is the majority landowner in state; therefore, it has a more substantial land management role than in other parts of the nation. To pay for its Alaskan military bases and its larger management role, federal operations spending per capita has been higher in Alaska than the rest of the US (Figure 14).

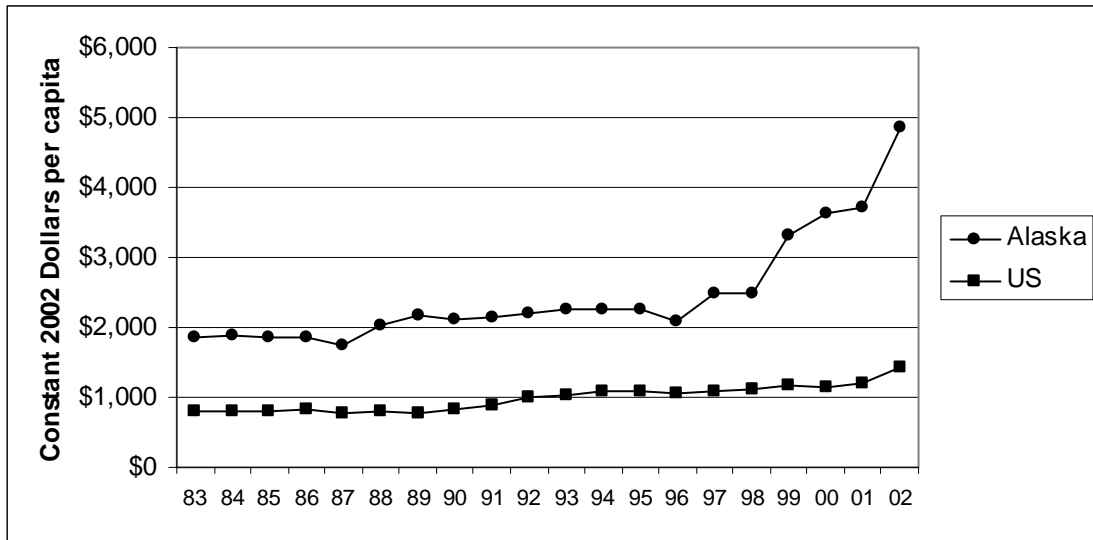
Figure 14: Real Per Capita Federal Operations Spending in Alaska and US



Source: Consolidated Federal Funds Reports
 ISER spreadsheet source: Overview Summary.XLS

Besides higher operations spending, Alaska has historically received substantially higher federal grants per capita than the nation as a whole. From 1983 through 1996, grant spending per capita in Alaska was consistently \$1000 higher than in the US (Figure 15). In the last five years, grant spending per capita in Alaska has increased to over \$3000 more than grant spending per capita in the nation as a whole.

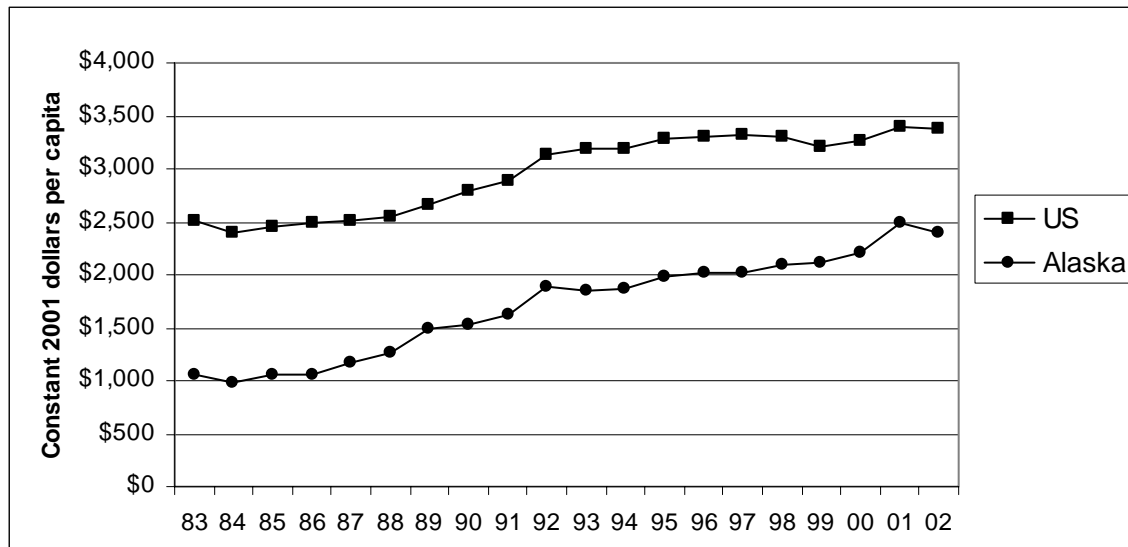
Figure 15: Real Per Capita Federal Grants in Alaska and US



Source: Consolidated Federal Funds Reports
 ISER spreadsheet source: Overview Summary.XLS

Partially offsetting these higher operations and grant spending is direct payments to individuals. Per capita direct payments to individuals in the nation as a whole are much higher than in Alaska. Most direct payments to individuals are for retirement benefits, such as Social Security, federal retirement, and Medicare. Since Alaska has proportionally fewer people who are of retirement age than the US, Alaska receives a smaller amount per capita of direct payments to individuals (Figure 16).

Figure 16: Real Per Capita Direct Payments to Individuals in Alaska and US



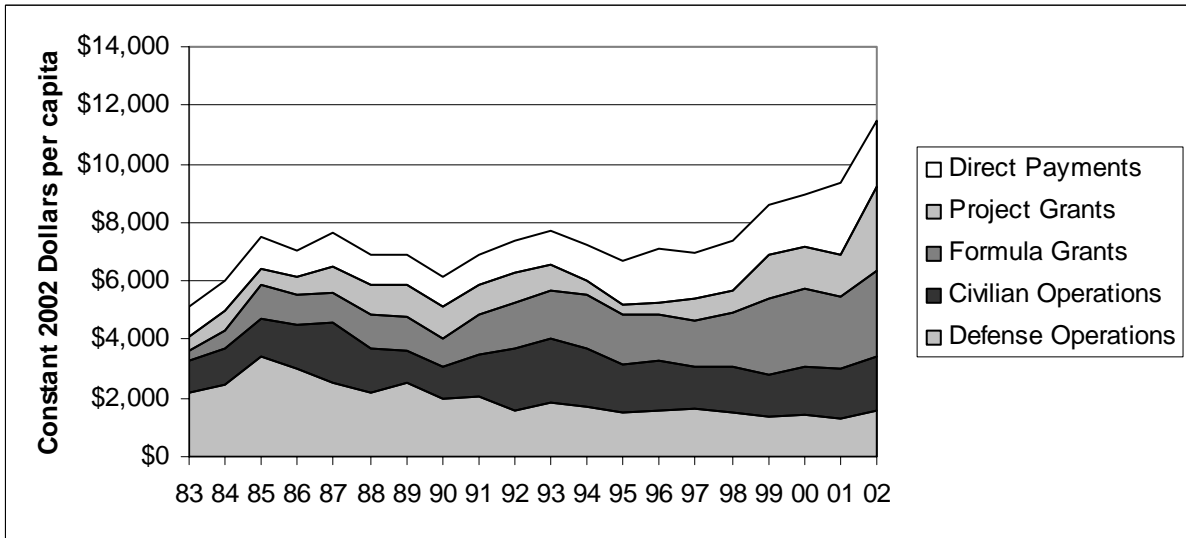
Source: Consolidated Federal Funds Reports

ISER spreadsheet source: Overview Summary.XLS

C. Comparisons across Regions of Alaska

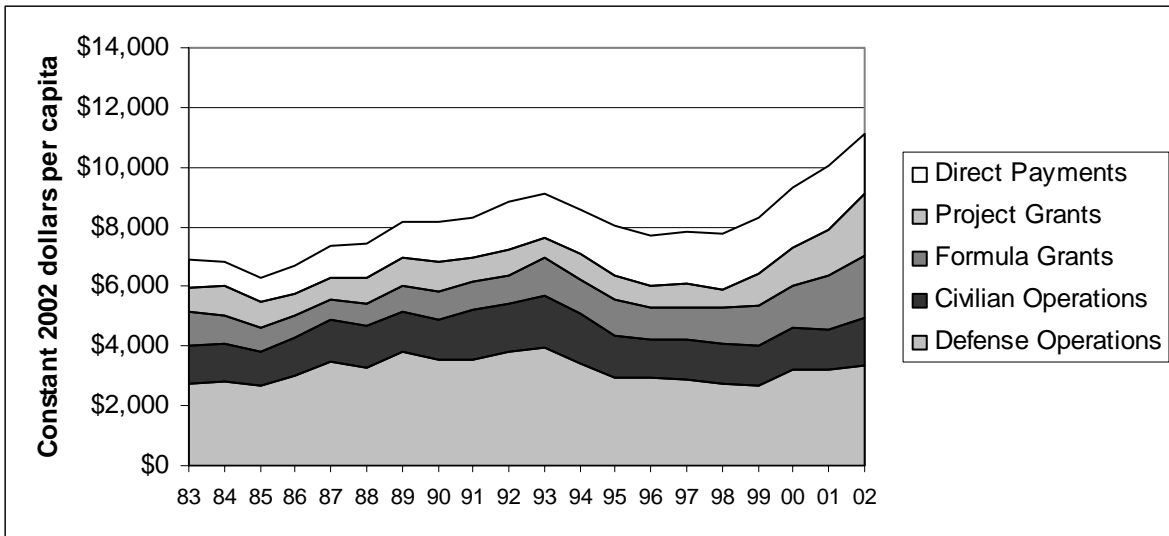
The major components of federal spending have grown differently in urban and rural areas of Alaska. Over the past nineteen years, rural areas have experienced declines in operations spending, but these declines were more than offset by increases in grant spending (Figure 17). Over the same period, urban areas experienced substantial declines in operations spending and small increases in grant spending (Figures 18). Direct payments to individuals have steadily increased in both urban and rural areas and have contributed similar shares of federal spending in both regions.

Figure 17: Real Per Capita Federal Spending in Rural Areas of Alaska



Source: Consolidated Federal Funds Reports
ISER spreadsheet source: Overview Summary.XLS

Figure 18: Real Per Capita Federal Spending in Urban Areas of Alaska



Source: Consolidated Federal Funds Reports
ISER spreadsheet source: Overview Summary.XLS

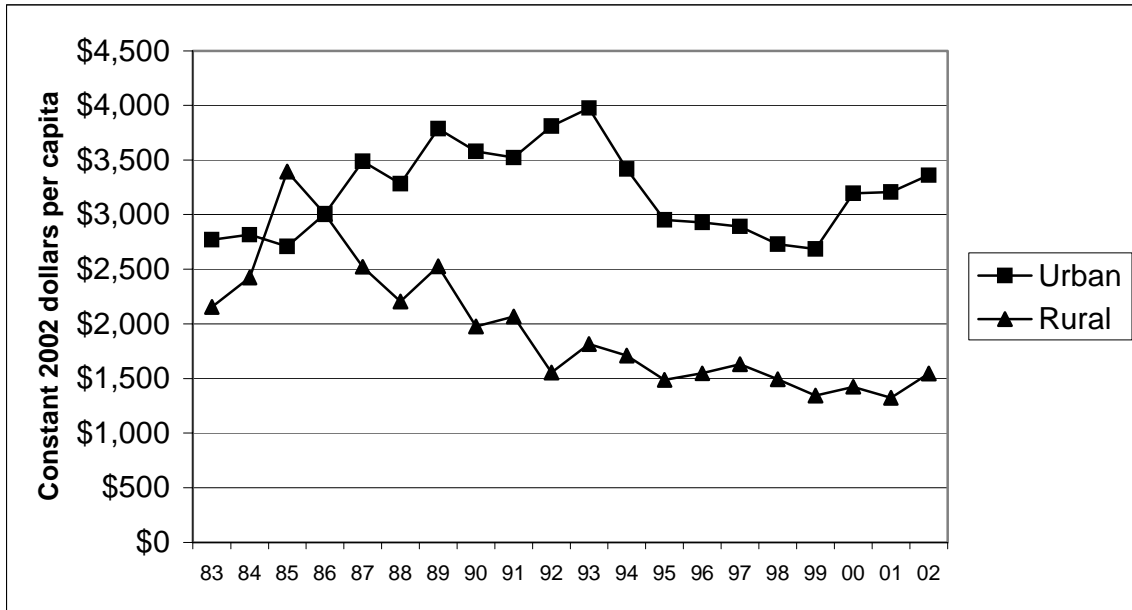
While *total* federal spending per capita is comparable in urban and rural areas of the state, the urban and rural areas of the state get very different shares of each *component* of spending:

- Defense operations spending goes mostly to urban areas since this is where most military bases are located (Figure 19).
- Civilian operations spending per capita is similar in rural and urban areas of the state (Figure 20).
- Formula grants per capita are much higher in rural areas than urban areas (Figure 21).
- Over the past nineteen years, project grant spending per capita has been similar in urban areas and rural areas (Figure 22); however, in 2002, project grant funding per capita in rural areas increased more in rural areas than in urban areas.
- Over the past nineteen years, highway construction spending has been generally higher in urban areas than in rural areas (Figure 23).⁷
- Direct payments per capita are nearly identical in rural and urban areas of the state (Figure 24).

To understand these differences across regions, we look more closely at each component of spending in the following sections of this report.

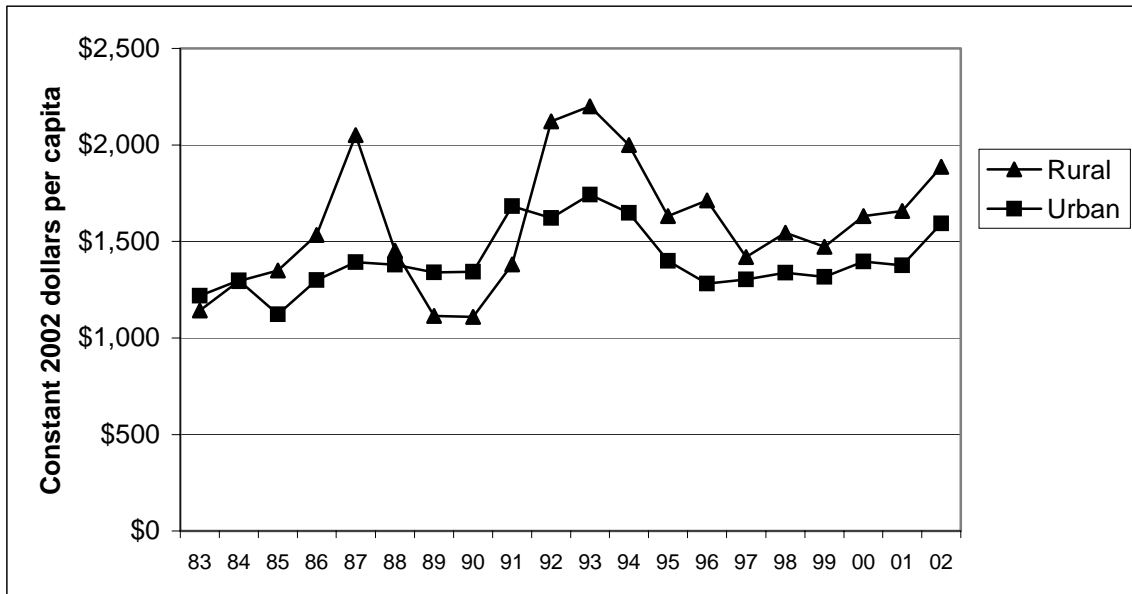
⁷ Highway construction and design grant funding is a mix of formula grants and project grants.

Figure 19: Real per Capita Federal Defense Operations in Regions of Alaska



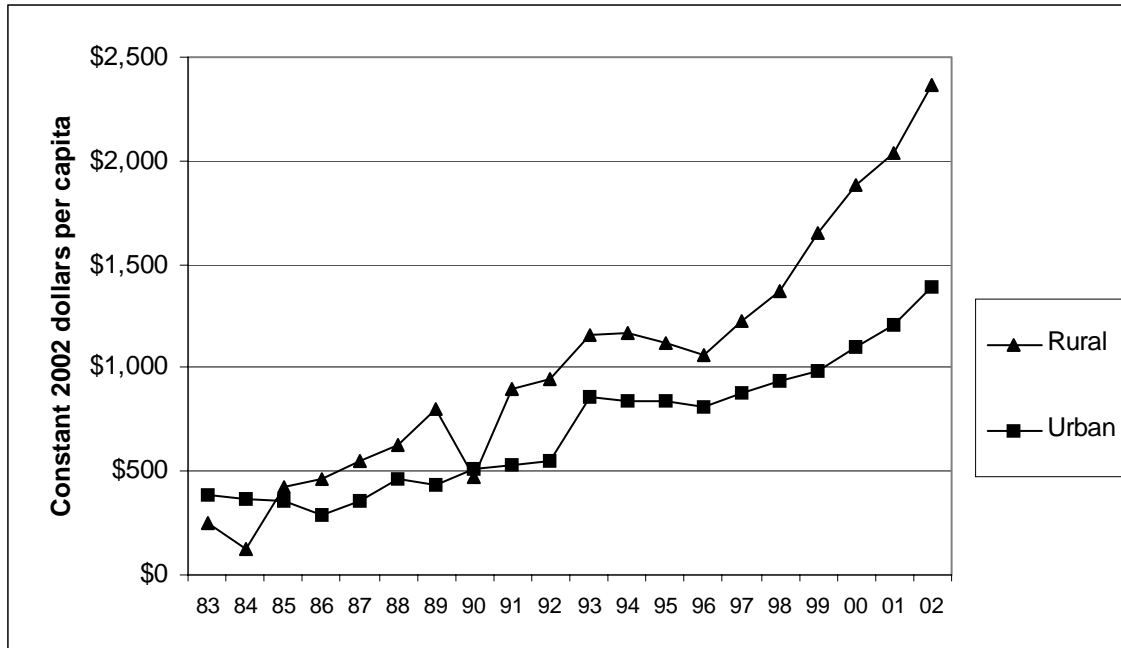
Source: Consolidated Federal Funds Reports
ISER spreadsheet source: Overview Summary.XLS

Figure 20: Real per Capita Federal Civilian Operations in Regions of Alaska



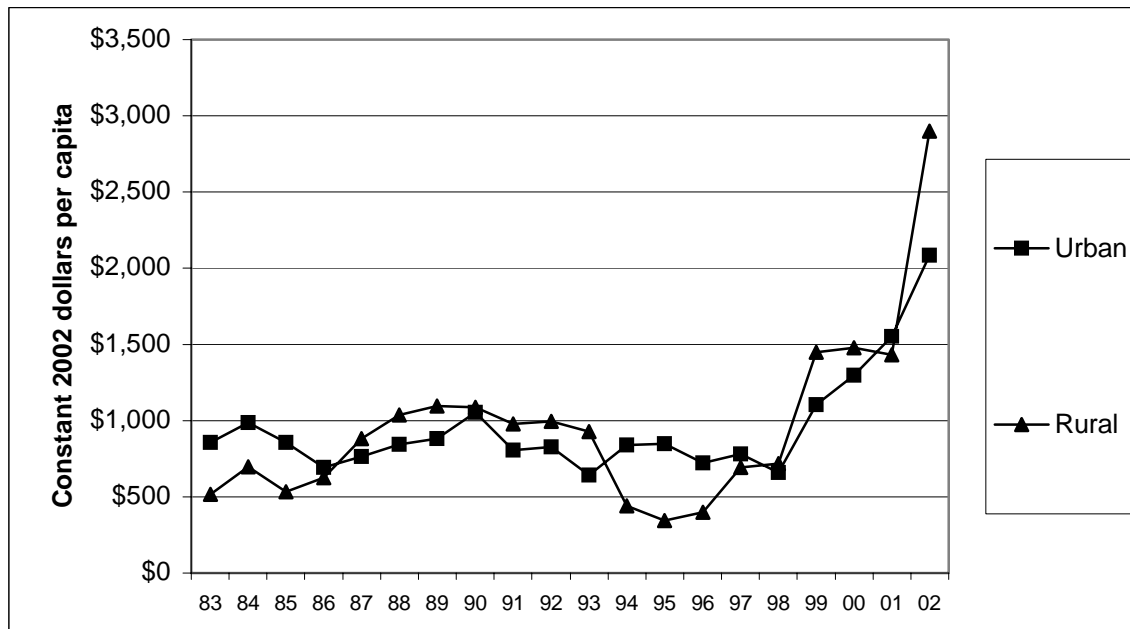
Source: Consolidated Federal Funds Reports
ISER spreadsheet source: Overview Summary.XLS

Figure 21: Real per Capita Federal Formula Grants in Regions of Alaska



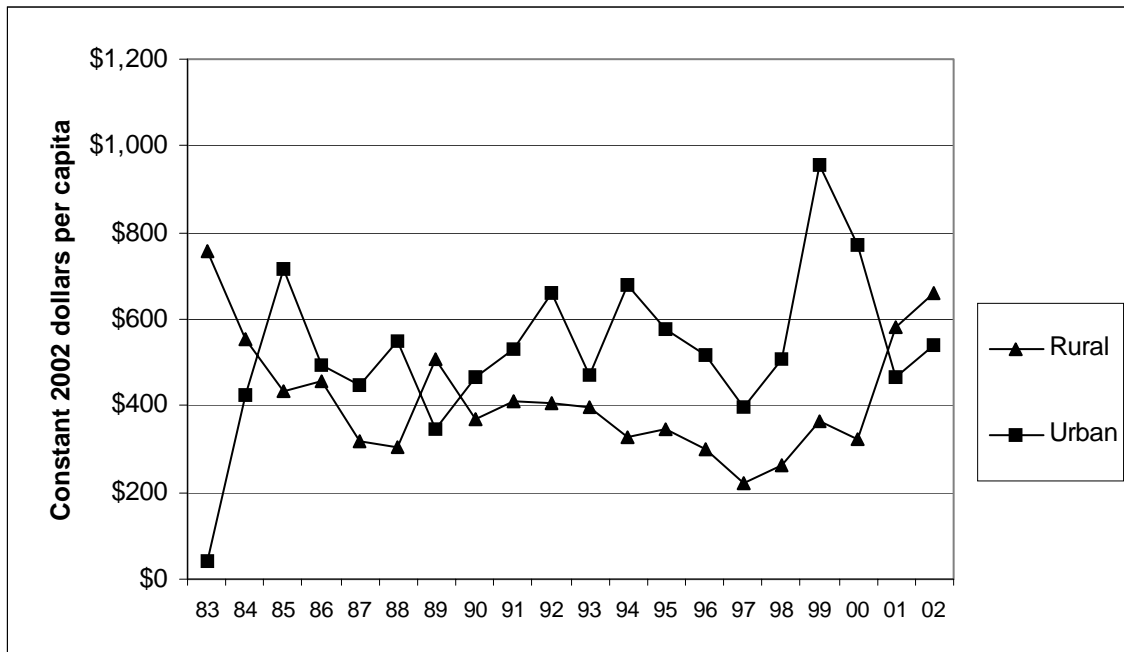
Source: Consolidated Federal Funds Reports
 ISER spreadsheet source: Overview Summary.XLS

Figure 22: Real per Capita Federal Project Grants in Regions of Alaska



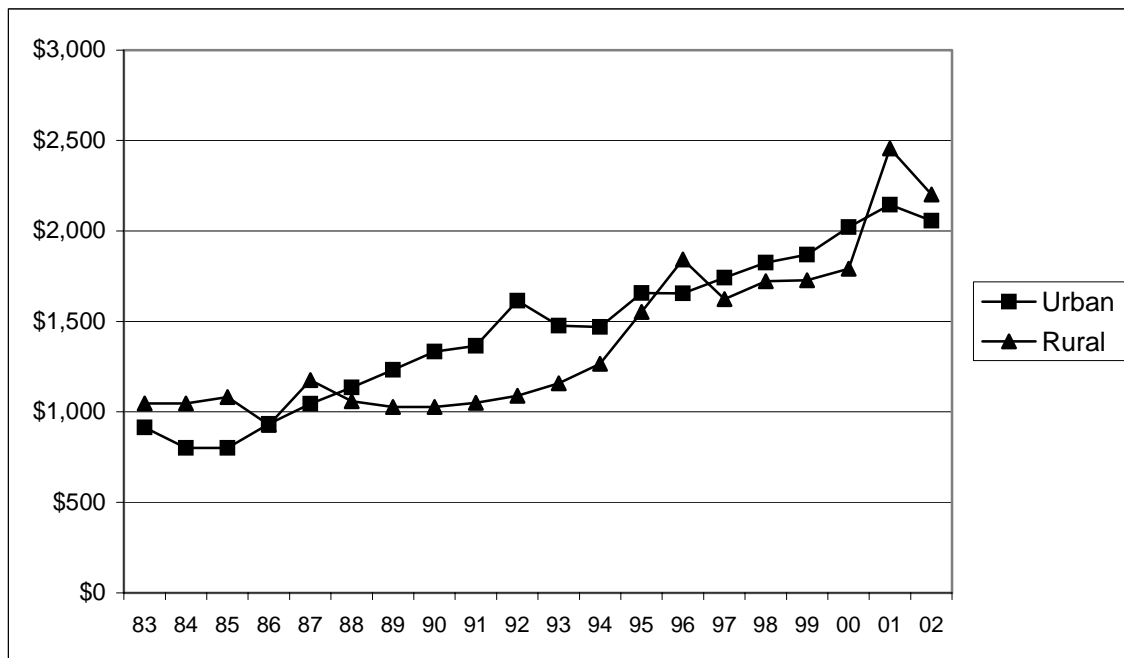
Source: Consolidated Federal Funds Reports
 ISER spreadsheet source: Overview Summary.XLS

Figure 23: Real per Capita Federal Highway Construction Grants (mix of formula and project grants) in Regions of Alaska



Source: Consolidated Federal Funds Reports
ISER spreadsheet source: Overview Summary.XLS

Figure 24: Real per Capita Federal Direct Payments in Regions of Alaska

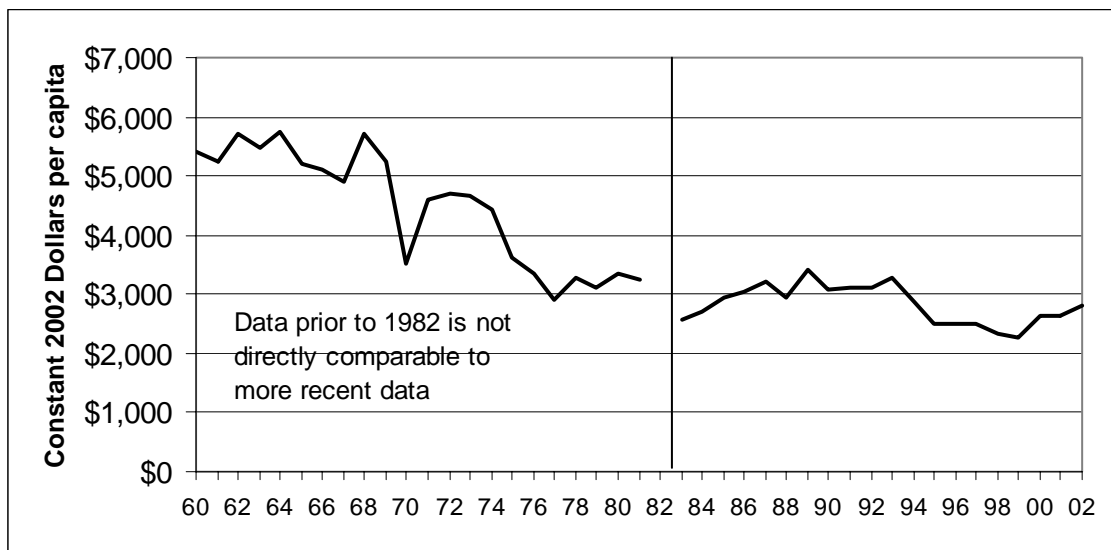


Source: Consolidated Federal Funds Reports
ISER spreadsheet source: Overview Summary.XLS

D. Defense Operations

The defense industry currently spends about \$1.8 billion in Alaska for operations. This amounts to about \$2,800 per capita — a significant decline from a high of over \$5,000 per capita in the 1960's. Defense operations spending gradually declined as military bases closed, curtailed their activities, or let go of military personnel (Figure 25). Despite these declines, federal defense spending is still the largest single component of federal spending in Alaska and contributes 25% of total federal funds coming to the state. Nearly all (95%) of defense spending is for operations (wages, salaries or procurement), and the remaining five percent of defense spending is project grants.

Figure 25: Real per capita Spending by the Defense Department in Alaska



Source: 1960-1981 from *Federal Revenues and Spending in Alaska, ISER report for Alaska Statehood Commission, April 1982*. Data for 1983 -2002 from *Consolidated Federal Funds Report, U.S. Census Bureau, ISER spreadsheet source: Full History.XLS*

1. Defense Wages and Salaries

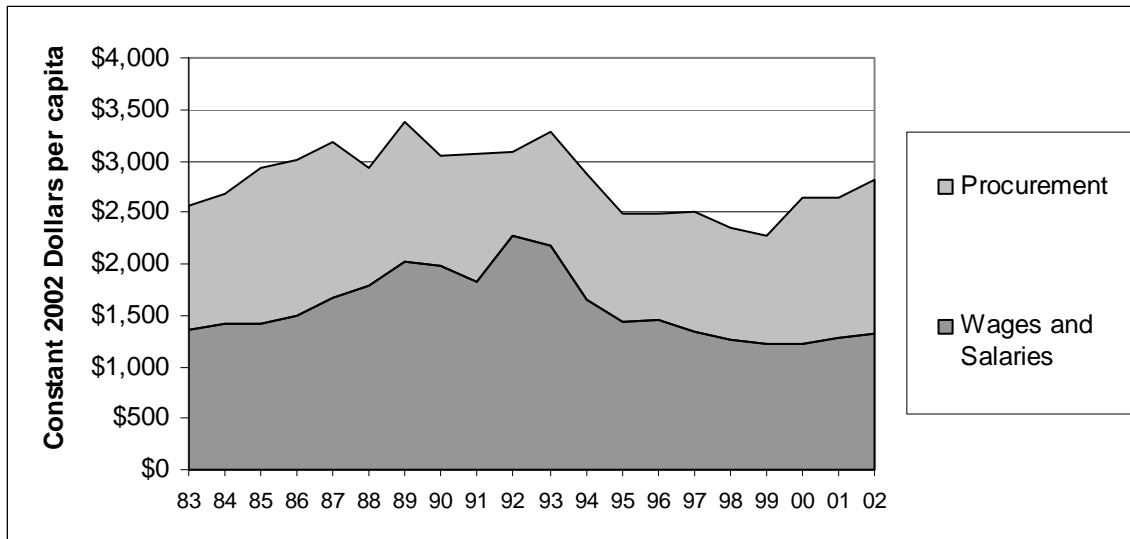
About half of all defense operations spending is for wages and salaries and half is for procurement (Figure 26). The Defense Department currently spends about \$850 million annually for wages and salaries to hire both civilian and active duty employees. Because of the relatively high concentration of military bases in Alaska compared to other parts of the nation, defense wages and salaries per capita is much higher in Alaska (\$1400 per capita in 2002) than for the nation as a whole (about \$250 per capita) (Figure 27).⁸

As mentioned earlier, the primary reason that defense wages and salaries per capita are higher in Alaska than other parts of the country is that Alaska has a greater

⁸ Keep in mind that these per capita averages are averages for the entire population of the state and not the average per employee.

concentration of military bases. Another reason that defense wages and salaries per capita are higher in Alaska is that active duty defense personnel receive a cost of living allowance (COLA) for working in Alaska. The Department of Defense bases this COLA on surveys of the price of purchasing goods in Alaska compared to the rest of the nation. The COLA compensates military personnel in Alaska for the higher cost of living in the state.⁹

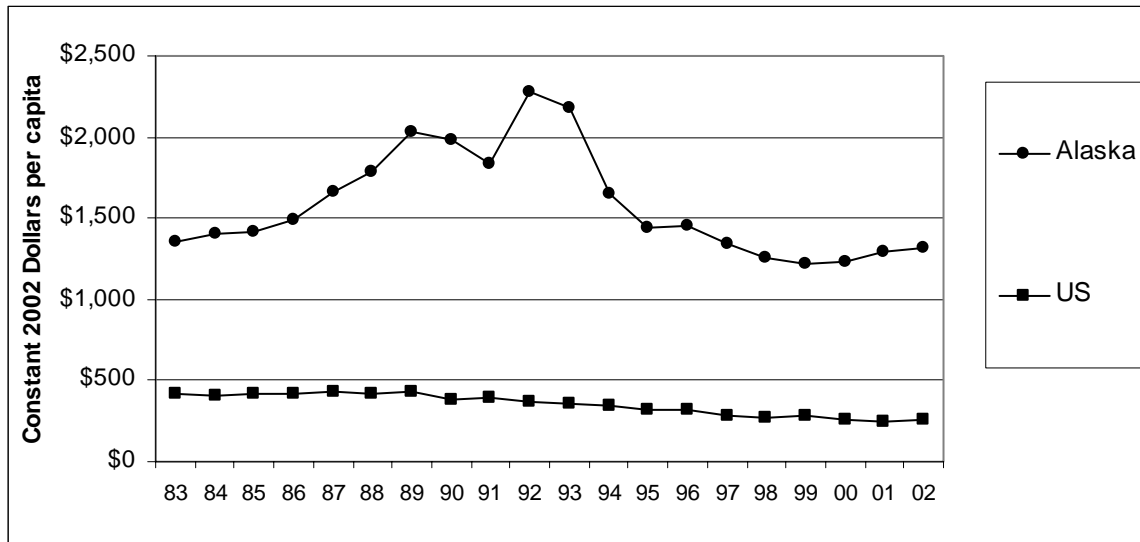
Figure 26: Real per capita Defense Operations Spending in Alaska



Source: Consolidated Federal Funds Reports
ISER spreadsheet source: Industry Defense and Civilian.XLS

⁹ According to the Department of Defense, Per Diem, Travel, and Transportation Allowance Committee web site at <http://www.dtic.mil/perdiem/>, service personnel in Alaska receive an “Overseas Cost of Living Allowance” that varies with the rank of the employee, the number of years of service, the number of dependents, whether or not they are living on base, and where they work in Alaska. For example, the COLA for personnel stationed in Anchorage ranges from about \$100 per employee per month (for low-ranking personnel living on base with no dependents) to over \$600 per employee per month (for high-ranking personnel with twenty six years’ experience living off base with several dependents).

Figure 27: Real Per Capita Defense Wages and Salaries in Alaska and US



Source: Consolidated Federal Funds Reports
 ISER spreadsheet source: Industry Defense and Civilian.XLS

About 75% of the wage and salary spending by the Defense Department goes to active duty military personnel, about 20% goes to civilian employees, and the remaining 5% goes to Reserves and National Guard personnel.¹⁰ Defense Department spending for wages and salaries directly created about 18,000 active duty military jobs and about 4,000 civilian jobs in 2002.¹¹ In total, Defense Department wage and salary spending accounts for about 22,000 jobs (both active duty and civilian) -- about 8% of the state total.

Since 1992, total wages and salaries for active duty military and the total number of active duty military jobs have decreased substantially (Figures 28 and 29).¹² This decline is attributable to the closing of the Adak Naval Air Facility and other facilities,

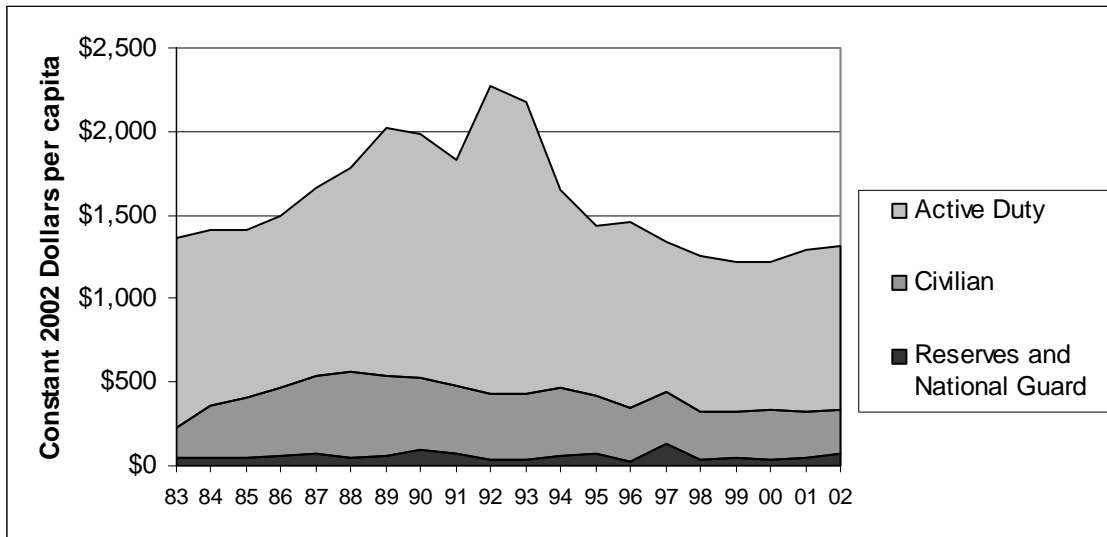
¹⁰ The Consolidated Federal Funds Reports classifies the wages and salaries paid to Reserves and National Guard personnel as “inactive military wages and salaries.” There are currently about 5,705 Reserve and National Guard *personnel* in Alaska, but many of them work part time so the number of full time equivalent *jobs* is much lower. Estimates of the number of full time equivalent jobs in the reserves and National Guard are not available. See Appendix A for a description of alternative estimates of personnel and employment.

¹¹ These estimates of active duty military and Department of Defense civilian jobs do not include the US Coast Guard. The Consolidated Federal Funds Reports includes wages and salaries paid to Coast Guard employees (both active duty and civilians) in the US Department of Transportation. See Appendix A for description of alternative estimates of federal employment.

¹² Historical estimates of Department of Defense civilian employment (*the number of jobs*) are not available. However, the count of the number of Department of Defense civilian employees (*the number of personnel*) has not decreased substantially over the last eight years. See Appendix A for a description of alternative estimates of federal employment and personnel.

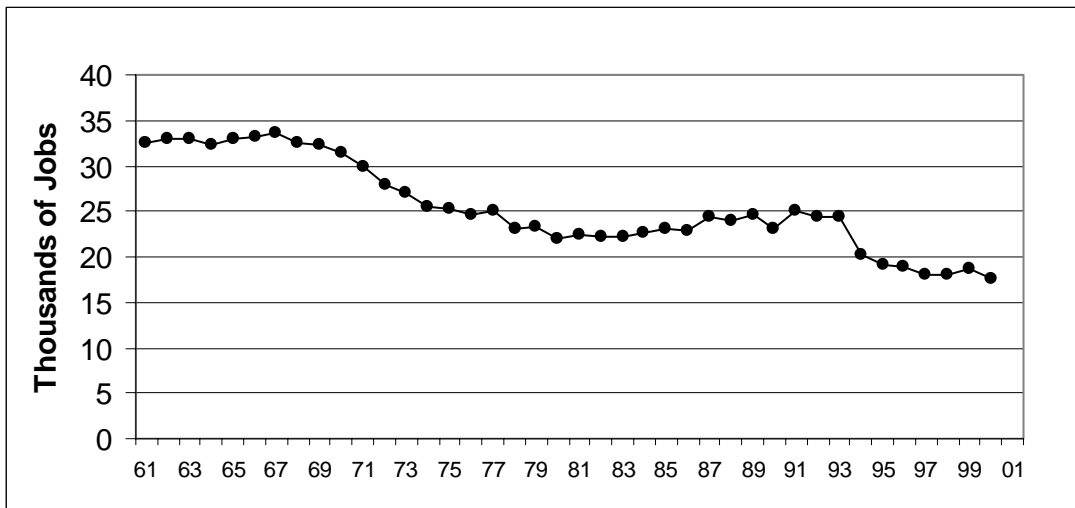
the realignment of Fort Greely, and loss of nearly 6,000 military personnel at these and other bases in Alaska over the course of four or five years. Because of this decline in the number of active duty military in Alaska, the share of the defense industry employment in the state economy has gradually decreased since statehood. In the early 1960s, the defense industry directly created over 50% of jobs in the state and employed over 30,000 active duty military. The Defense Department now creates about 16,000 active duty military jobs -- about 5.5% of all jobs in the state.

Figure 28: Real Per Capita Defense Wages and Salaries in Alaska by Type of Personnel



Source: Consolidated Federal Funds Reports
ISER spreadsheet source: Industry Defense and Civilian.XLS

Figure 29: Department of Defense Active Duty Military Jobs in Alaska

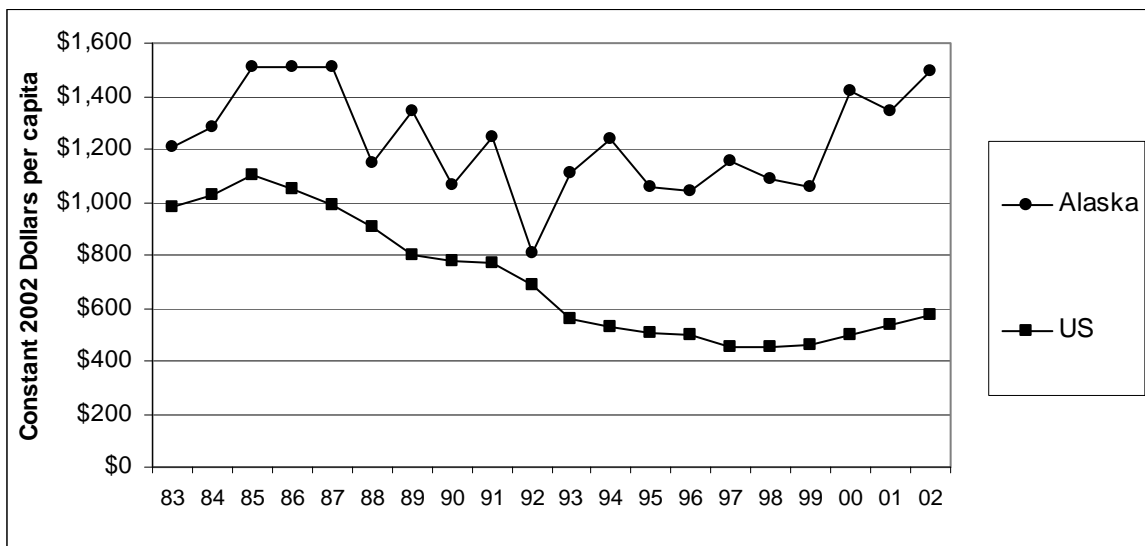


Source: Alaska Department of Labor, Research and Analysis Section
ISER spreadsheet source: Federal Employment.XLS

2. Defense Procurement

About half of defense operations spending is for procurement contracts. Over the past nineteen years, defense procurement spending has varied between \$800 per capita and \$1500 per capita but has consistently been higher than per capita spending in the nation as a whole (Figure 30). The Defense Department makes procurement purchases for construction, research and development, supplies and equipment, and services. Contracts for construction and services are the largest components of defense procurement (Figure 31).

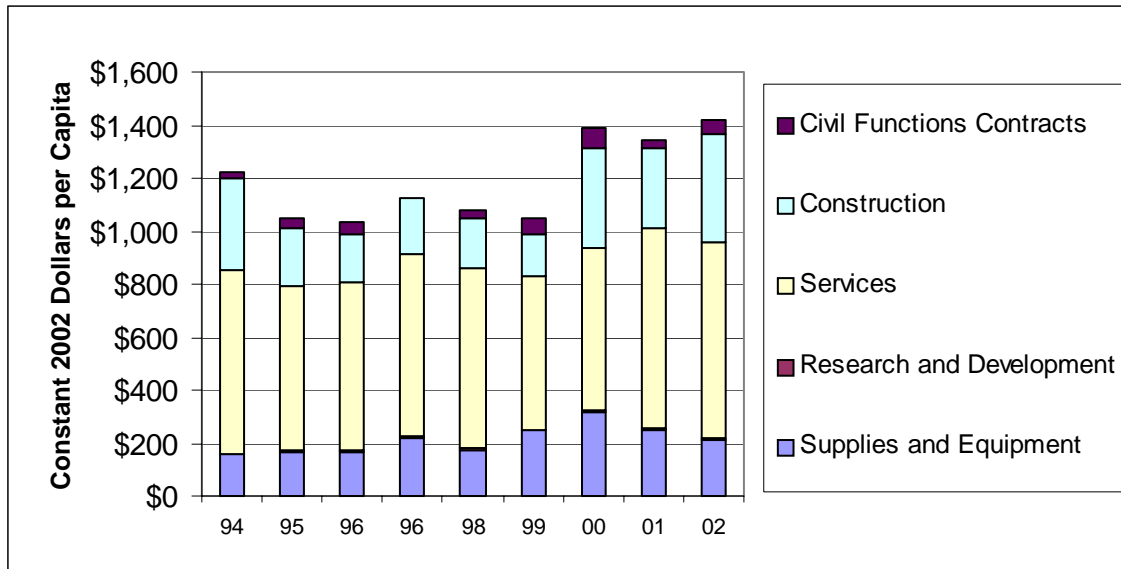
Figure 30: Real Per Capita Defense Procurement Contracts in Alaska



Source: Consolidated Federal Funds Reports

ISER spreadsheet source: Industry Defense Civilian.XLS

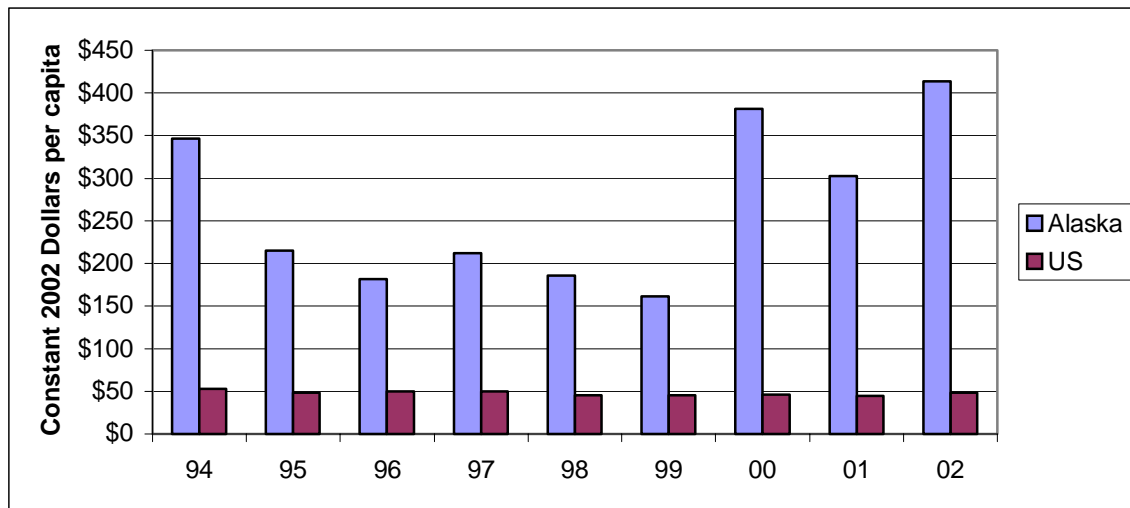
Figure 31: Real per Capita Defense Procurement Contracts by Type of Contract in Alaska



Source: Defense Atlas and Statistical Abstract and Federal Procurement Data System
ISER spreadsheet source: Procurement Summary.XLS

Defense construction spending is about 29% of procurement expenditures and totaled about \$266 million (\$414 per capita) in 2002. Compared to the nation as a whole, Alaska receives much higher defense spending per capita for construction procurement contracts (Figure 32).

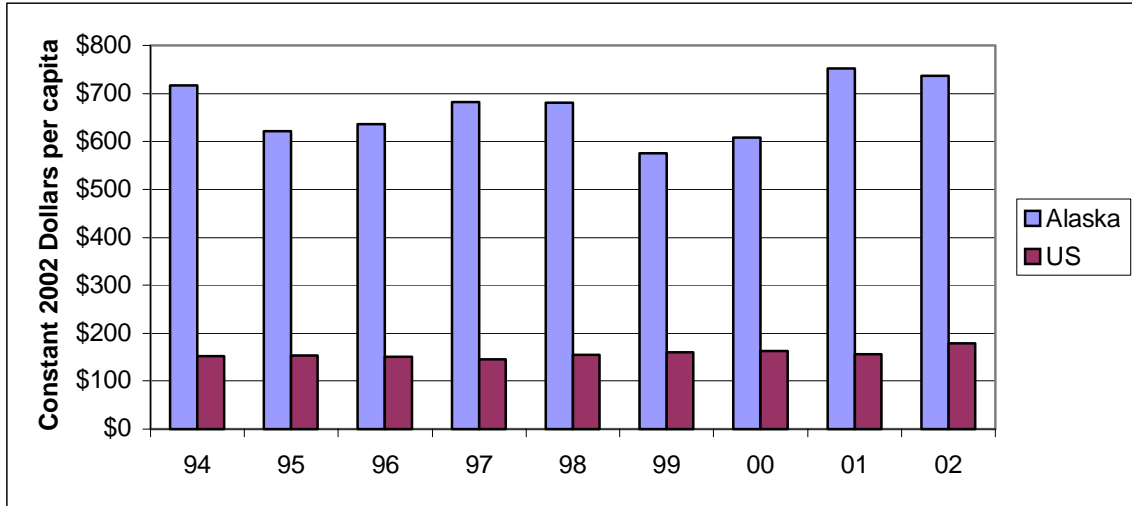
Figure 32: Real Per Capita Defense Procurement Contracts for Construction in Alaska and US



Source: Defense Atlas and Statistical Abstract and Federal Procurement Data System,
ISER spreadsheet source: Procurement Summary.XLS

Defense procurement contracts for service are over half of all defense procurement spending. These service contracts include food services, cleaning services, security services, office management services, janitorial services, technical services, and a variety of other services provided on and off military bases. Defense services procurement amounts to just over \$700 per capita in Alaska in 2002 and is about four times higher than the national average (Figure 33).

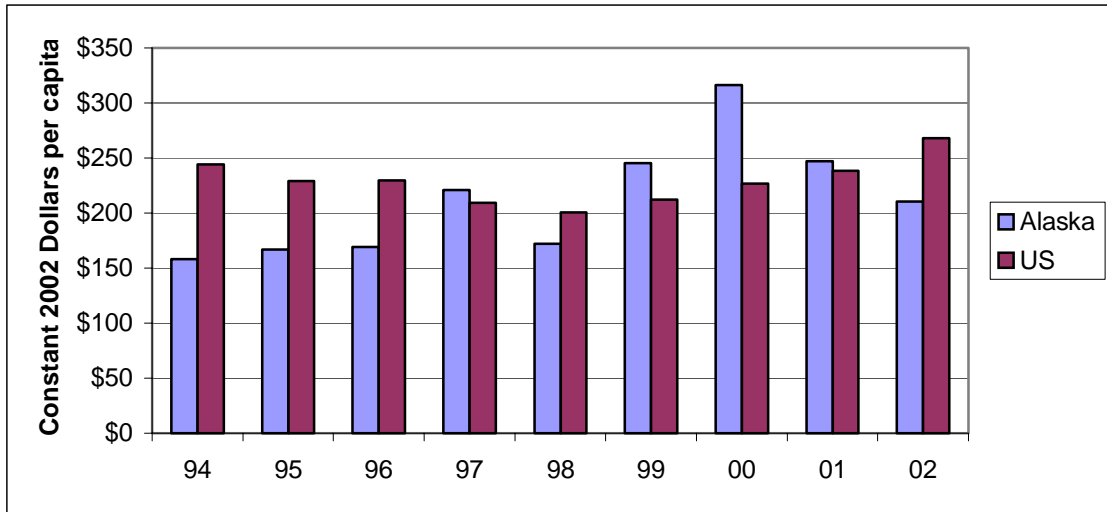
Figure 33: Real Per Capita Defense Procurement Contracts for Services in Alaska and US



Source: Defense Atlas and Statistical Abstract and Federal Procurement Data System, ISER spreadsheet source: Procurement Summary.XLS

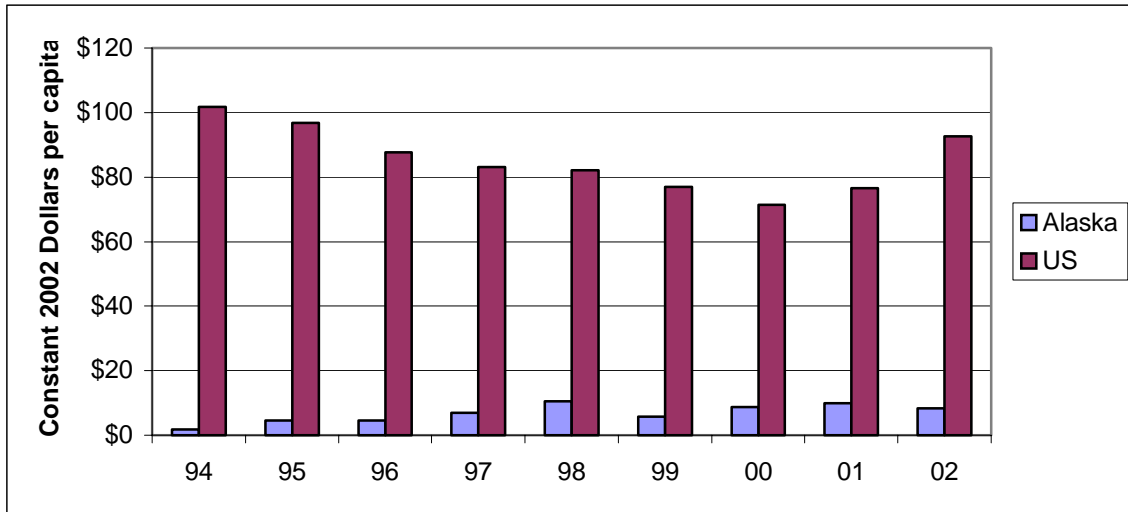
Alaska receives a comparable amount of supplies and materials procurement contracts as the nation as a whole (Figure 34). The state receives substantially less per capita for research and development contracts compared to the nation as a whole (Figure 35).

Figure 34: Real Per Capita Defense Procurement Contracts for Supplies and Equipment in Alaska and US



Source: Defense Atlas and Statistical Abstract and Federal Procurement Data System, ISER spreadsheet source: Procurement Summary.XLS

Figure 35: Real Per Capita Defense Procurement Contracts for Research and Development in Alaska and US



Source: Defense Atlas and Statistical Abstract and Federal Procurement Data System, ISER spreadsheet source: Procurement Summary.XLS

The federal defense industry makes its procurement purchases from businesses both inside and outside Alaska. The top ten contractors for defense procurement over the last three years were Native corporations, construction companies, and transportation firms from both inside and outside Alaska (Table 1).

Table 1: Largest Contractors with Federal Defense Procurement Contracts Performed in Alaska (Thousands of Current Dollars)

Type of Contractor	Name of Contractor	City	State	Total Amount of Procurement Contracts Received by Ten Largest Contractors in Each Year		
				2000	2001	2002
Native Corporation	Afognak Native Corporation	Kodiak	AK	NA	NA	\$21,325
	Arctic Slope Regional Corporation	Barrow	AK	\$65,186	\$81,032	\$37,535
	Bristol Bay Native Corporation	Anchorage	AK	NA	\$29,785	NA
	Choggiung Limited	Dillingham	AK	NA	\$24,233	NA
	Chugach Alaska Corporation	Anchorage	AK	\$29,324	\$35,512	\$42,858
Construction	Jacobs Engineering Group Inc	Pasadena	CA	\$33,760	\$34,367	\$27,538
	Osborne Construction Company	Kirkland	WA	NA	NA	\$47,213
	Watterson Construction, Co.	Anchorage	AK	\$25,732	NA	NA
	Williams Companies Inc.	Tulsa	OK	\$77,390	NA	NA
Other	Alaska Mechanical, Inc	Anchorage	AK	\$46,961	NA	NA
	American Mechanical, Inc.	Fairbanks	AK	\$27,075	NA	NA
	Arctec Alaska Jv.	Anchorage	AK	\$21,912	\$27,906	\$28,696
	Arctec Services Jv.	Colorado Springs	CO	\$40,486	\$38,771	\$37,762
	Crowley Maritime Corporation	Oakland	CA	NA	\$26,105	NA
	Dick Pacific Ghemm Jv.	Not Available	AK	NA	NA	\$62,244
	Fluor Corporation	Anchorage	AK	NA	NA	\$73,122
	Halliburton Company	Dallas	TX	NA	\$23,897	NA
	Lynden Inc	Seattle	WA	\$22,635	\$24,608	\$47,999

Source: Federal Procurement Data System (FPDS).

Note: "NA" indicates the data is not available from the FPDS. The FPDS reports reliable summary data only for the top ten contractors each year. Many of the contractors listed in this table likely had procurement contracts each year, but they are not in the top ten.

Many of the largest procurement contractors are Alaska Native Corporations. Many of these corporations receive contracts through the "Department of Defense Indian Incentive Program" which provides an economic incentive for contractors to form joint ventures with Indian owned economic enterprises. Section 504 of the Indian Financing Act of 1974 (25 U.S.C. § 1544) authorized the payment of a 5% incentive to subcontractors or suppliers to the Defense Department who are an Indian organization or Indian owned economic enterprise as defined in this chapter. According to the Indian Incentive Program, "The provision lay dormant for 15 years, until tribal-owned contractors mounted a successful effort to convince Congress to provide \$8 million annually for the Department of Defense Indian Incentive Program."¹³

¹³ Department of Defense Indian Incentive Program.

In addition to the Defense Indian Incentive Program, Section 8(a) of the Small Business Development Act provides support to minority owned businesses, including businesses owned by Native Alaskans.¹⁴ The program, known as the “SBA 8(a) Minority Business Development Program,” helped minority Alaska businesses secure \$255 million in procurement contracts in 2001 (Table 2). This amounts to about 23% of the total procurement contracts in the state. The Small Business Development Program does not provide sufficient information to determine what portion of these procurement contracts are for defense and what portion are for civilian procurement. Most of the Alaskan recipients of procurement contracts awarded in 2001 through the SBA 8(a) program were Native-owned businesses (Table 3).

Table 2: Total Value of Federal Procurement Contracts Awarded to Participants in SBA 8(a) Business Development Program (Current Dollars)			
Year	SBA 8(a) Contracts	Total Procurement Contracts in Alaska	Percent of Total
1996	\$120,253,163	\$807,844,583	15%
1997	\$108,793,397	\$856,142,224	13%
1998	\$158,787,602	\$864,199,295	18%
1999	NA	\$848,746,989	NA
2000	\$198,213,000	\$1,115,290,367	18%
2001	\$255,112,000	\$1,131,003,792	23%
2002	NA	\$1,397,439,254	NA

Source: Consolidated Federal Funds Reports and Small Business Administration
 Note: These include all procurement contracts for both civilian and defense contracts
 “NA” indicates the data is not available.

¹⁴ Small Business Administration, Minority Business Development Program

Table 3: Largest Federal Procurement Contracts Awarded to Participants in Small Business Administration 8(A) Minority Business Development Program in 2001 (current dollars)

Firm Name	Ethnicity	Gender	Total 8(a) Awards
Chugach Management Services, Inc.	Native	Male	\$ 88,774,000
ASRC Aerospace Corporation	Native	Male	\$ 28,076,000
Bristol Environmental & Engineering Services	Native	Male	\$ 13,791,000
Ahtna Government Services Corporation	Native	Male	\$ 12,570,000
Nuna Contractors, Inc.	Native	Male	\$ 10,249,000
Chenega Technology Services Corporation	Native	Male	\$ 8,682,000
CCI, Inc.	Native	Male	\$ 7,330,000
Alaska Road Boring Company	Native	Male	\$ 7,103,000
Weldin Construction, Inc.	Native	Male	\$ 6,940,000
Chugach Support Services, Inc.	Native	Male	\$ 6,219,000
TekStar, Inc.	Native	Male	\$ 5,541,000
Aglaq Construction Enterprises, Inc.	Native	Male	\$ 5,160,000
Tunista Properties, Inc.	Native	Male	\$ 4,751,000
Chenega Management, LLC	Native	Male	\$ 4,618,000
Bering Sea Eccotech, Inc.	Native	Male	\$ 4,461,000
Ahtna Development Corporation	Native	Male	\$ 3,958,000
Ahtna Enterprises Corporation	Native	Male	\$ 3,414,000
Microware Inc. (Rapid Application)	Native	Male	\$ 3,371,000
BNC International, Inc.	Native	Male	\$ 2,741,000
SpecPro, Inc.	Native	Male	\$ 2,690,000
Swaim Enterprises, Inc.	Native	Male	\$ 2,058,000
CYS Management Services, Inc.	Asian Pacific	Female	\$ 1,960,000
Trailboss Enterprises, Inc.	Other	Male	\$ 1,641,000
Kake Tribal Logging & Timber Corp	Native	Male	\$ 1,448,000
Cruz Construction Inc.	Hawaiian	Male	\$ 1,239,000
Clearwater Group, Inc.	Native	Male	\$ 1,232,000
Khotol Services Corporation	Native	Male	\$ 1,200,000
Brooks Range Contract Services, Inc.	Native	Male	\$ 1,168,000
Barabara Construction Company	Native	Female	\$ 1,006,000
All Others	Various	Various	\$ 11,721,000
Total			\$ 255,112,000

Source: Small Business Administration.

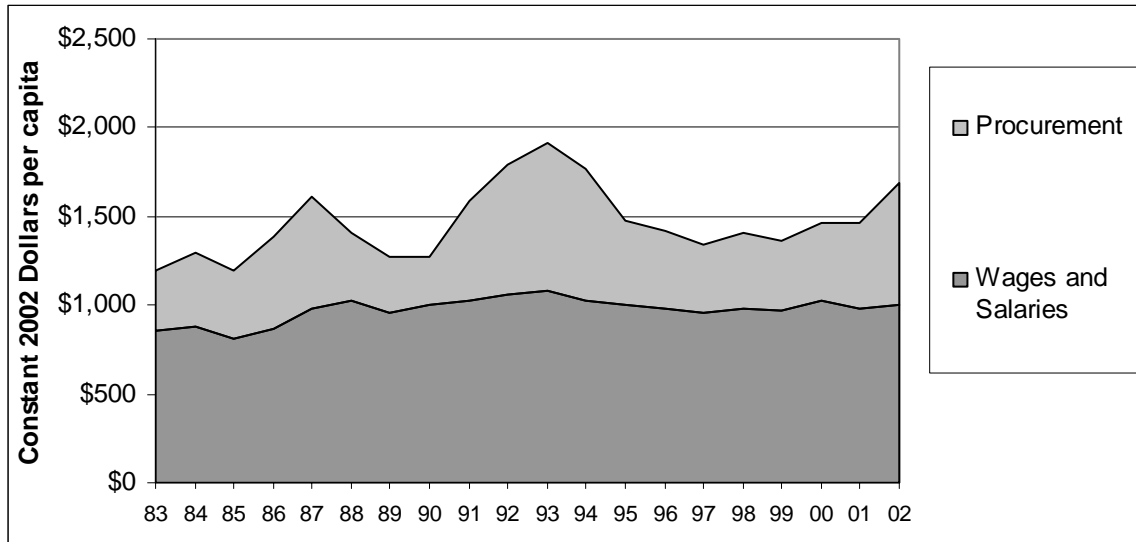
Note: These procurement contracts are for both defense and civilian procurement.

The Small Business Administration does not provide a breakdown of how much of these contracts are for defense and how much are civilian.

E. Civilian Operations

Federal civilian operations spending includes all wage and salary and procurement spending by non-defense agencies. In 2002, this civilian operations spending totaled just over \$1 billion, or about \$1700 per capita, and contributed 14% of total federal spending to the state. Nearly 60% of civilian operations spending is for wages and salaries and the rest is for procurement (Figure 36).

Figure 36: Real per capita Federal Civilian Operations Spending in Alaska

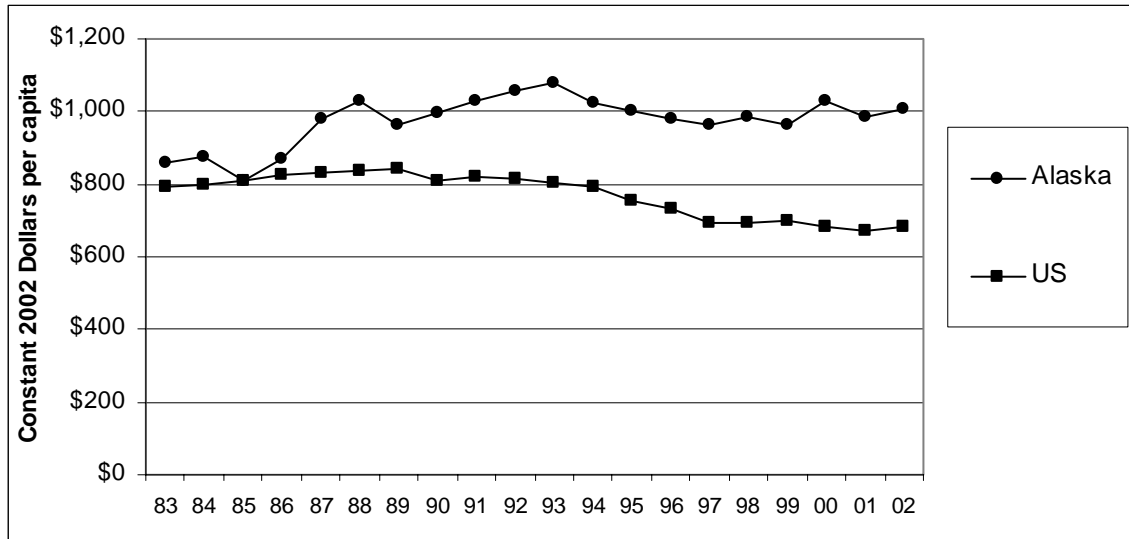


Source: Consolidated Federal Funds Reports
ISER spreadsheet source: Industry Defense Civilian.XLS

1. Civilian Wages and Salaries

The civilian federal agencies spend about \$1000 per capita in wages and salaries in Alaska (Figure 37). This spending on wages and salaries by civilian federal agencies accounted for about 13,000 jobs in 2000.¹⁵ Alaska consistently receives more civilian wages and salaries per capita than the nation as a whole. One important reason that Alaska receives more is that many federal civilian employees in Alaska receive a cost of living allowance for working in Alaska. The U.S. Government pays this cost-of-living allowance (COLA) to white-collar civilian federal employees in Alaska and other outlying areas of the United States. The COLA rate for Alaska is 25% of the base wage for the same position in Washington D.C. and has remained at this level for the past forty years.¹⁶

Figure 37: Real Per Capita Federal Civilian Wages and Salaries in Alaska



Source: Consolidated Federal Funds Reports

ISER spreadsheet source: Industry Defense Civilian.XLS

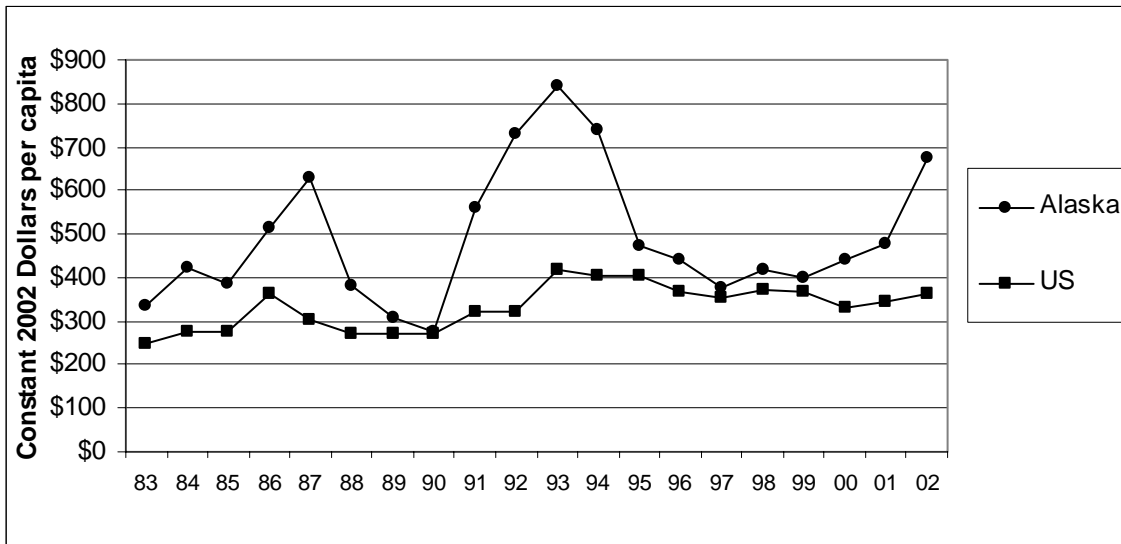
¹⁵ This estimate of civilian federal government jobs includes employment created by spending from all federal civilian agencies. This includes US Department of Transportation spending on wages and salaries for the US Coast Guard. For this report, we included US Coast Guard wages and salaries and employment in the “Civilian Industry” because the Consolidated Federal Funds Reports includes all US Coast Guard wages and salaries in the US Department of Transportation. This estimate of 13,000 federal civilian agency jobs is based on two sources. 1) The Alaska Department of Labor (Fried and Windisch-Cole, 2002) estimate total federal civilian agency employment *excluding* both Defense Department and Coast Guard employment to be 10,396 in 2000. 2) The Department of Defense estimates total Coast Guard *personnel* in Alaska to be 2,766 in 2002. This estimate of personnel may overstate total Coast Guard *employment* due to part-time workers and worker turnover. We have approximated the number of employees in civilian federal agencies as the sum of the estimate from Alaska Department of Labor (which excludes the Coast Guard) plus the estimate of Coast Guard personnel provided by the Department of Defense. See Appendix A for a description of alternative estimates of federal government employment and personnel.

¹⁶ US Office of Personnel Management

2. Civilian Procurement

Federal civilian procurement spending in Alaska totaled about \$435 million in 2002, or about \$676 per capita (Figure 38). Part of the substantial increase in civilian procurement spending between 1991 and 1997 was for construction of the Alaska Native Medical Center (completed in 1997), rural sanitation facilities, and other health facilities.¹⁷ The substantial increase in procurement spending from 2000 to 2002 is attributable to several federal departments listed in Table 4.

Figure 38: Real Per Capita Federal Civilian Procurement Contracts in Alaska and US



Source: Consolidated Federal Funds Reports

ISER spreadsheet source: Industry Defense and Civilian.XLS

Figure 39 shows that most civilian federal procurement contracts are for construction (77%). Alaska receives substantially more than the nation as a whole for civilian construction procurement contracts (Figure 40). Service procurement contracts have increased substantially in the last year (Figure 41) and are approaching the same per capita level in the US. Alaska receives more civilian research/development and supplies/equipment procurement contracts per capita than the nation as a whole (Figures

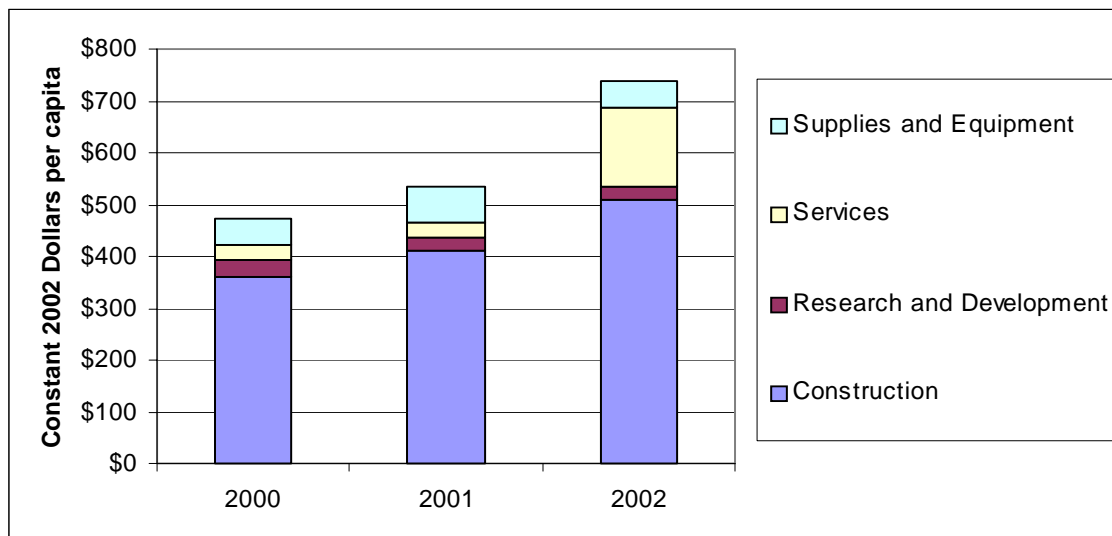
¹⁷ See Appendix A for a description of the possible inconsistencies in data reported in the CFFR for the Public Health Service, Indian Health Service, and Bureau of Indian Affairs. Neither the Consolidated Federal Funds Reports, the Federal Assistance Awards Data System, nor the Federal Procurement Data System provide sufficient information to determine exactly what caused the substantial increases in procurement spending in 1991 through 1994. The CFFR does report an increase in procurement by the Public Health Service in 1993 (\$200 million) and 1994 (\$169 million); however, as described in Appendix A, this increase in spending may have been for constructing facilities for the Indian Health Service. In addition, the CFFR does not provide details about the procurement spending by each department and agency before 1993, so it is not possible with available data to determine exactly which departments had large procurement contracts in 1987, 1991, or 1992.

42 and 43). The largest contractors receiving all of these types of civilian procurement contracts are Native Corporations and construction companies (Table 5).¹⁸

Department or Agency	2000	2001	2002	Change from 2001 to 2002
State Department*	\$48,000	\$152,000	\$53,531,000	\$53,483,000
Federal Aviation Administration	\$444,000	\$14,437,429	\$26,422,860	\$25,978,860
U.S. Fish And Wildlife Service	\$4,088,000	\$11,909,000	\$26,803,000	\$22,715,000
Centers For Medicare And Medicaid Services	\$0	\$9,151,000	\$13,939,000	\$13,939,000
Forest Service	\$21,225,000	\$25,026,000	\$35,002,000	\$13,777,000
Federal Technology Service	\$2,156,000	\$11,854,000	\$15,252,000	\$13,096,000
U.S. Coast Guard	\$49,132,000	\$55,324,000	\$59,301,000	\$10,169,000
Public Health Service	\$5,811,000	\$5,000,000	\$15,928,000	\$10,117,000
Drug Enforcement Administration	\$0	\$0	\$7,350,000	\$7,350,000
Bureau Of Land Management	\$6,548,000	\$8,508,000	\$12,711,000	\$6,163,000
Office Of Policy, Management & Budget	\$8,075,000	\$11,101,000	\$13,377,000	\$5,302,000

Source: Consolidated Federal Funds Reports.
 * The \$53 million procurement contract from the State Department is substantially higher than State Department procurement in previous years. The Federal Procurement Data System confirms that the US State Department had \$53,531,000 in procurement contracts in Alaska, but does not provide any more details about the contracts. The State Department reported a procurement contract with KUK/BRS Global for \$53,200,000 in 2002, but the Department could not provide more details about the contract. KUK/BRS Global is an international company that builds facility systems services worldwide. It has had other procurement contracts with the State Department in other parts of the world.

Figure 39: Real Per Capita Federal Civilian Procurement Contracts by Type of Contract in Alaska



Source: Federal Procurement Data System
 ISER spreadsheet source: Procurement Summary.XLS

¹⁸ See Appendix B for a more detailed listing of federal procurement award contractors in 2001.

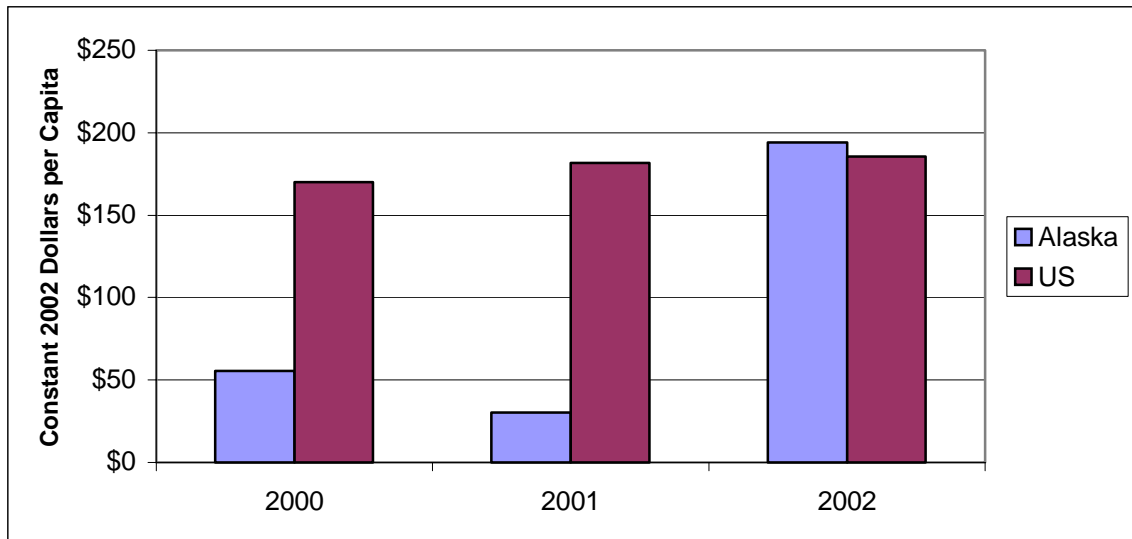
Figure 40: Real Per Capita Federal Civilian Construction Procurement Contracts in Alaska and US



Source: Federal Procurement Data System

ISER spreadsheet source: Procurement Summary.XLS

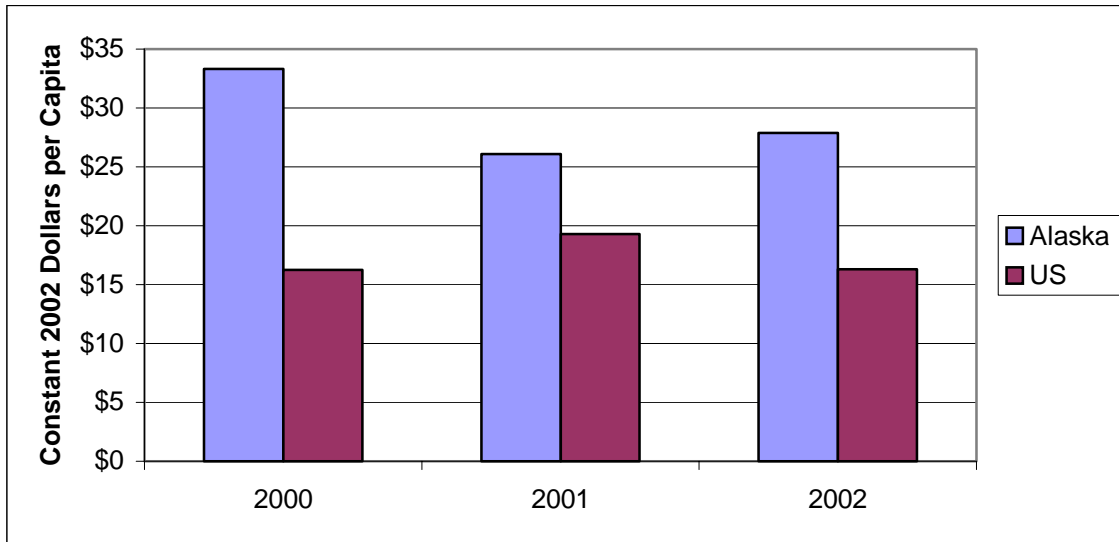
Figure 41: Real Per Capita Federal Civilian Services Procurement Contracts in Alaska and US



Source: Federal Procurement Data System

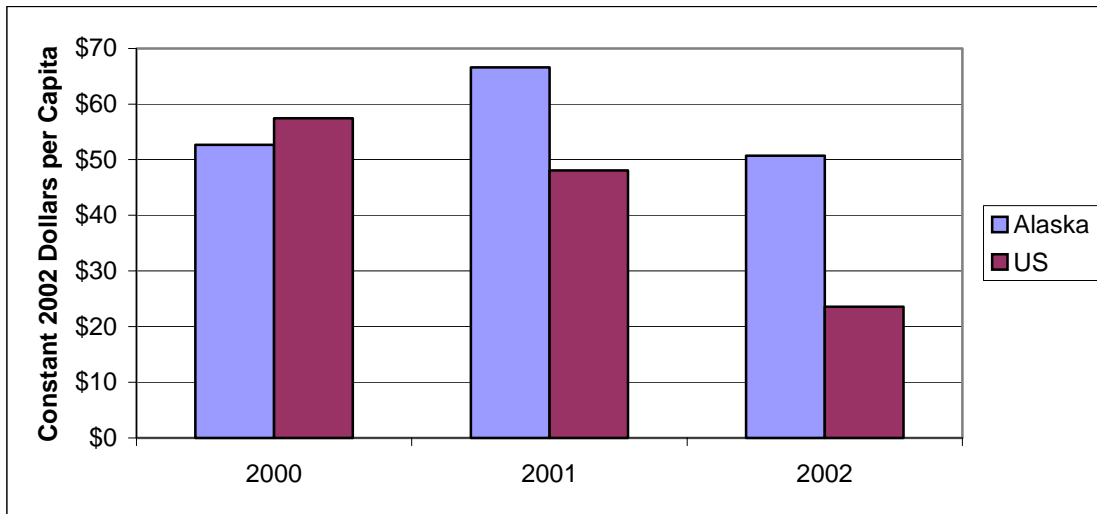
ISER spreadsheet source: Procurement Summary.XLS

Figure 42: Real Per Capita Federal Civilian Research and Development Procurement Contracts in Alaska and US



Source: Federal Procurement Data System
ISER spreadsheet source: Procurement Summary.XLS

Figure 43: Real Per Capita Federal Civilian Supplies and Equipment Procurement Contracts in Alaska and US



Source: Federal Procurement Data System
ISER spreadsheet source: Procurement Summary.XLS

Table 5: Largest Contractors with Federal Civilian Procurement Contracts Performed in Alaska (Thousands of Current Dollars)

Type of Contractor	Name of Contractor	City	State	Amount of Contracts Received by Ten Largest Contractors in Each Year		
				2000	2001	2002
Native Corporation	Afognak Native Corporation	Kodiak	AK	NA	NA	\$12,553
	AHTNA Incorporated	Glennallen	AK	\$19,018	NA	NA
	Bristol Bay Native Corporation	Anchorage	AK	NA	\$5,889	NA
	Chenega Corporation	Anchorage	AK	NA	\$6,274	\$7,937
	Chugach Alaska Corporation	Anchorage	AK	\$12,736	\$12,154	\$11,508
	Klukwan, Inc.	Juneau	AK	\$14,074	NA	NA
	NANA Regional Corporation, Inc.	Anchorage	AK	NA	NA	\$8,831
	The Aleut Corporation	Anchorage	AK	\$12,941	\$11,829	NA
	Unit/Kanaj'Iq Joint Venture	Anchorage	AK	NA	\$15,399	NA
Construction	Jay-Brant General Contractors	Homer	AK	\$7,928	NA	\$13,050
	KUK/BRS Global	Not Available		NA	NA	\$53,420
	Southeast Road Builders Inc	Haines	AK	NA	\$7,140	\$10,749
Other	Alaska Federation of Natives	Anchorage	AK	NA	NA	\$15,000
	Booz Allen & Hamilton Inc	Mc Lean	VA	NA	\$5,896	NA
	F & R Inc	Kodiak	AK	NA	\$7,760	\$15,495
	Lockheed Martin Corporation	Bethesda	MD	\$5,894	NA	NA
	Ocean Beauty Seafoods, Inc.	Seattle	WA	\$5,632	NA	NA
	Rowan Industries	Houston	TX	\$9,401	NA	NA
	Science Applications Intl. Corp	Not Available		NA	\$6,183	NA
	University Of Alaska	Fairbanks	AK	\$14,969	\$9,772	\$14,093
	Woodside Group, Inc.	Not Available		\$5,547	NA	NA

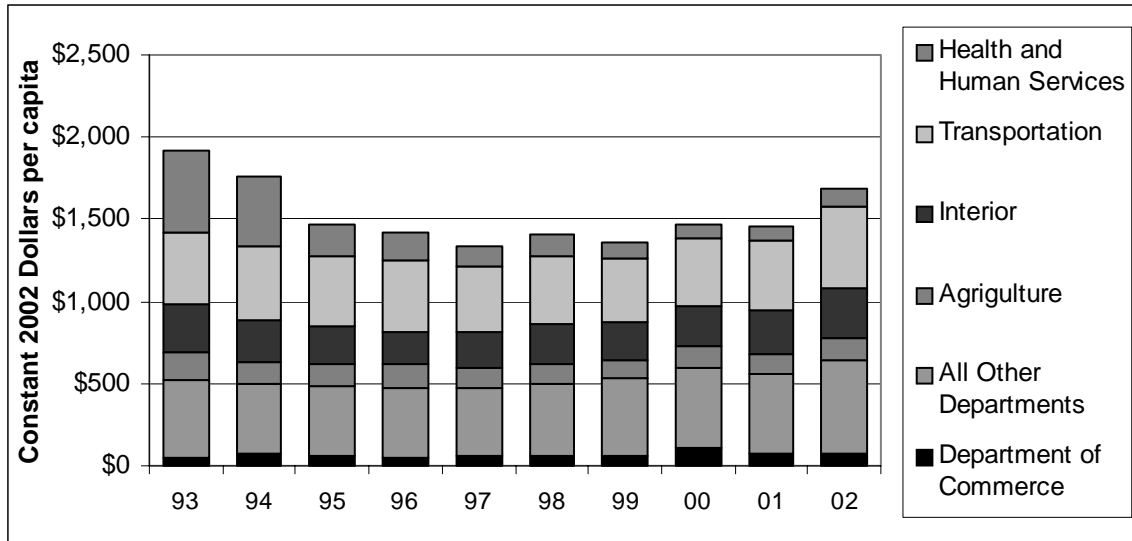
Source: Federal Procurement Data System (FPDS).

Note: "NA" indicates the data is not available from the FPDS. The FPDS reports reliable summary data only for the top ten contractors each year. Many of the contractors listed in this table had procurement contracts each year, but they were not in the top ten in the FPDS summary reports.

3. Largest Civilian Departments

Figure 44 shows the civilian federal government departments that make the largest operations expenditures in the state. Other departments may spend more money as grants or direct payments, but we discuss those functions in Section III.F and III.G of this report. Many of the largest civilian departments doing business in Alaska provide services or oversee federal land and resource holdings.

Figure 44: Real per capita Federal Civilian Operations Spending by each Federal Department in Alaska



Source: Consolidated Federal Funds Reports
ISER spreadsheet source: Industry Defense and Civilian.XLS

As listed in Tables 6 and 7, the largest civilian federal employers are Interior, Postal Service, Transportation, Agriculture, Health and Human Services, and Department of Commerce. In the last five years, employment in many of these departments has declined: the Interior Department lost 312 positions, Health and Human Services lost 165, Treasury Department lost 79, and the Department of Transportation lost 44. Part of the reason for this decline is subcontracting some of the jobs in the Public Health Service (within the Department of Health and Human Services) to non profits funded by project grants for the Indian Health Service Management Development Program.

Table 6: Largest Civilian Operations Spending in Alaska in 2002 in millions of dollars

Department, Agency, or Administration	Procurement Contracts	Wages and Salaries	Operations Total	Employment in 2000
Department of Transportation*	\$103	\$217	\$320	4,381
Department of Interior	\$70	\$123	\$193	2,325
US Postal Service	\$36	\$136	\$172	2,185
Department of Agriculture	\$40	\$48	\$88	1,139
Department of Health and Human Services	\$31	\$37	\$68	957
State Department	\$54	\$0	\$54	0
Department of Commerce	\$18	\$28	\$46	961
General Services Agency	\$43	\$3	\$46	71
Veterans Administration	\$2	\$21	\$24	440
Justice Department	\$8	\$13	\$20	355
NASA	\$14	\$0	\$14	0
Treasury Department	\$0	\$12	\$13	234
Labor Department	\$10	\$1	\$11	14
Environmental Protection Agency	\$1	\$2	\$3	33
Social Security Administration	\$1	\$2	\$3	Included in HHS
National Historical Publications and Archives Administration	\$3	\$0	\$3	NA
Housing and Urban Development	\$0.0	\$2	\$2	34
Small Business Administration	\$0.0	\$1	\$1	21
Federal Emergency Management Agency	\$0.0	\$0.6	\$0.6	5
Corporation for National and Community Services	\$0.1	\$0.3	\$0.4	0
Department of Education	\$0.2	\$0.0	\$0.2	0
Equal Employment Opportunity Commission	\$0.1	\$0.0	\$0.1	0
National Science Foundation	\$0.0	\$0.1	\$0.1	NA
Smithsonian Institute	\$0.0	\$0.1	\$0.1	1
Department of Energy	\$0.1	\$0.0	\$0.1	0
Office of Personnel Management	\$0.00	\$0.02	\$0.02	4
Other not classified to Department	\$0.0	\$0.4	\$0.4	0
Total	\$435.2	\$649	\$1,084	13,162

Source: Consolidated Federal Funds Reports, US Census
 Employment Estimates from Alaska Department of Labor, Research and Analysis Section
 * Department of Transportation includes operations spending for the US Coast Guard and all other agencies in US DOT.
 The total employment reported for the Department of Transportation includes 1615 jobs in all agencies other than the Coast Guard plus 2,766 Coast Guard personnel. See Appendix A for description of alternative estimates of federal employment

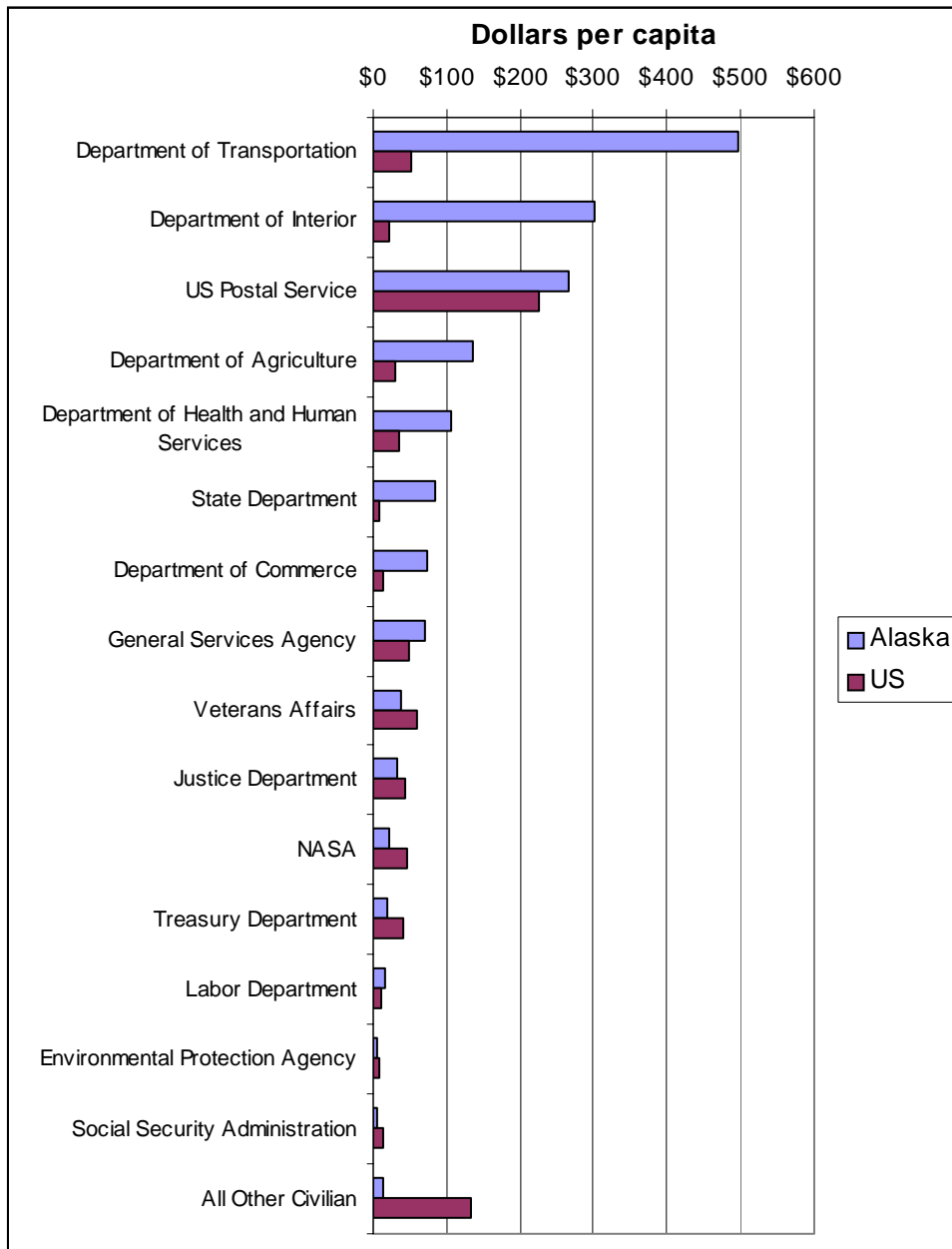
Table 7: Federal Civilian Employment by Department

Department	1990	1995	2000	2000 Total Payroll	2000 Annual Average Payroll
Interior	2,371	2,637	2,325	\$128,572,003	\$55,300
Postal Service	2,136	2,139	2,185	\$87,110,482	\$39,867
Transportation (excluding Coast Guard)*	1,704	1,659	1,615	\$125,242,481	\$77,550
Agriculture	1,233	1,283	1,139	\$56,089,137	\$49,244
Health and Human Services	1,127	1,122	957	\$44,513,077	\$46,513
Department of Commerce	732	452	961	\$46,746,601	\$48,644
Veterans Administration	196	337	440	\$27,079,778	\$61,545
Treasury Department	367	313	234	\$14,903,351	\$63,690
Department of Justice	135	160	215	\$14,384,158	\$66,903
US Courts	81	115	140	\$7,923,823	\$56,599
General Services Administration	115	89	71	\$3,962,790	\$55,814
Housing and Urban Development	70	51	34	\$2,396,768	\$70,493
Energy	34	30	NA	NA	NA
Environmental Protection	NA	27	33	\$2,347,555	\$71,138
Small Business Administration	27	25	21	\$1,499,110	\$71,386
Labor	18	14	14	\$651,515	\$46,537
Federal Communications Commission	13	11	2	\$177,278	\$88,639
Corporation for National and Community Services	NA	11	NA	NA	NA
Office of Personnel Management	20	9	4	\$8,037	\$2,009
Federal Emergency Management Agency	NA	6	5	\$194,926	\$38,985
National Labor Relations Board	4	3	NA	NA	NA
Smithsonian	NA	1	1	\$71,446	\$71,446
Interstate Commerce Commission	NA	NA	NA	NA	NA
Federal Deposit Insurance Corporation	143	NA	NA	NA	NA
General Accounting Office	NA	NA	NA	NA	NA
Total	10,526	10,494	10,396	\$563,874,316	\$54,240

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section. (Fried and Windisch Cole, 2002). *Note: These estimates from the Alaska Department of Labor do not include Defense Department and Coast Guard employees (employed in the US Department of Transportation). The total payroll reported by Alaska Department of Labor are slightly higher than the wages and salaries reported in the Consolidated Federal Funds Reports for some departments. For example, spending for wages and salaries by the Department of Transportation was \$118 million in the CFFR, but is reported as \$125 million by Alaska Department of Labor.

Operations spending per capita for some federal civilian departments is much larger in Alaska than the US. In particular, Alaska receives more per capita operations spending for the Department of Transportation, Department of Interior, Department of Agriculture, Department of Health and Human Services, State Department, and Department of Commerce (Figure 45). Federal civilian operations spending per capita in other departments is comparable in Alaska and the US as a whole.

Figure 45: Real per capita Federal Civilian Operations Spending by Federal Department in Alaska and US in 2002



Source: Consolidated Federal Funds Reports
 ISER spreadsheet source: Industry Defense and Civilian.XLS

Transportation: The largest single component of the civilian federal operations spending in Alaska is the US Department of Transportation. The largest agency within this department is the US Coast Guard, which provides rescue and coastal enforcement services (Table 8). In addition, the Federal Aviation Administration provides air traffic control and the Federal Highway Administration oversees federal grant spending and provides other services in the state. For these and other functions, the US Department of Transportation spent \$221 million in 2002 to hire workers and procure goods (Table 3). The Department has consistently spent about \$485 per capita annually in Alaska as part of doing its business. Operations spending by the Department of Transportation contributes 4% of total federal spending in the state.

Table 8: US Department of Transportation Operations

Agency	Operations Expenditures in 2002			Employment in 2000
	Procurement	Wages and Salaries	Total Operations	
Federal Aviation Administration	\$26,422,860	NA	NA	NA
Federal Highway Administration	\$17,295,000	NA	NA	NA
National Highway Traffic Safety Administration	\$0	NA	NA	NA
Research And Special Programs Administration	\$0	NA	NA	NA
U.S. Coast Guard	\$59,301,000	\$99,368,179	\$158,669,179	2766*
Total	\$103,018,860	\$217,093,179	\$320,112,039	4381*

Source: Consolidated Federal Funds Reports, US Census

* Employment estimate includes 1,615 employees in all agencies of the US DOT other than Coast Guard from Alaska Department of Labor, Research and Analysis Section (Fried and Windisch Cole, 2002) plus 2,766 Coast Guard personnel as reported by Defense Department. See Appendix A for description of alternative employment estimates.

"NA" indicates the data is not available because wage and salary totals are not available for most agencies in the CFFR

Interior: The US Department of Interior oversees federal land and natural resource holdings in the state. The largest agencies within this department are the US Fish and Wildlife Service, Bureau of Indian Affairs, Bureau of Land Management, and National Park Service. All combined, the US Department of Interior spent \$194 million for its operations in the state in 2002 (Table 9). It has consistently spent about \$100 per capita per year (about 1% of total federal spending) in the state on wages and salaries and procurement.

Table 9: US Department of Interior Operations

Agency	Operations Expenditures in 2002			Employment in 2000
	Procurement	Wages and Salaries	Total Operations	
U.S. Fish And Wildlife Service	\$26,803,000	NA	NA	NA
Office Of Policy, Management & Budget/Chief Financial Officer	\$13,377,000	NA	NA	NA
Bureau Of Land Management	\$12,711,000	NA	NA	NA
National Park Service	\$12,117,000	NA	NA	NA
Mineral Management Service	\$4,139,000	NA	NA	NA
Geological Survey	\$1,022,000	NA	NA	NA
Bureau Of Indian Affairs*	\$81,000	NA	NA	NA
Bureau Of Mines	\$0	NA	NA	NA
Bureau Of Reclamation	\$0	NA	NA	NA
Office Of Policy, Budget And Administration	\$0	NA	NA	NA
Total for Department of Interior	\$70,169,000	\$122,886,000	\$193,055,000	2,325

Source: Consolidated Federal Funds Reports, US Census. Employment Estimates from Alaska Department of Labor, Research and Analysis Section. "NA" indicates the data is not available. Wage and Salary totals for individual agencies are not available in the CFFR. *Notably, procurement spending by the Bureau of Indian Affairs fell from \$5.5 million in 2001 to \$81 thousand in 2002. See Appendix A for a description of the possible inconsistencies in reporting across years for the Bureau of Indian Affairs, Indian Health Service, and Public Health Service.

Agriculture: The U.S. Forest Service (part of the Department of Agriculture) administers federal land holdings in the Tongass National Forest and Chugach National Forest. The Department of Agriculture spent \$88 million in 2002 for operations (Table 10). Historically, the Department has spent slightly less than \$100 per capita annually in Alaska.

Table 10: US Department of Agriculture Operations				
Agency	Operations Expenditures in 2002			Employment in 2000
	Procurement	Wages and Salaries	Total Operations	
Forest Service	\$35,002,000	NA	NA	NA
Agricultural Marketing Service	\$4,947,000	NA	NA	NA
Total	\$39,949,000	\$48,143,000	\$88,092,000	1,139

Source: Consolidated Federal Funds Reports, US Census
Employment Estimates from Alaska Department of Labor, Research and Analysis Section.
"NA" indicates the data is not available. Wage and Salary totals for individual agencies are not available in the CFFR

Health and Human Services: The agencies of the Department of Health and Human Services (including the Centers for Disease Control and Prevention, the Food and Drug Administration, and the Centers for Medicare and Medicaid Services) perform a variety of health services in the state (Table 11). All together, the Department spent almost \$68 million for these and other functions in 2002.

Table 11: US Department of Health and Human Services Operations				
Agency	Operations Expenditures in 2002			Employment in 2000
	Procurement	Wages and Salaries	Total Operations	
Centers For Disease Control And Prevention	\$164,000	NA	NA	NA
Centers For Medicare And Medicaid Services	\$13,939,000	NA	NA	NA
Food And Drug Administration	\$283,000	NA	NA	NA
Health Resources And Services Administration	\$100,000	NA	NA	NA
National Institutes Of Health	\$262,000	NA	NA	NA
Office Of Assistant Secretary For Health (Except National Centers)	\$0	NA	NA	NA
Office Of The Assistant Secretary For Health	\$0	NA	NA	NA
Public Health Service*	\$15,928,000	NA	NA	NA
Total	\$30,676,000	\$36,992,000	\$67,668,000	957

Source: Consolidated Federal Funds Reports, US Census. Employment Estimates from Alaska Department of Labor, Research and Analysis Section. "NA" indicates the data is not available. Wage and Salary totals for individual agencies are not available in the CFFR. * The CFFR reports procurement expenditures by the Public Health Service, but these are likely procurement contracts by the Indian Health Service, which took over many of the activities of the Public Health Service. See Appendix A for a description of the possible inconsistencies of grant and procurement spending reported for the Public Health Service, Indian Health Service, and Bureau of Indian Affairs.

Changes in spending by the Department of Health and Human Services explain most of the decline in civilian federal government operations spending since 1993. Federal civilian operations expenditures have decreased cumulatively by about \$400 per capita (4% of total federal spending in the state) since 1993. Most of that decrease is from a decline in Public Health Service procurement contracts between 1993 and 1996.

In 1993, the Public Health Service spent over \$200 million in procurement contracts in the state, much of this for the construction of the Alaska Native Medical Center. Since then, their procurement contracts have steadily declined to less than \$16 million in 2002.¹⁹

Commerce: The Department of Commerce includes the Bureau of the Census, the International Trade Administration, the National Institute of Standards and Technology, and the National Oceanic and Atmospheric Administration. These agencies hire workers and buy goods to administer various federal programs in Alaska. The department spent \$33 million for operations in 2002 (Table 12).

Table 12: US Department of Commerce Operations				
Agency	Operations Expenditures in 2002			Employment in 2000
	Procurement	Wages and Salaries	Total Operations	
Bureau Of The Census	\$0	NA	NA	NA
International Trade Administration	\$0	NA	NA	NA
National Institute Of Standards And Technology	\$64,000	NA	NA	NA
National Oceanic And Atmospheric Administration	\$18,257,000	NA	NA	NA
Department Total	\$18,321,000	\$15,491,000	\$33,812,000	961

Source: Consolidated Federal Funds Reports, US Census.
Employment Estimates from Alaska Department of Labor, Research and Analysis Section.
Wage and Salary totals for individual agencies are not available in the CFFR.

¹⁹ Some of this procurement spending by the Public Health Service may have been for the Indian Health Service. See Appendix A for a description of these data anomalies for procurement and grant spending by the Public Health Service and Indian Health Service.

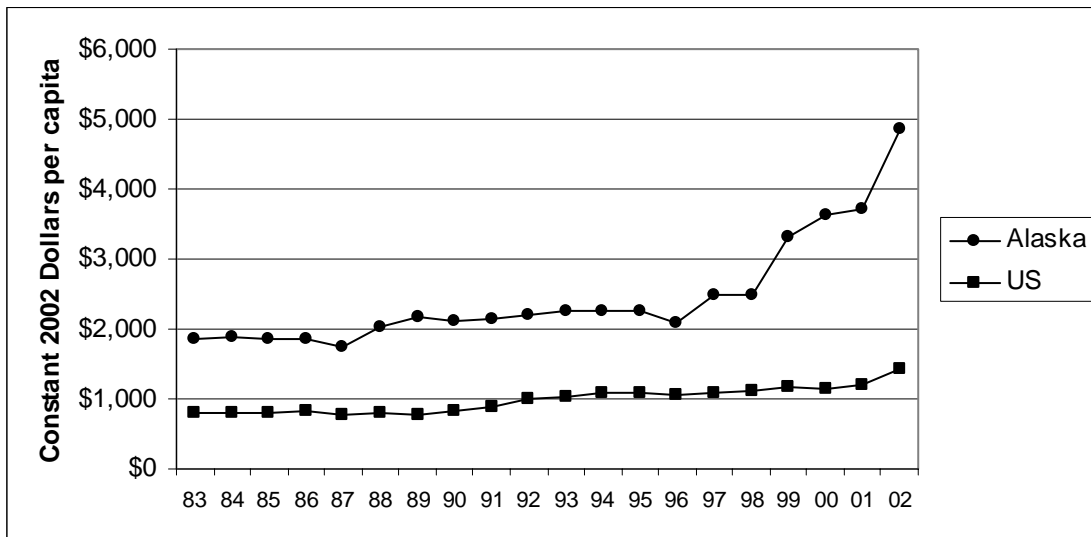
F. Grants

1. Overview

The federal government awards grants to communities, non-profits, tribes, businesses, Native corporations, state government, borough governments, and city governments in Alaska. Federal grants provide money for an incredible variety of activities in Alaska. Some grants provide money for building infrastructure like highways, airports, hospitals, and wastewater treatment facilities. Other grants provide money for health care services, emergency relief services, legal services, tribal self-governance, fisheries regulation, and university research. Other federal grants pay benefits for Medicaid, welfare, food stamps, and unemployment insurance.

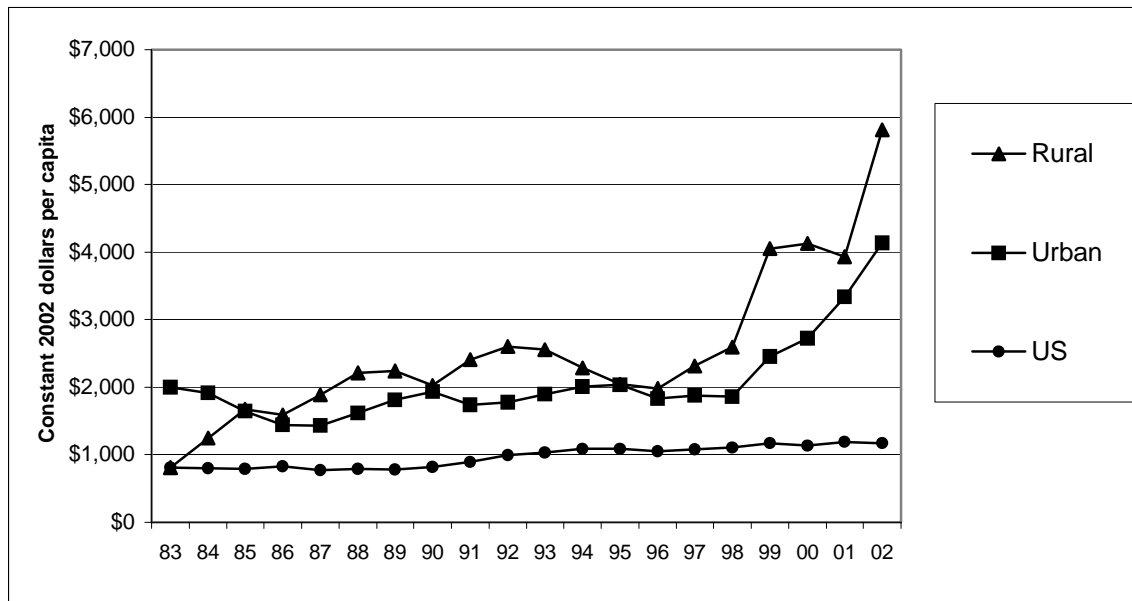
Federal grants contributed about 41% of total federal spending to the state in 2002. Alaska received nearly \$5,000 per capita in federal grants in 2002 (Figure 46). Alaska received about \$3,700 *more* per capita in federal grants than the nation as a whole. Rural areas in Alaska received on average nearly \$6,000 per capita in federal grants while urban areas received just over \$4,000 per capita in federal grants (Figure 47).

Figure 46: Real per capita Federal Grant Spending in Alaska



Source: Consolidated Federal Funds Reports and Federal Assistance Awards Data System, ISER spreadsheet source: Program Type Summary.XLS

Figure 47: Real Per Capita Federal Grant Spending in Regions of Alaska



Source: Consolidated Federal Funds Reports and Federal Assistance Awards Data System, ISER spreadsheet source: Program Type Summary.XLS

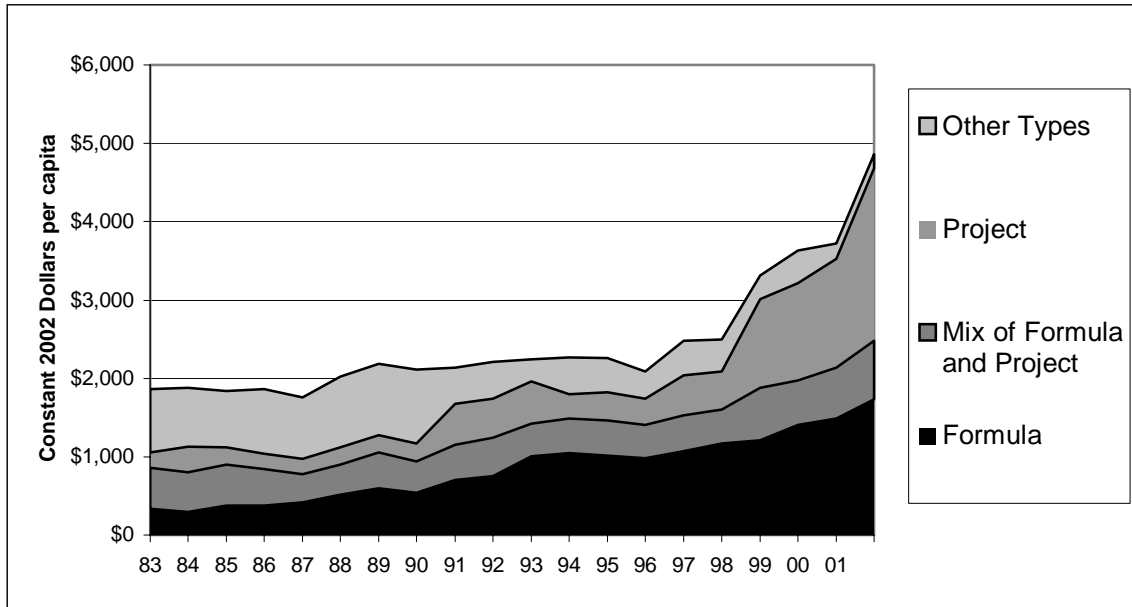
There are two primary types of federal grants: formula grants and project grants.²⁰ The federal government determines **formula grant** funding with explicit formulas that specify the amounts going to eligible recipients and states for programs such as Medicaid, “Impact Aid,” highway construction, and welfare benefit payments. The numbers and types of people eligible for particular programs usually determine the level of formula grant spending coming to Alaska. Highway planning construction formula grants have a unique, complex formula that determines formula grant funding according to many different characteristics of states.

Project grants do not always have explicit formulas for determining funding to each state. Project grants typically have an explicit deadline and are usually for particular uses, such as constructing new facilities or providing particular services. Some federal programs, such as highway planning and construction, award a mix of both formula and project grants.

As shown in Figure 48, formula grants have grown steadily since 1983 while project grants have grown rapidly just in the last five years. Project grants now contribute about 63% of all federal grants coming to the state. Before 1991, the state received many “block grants” that are classified as “other types” in Figure 48. Formula and project grants have replaced most of these block grants. Block grants now contribute only a small fraction of total grants coming to the state. In the next two sections, we examine formula grants and project grants separately.

²⁰ See Appendix A for a detailed description of how we classified grants by type.

Figure 48: Real Per Capita Federal Grant Spending by Type of Grant in Alaska in 2002

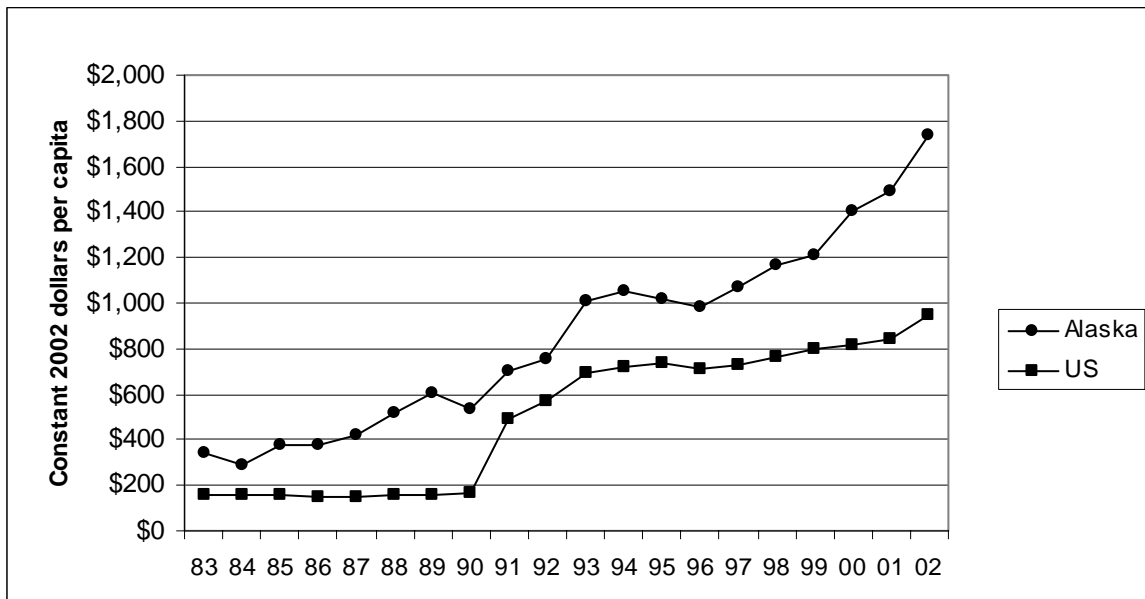


Source: Consolidated Federal Funds Reports and Federal Assistance Awards Data System, ISER spreadsheet source: Program Type Summary.XLS

2. Formula Grants

Figure 49 shows that real per capita federal formula grants grew at an average annual rate of just over 7% between 1983 and 2002. Formula grants amounted to about \$1.6 billion (just over \$1700 per capita) in 2002. Per capita formula grants have consistently remained higher than the per capita average for the US.²¹ Rural areas in Alaska receive almost twice the per capita amount of formula grants going to urban areas (Figure 50).²²

Figure 49: Real Per Capita Federal Formula Grant Spending in Alaska and US

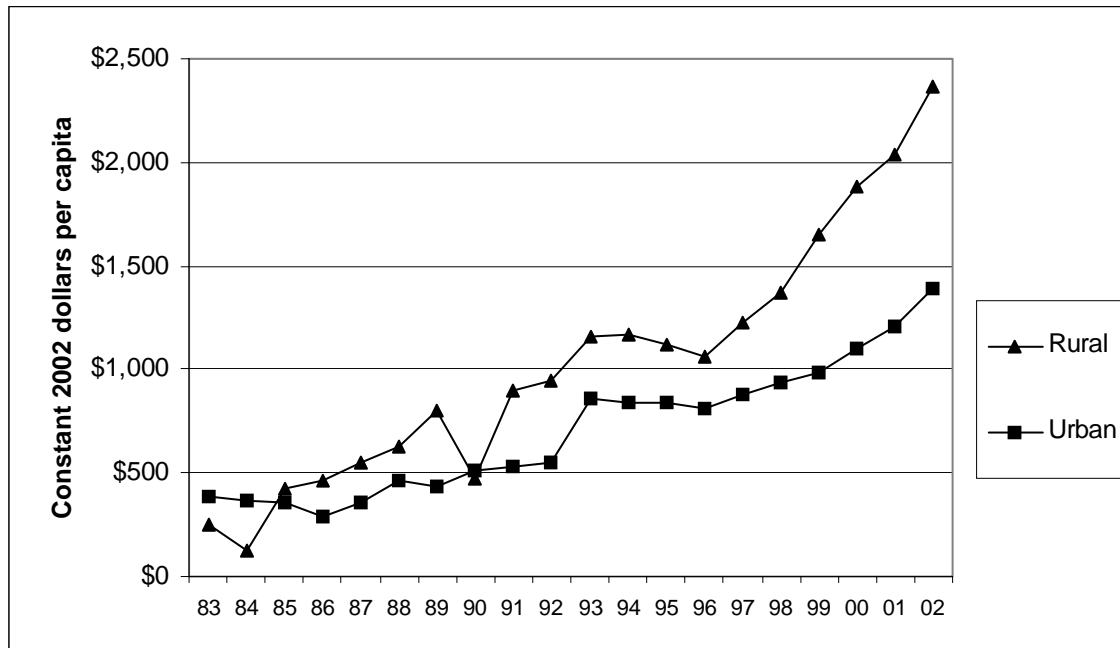


Source: Consolidated Federal Funds Reports and Federal Assistance Awards Data System, ISER spreadsheet source: Program Type Summary.XLS

²¹ Part of the reason for the substantial increase in federal formula grant spending from 1990 to 1991 is a reclassification of federal programs in the Federal Awards Data System. Many grants that were block grants before 1992 became either formula or project grants after 1992.

²² Formula grant funding for the Medicaid program and the “Impact Aid” program is higher in rural areas than urban areas. These two programs are the primary reason that rural areas of the state receive more formula grants per capita. See Section II.F.2.b for more detailed description of these and other large formula grant programs

Figure 50: Real Per Capita Federal Formula Grant Spending Across Regions in Alaska



Source: Consolidated Federal Funds Reports and Federal Assistance Awards Data System, ISER spreadsheet source: Program Type Summary.XLS

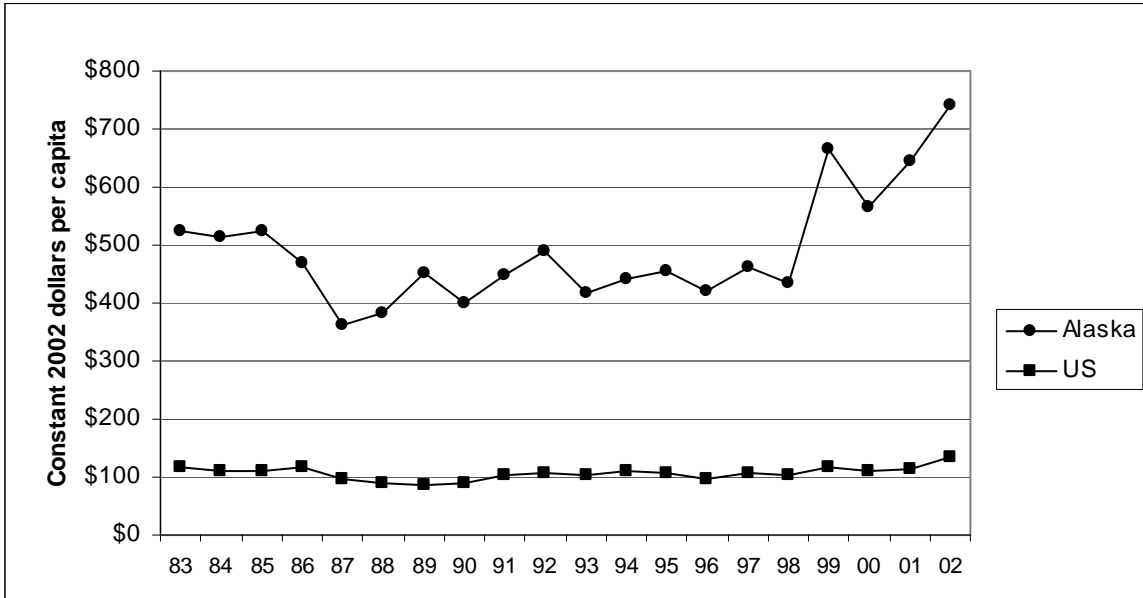
Some federal programs provide a mix of formula grants and project grants. The largest example is highway planning and construction grants from the US Department of Transportation (US DOT). The US Department of Transportation determines the level of these highway construction grants with a complex formula, but the department also awards *project* grants under the same program for specific projects.

This highway planning construction program, along with other *mixed* formula and project grant programs, awarded about \$700 per capita in Alaska (Figure 51). Alaska received about six to seven times more per capita than the US as a whole for these mixed formula/project grants. This is because the federal formula for distributing highway funds to states currently favors Alaska because of the state’s relative lack of highways compared to other parts of the nation.

The amount of mixed formula/project grant funding going to regions of the state varies dramatically from year to year (Figure 52). The level of funding varies as major highway construction projects start and end in different parts of the state. Currently, rural areas receive slightly more per capita than urban areas. However, historically, urban areas of the state have received more highway construction dollars than rural areas because there is a much higher concentration of highways in urban areas of the state.²³

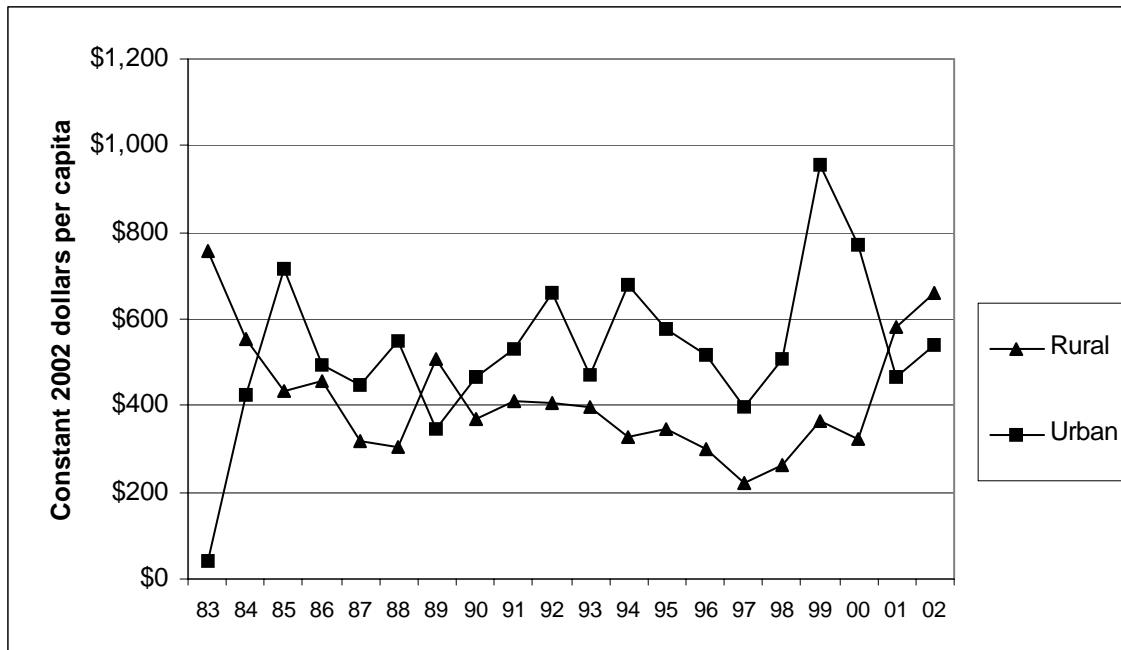
²³ The recent decline in mixed formula/project grant spending in urban areas of the state is due to the decline in highway planning and construction grants after the completion of extensive expansions of the Parks and Glenn Highways within the Matanuska-Susitna Borough. See Section II.F.2.b for more description of the highway construction and planning grant program.

Figure 51: Real Per Capita Federal Mixed Formula and Project Grant Spending in Alaska and US



Source: Consolidated Federal Funds Reports and Federal Assistance Awards Data System, ISER spreadsheet source: Program Type Summary.XLS

Figure 52: Real Per Capita Federal Mixed Formula and Project Grant Spending Across Regions in Alaska



Source: Consolidated Federal Funds Reports and Federal Assistance Awards Data System, ISER spreadsheet source: Program Type Summary.XLS

a. Departments Making Largest Formula Grants

Table 13 lists the departments making the largest formula grants in Alaska, including Health and Human Services, Transportation, and Education.²⁴ These largest formula grant makers give grants primarily to the state government and school districts.

Department	Amount in 2002
Health and Human Services	\$730,124,317
Transportation	\$482,091,175
Education	\$206,085,548
Agriculture	\$60,895,286
Labor	\$51,787,839
Environmental Protection Agency	\$19,158,092
Commerce	\$14,008,137
Justice	\$12,515,567
Housing and Urban Development	\$10,031,327
Defense Army	\$2,573,000
Energy	\$2,053,925
Interior	\$1,525,000
All Other Departments	\$2,017,161
Total	\$1,594,866,374
Source: Consolidated Federal Funds Reports. This table includes all formula grant programs and mixed formula/project grant programs.	

Department of Health and Humans Services spent \$730 million in formula grants in the state in 2002 (Table 14). Most of this was for the Medical Assistance Program (Medicaid) to the state government. The state government provides matching funds for this program and distributes both the state and federal monies throughout the state to individuals eligible for the Medicaid program.

²⁴ These include all formula grant programs and mixed formula/project grant programs

Table 14: Department of Health and Human Services Formula Grants in 2002

Program	Formula Grants
Medical Assistance Program (Medicaid)	\$500,079,443
Temporary Assistance For Needy Families	\$68,175,487
State Children's Insurance Program (CHIP)	\$45,602,631
Child Care Mandatory & Matching Funds Of The Child Care & Dev. Fund	\$15,737,342
Adoption Assistance	\$12,086,432
Foster Care Title IV E	\$11,047,201
Low Income Home Energy Assistance	\$10,881,000
Child Care And Development Block Grant	\$10,341,178
Child Support Enforcement	\$9,615,085
Special Programs For The Aging-Title Iii, Part C-Nutrition Services	\$5,647,270
Family Violence Prevention And Service	\$4,810,936
Social Services Block Grant	\$3,990,000
Block Grants For Prevention And Treatment Of Substance Abuse	\$3,859,949
Special Program For The Aging-Title Iii, Part B-Grants For Supportive Services	\$3,558,662
Promoting Safe And Stable Families	\$2,761,666
National Family Caregiver Support	\$2,625,924
Tribal Work Grants	\$2,333,518
All Other HHS Formula Grant Programs	\$16,970,593
Department Total	\$730,124,317

Source: Consolidated Federal Funds Reports

Department of Transportation gave the state government \$401 million in grants in 2002 for highway planning and construction. Most, but not all, of these grants were formula grants. The department also awarded formula grants for transit, highway safety and boating safety programs as listed in Table 15.

Table 15: Department of Transportation Formula Grants in 2002

Program	Formula Grants
Highway Planning And Construction	\$401,043,519
Federal Transit-Capital Investment Grants	\$45,419,486
Federal Transit Formula Grants	\$30,646,108
Formula Grants For Other Than Urbanized Areas	\$3,050,431
State And Community Highway Safety	\$958,000
Capital Assistance Program For Elderly And Persons With Disabilities	\$476,879
Boating Safety Financial Assistance	\$435,194
State Planning And Research	\$58,520
Recreational Trails Program	\$3,038
Department Total	\$482,091,175

Source: Consolidated Federal Funds Reports, US Census. This table includes both formula grants and mixed formula/project grants. The *project* grants awarded by the US DOT for airport improvements and other projects are described in Section III.F.3 of this report

Department of Education provided formula grants amounting to about \$206 million in 2002 (Table 10). About half of these formula grant funds are “Impact Aid” formula grants to rural school districts.

Table 16: Department of Education Formula Grants in 2002	
Program	Formula Grants
Impact Aid	\$103,934,119
Title I Grants To Local Education Agencies	\$23,582,050
Special Education-Grants To States	\$22,199,605
Indian Education-Grants To Local Educational Agencies	\$9,936,392
21St Century Community Learning Centers	\$9,130,946
Rehabilitation Services-Vocational Rehabilitation Grants To States	\$8,227,957
Migrant Education Program-State Grant Program	\$6,855,461
School Renovation Grants	\$5,868,959
Vocational Education Basic Grants To States	\$4,214,921
Safe And Drug-Free Schools And Communities-State Grants	\$2,307,865
Special Education-Grants For Infants And Families With Disabilities	\$2,043,288
Innovative Education Program Strategies	\$1,911,525
Special Education-Preschool Grants	\$1,294,380
Even Start - State Educational Agencies	\$1,127,500
Adult Education-State Grant Program	\$891,728
Comprehensive School Reform Demonstration	\$817,148
Tech-Prep Education	\$343,107
Independent Living-State Grants	\$297,581
Title I Program For Neglected And Delinquent Children	\$235,905
Rural Education Achievement Program	\$230,315
Technology Literacy Challenge Fund Grants	\$153,922
Education Of Homeless Children And Youth	\$150,000
Robert C Byrd Honors Scholarships	\$108,000
Leveraging Educational Assistance Partnership	\$106,483
Grants To States For Incarcerated Youth Offenders	\$56,292
Department Total	\$206,025,449
Source: Consolidated Federal Funds Reports, US Census	

Department of Agriculture awarded formula grants directly to school districts for the “National School Lunch Program” and formula grants to the state government for the “Food Program for Women Infants and Children (WIC)” program. All formula grants from this department amounted to about \$61 million in 2002 (Table 17).

Program	Formula Grants
Special Supplemental Food Program For Women, Infants, And Children (WIC)	\$19,630,083
National School Lunch Program	\$18,696,747
State Administrative Matching Grants For Food Stamp Program	\$7,742,728
Child And Adult Care Food Program	\$6,545,506
School Breakfast Program	\$3,168,115
Cooperative Extension Service	\$2,098,843
Payments To Agricultural Experiment Stations Under Hatch Act	\$947,331
State Administrative Expenses For Child Nutrition	\$484,048
Cooperative Forestry Research	\$442,812
Nutrition Services Incentive	\$410,964
Summer Food Service Program For Children	\$335,784
Emergency Food Assistance Program-Food Commodities	\$184,369
Emergency Food Assistance Program-Administration Costs	\$101,717
WIC Farmers Market Nutrition Program (FMNP)	\$99,812
Animal Health And Disease Research	\$3,291
Special Milk Program For Children	\$3,136
Department Total	\$60,895,286
Source: Consolidated Federal Funds Reports, US Census	

Department of Labor gave formula grants to the state government for unemployment insurance benefits (\$23 million) and other programs totaling almost \$52 million in 2002 (Table 18).²⁵

Program	Formula Grants
Unemployment Insurance	\$23,269,962
WIA Dislocated Workers	\$10,738,146
Employment Service	\$6,475,381
WIA Youth Activities	\$4,439,193
WIA Adult Program	\$3,703,480
Senior Community Service Employment Program	\$1,894,813
Native American Employment And Training	\$525,864
Local Veterans Employment Representative Program	\$489,000
Disabled Veterans Outreach Program	\$252,000
Department Total	\$51,787,839
Source: Consolidated Federal Funds Reports, US Census	

²⁵ The federal government also pays unemployment insurance benefits directly to individuals as described in Section III.G.2 of this report.

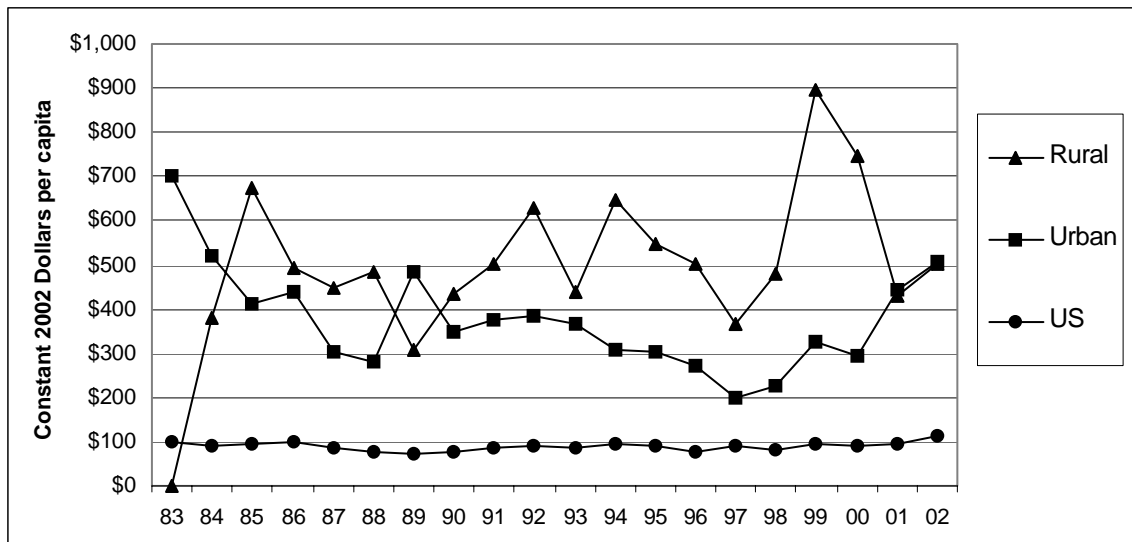
b. Largest Formula Grant Programs

Table 19 lists the largest formula grant programs providing federal money to Alaska. Historically, “Highway Planning and Construction,” “Medical Assistance Program” (Medicaid), “Impact Aid,” and “Family Support Payments” (welfare) have provided the largest amounts of money to the state. The remainder of this section describes each of these programs in more detail.

Table 19: Largest Formula Grant Programs in Alaska in 2002	
Program Name	Amount in 2002
Medical Assistance Program (Medicaid)	\$500,079,443
Highway Planning And Construction	\$401,043,519
Impact Aid for Maintenance and Operations of Schools	\$103,934,119
Temporary Assistance For Needy Families	\$68,175,487
State Children's Insurance Program (CHIP)	\$45,602,631
Federal Transit-Capital Investment Grants	\$45,419,486
Federal Transit Formula Grants	\$30,646,108
Title I Grants To Local Education Agencies	\$23,582,050
Unemployment Insurance	\$23,269,962
Special Education-Grants To States	\$22,199,605
Special Supplemental Food Program For Women, Infants, And Children	\$19,630,083
National School Lunch Program	\$18,696,747
Child Care Mandatory & Matching Funds Of The Child Care & Dev. Fund	\$15,737,342
Coastal Zone Management Administration Awards	\$13,858,845
Adoption Assistance	\$12,086,432
Foster Care Title Iv E	\$11,047,201
Low Income Home Energy Assistance	\$10,881,000
WIA Dislocated Workers	\$10,738,146
Child Care And Development Block Grant	\$10,341,178
Indian Education-Grants To Local Educational Agencies	\$9,936,392
Child Support Enforcement	\$9,615,085
21St Century Community Learning Centers	\$9,130,946
Rehabilitation Services-Vocational Rehabilitation Grants To States	\$8,227,957
Capitalization Grants For Drinking Water State Revolving Fund	\$8,052,500
Capitalization Grants For State Revolving Funds	\$7,959,400
State Administrative Matching Grants For Food Stamp Program	\$7,742,728
Migrant Education Program-State Grant Program	\$6,855,461
Child And Adult Care Food Program	\$6,545,506
Employment Service	\$6,475,381
School Renovation Grants	\$5,868,959
Special Programs For The Aging-Title Iii, Part C-Nutrition Services	\$5,647,270
All Other Programs	\$115,839,405
Total	\$1,594,866,374
Source: Consolidated Federal Funds Reports	

Highway planning and construction formula grants go to the Alaska state government. The level of funding varies substantially across years as large highway construction projects start and end (Figure 53). For most years since 1983, Alaska has received several hundred dollars more per capita than the average for the nation as a whole. The decrease in construction activity in the Mat-Su Borough on both the Glenn Highway and Parks Highway led to a substantial decline in highway construction dollars over the last five years. The Mat-Su region still receives the most federal highway construction dollars because of its high concentration of multi-lane highways.

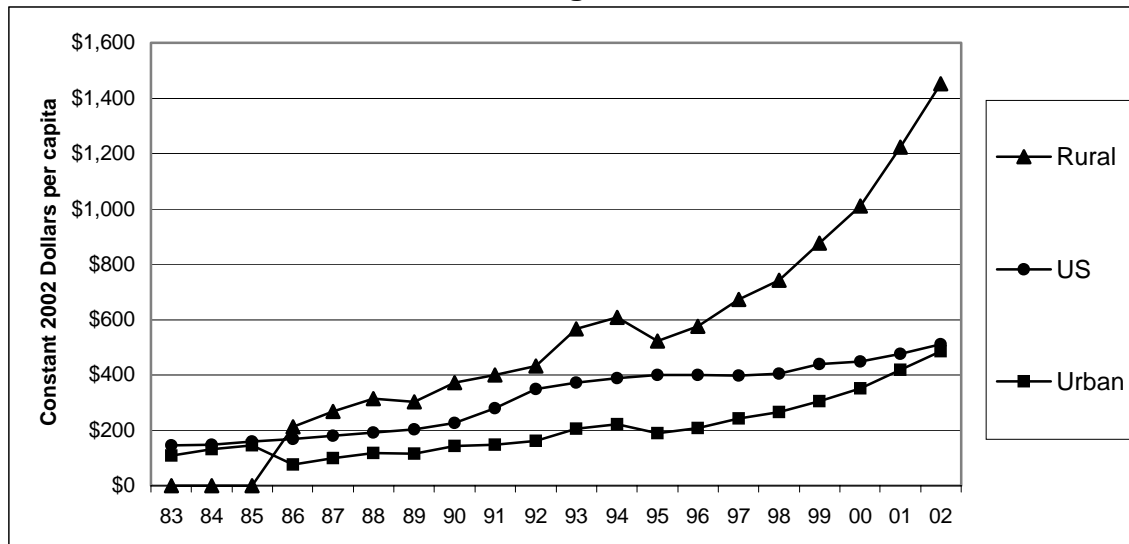
Figure 53: Real Per Capita Federal Grants for Highway Planning and Construction in Alaska Regions and US



Source: Consolidated Federal Funds Reports
 ISER spreadsheet source: Rural Urban Comparisons.XLS

Medical Assistance Program (Medicaid) formula grant payments go to the state government for distribution to individuals. These payments have grown steadily in rural and urban areas of Alaska. These grants are the largest contributor to the steady growth in federal formula grant spending over the last decade. Per capita Medicaid payments to rural areas in Alaska are consistently higher than the US average; but the per capita average in urban areas of Alaska is nearly identical to the US average (Figure 54). Medicaid payments per capita are higher in rural areas because there are more people with low income who qualify for Medicaid in rural areas of Alaska.²⁶

Figure 54: Real Per Capita Federal Grants for Medical Assistance Program in Alaska Regions and US

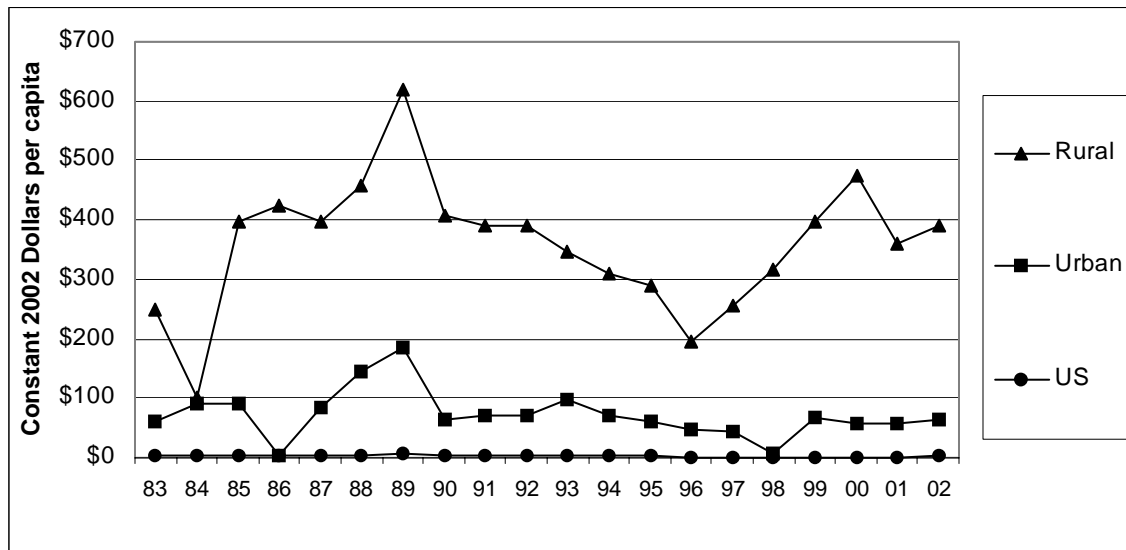


Source: Consolidated Federal Funds Reports
ISER spreadsheet source: Rural Urban Comparisons.XLS

²⁶ Many Natives in rural areas of Alaska receive health coverage from Medicaid. For some, the Indian Health Service (IHS) provides the health services, but the Medicaid payments reimburse the IHS for some of these services. According to the Alaska Department of Health and Social Services, over 40% of the Medicaid recipients in Alaska are Native Alaskans.

Impact Aid for Operation and Maintenance of Schools from the Department of Education goes directly to school districts. According to the Catalogue of Federal Domestic Assistance, this program awards money to districts that have at least three percent (or 400 of the total number of pupils) in average daily attendance living on federal property, including Indian lands. Many of the rural school districts in Alaska have a high percentage of enrolled pupils living on Indian lands and receive “Impact Aid” from this program. Therefore, rural school districts in Alaska receive more per capita for this program than urban districts in Alaska or districts in other parts of the nation (Figure 55). Only Arizona receives more total “Impact Aid” (\$145 million in 2002) than Alaska (\$103 million in 2002). Other states with substantial Indian and Native populations, such as California, New Mexico, and Texas, also receive “Impact Aid” from this program.

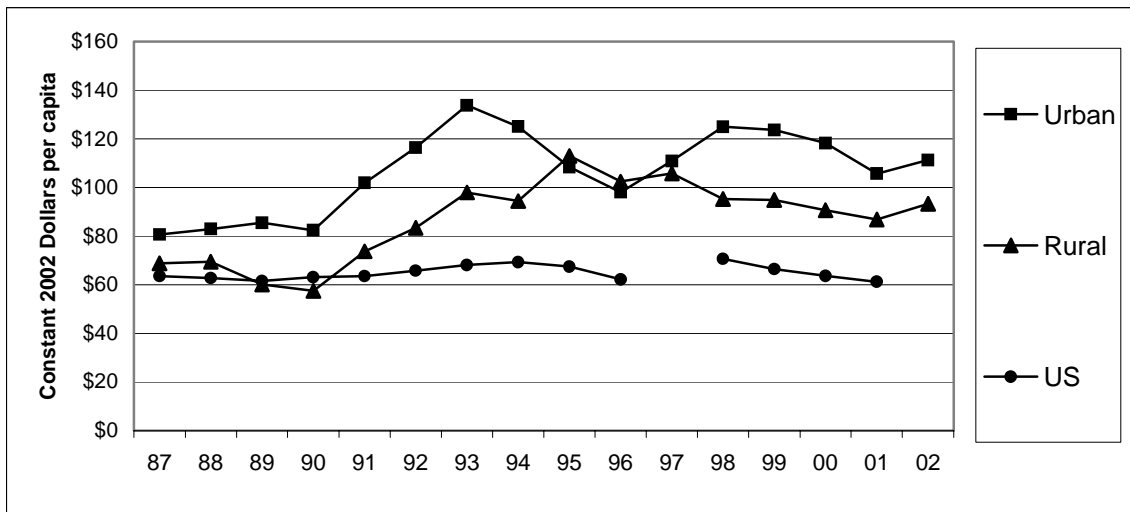
Figure 55: Real Per Capita Federal Grants for Impact Aid in Alaska Regions and US



Source: Consolidated Federal Funds Reports
ISER spreadsheet source: Rural Urban Comparisons.XLS

Family Support Payments to States are formula grants given to the state government to distribute to individuals for Aid to Families with Dependent Children (AFDC) and Temporary Assistance for Needy Families (TANF) (both are commonly called welfare). Urban areas of Alaska receive a higher per capita average than rural areas in Alaska or the US as a whole (Figure 56). Part of the reason that urban areas receive more per capita is that the Consolidated Federal Funds Reports allocates a large portion of “Family Support Payments to States” to Juneau. These allocated funds are payments to the Alaska State Government, which then redistributes the money to other parts of the state.²⁷

Figure 56: Real Per Capita Federal Grants for Family Support Payments to States in Alaska Regions and US



Source: Consolidated Federal Funds Reports. Note: data for the US in 1997 is not available. ISER spreadsheet source: Rural Urban Comparisons.XLS

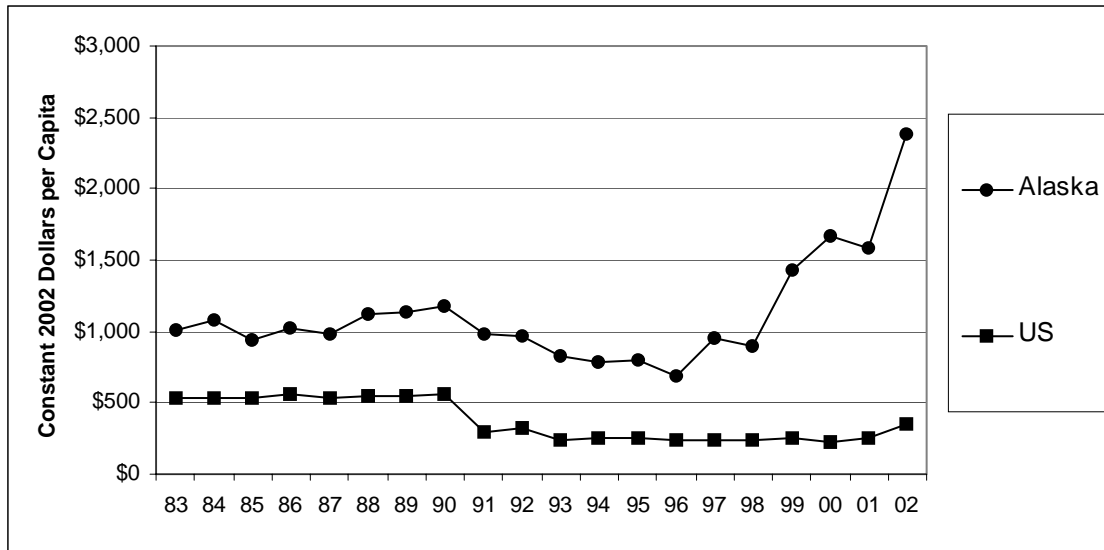
²⁷ See Appendix A for limitations on the CFFR data and Appendix C for a detailed description of the distribution of federal funds across boroughs and Census areas.

3. Project Grants

The federal government awards project grants to state and local government, communities, schools, Native corporations, and non-profit organizations for a wide variety of specific projects. Most federal project grants get funding for one or two years at a time and have specific deadlines. Project grants in Alaska include funding for hospitals, airport improvements, wastewater improvement, research, school improvements, housing, social programs, and an incredible variety of other projects.

In 2002, federal project grant funding coming to Alaska amounted to \$1.9 billion dollars total (nearly \$2500 per capita). Per capita project grant funding has substantially increased since 1997 when per capita project grant funding for Alaska was \$1000 per person.²⁸ Before 1997, Alaska received about three times more project grant spending per capita than the rest of the US (Figure 57). Now, Alaska receives nearly six times more than the US average of \$478 per capita. Both urban and rural areas have benefited from this dramatic increase in project funding since 1997 (Figure 58).

Figure 57: Real Per Capita Federal Project Grant Spending in Alaska and US

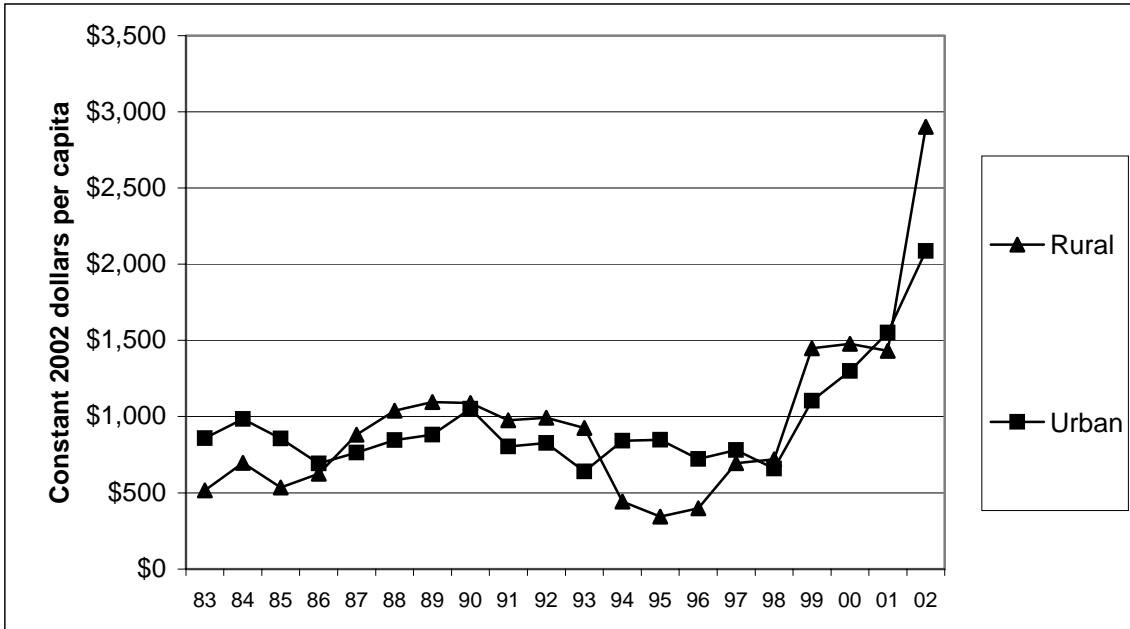


Source: Consolidated Federal Funds Reports

ISER spreadsheet source: Program Type Summary 3.XLS

²⁸ These estimates of project grant spending include both grant programs explicitly classified as project grants and grant programs that are not classified as either formula or project grants. In 2002, programs explicitly classified as project grants totaled \$2949 per capita and grant programs that were not classified as either project or formula grants totaled \$174 per capita. Most of these “unclassified” grants were either block grants or cooperative agreements. The amount of grant programs that are not classified as project or formula grants has steadily declined over time as block grants were replaced by project and formula grants. See Appendix A for a discussion of the methodology for classifying grants based on the Federal Assistance Awards Catalogue.

Figure 58: Real Per Capita Federal Project Grant Spending in Regions of Alaska



Source: Consolidated Federal Funds Reports

ISER spreadsheet source: Program Type Summary 3.XLS

a. Departments Making Largest Project Grants

Several large federal departments provide the bulk of project grants to the state: Health and Human Services, Transportation, Commerce, Agriculture, Education, and the Environmental Protection Agency. The Department of Health and Human Services provided over \$800 million in project grants, primarily for the Indian Health Services Management Development Program -- *the* largest project grant program in the state. Department of Transportation spent \$125 million in project grants in mostly for the Airport Improvement Program. The Environmental Protection Agency provided about \$74 million for constructing or improving wastewater facilities.

Table 20: Departments Making Largest Project Grants in 2002

Department	Amount in 2002
Health and Human Services	\$824,508,401
Transportation	\$125,425,584
Commerce	\$102,330,415
Agriculture	\$85,765,747
Education	\$79,278,640
Environmental Protection Agency	\$74,373,791
Interior	\$42,046,901
Defense Army	\$35,135,948
Housing and Urban Development	\$35,022,948
Justice	\$32,375,273
National Science Foundation	\$28,322,273
Energy	\$24,204,430
Labor	\$19,322,649
All Other Departments	\$25,534,525
Total	\$1,533,647,525
Source: Consolidated Federal Funds Reports	

b. Largest Project Grant Programs

The largest project grant programs are the Indian Health Services Management Development Program and Airport Improvement Program (Table 21). The remainder of this section describes these two project grant programs in more detail.

Table 21: Spending for Largest Federal Project Grant Programs in 2002		
Program	Department	Amount in 2002
Indian Health Services Health Management Development Program	Health and Human Services	\$674,435,011*
Airport Improvement Program	Transportation	\$123,548,973
Special Purpose	Environmental Protection Agency	\$47,433,765
Administration For Children & Families-Head Start	Health and Human Services	\$34,995,392
Pacific Coast Salmon Recovery-Pacific Salmon Treaty Program	Commerce	\$32,202,000
Section 8 Housing Choice Vouchers	Housing and Urban Development	\$30,593,998
National Guard Military Operations & Maintenance Projects	Defense Army	\$29,185,039
Water And Waste Disposal System For Rural Communities	Agriculture	\$27,826,130
Assistance To High Energy Cost Rural Communities	Agriculture	\$25,000,000
Interior Dept--Shared Revenues With States (Includes Mineral Leasing Act)	Interior	\$24,765,000
Community Facilities Loans And Grants	Agriculture	\$23,716,562
Community Health Centers	Health and Human Services	\$22,219,140
Polar Programs	National Science Foundation	\$18,266,127
Fund For The Improvement Of Education	Education	\$16,744,446
Indian Environmental General Assistance Program	Environmental Protection Agency	\$15,122,142
Native American Program	Health and Human Services	\$13,871,866
Improving Teacher Quality State Grants	Education	\$13,567,163
Alaska Native Educational Program	Education	\$13,410,233
Unallied Science Program	Commerce	\$12,586,000
Renewable Energy Research And Development	Energy	\$11,796,590
Marine Mammal Data Program	Commerce	\$11,285,591
Fossil Energy Research And Development	Energy	\$9,467,484
Employment And Training Administration Pilots, Demos & Research	Labor	\$9,083,426
Byrne Memorial State And Local Law Enforce. Assist. Discretionary Grant	Justice	\$8,718,190
Consolidated Knowledge Development And Application Program	Health and Human Services	\$8,258,686
Public Safety And Community Policing Grants	Justice	\$7,458,555
Community Services Block Grant-Discretionary Awards	Health and Human Services	\$6,840,170
Special Program For The Aging-Title Vi, Part A, Indian Program	Health and Human Services	\$6,397,040
Research Centers In Minority Institutions	Health and Human Services	\$6,368,291
Youth Opportunity Grants	Labor	\$6,134,102
Corporation For Public Broadcasting--Grants		\$5,908,000
Fishery Management Councils	Commerce	\$5,903,075
Performance Partnership	Environmental Protection Agency	\$5,477,911
Economic Development-Grants For Public Works & Dev Facilities	Commerce	\$5,432,000
Econ Development Assistance--Sudden Economic Dislocation	Commerce	\$5,374,700
Congressionally Identified Construction Projects	Commerce	\$5,172,200
Comp Community Mental Health-Children/Serious Emotional Disturbances	Health and Human Services	\$5,000,000
All Others		\$204,082,527
Total		\$1,533,647,525

Source: Consolidated Federal Funds Reports. * Data from the CFFR is considerably higher than reported by the Alaska Indian Health Service. See text and Appendix A for further explanation.

Indian Health Services Management Development Program project grant funding has grown steadily. Funding for this program is highest in rural areas where there are proportionally more Native Alaskans. Because Alaska has proportionally more Natives, the per capita average spending for this grant program is greater than the US average (Figure 59).

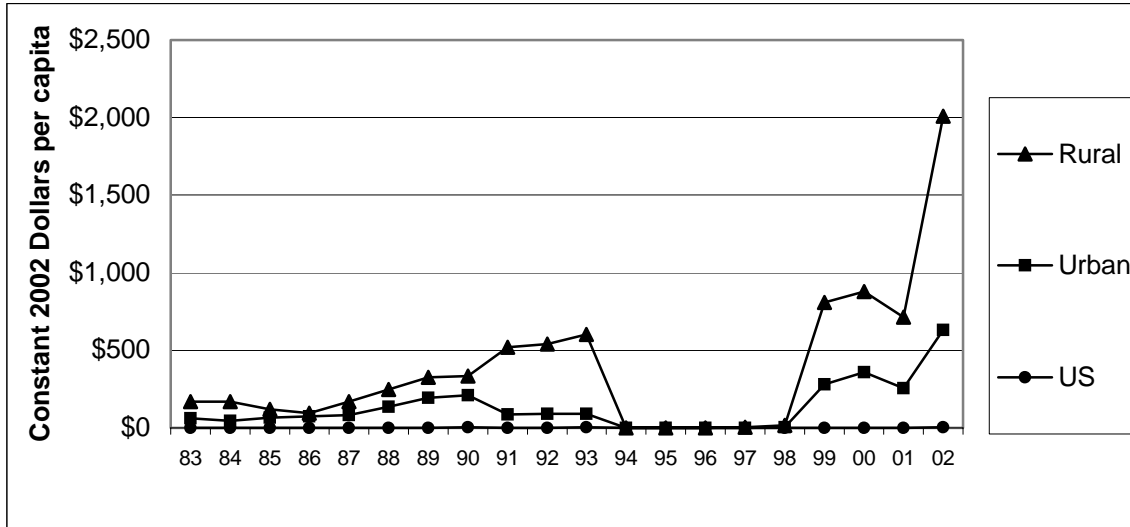
In the late 1990's funding for the Indian Health Services Management Development Program increased by several hundred dollars per capita. This increase is *the* primary cause of the dramatic increase in project grant funding as reported by the CFFR for Alaska since 1997. Most of the project grant funding for the Indian Health Services Management Development Program goes to Alaska Native Tribal Health Consortium, the Yukon Kuskokwim Health Corporation, and the South Central Foundation (Table 22).

There are two very important anomalies in the Consolidated Federal Funds Reports (CFFR) and Federal Assistance Awards Data System (FAADS) data for the Indian Health Services Management Development Program. First, the level of funding for this program for 1994 through 1998 was relatively small in both the CFFR and FAADS reports. Second, in 2002, the level of funding for this program reported by the CFFR and FAADS is over \$200 million *higher* than the level of federal funding reported by the Alaska Area Indian Health Service.

Part of the reason for these peculiar variations in spending may be inconsistencies in reporting by the CFFR for the Indian Health Service, Public Health Service, and Bureau of Indian Affairs. The CFFR may have reporting funding for See Appendix A for a description of these possible inconsistencies in reporting. Our best available estimate of actual I.H.S. payments to Native non-profit organizations for providing Native health Services is about \$480 million in FY 2002.²⁹

²⁹ This amount for 2002 includes \$23 million for construction and rural sanitation systems and \$34 million in Medicaid and Medicare reimbursements. This was the last year Medicare and Medicaid reimbursements came through the I.H.S.; they now go directly to service providers. We have conducted extensive discussions with the I.H.S. and the Census Bureau and carefully examined the data from the CFFR and FAADS to attempt to resolve these two substantial anomalies.

Figure 59: Real Per capita Federal Grants for Indian Health Services Management Development Program in Alaska Regions and US



Source: Consolidated Federal Funds Reports. Note data from the CFFR for 1994 through 1998 is zero or very small in the CFFR and FAADS reports. Data for 2002 from the CFFR and FAADS is substantially higher than reported by the Alaska Area Indian Health Service. See text and Appendix A for a description of these anomalies in the data. ISER spreadsheet source: Rural Urban Comparisons.XLS

Table 22: Recipients of Federal Obligations for Indian Health Services Management Development Program Reported by FAADS in 2002

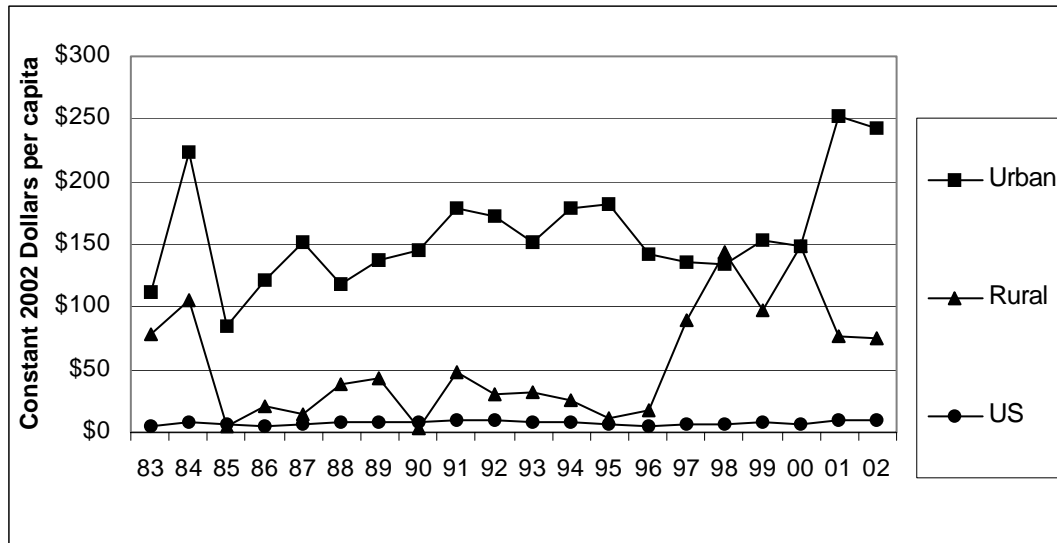
Recipient	Obligations in 2002
Alaska Native Tribal Health Consortium	\$132,247,722
South Central Foundation	\$115,845,634
Yukon Kuskokwim Health Corporation	\$102,160,614
Southeast Alaska Regional Health Consortium	\$71,374,982
Maniilaq Association	\$68,498,708
Tanana Chiefs Conference	\$64,068,174
Bristol Bay Area Health Corporation	\$50,148,266
Norton Sound Health Corporation	\$43,404,607
Kodiak Area Native Association	\$13,327,864
Ketchikan Indian Corp	\$12,305,850
Seldovia Village Tribe	\$10,336,568
Chugachmiut	\$8,964,248
Arctic Slope Native Association Limited	\$7,982,418
Metlakatla Indian Community	\$6,223,878
Aleutian Pribilof Islands Association	\$5,629,668
Eastern Aleutian Tribes, Inc	\$3,531,700
Council Of Athabascan Tribal Governments	\$3,091,296
Tanana Chiefs Conference Planning & Information	\$1,687,634
Alaska Native Health Board	\$600,000
Native Village Of Eklutna	\$558,494
Ketchikan Indian Corporation	\$441,272
Yakutat Tlingit Tribe/Native Association	\$183,432
Kenaitze Indian Tribe	\$172,270
Copper River Native Association, Inc	\$170,906
Tlingit & Haida Tribes Central Council	\$102,068
Mt Sanford Tribal Consortium	\$94,644
Hoonah Indian Association	\$54,946
Ninilchik Traditional Council	\$50,132
Total	\$723,257,995

Source: Federal Awards Assistance Data System (FAADS).

Note: Obligations reported in this table are larger than actual expenditures reported in CFFR because obligations may be distributed over several years or changed during the project. The Federal Awards Assistance Data System only identifies the initial recipients of federal obligations. These initial recipients may pass on the federal funds to one or more other recipients not listed in the FAADS.

Airport Improvement Program grants from the US Department of Transportation go to the state government for building or improving airports. Urban areas in Alaska have consistently received more per capita than rural areas of Alaska or the nation as a whole because the federal government has made investments to improve the major urban airports in Alaska. Spending for this program varies substantially from year to year as airport construction projects start and finish (Figure 60).

Figure 60: Real Per capita Federal Grants for Airport Improvement Program in Alaska Regions and US



Source: Consolidated Federal Funds Reports
ISER spreadsheet source: Rural Urban Comparisons.XLS

New and growing project grant programs: Since 1996, a number of project grant programs have grown substantially faster than historical rates, including "Grants For Agricultural Research, Special Research Grants," "Air Pollution Control Program Support," "Indian Environmental General Assistance Program," "Fossil Energy Research And Development," "Byrne Memorial State And Local Law Enforcement Assistance Discretionary Grant," "Economic Adjustment Assistance," and "Child Abuse And Neglect Discretionary Activities."

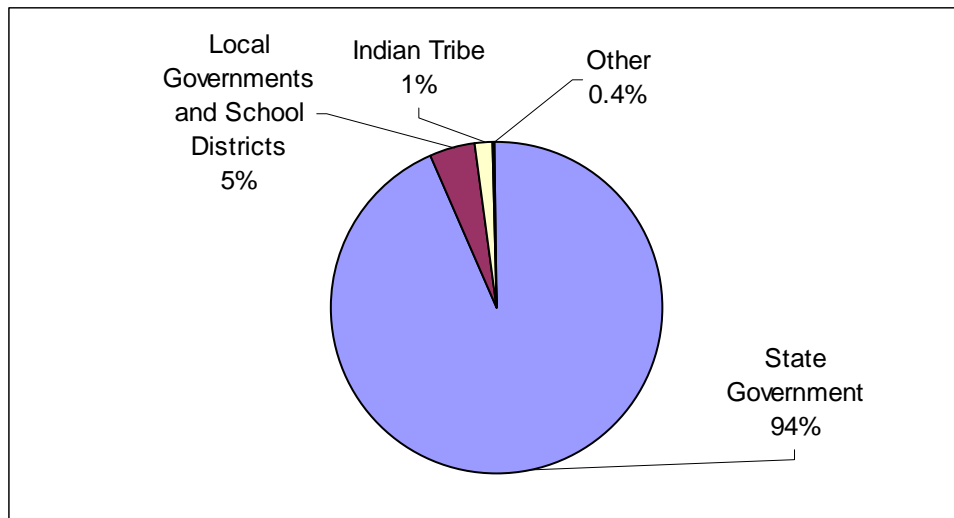
Some of the substantial increases in project grant funding coming to Alaska since 1996 are for a wide variety of new project grant programs that did not have funding in 1996. The largest of these *new* project grants include the EPA's "Surveys, Studies, Investigations and Special Purpose Grants," the "Pacific Coast Salmon Recovery-Pacific Salmon Treaty Program," "Indian Community Development Block Grant Program," "National Guard Military Operations & Maintenance Agreement," "Assistance to High Energy Cost Rural Communities," and "Community Facilities Loans and Grants."

4. Grant Recipients

a. Overview of Recipients

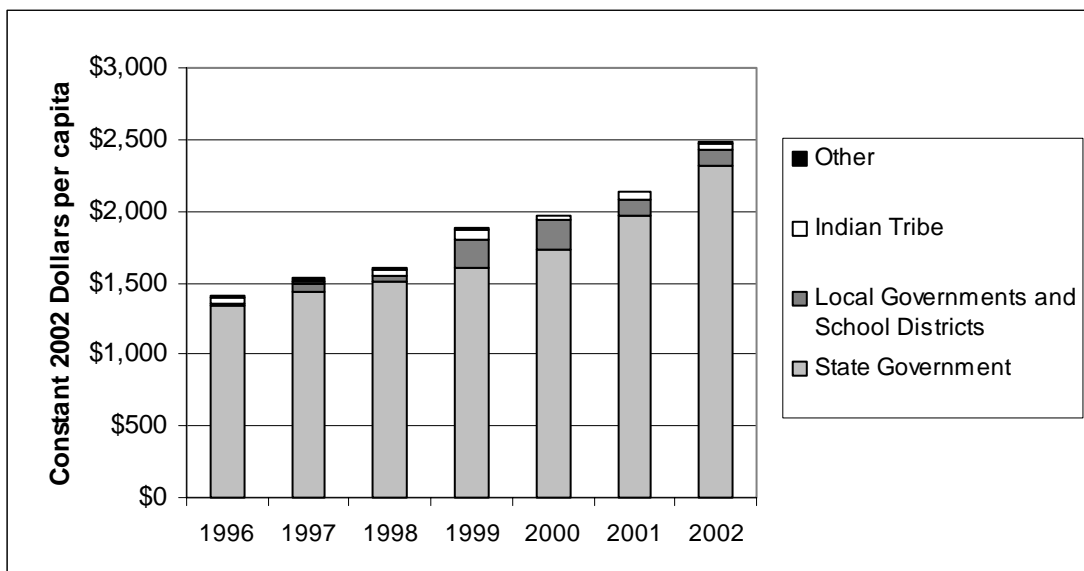
The federal government awards formula and project grants to a variety of recipients in Alaska, including the state government, Indian tribes, non-profits, local governments, school districts, universities, individuals, and others. The state government receives nearly all (94%) of formula grants (Figure 61). The share of federal formula grants going to state government has consistently been over 90% for the last seven years (Figure 62). The state government distributes much of these formula grants through out the state -- either for highway construction or as payments to individuals for unemployment insurance, Medicaid, and other programs.

Figure 61: Recipients of Formula Grant Spending in Alaska in 2002



Source: Consolidated Federal Funds Reports and Federal Assistance Awards Data System, ISER spreadsheet source: Fastest Growing Grants.XLS

Figure 62: Real Per Capita Federal Formula Grant Spending by Type of Recipient in Alaska

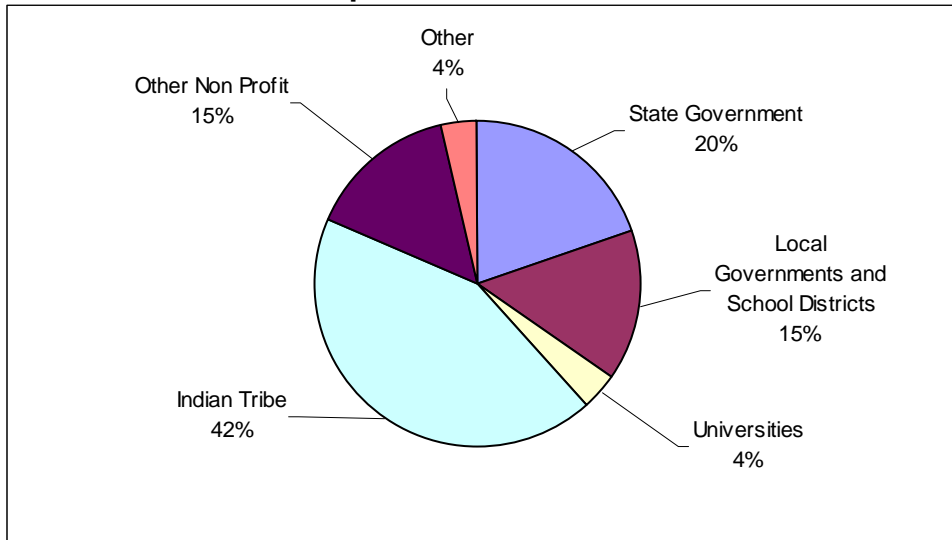


Source: Total grant spending per capita derived from Consolidated Federal Funds Reports and shares of grants distributed to each type of recipient derived from Federal Assistance Awards Data System, ISER spreadsheet source: Fastest Growing Grants.XLS

Indian tribes receive the largest share (42%) of project grants coming to the state (Figure 63). The state government received about 20% of project grants. Other non-profits and local governments each received about 15% of total project grants.³⁰ The share of project grants going to Indian tribes (as classified by the Consolidated Federal Funds Reports) increased dramatically over the last five years while the share going to state government has decreased (Figure 64). In 1997, state government received 69% of project grants and tribes received 10%. In contrast, by 2002, the state government received 20% of project grants and tribes received 42%. To understand this dramatic shift in the distribution of grant money among recipients, the following sections look more closely at the grants received by each type of recipient: state government, tribes, non profits, local government, school districts, and the University of Alaska.

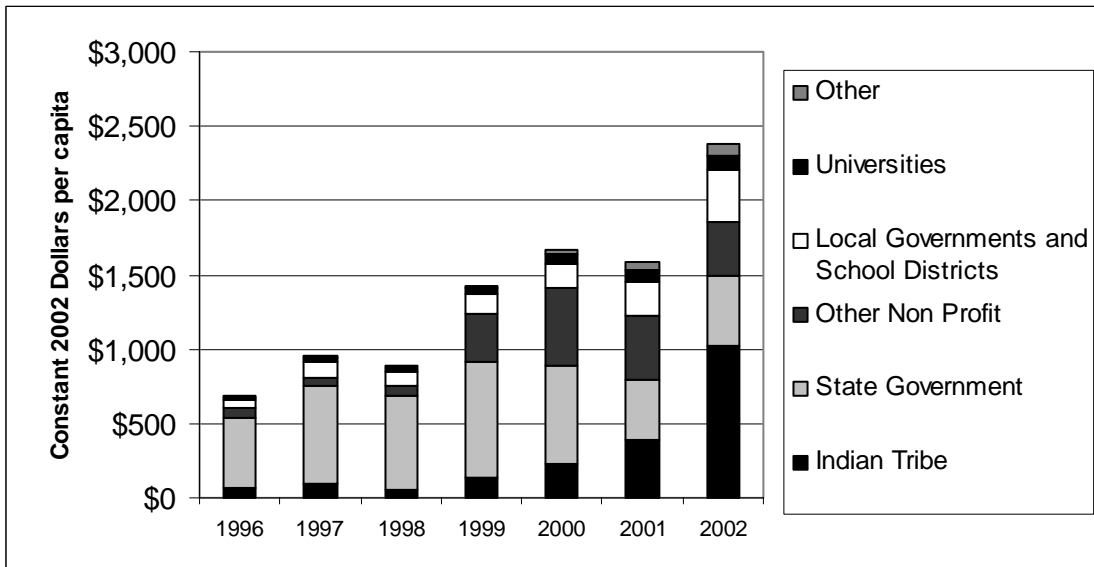
³⁰ We have based these estimates of the share of grants going to each type of recipient on the level of federal obligations reported for each recipient in the Federal Awards Assistance Data System (FAADS). The Consolidated Federal Funds Reports do not report the *recipient* of each grant. In order to approximate the distribution of funds across different types of recipients, we must rely on information about federal *obligations* from the Federal Awards Assistance Data System (FAADS). The FAADS reports the name of the recipient, type of recipient, and the grants they receive. It is important to keep in mind that federal *obligations*, as reported in the Federal Awards Data System, are usually higher than actual federal expenditures because obligations may extend over several years or may change during the course of the grant. In addition, FAADS reports only the *initial* recipient of grants. The initial recipient may pass on the federal funds to one or more secondary recipients. See Appendix A for a more complete discussion of these methodologies.

Figure 63: Composition of Project Grant Spending by Type of Recipient in Alaska in 2002



Source: Consolidated Federal Funds Reports and shares of grants to each recipient derived from Federal Assistance Awards Data System, ISER spreadsheet source: Fastest Growing Grants.XLS

Figure 64: Real Per Capita Federal Project Grant Spending by Type of Recipient in Alaska

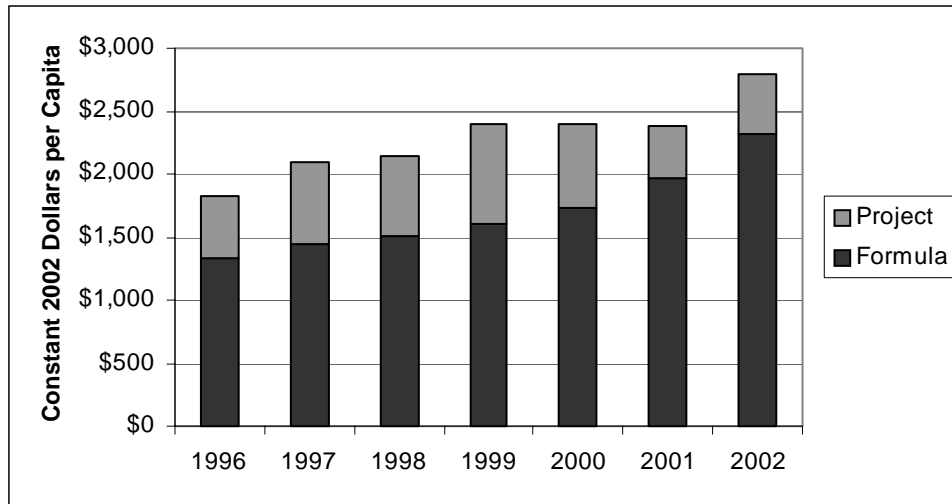


Source: Total per capita grant spending derived from Consolidated Federal Funds Reports and shares of grant spending to each type of recipient derived from Federal Assistance Awards Data System, ISER spreadsheet source: Fastest Growing Grants.XLS

b. State Government

In 2002, the Alaska state government received about \$2,700 per capita for all types of grant funding. About 80% of the grants to state government were formula grants (Figure 65). About half of formula grants received by the state government go to highway construction and the other half is redistributed to individuals throughout the state as payments for unemployment insurance, Medicare, and other federal support programs. The largest project grant obligations going to state government in 2002 were for a wide variety of educational, environmental, and construction projects (Table 23). Most of the project grants going to the state government go to the state departments of Environmental Conservation, Transportation and Public Facilities, Fish and Game, Education and Early Development, Health and Social Services, and Alaska Rail Road Commission (Table 24).

Figure 65: Real Per Capita Federal Obligations to State Government in Alaska by Type of Grant



Source: Per capita obligations by type by recipient derived from Federal Assistance Awards Data System, Note that obligations may be larger than actual expenditures because obligations may extend over several years or change during the project. ISER spreadsheet source: Fastest Growing Grants.XLS

Table 23: Largest Federal Obligations for Project Grants to Alaska State Government in 2002

Program	Obligations reported 2002
Infrastructure Grant - Native And Rural Alaska Villages	\$38,000,000
Pacific Coastal Salmon Recovery Initiative.	\$27,000,000
Program Name Not Available from FAADS database	\$26,321,751
Construct New Ferry	\$24,999,999
Improving Teacher Quality State Grants	\$13,213,985
Environmental Conservation Safe Drinking Water State Revolving Fund	\$8,052,500
Improve Existing Airport Construct New Airport	\$6,152,380
South Anchorage Double Track Project	\$5,621,840
School Renovation, Idea And Technology Program	\$5,483,750
Improve Existing Airport Construct Apron	\$5,018,750
Ketchikan Shiplift	\$5,000,000
Fund For The Improvement Of Education - Fie Earmark Grant Awards	\$4,900,000
Repair Or Replacement Of Disaster Damaged Facilities	\$4,880,686
Norton Sound Disaster Relief Program	\$4,645,500
Anchorage Ship Creek Intermodal Facility	\$4,267,750
Improve Existing Airport Construct Snow Removal Equipment Building	\$3,651,842
Grants For State Assessments And Related Activities	\$3,558,278
Redesign Alaska Public Safety Information Network	\$3,218,250
2001 Earmark For Denali Depot	\$2,970,945
Prince Of Wales Intertie	\$2,893,000
Fiscal Year 2002 State Domestic Preparedness Program	\$2,783,000
Improve Existing Airport Noise Mitigation Measures For Residences	\$2,400,000
Improve Existing Airport Construct New Airport; Phase 3, Construction	\$2,332,703
WIA Pilots/Demos/Research	\$2,300,000
Performance Partnership Grant	\$2,193,111
Special Education - Grants For Infants And Families With Disabilities	\$2,043,288
Special Grant to Department of Environmental Conservation	\$2,020,022
Fairbanks Intermodal Facility	\$2,000,000
Alaska Native Educational Program - Alaska Native Earmark	\$2,000,000
Grants To St. Paul And St. George Islands For New Solid Waste Landfills	\$2,000,000
All Other Programs	\$66,750,604
State Government Total	\$290,673,934
Source: Federal Assistance Awards Data System, Note: Obligations may be larger than actual expenditures, because obligations extend over several years or change during the project.	

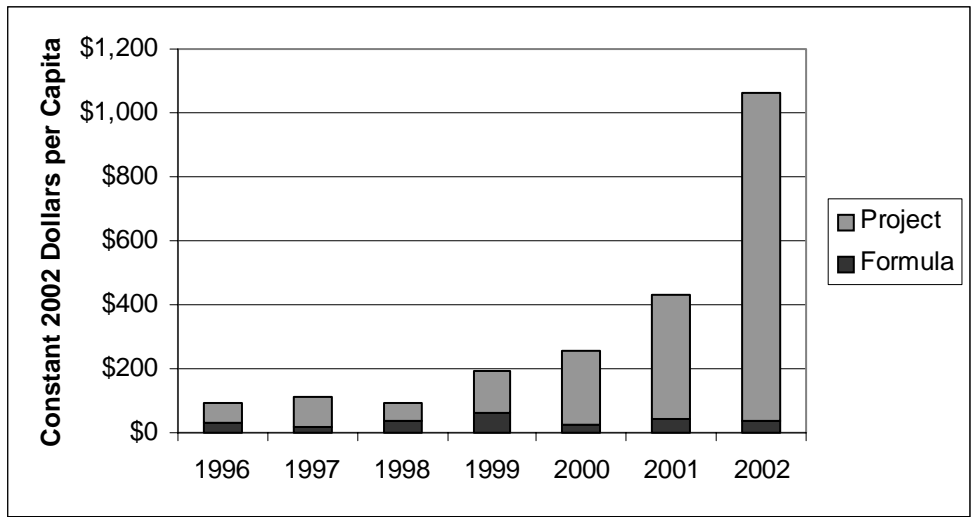
Alaska State Government Department	Total Project Grant Obligations reported for Department in 2002
Environmental Conservation	\$54,597,350
Transportation and Public Facilities	\$46,636,902
Fish And Game	\$36,264,144
Education and Early Development	\$34,367,570
Health and Social Services	\$31,494,413
Alaska Rail Road Commission	\$15,841,631
AIDEA	\$5,000,000
Division Of Emergency Services	\$3,552,000
Public Safety Administrative Services	\$3,218,250
Community and Economic Development	\$2,893,000
Labor	\$2,674,733
Alaska State Troopers	\$2,493,620
Alaska Works Partnership, Inc.	\$2,300,000
All Other Departments	\$49,340,321
State Government Total	\$290,673,934
Source: Federal Awards Assistance Data System. Note that obligations may be larger than actual expenditures since obligations may extend over several years or change during the grant.	

Historically, one of the largest components of federal project grants coming to the state government is Alaska's share in the lease payments and royalties collected on federal oil and gas leases in the state. Currently, the US Department of Interior distributes 27% of its Outer Continental Shelf oil and gas lease payment revenues to the state as project grants. These grants include the Land and Water Conservation Fund Grants, Land and Water Federal Acquisitions, Historic Preservation Fund distributions, and special payments as part of the Section 8(g) OCS Lands Act Amendments. According to the Minerals Management Service, since 1968, these payments to Alaska have totaled \$605 million. In addition, the federal government pays the state government 90% of federal royalties collected on federal onshore oil and gas leases. These onshore and offshore oil and gas payments from the federal government to the state government appear as a project grant from the federal government to the state government. These grants amounted to less than \$100 per capita in 2002, but these payments have been much higher in earlier years.

c. Indian Tribes

The amount of federal project grant obligations for Indian tribes in Alaska has increased dramatically over the last five years (Figure 66). About 80% of these project grants awarded to Indian Tribes are for the Indian Health Service Management Development Program (Table 25). Most of the project grants awarded to tribes go to the four large tribal health organizations in the state: Alaska Native Tribal Health Consortium, South Central Foundation, Yukon Kuskokwim Health Corporation, and Southeast Alaska Regional Health Consortium (Table 26). This table does not include *all* grants going to tribes and Alaska Native groups. For several grants in the Federal Awards Assistance Database, the *name* of the recipient is an Indian tribe but the database reports the *type* of recipient is a non-profit or a local government. The next two sections describe the federal obligations reported for these two groups.

Figure 66: Real Per Capita Federal Obligations for Grants to Indian Tribes in Alaska by Type of Grant



Source: Per capita obligations by type by recipient derived from Federal Assistance Awards Data System, Note, obligations may be larger than actual expenditures because obligations may extend over several years or change during the project. ISER spreadsheet source: Fastest Growing Grants.XLS

Table 25: Largest Programs with Federal Obligations for Project Grants to Indian Tribes in Alaska in 2002

Program	Obligations in 2002
Indian Health Services Health Management Development Program	\$520,099,794
Administration For Children, Youth And Families Head Start	\$38,081,408
Native American Program-Financial Assistance Grants	\$10,000,004
Temporary Assistance For Needy Families	\$9,321,343
Community Health Centers	\$8,085,218
Indian Environmental General Assistance Program	\$7,784,587
Low Income Home Energy Assistance	\$5,769,350
Comprehensive Mental Health Services For Children	\$5,000,000
Indian Community Development Block Grant Program	\$4,194,322
Special Programs For The Aging-Title Vi, Grants To Indians Tribes & Hawaii	\$4,163,320
Consolidated Knowledge Development And Application Program	\$4,149,710
Projects-Non-Acute Care And Long Term Care Facilities	\$2,953,462
Family Violence Prevention And Service	\$2,865,520
Cooperative Agreements For State-Based Comprehensive Breast And Cervical	\$2,347,975
Airport Improvement Program	\$2,232,515
Tribal Youth Program (TYP)	\$2,118,975
Community Access Program	\$2,102,110
All Other Programs	\$26,089,073
Total for Indian Tribes	\$657,358,686
<p>Source: Federal Awards Assistance Data System (FAADS). Note that obligations reported in FAADS may be different from actual expenditures because obligations may change during the project or the obligations may extend across several years. The amount of project grants awarded to Indian Tribes for the Indian Health Service is only <i>part</i> of the total obligations for this program. Other non-profits and local governments also receive some of the project grant money for the Indian Health Service Management Development Program.</p>	

Table 26: Alaska Tribes Receiving the Largest Federal Obligations for Project Grants in Alaska in 2002

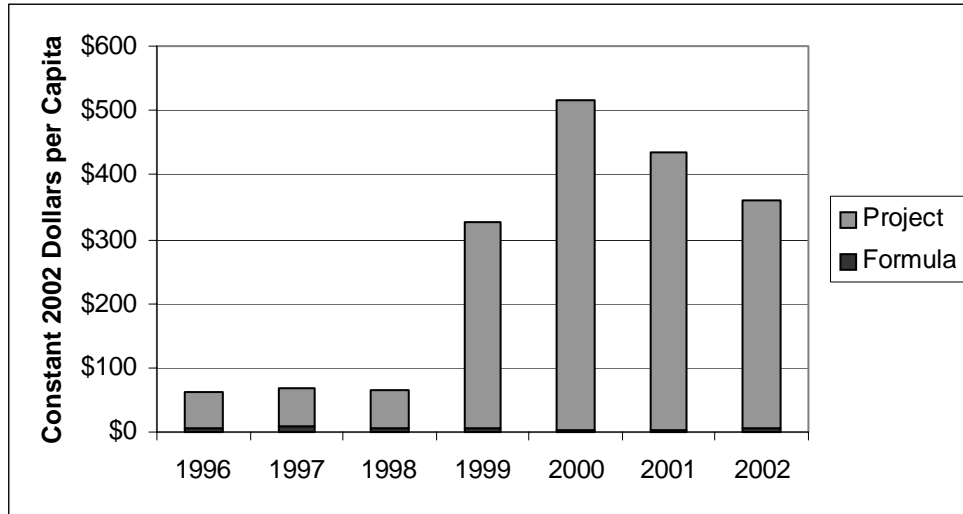
Tribe	Obligations in 2002
Alaska Native Tribal Health Consortium	\$135,417,765
South Central Foundation	\$126,246,207
Yukon Kuskokwim Health Corporation	\$108,958,855
Southeast Alaska Regional Health Consortium	\$79,270,608
Maniilaq Association	\$69,447,938
Native Villages Of Gambell & Savoonga Alaska	\$12,033,488
Fairbanks Native Association, Inc	\$10,608,194
Chugachmiut	\$10,031,688
Tlingit & Haida Tribes Central Council	\$9,862,752
Arctic Slope Native Association Limited	\$9,413,065
Multiple Recipients	\$9,321,343
Association Of Village Council Presidents	\$8,516,836
Metlakatla Indian Community	\$7,712,810
Kawerak, Inc	\$3,740,400
Tanana Chiefs Conference Planning & Information	\$3,259,468
Council Of Athabascan Tribal Governments	\$3,091,296
Cook Inlet Tribal Council, Inc	\$2,904,654
Village of Venetie	\$2,232,515
Kenaitze Indian Tribe	\$1,797,404
Kashunamiut School District	\$1,672,919
Native Village Of Ekok	\$1,447,180
Alaska Native Heritage Center	\$1,000,000
Kenai Native Association, Inc	\$1,000,000
All Other Tribes	\$38,371,301
Total for Tribes	\$657,358,686

Source: Federal Awards Assistance Data System. Note that obligations reported in FAADS may be larger than actual expenditures because obligations may change during the project or the obligations may be distributed across several years.

d. Other Non Profits

Federal government obligations for project grants to “other non-profits” have also increased in the last five years (Figure 67). Some of these “other non-profits” as reported in the Federal Awards Assistance Data System are actually tribes, tribal councils, or regional Native organizations (such as the Tanana Chiefs Conference, Bristol Bay Area Health Corporation, and the Cook Inlet Tribal Council) (Table 27). However, the FAADS classifies these recipients as “other non-profits” instead of tribes.³¹ The “other non-profits” received project grants primarily for the Indian Health Services Health Management Development Program, the Head Start Program, and Community Health Centers (Table 28).

Figure 67: Real Per Capita Federal Obligations for Grants to Other Non-Profits in Alaska by Type of Grant



Source: Per capita obligations by type by recipient derived from Federal Assistance Awards Data System, Note, obligations may be larger than actual expenditures because obligations may change during the project or continue to the next fiscal year. ISER spreadsheet source: Fastest Growing Grants.XLS

³¹ The Federal Assistance Awards Data System (FAADS) consolidates data on federal obligations from many different federal agencies. These various federal agencies classify tribes differently. Some classify Alaska tribes as “tribes” while others classify tribes as “non-profits,” “city governments,” or “county governments.” The FAADS does not attempt to reconcile these different classifications of tribes. We use these classifications *as reported in FAADS* because we do not have sufficient information about every recipient of grants in Alaska to reliably classify every one of them as tribe, non-profit, city government, or county government.

Table 27: Non Profits Receiving Largest Federal Obligations for Project Grants in Alaska in 2002	
Recipient	Obligations in 2002
Tanana Chiefs Conference	\$68,503,237
Bristol Bay Area Health Corporation	\$50,148,266
Rural Alaska Community Action Program, Inc.	\$10,882,634
Aleutian Pribilof Islands Association	\$8,755,957
Cook Inlet Tribal Council Inc.	\$6,000,000
Anchorage Neighborhood Health Center, Inc.	\$5,829,472
Seward Association for The Advancement of Marine Science	\$5,386,000
Alaska Department Of Health And Social Services	\$4,770,222
Alaska Works Partnership, Inc.	\$4,600,000
Kids' Corps, Inc.	\$4,490,082
Chugiak Children's Services, Inc.	\$3,752,254
Alaska Challenger, Inc.	\$2,910,000
Interior Neighborhood Health Corporation	\$2,686,158
Sunshine Community Health Center	\$2,266,400
Adult Learning Programs Of Alaska	\$2,243,942
North Pacific Fishery Mgmt Council	\$2,018,600
All others	\$38,068,004
Total for all "other non profits"	\$223,311,228
Source: Federal Awards Assistance Data System. Note that obligations reported in FAADS may be different from actual expenditures because obligations may change during the project or extend over several years.	

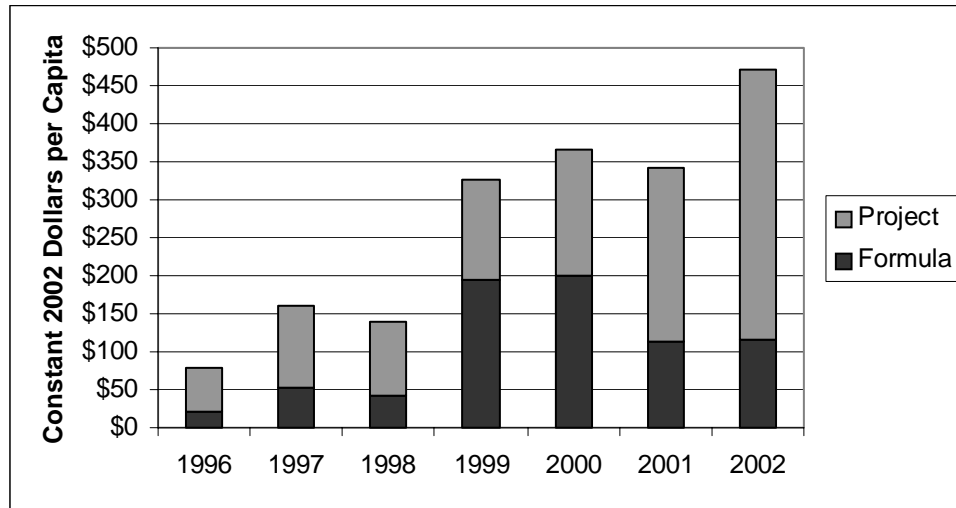
Table 28: Largest Programs with Federal Obligations for Project Grants to Non Profits in Alaska in 2002	
Program	Obligations in 2002
Indian Health Services Health Management Development Program	\$119,846,108
Administration For Children, Youth And Families, Head Start	\$25,012,274
Community Health Centers	\$11,254,244
Youth Opportunity Grants	\$6,000,000
Marine Mammal Data Program	\$5,924,000
Employment And Training Administration Pilots, Demonstrations And Research	\$5,332,000
Admin For Children, Youths And Families-Child Abuse And Neglect-Discretion	\$4,000,000
Secretary's Fund For Innovation In Education	\$3,700,000
Research Grants For The Space Program	\$3,277,729
Narcotics Control Discretionary Grant Program	\$3,113,020
Native American Program-Financial Assistance Grants	\$2,481,116
Fish And Wildlife Enhancement	\$2,268,000
Fishery Management Councils	\$2,018,600
All Other Programs	\$29,084,137
Total for "Other Non Profits"	\$223,311,228
Source: Federal Awards Assistance Data System. Note that obligations reported in FAADS may be different from actual expenditures because obligations may change during the project or the obligations may extend across several years. The amount of project grants awarded to Indian Tribes for the Indian Health Service is only part of the total obligations for this program. Tribes and local governments also receive some of the project grant money for the Indian Health Service Management Development Program.	

e. Local Government and School Districts

Local governments and school districts have received increasing amounts of grants from the federal government (Figure 68). They receive both project grants and formula grants. Most of the formula grants are “impact aid” from the US Department of Education. The largest recipients of “Impact Aid” are the Bering Strait School District, Southwest Region School District, and Annette Island School District (Table 29). Another large component of this formula grant spending went to the Municipality of Anchorage for the “Urban Mass Transportation Capital And Operating Assistance Program” and a “Community Development” formula grant (Table 30).

The Federal Assistance Awards Data System classifies many Native groups or organizations as “local governments.” For example, the FAADS classifies several tribal councils as “county” governments. The FAADS classifies some tribal councils, village tribes, Native villages, Native associations, and even a Native regional health corporation as “city governments.” Because of this classification of tribal organizations as various types of “local governments,” many of the project grants reported by FAADS as going to “local governments” actually go to Native organizations. For example, Norton Sound Health Corporation (a Native regional health corporation) receives most of the project grants reported by FAADS as going to “local governments” for the Indian Health Services Health Management Development Program (Tables 31 and 32).

Figure 68: Real Per Capita Federal Obligations for Grants to Local Governments and School Districts by Type of Grant



Source: Per capita obligations by type by recipient derived from Federal Assistance Awards Data System, Note, obligations may be larger than actual expenditures because obligations may change during the project or extend over several years. ISER spreadsheet source: Fastest Growing Grants.XLS

Recipient	Obligations in 2002
Lower Kuskokwim School District	\$13,757,634
Bering Strait School District	\$9,920,740
North Slope Borough School District	\$8,352,286
Lower Yukon School District	\$8,347,125
Northwest Arctic Borough School District	\$7,879,766
Municipality of Anchorage	\$7,216,773
Southwest Region School District	\$3,659,391
Annette Island School District	\$3,497,914
Lake Peninsula School District	\$1,902,167
Kuspuk School District	\$1,793,770
Aleutians East Borough School District	\$1,457,865
Other School Districts and Local Government	\$13,374,623
Total for all school districts and local government	\$81,160,054

Source: Federal Awards Assistance Data System, Note that obligations reported in FAADS may be different from actual expenditures because obligations may change during the project or the obligations may extend across several years.

Table 30: Largest Formula Grant Programs with Federal Obligations to School Districts and Local Governments in 2002	
Program	Obligations in 2002
Impact Aid-Maintenance And Operation	\$71,296,364
Urban Mass Transportation Capital And Operating Assistance Formula Grants	\$5,136,000
Community Development Block Grants/Entitlement Grants	\$2,080,773
State Public Water System Supervision	\$1,477,890
Local Law Enforcement Block Grant Program	\$605,708
Family Violence Prevention And Service	\$250,896
Payments To States For Day Care Assistance	\$135,260
Child Welfare Services State Grants	\$44,382
Foreign Language Assist.: Elementary School Incentive	\$38,337
Tribal Work Grants	\$38,246
Family Preservation And Support Services	\$27,036
Water Pollution Control-State And Interstate Program Support	\$13,658
Low Income Home Energy Assistance	\$12,854
Water Quality Management Planning	\$2,650
Total for School Districts and Local Government	\$81,160,054
Source: Federal Awards Assistance Data System. Note that obligations reported in FAADS may be different from actual expenditures because obligations may change during the project or the obligations may extend across several years.	

Table 31: Largest Programs with Federal Obligations to Local Governments and School Districts for Project Grants in Alaska in 2002	
Program	Obligations in 2002
Indian Health Services Health Management Development Program	\$67,669,039
Water And Waste Disposal System For Rural Communities	\$27,826,130
Community Facility Loans	\$23,716,562
Indian Education Formula Grants To Local Educational Agencies	\$9,466,961
Public And Indian Housing	\$8,061,820
Indian Environmental General Assistance Program	\$7,492,525
Secretary's Fund For Innovation In Education	\$7,277,645
Public Safety And Community Policing Grants	\$7,152,053
21st Century Community Learning Centers	\$7,122,543
Urban Mass Transportation Capital Improvement Grants	\$6,022,832
Renewable Energy Research And Development	\$4,943,600
Special Purpose	\$4,439,262
Special Economic Development & Adjustment Assistance Program	\$4,424,700
Airport Improvement Program	\$3,384,997
Performance Partnership	\$3,363,798
Congressionally Identified Construction Projects	\$3,172,200
All Other Project Grant Programs to Local Government	\$23,269,021
Total	\$218,805,688
Source: Federal Awards Assistance Data System. Note that obligations reported in FAADS may be different from actual expenditures because obligations may change during the project or the obligations may extend across several years.	

Table 32: Local Governments and School Districts receiving largest Federal Obligations for Project Grants in Alaska in 2002

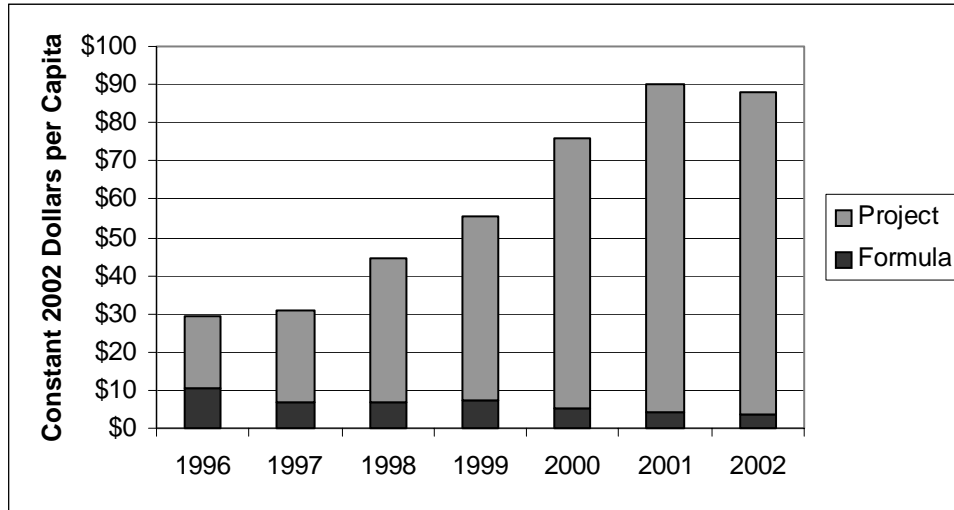
Recipient	Obligations in 2002
Norton Sound Health Corporation	\$44,902,773
Kodiak Area Native Association	\$13,620,544
Seldovia Village Tribe	\$10,846,053
Anchorage School District	\$8,441,961
Alaska Housing Finance Corp	\$8,006,820
Ketchikan Public Utilities	\$4,943,600
City of Fairbanks	\$4,032,632
Municipality Of Anchorage	\$3,974,457
Bristol Bay Native Association	\$2,973,900
Sunshine Community Health Center, Inc.	\$2,561,400
City of Petersburg	\$2,349,700
Alaska Rural Partners	\$2,232,162
Sitka School District	\$2,075,000
City And Borough Of Sitka	\$1,998,178
All other Local Government and School Districts	\$150,749,281
Total	\$218,805,688

Source: Federal Awards Assistance Data System. Note that obligations reported in FAADS may be different from actual expenditures because obligations may change during the project or the obligations may extend across several years.

f. Universities

Public and private universities in Alaska have received an increasing amount of project grant funding over the past five years (Figure 69). Most of these project funds go to the University of Alaska Fairbanks campus for various research programs (Table 33 and 34).

Figure 69: Real Per Capita Federal Obligations for Grants to Universities in Alaska by Type of Grant



Source: Per capita obligations by type by recipient derived from Federal Assistance Awards Data System, Note, obligations may be larger than actual expenditures because obligations change during the project or extend across several years. ISER spreadsheet source: Fastest Growing Grants.XLS

Recipient	Obligations in 2002
University of Alaska Fairbanks	\$34,866,069
University of Alaska – all campuses	\$9,796,243
University of Alaska Juneau	\$3,331,676
Sheldon Jackson College	\$2,265,161
University of Alaska Anchorage	\$2,187,278
Other Project Grants To Universities	\$3,217,068
Total Project Grants to Universities	\$55,663,495

Source: Federal Awards Assistance Data System, Note that obligations reported in FAADS may be larger than actual expenditures because obligations may change during the project or the obligations may extend across several years.

Table 34: Largest Project Grant Program Obligations to Universities in Alaska in 2002

Recipient	Obligations in 2002
Research Centers In Minority Institutions	\$6,368,291
Administration For Children, Youth And Families Head Start	\$3,000,000
Employment And Training Administration Pilots, Demonstrations And Research	\$2,500,000
Undersea Research	\$2,364,096
Higher Education-Institutional Aid	\$2,077,208
Fund For The Improvement Of Postsecondary Education	\$2,000,000
Sea Grant Support	\$1,492,000
Teacher Quality Enhancement Grants For States And Partnership	\$1,271,514
Fund For The Improvement Of Postsecondary Education	\$1,250,000
University Of Alaska Southeast Forest Products Program	\$1,191,890
Seafood Harvesting, Processing And Marketing Program	\$1,068,183
All Other Project Grants To Universities	\$31,080,313
Total	\$55,663,495

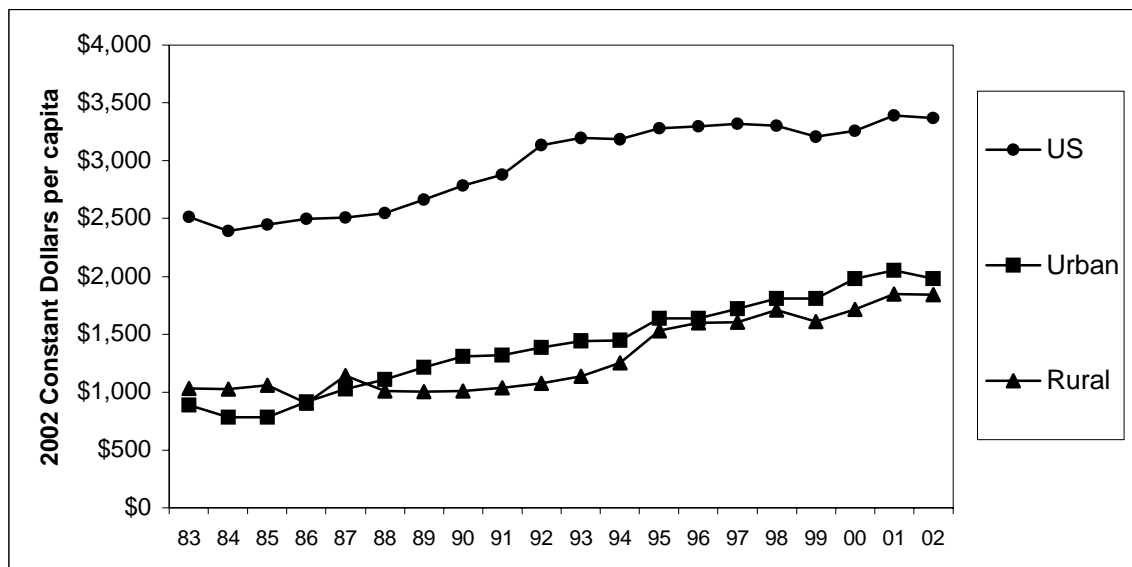
Source: Federal Awards Assistance Data System, Note that obligations reported in FAADS may be larger than actual expenditures because obligations may change during the project or the obligations may extend across several years.

G. Direct Payments to Individuals

Aside from its role as an industry and grant maker, the federal government also makes payments directly to individuals living in Alaska. The most common types of these direct payments are retirement benefits such as Social Security, federal retirement, and veterans' benefits. Other direct payments to individuals include Medicare, housing assistance, workers' compensation, and food stamps.

As shown in Figure 70, the average per capita spending for all direct payments to individuals in Alaska is substantially *lower* than the US per capita average. Most direct payments are Social Security benefits received by older citizens. Since Alaska has proportionally fewer older citizens than the US as a whole, the state receives less per capita than the rest of the US. Per capita direct payments going to rural and urban areas of the state are nearly the same (Figure 70).

Figure 70: Real Per Capita Direct Payments to Individuals in Alaska Regions and US



Source: Consolidated Federal Funds Reports

ISER spreadsheet source: Rural Urban Comparisons.XLS

1. Federal Departments making Largest Direct Payments

As listed in Table 35, the federal departments making the largest direct retirement payments to individuals are the Social Security Administration, Department of Defense, and Health and Human Services. Social Security payments amounted to \$587 million in 2002 or about \$912 per person. Department of Defense and federal veterans' agencies paid out about \$228 million in veterans' retirement benefits to retired military employees. Health and Human Services paid out \$201 million in Medicare benefits in 2002 to eligible recipients. The Department of Labor distributed \$150 million in workers'

compensation, unemployment insurance, and other direct payments in 2002. The Department of Agriculture distributed \$62 million worth of food stamps and other programs to qualifying low-income individuals in Alaska in 2002.

Table 35: Departments making Largest Direct Payments in 2002	
Department	Amount in 2002
Social Security Administration	\$587,196,739
Health and Human Services	\$200,851,160
Labor	\$149,715,552
Office of Personnel Management	\$138,808,951
Veterans Affairs	\$101,332,655
Defense Air Force	\$73,944,000
Agriculture	\$62,360,153
Defense Army	\$40,863,000
Treasury	\$36,019,000
All Other Departments	\$43,340,746
Total	\$1,434,431,956
Source: Consolidated Federal Funds Reports	

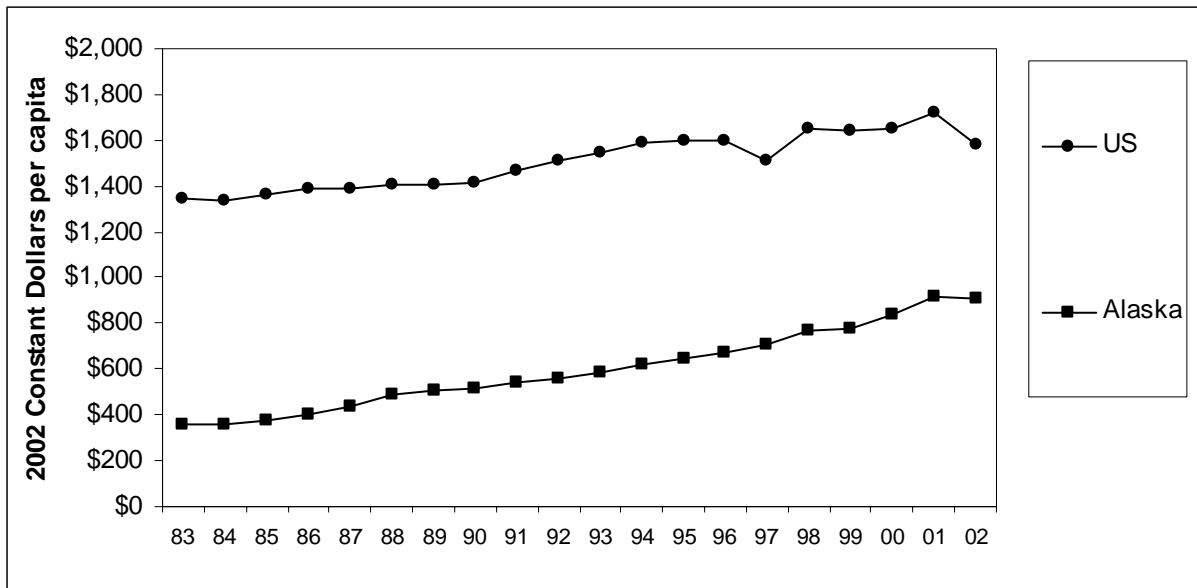
2. Largest Direct Payment Programs

The largest direct payment programs are for Social Security, Medicare, federal retirement, and unemployment compensation (Table 36).

Table 36: Largest Direct Payment Programs in Alaska in 2002	
Program	Amount in 2002
Social Security Retirement Insurance	\$330,159,121
Medicare (including Hospital Insurance and Supplementary Medical Insurance)	\$196,265,184
Federal Retirement And Disability Payments--Civilian	\$138,808,951
Unemployment Compensation Benefit Payments	\$137,518,077
Federal Retirement And Disability Payments--Military	\$126,855,000
Social Security Survivors Insurance	\$113,562,981
Social Security Disability Insurance	\$107,601,803
Veterans Compensation For Service-Connected Disability	\$86,157,039
Food Stamps	\$59,454,787
Federal Government Payments For Excess Earned Income Tax Credits	\$36,019,000
Supplemental Security Income	\$35,789,623
Retirement And Disability Payments-Coast Guard/Uniformed Employees	\$12,683,980
Federal Employees Compensation	\$11,591,116
Federal Pell Grant Program	\$11,004,540
Veterans Dependency & Indemnity Compensation For Svc-Connected Death	\$5,793,053
Federal Retirement And Disability Payments--Public Health Service	\$4,585,976
All Volunteer Force Educational Assistance	\$4,302,956
Rural Rental Assistance Payments	\$2,740,461
Social Insurance For Railroad Workers	\$2,679,394
Pension For Non-Service-Connected Disability For Veterans	\$2,402,163
All Other Direct Payments	\$8,456,751
Total Direct Payments	\$1,434,431,956
Source: Consolidated Federal Funds Reports	

Social Security payments to retired Alaskans amounted to over \$900 per capita in 2002 (Figure 71). The annual per capita average for the state has risen steadily at an average annual rate of 5% (Figure 72) over the past nineteen years. In contrast, over the same period, the average Social Security benefits per capita in the US have grown at 1.6% annually. The average benefits per capita for the US are much higher than Alaska because there are proportionally more citizens of retirement age in the nation as a whole than Alaska.³² The average for Alaska is gradually approaching the US average as more individuals of retirement age choose to live in Alaska.

Figure 71: Real Per capita Federal Social Security Payments to Individuals in Alaska and US

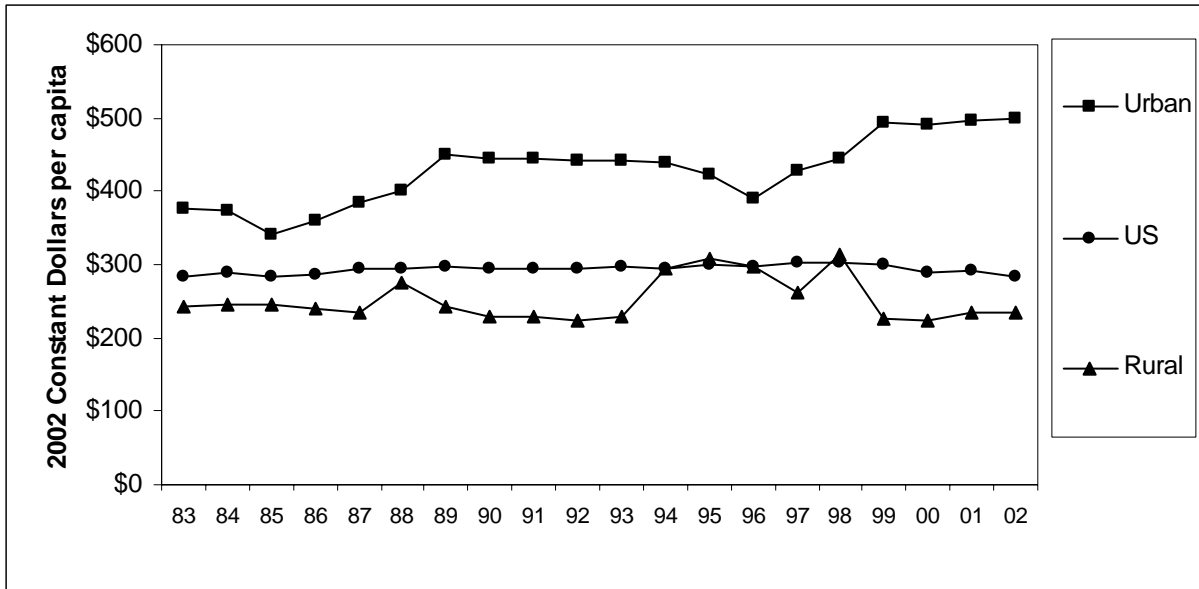


Source: Consolidated Federal Funds Reports
ISER spreadsheet source: Rural Urban Comparisons.XLS

³² There is not sufficient information in the Consolidated Federal Funds Reports to reliably estimate per capita Social Security payments to urban and rural areas of the state.

Federal Retirement Benefits to federal employees have remained relatively constant in per capita terms in Alaska (Figure 72). Notably, urban areas of Alaska receive a higher per capita amount of federal employee benefits than the US (or rural areas of Alaska) because many retired federal employees choose to remain in urban areas of Alaska after leaving their federal jobs.

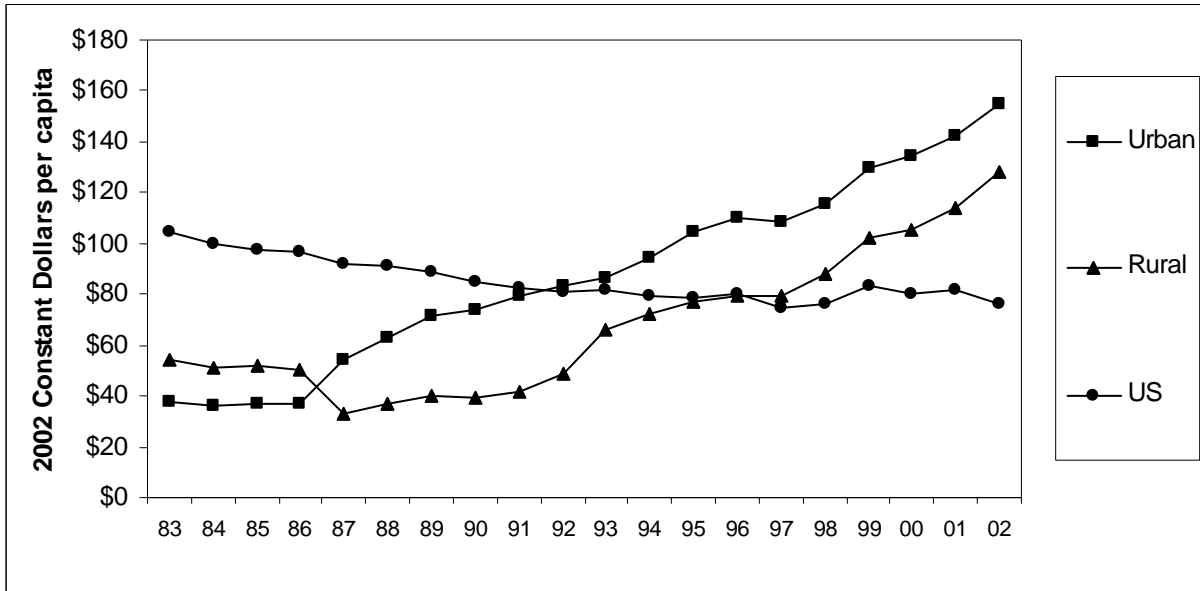
Figure 72: Real Per capita Federal Retirement Payments to Individuals in Alaska and US



Source: Consolidated Federal Funds Reports
 ISER spreadsheet source: Rural Urban Comparisons.XLS

Veterans Benefits payments per capita have steadily risen in Alaska in both rural and urban areas at about 6% annually because more military retirees choose to remain in the state. Per capita average for the US as a whole has declined on average 1% annually (Figure 73).

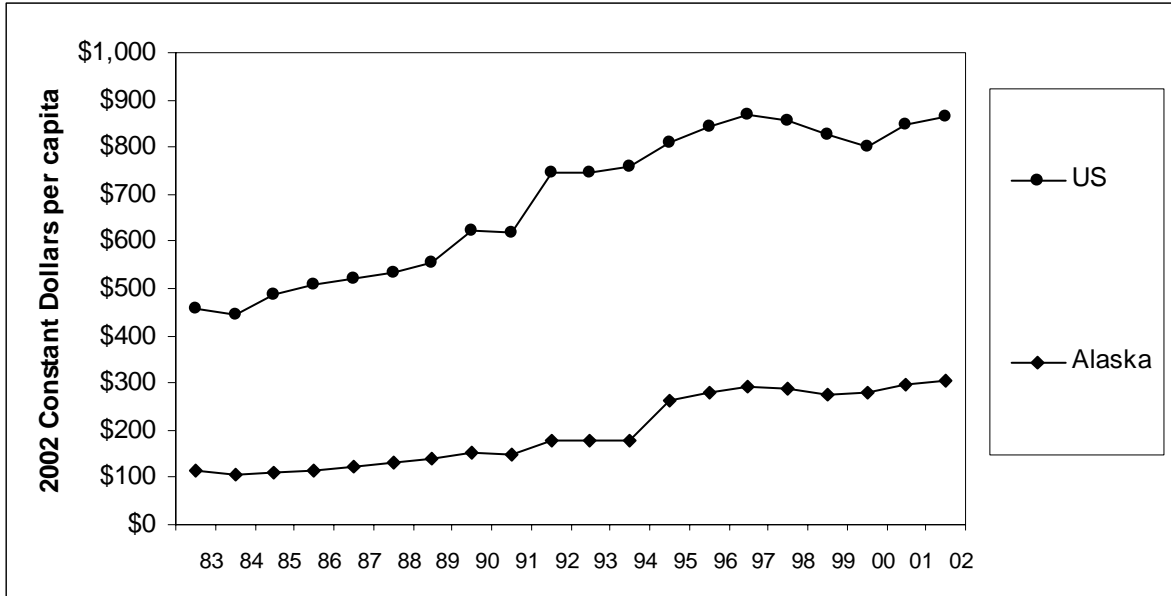
Figure 73: Real Per capita Federal Veterans Benefits to Individuals in Alaska Regions and US



Source: Consolidated Federal Funds Reports.
ISER spreadsheet source: Rural Urban Comparisons.XLS

Medicare Benefits per capita are substantially lower in Alaska than the US because there are proportionally more elderly citizens eligible for this program in the nation as a whole than Alaska (Figure 74).³³

Figure 74: Real Per Capita Federal Medicare Payments to Individuals in Alaska and the US

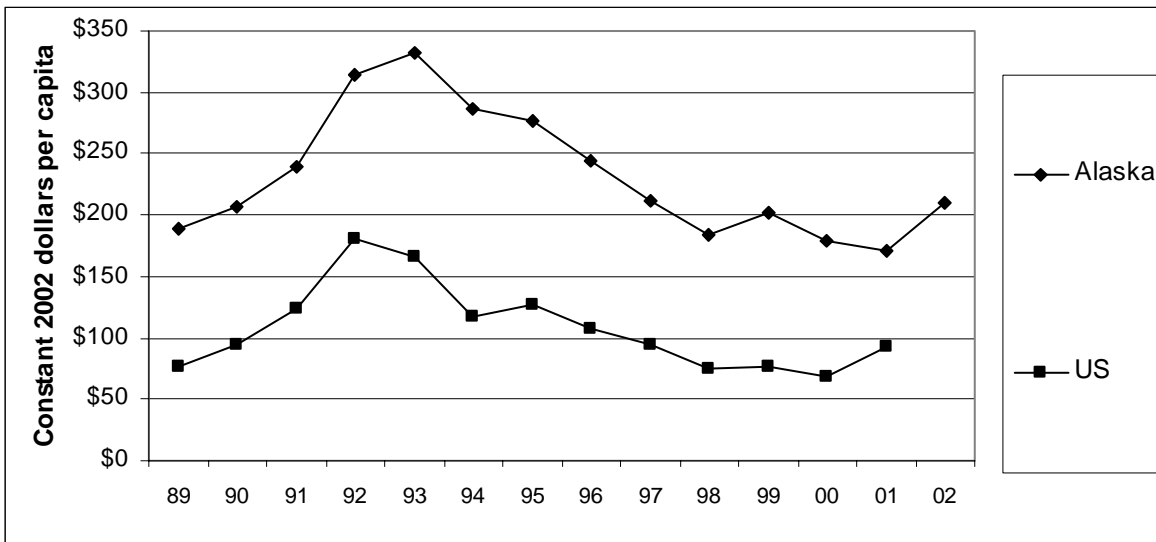


Source: Consolidated Federal Funds Reports
ISER spreadsheet source: Rural Urban Comparisons.XLS

³³ The Consolidated Federal Funds Reports (CFFR) do not provide consistent accounting across all years to accurately estimate the level of per capita Medicare direct payments in rural and urban areas of Alaska. See Appendix A for a discussion of the limitations of the Consolidated Federal Funds Reports data.

Unemployment Insurance Benefits per capita paid to individuals in both the US and Alaska have declined since 1993. The average for Alaska is substantially higher than the US average (Figure 75). Alaska residents receive more unemployment benefits per capita because the Alaska workforce contains proportionally more seasonal workers than the US as a whole. Seasonal workers tend to work part of the year and collect unemployment insurance for the remaining months.³⁴ Aside from paying unemployment insurance benefits directly to individuals, the federal government also gives formula grant payments to the state government for this program.

Figure 75: Real Per Capita Unemployment Insurance Payments to Individuals in Alaska and US

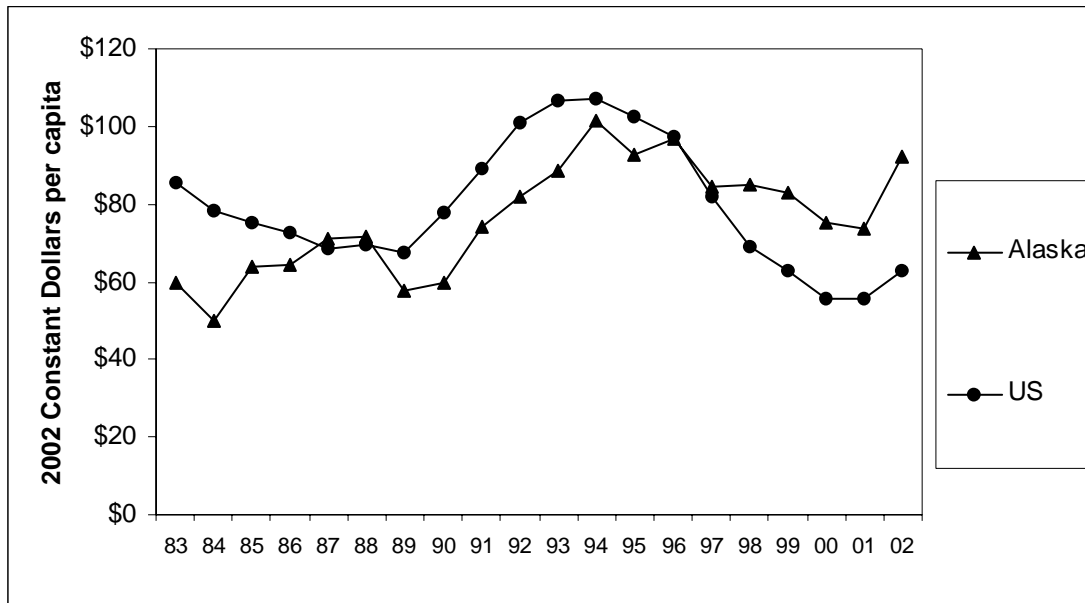


Source: Consolidated Federal Funds Reports
ISER spreadsheet source: Rural Urban Comparisons.XLS

³⁴ With the available data from the CFFR, it is not possible to separately measure the amount of unemployment benefits going to rural and urban areas of the state. See Appendix A for a discussion of the limitations of the Consolidated Federal Funds Reports data.

Food Stamp benefits per capita in Alaska are slightly higher than the per capita average for the US as a whole (Figure 76). The Consolidated Federal Funds Reports does not provide sufficient information to estimate the amount of food stamps going to each region of the state.

Figure 76: Real Per Capita Federal Food Stamp Payments to Individuals in Alaska and US



Source: Consolidated Federal Funds Reports
 ISER spreadsheet source: Rural Urban Comparisons.XLS

H. Other Types of Federal Spending, Subsidies, and Transfers

Federal spending described so far for operations, grants, and direct payments make up the bulk of federal expenditures in the state. A variety of other miscellaneous types of government activity either directly or indirectly benefits individuals and businesses in the state. This section describes these activities, including direct payments other than to individuals, loans, insurance, By-Pass mail, “Universal Internet Service” subsidy, and land transfers.

1. Direct Payments other than to Individuals

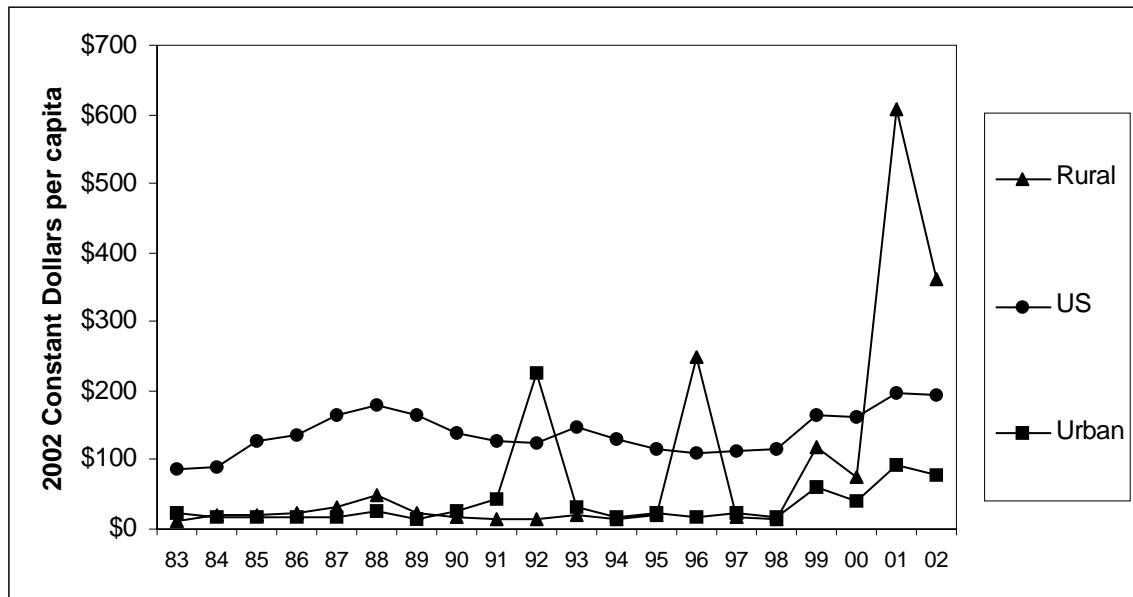
Aside from direct payments to *individuals*, the federal government also makes direct payments to communities businesses, tribes, non-profits, and other organizations as subsidies, transfers, or entitlements. The largest programs making direct payments are for tribal self-governance, Indian Housing, and Essential Air Service (Table 37). Payments to tribes for various tribal self-government programs amounted to over \$60 million in 2002. Subsidies paid by the Department of Housing and Urban Development for Public Indian Housing totaled \$11 million in 2002. Payments to air carriers by the US Postal Service for Essential Air Service amounted to \$5 million. About \$4 million from the Federal Emergency Management Agency went to communities for disaster relief.

The per capita amounts of these payments in Alaska are substantially below the US average (Figure 78). This is because other areas of the US receive substantially more crop, livestock, and commodity subsidies than Alaska. The significantly higher per capita payments in 1992 and 1996 in Alaska were for disaster relief (Figure 77). The higher payment in 2001 and 2002 was for direct payments by the Bureau of Indian Affairs for Tribal Self Governance.

Program	Amount in 2002
Tribal Self-Governance	\$60,114,688
Public And Indian Housing	\$11,272,477
Alaskan Indian Allotments & Subsistence Preference Lands Act	\$5,725,475
U.S. Postal Service--Other Expenditures (Non-Salary/Non-Procurement)	\$5,107,034
Indian Self-Determination Contract Support	\$4,514,887
Southeast Alaska Economic Disaster Fund	\$4,000,000
Consolidated Tribal Government Program	\$2,817,133
Market Access Program	\$2,412,534
Aid To Tribal Governments	\$2,058,034
All Others	\$8,564,381
Total	\$106,586,643

Source: Consolidated Federal Funds Reports

Figure 77: Real Per Capita Direct Payments other than to Individuals in Alaska and the US.



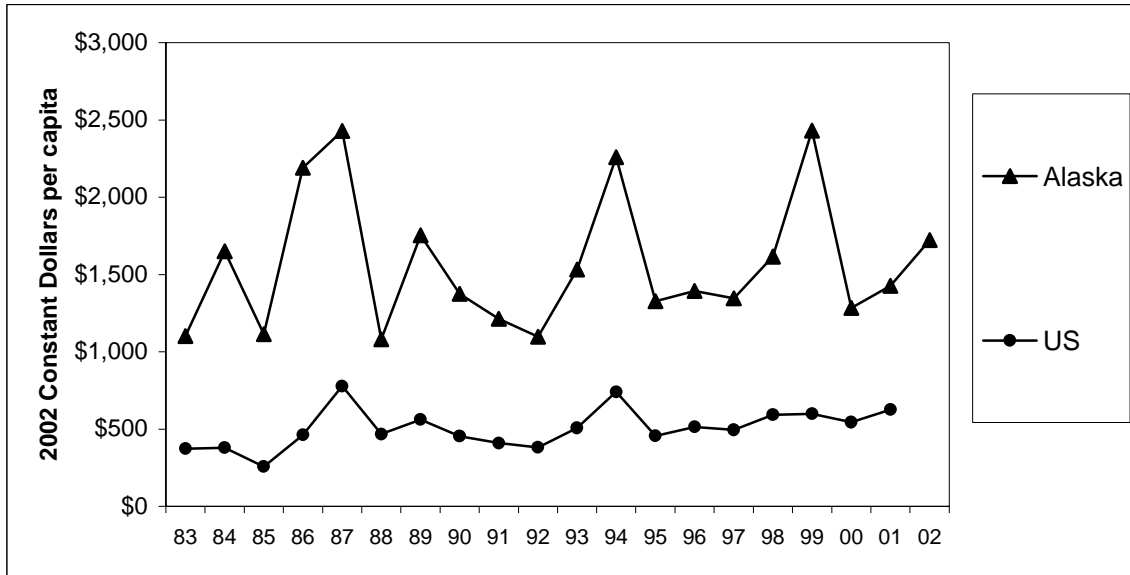
Source: Consolidated Federal Funds Reports
ISER spreadsheet source: Rural Urban Comparisons.XLS

2. Loans

The federal government makes direct loans and guaranteed/insured loans. For direct loans, the federal government is the lender of the funds. For guaranteed and insured loans, the federal government arranges the loans through intermediary banks or lenders. Guaranteed and insured loans are the most common types of loans awarded by the federal government in Alaska and nationwide. On average, Alaska receives about \$1,500 per capita in guaranteed and insured loans per year (Figure 78). Federal spending for loans is not directly comparable to other types of federal spending since recipients eventually repay most of the loans. However, the recipients of these loans do directly benefit from the subsidized interest rates and loan guarantees provided by the federal government.

The largest guaranteed loan programs in Alaska are for business and housing loans. The Department of Housing and Urban Development provided homeowners with \$522 million of mortgage insurance and property improvement loans for homeowners in 2002. The Veterans Benefits Administration provided veterans with \$101 million in veterans housing loans in 2002. The Department of Agriculture provided \$92 million for business and industrial loans, \$8 million for rural electrification loans, and \$18 million for very low-income housing loans in 2002. The Small Business Administration awarded \$13 million in small business loans to businesses in 2002.

Figure 78: Real Per Capita Federal Guaranteed and Insured Loans for Alaska and the US



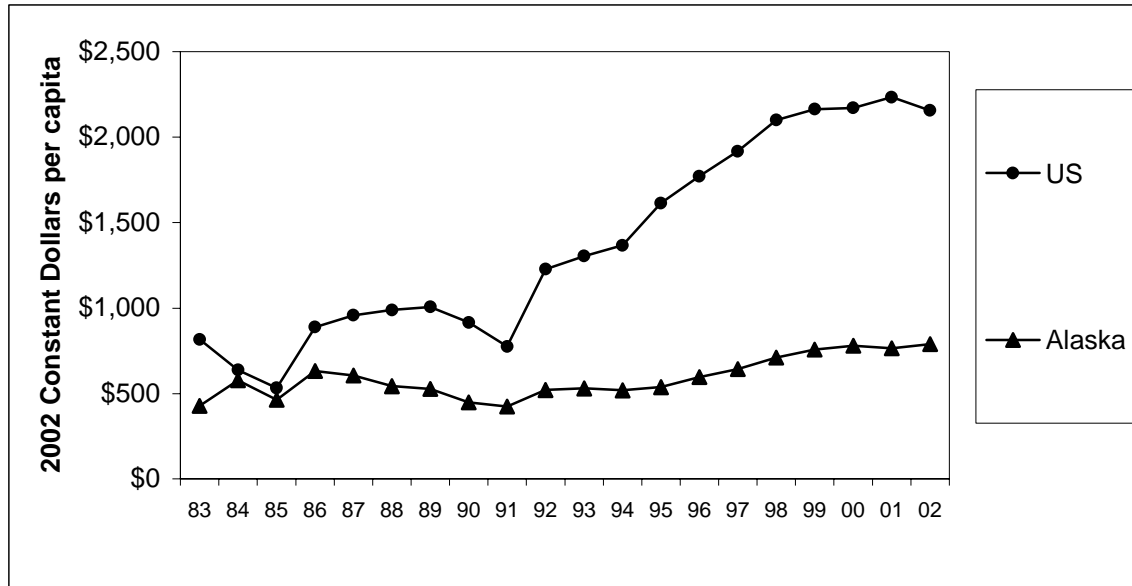
Source: Consolidated Federal Funds Reports

ISER spreadsheet source: Rural Urban Comparisons.XLS

3. Insurance

The federal government pays for specific types of insurance for some individuals and businesses in Alaska. Alaska has received just over \$500 per capita annually in federal insurance (Figure 79). Practically all (99%) of federal insurance coming to Alaska is provided by the Federal Emergency Management Agency (FEMA) for flood insurance in rural areas of Alaska. The US per capita average federal insurance payments has risen steadily since 1993 to over \$2000 per capita. Other areas of the US receive much higher per capita insurance payments than Alaska, primarily for FEMA disaster insurance.

Figure 79: Real Per Capita Federal Insurance Spending in Alaska and US



Source: Consolidated Federal Funds Reports
 ISER spreadsheet source: Rural Urban Comparisons.XLS

4. By Pass Mail

The By Pass mail program provides entitlements to select air carriers to carry US mail to rural areas of Alaska. To be eligible for the program, air carriers must provide freight service to the communities. Rural communities benefit from this program because they receive airfreight service (and indirectly passenger service) at a lower cost than would be possible without the By Pass mail program. The “Alaska By-Pass Mail, Passenger, and Freight Stability Act” (introduced in 2001) would revise the By Pass mail program in Alaska. Under this bill, most of the mail carried to select rural communities would be reserved for air carriers that provide passenger *or* freight air service to the communities. The program would make passenger and freight air service available to rural communities that would not otherwise have access to air transportation. Senator Ted Stevens’ office estimates that the bill would also help the US Postal Service save \$30 million per year. This savings would be an indirect result of the By Pass Mail provisions and would not appear as direct federal expenditures.

5. Universal Internet Service

Schools and libraries nationwide are eligible to receive discounts of up to 90% on telecommunications services under the federal “Schools and Libraries Universal Service Program.” Congress established this program, known as “E-Rate,” with the Telecommunications Act of 1996. The Federal Communications Commission (FCC) administers the program. The program requires that any school, school district, or library buying discounted telecommunications services certify that they use those services only for educational purposes. In Alaska, many rural schools are the only places in many

communities that have access to the Internet. The state successfully petitioned the FCC to allow schools or libraries to make the subsidized access to the Internet available to the entire community even if it was not for educational purposes.³⁵ The total value of the Universal Service Subsidy in Alaska amounts to about \$12 million per year. This money comes from a separate fund that does not appear in the federal expenditures allocated to Alaska.

6. Land Transfers

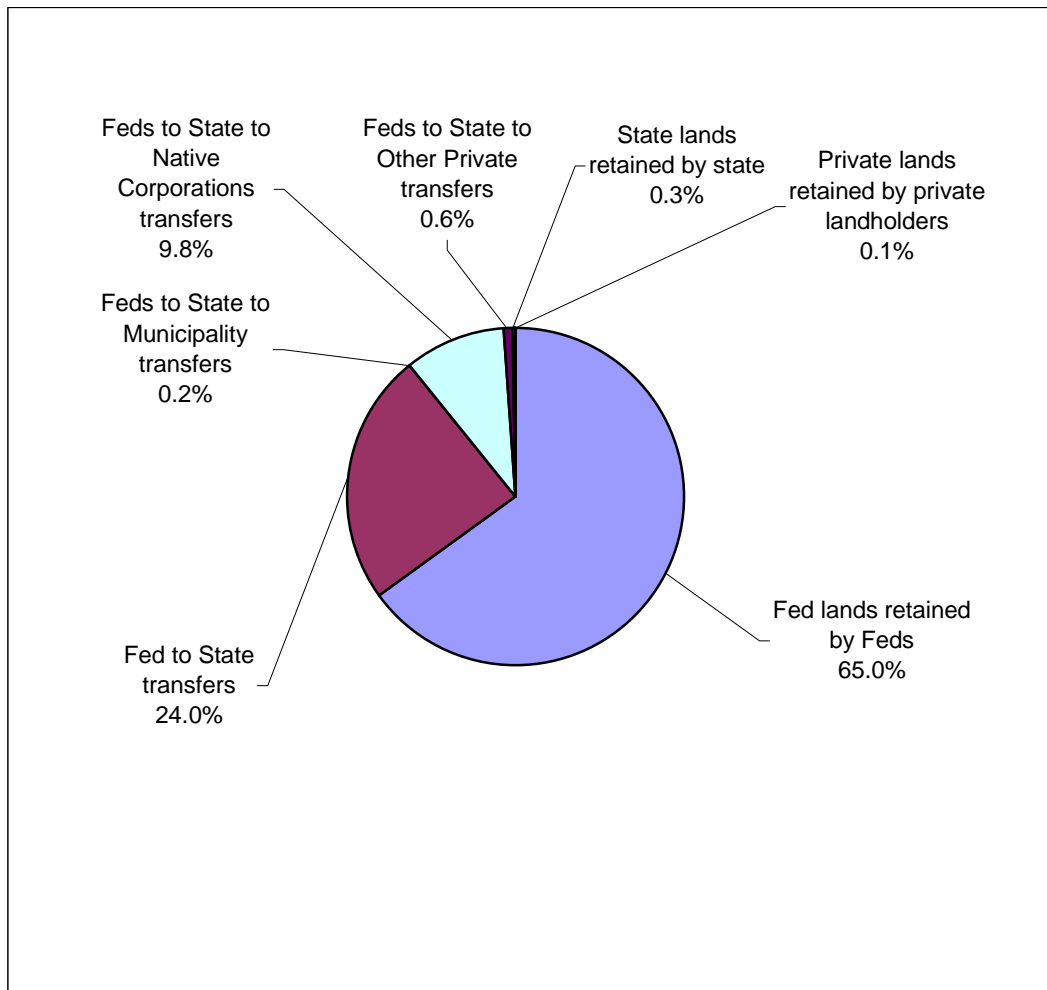
The Federal government is the majority landowner in Alaska. Its decisions about how to develop or to conserve federal lands dramatically affects the pace and patterns of economic change in the state. Under the statehood act, the federal government transferred substantial acreage to the state government. The state government has also transferred some of this acreage to municipalities and private owners. These changes in land ownership are transfers in wealth from the federal government to other landholders. Figure 80 summarizes these transfers from 1960 to 2000.

Since statehood, the federal government has transferred about 35% of its original 374 million acres of land holdings in Alaska to the state government. These land transfers from the federal government total 132 million acres and are mostly from lands previously managed by the Bureau of Land Management. The state government has transferred about one third of the holdings it received to private landholders (primarily Native Corporations) and municipalities.³⁶ The most substantial types of land transfers to state government are lands with oil and gas reserves on the North Slope that have brought the state tens of billions of dollars in revenues.

³⁵ Alaska Department of Education and Early Development Division of Libraries and Museums, and the Regulatory Commission of Alaska.

³⁶ Teresa Hull and Linda Leask, *Dividing Alaska, 1867-2000: Changing Land Ownership and Management*, ISER Review of Social and Economic Conditions, November 2000

Figure 80: Percent of Federal Lands Retained or Transferred from the Federal Government to other Landholders between 1960 and 2000



Source: Teresa Hull and Linda Leask, "Dividing Alaska, 1867-2000: Changing Land Ownership and Management, ISER Review of Social and Economic Conditions," November 2000.

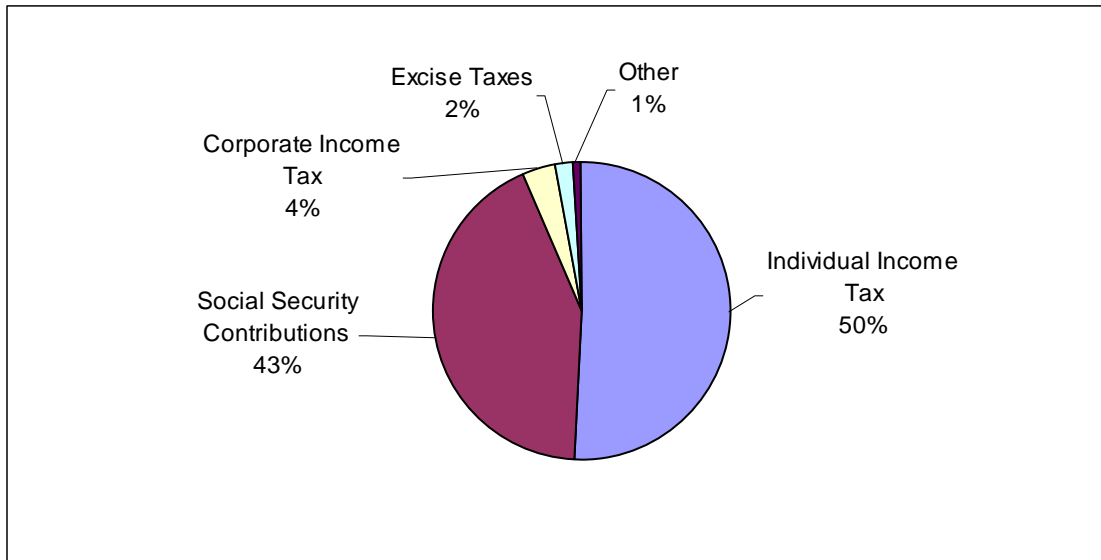
IV. Federal Revenues from Alaska

The federal spending and subsidies described so far are flows of federal funds *into* Alaska. In the other direction, money flows from Alaska to the federal government when the federal government collects tax and non-tax revenues in Alaska.

A. Taxes

The Internal Revenue Service reported total tax collections from Alaska at \$3.2 billion, or just under \$5,000 per capita in 2002.³⁷ About half of these collections were from the individual income tax, another 43% of tax collections were for contributions to Social Security, and the remainder of tax collections were for corporate income taxes (4%), excise taxes (2%), railroad retirement taxes, unemployment insurance taxes, gift taxes, and estate taxes (Figure 81).

Figure 81: Composition of Federal Tax Collections in Alaska in 2002



Source: Internal Revenue Service, Social Security Administration. Note: "Other" includes gift taxes, unemployment insurance taxes, estate taxes, fees, customs, and duties. ISER Spreadsheet: Personal Income and Taxes for US and Alaska.XLS

Tax collections in Alaska do not reflect the actual *tax burden* for residents of the state. Tax collections include all taxes collected from addresses in the state – regardless of where the taxpayer earned the income. The tax burden includes all taxes paid on income earned in the state -- regardless of where the taxpayer paid the tax. The Internal Revenue Service calculates tax collections based on the taxpayers' address or the location of principle business office. However, taxpayers in Alaska may earn income in other states, and corporations may have offices and earn income in several states or countries. The alternative measure called "tax burden" explicitly accounts for where taxpayers

³⁷ Internal Revenue Service, *2002 IRS Data Book*

actually earned their income instead of where they paid their taxes.³⁸ A non-profit, non-partisan organization called the Tax Foundation develops estimates of the tax burden for each state.³⁹ The Taubman Center for State and Local Government also publishes estimates of the tax burden by state, but base their calculations on the tax burden estimates from the Tax Foundation.⁴⁰

Table 38 lists the best available estimates of the tax collections and tax burden from these various sources. The Tax Foundation estimates the tax burden for Alaska was \$3.9 billion, or about \$6000 per capita in 2002. The tax burden excluding Social Security contributions amounted to about \$3,600 per capita in 2002. The individual income tax burden, corporate income tax burden, and excise tax burden reported by the Tax Foundation are all higher than per capita tax collections as reported by the Internal Revenue Service. Without access to the Tax Foundation model, we cannot determine why the tax burden is higher than tax collections. Part of the reason that the tax burden is higher than collections in Alaska is because corporations operating in Alaska earn much income *in* the state but pay taxes on that income from addresses *outside* Alaska.

Over time, federal spending per capita in Alaska has been consistently higher than per capita tax collections or per capita tax burden (Figure 82). On average, Alaska residents get about \$2 per capita back from the federal government for every dollar they pay in federal income taxes (Figure 83). This “bang-per-buck” is currently higher than in the early 1990’s.

³⁸ Another measure of tax burden for corporations is based on where *shareholders* (or customers) reside since corporations will pass their tax burden on to shareholders (or customers). We do not calculate this measure of the tax burden to shareholders (or customers) in this report.

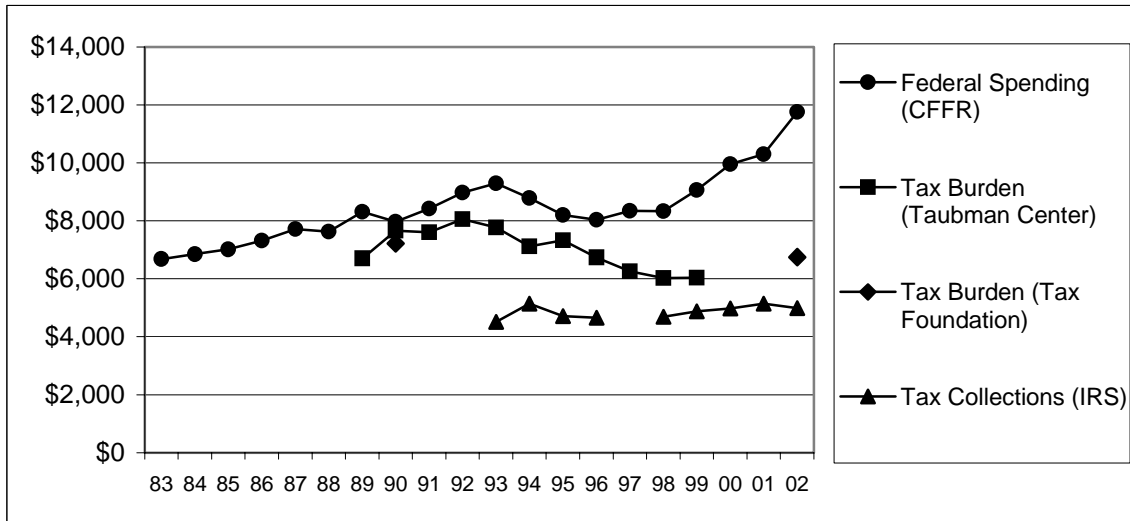
³⁹ Moody (2003). See Appendix A for a discussion of these alternative estimates of tax burden.

⁴⁰ Leonard (2000). See Appendix A for a discussion of these alternative estimates of tax burden.

Table 38: Alternative Estimates of Real Per Capita Federal Tax Collections and Tax Burden in Alaska in Constant 2002 Dollars

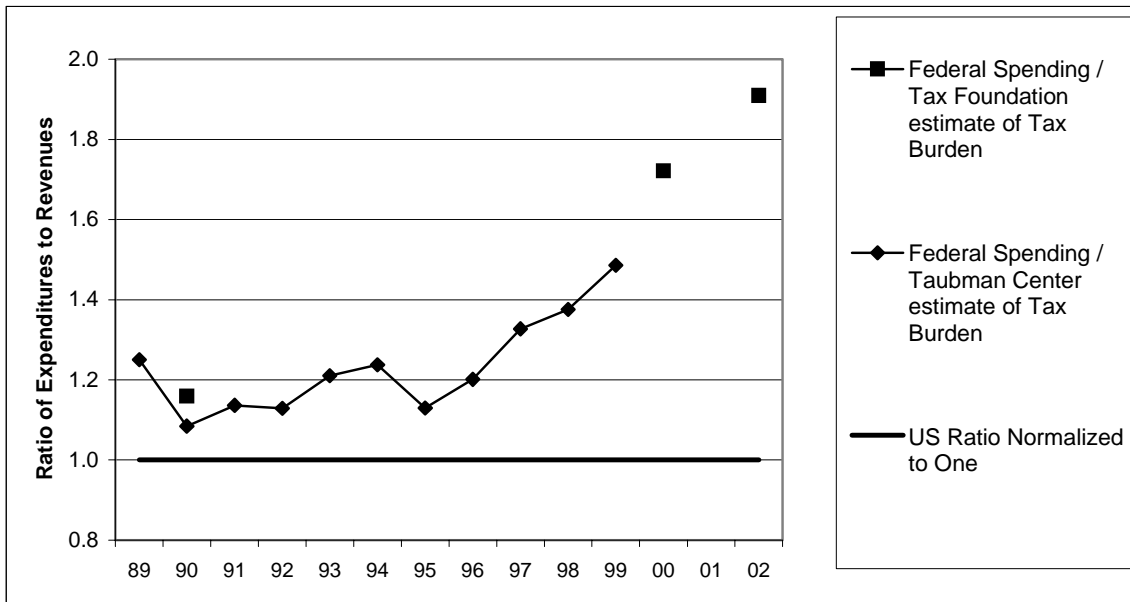
	1990	1995	2000	2001	2002
Tax Collections (from IRS and SSA)					
Total		\$4,758	\$4,960	\$5,194	\$4,988
Individual Income and Employment Taxes (IRS)		\$4,426	\$4,718	\$4,927	\$4,686
Individual Income Tax (estimated residual)		\$2,575			\$2524*
Social Security Contributions (derived from SSA)		\$1,828			\$2139*
Railroad Retirement Taxes (IRS)		\$1	\$1	\$4	\$3
Unemployment Insurance Tax (IRS)		\$21	\$20	\$20	\$19
Corporate Income Tax (IRS)		\$238	\$153	\$128	\$182
Estate Tax (from IRS)		\$9	\$18	\$37	\$23
Gift Tax (IRS)		\$2	\$3	\$5	\$0
Excise Taxes (IRS)		\$83	\$68	\$97	\$97
Tax Burden (from Tax Foundation)					
Total	\$7,189		\$7,124		\$6,025
Individual Income Tax					\$2,718
Social Insurance Tax					\$2,454
Corporate Income Tax					\$531
Excise Tax					\$228
Estate and Gift Tax					\$25
Customs Duties					\$67
Other					\$0
Tax Burden (from Taubman Center for State and Local Government)					
With price and deficit adjustments	\$6,175	\$5,944			
With no adjustments **	\$7,654	\$7,324			
Alternative Estimates of Expenditures to Revenues Ratio					
Expenditures / Taubman Tax Burden	1.08	1.13			
Expenditures / Tax Foundation Tax Burden	1.16		1.72		1.91
Expenditures / IRS Tax Collections			2.57	2.40	2.48
US Average Normalized to One	1.00	1.00	1.00	1.00	1.00
Source: Consolidated Federal Funds Reports, Internal Revenue Service 2002 IRS Data Book (IRS), Social Security Administration (SSA), Taubman Center for State and Local Government (Leonard 2000), and Tax Foundation (Moody 2003).					
** Note: Taubman Center estimates are reported in their publications with regional price adjustments and adjustments for the size of the US deficit. This table lists their estimates with and without these adjustments. Following the Taubman Center estimates, we have normalized the ratio of federal expenditures to federal revenues to equal to one for the nation as a whole. The Taubman Center calls this a "deficit adjustment" which implicitly assumes that all federal spending is fully paid for each year.					
* These estimates of Individual income tax and Social Security collections for 2002 are based on shares of components of total Individual Income taxes and employment taxes in 1999.					

Figure 82: Real Per capita Federal Spending and Federal Tax collections in Alaska



Source: Consolidated Federal Funds Reports, Taubman Center, Internal Revenue Service, and Tax Foundation. The Taubman Center estimates used in this figure do not include the regional cost of living adjustments. ISER spreadsheet source: Personal Income Summary.XLS

Figure 83: Ratio of Federal Spending to Federal Tax Burden in Alaska



Source: Consolidated Federal Funds Reports, Taubman Institute, and Tax Foundation. ISER spreadsheet source: Personal Income Summary.XLS., Note: US Average is normalized one so that total US revenues equal US expenditures in each year. This is the method that the Taubman Center uses to scale tax burden up for each state so that total revenues equals total expenditures during deficit years.

B. Oil Revenues

Aside from tax collections, the federal government also collects a variety of non-tax revenues. Most significantly, the federal government collects oil revenues from oil leases on the outer continental shelf and on-shore leases. The federal government distributes part of these revenues to the state. These disbursements to the state appear as a project grant payment to the state government in the Consolidated Federal Funds Reports (Section III.F.4.a of this report for a description of these grants).

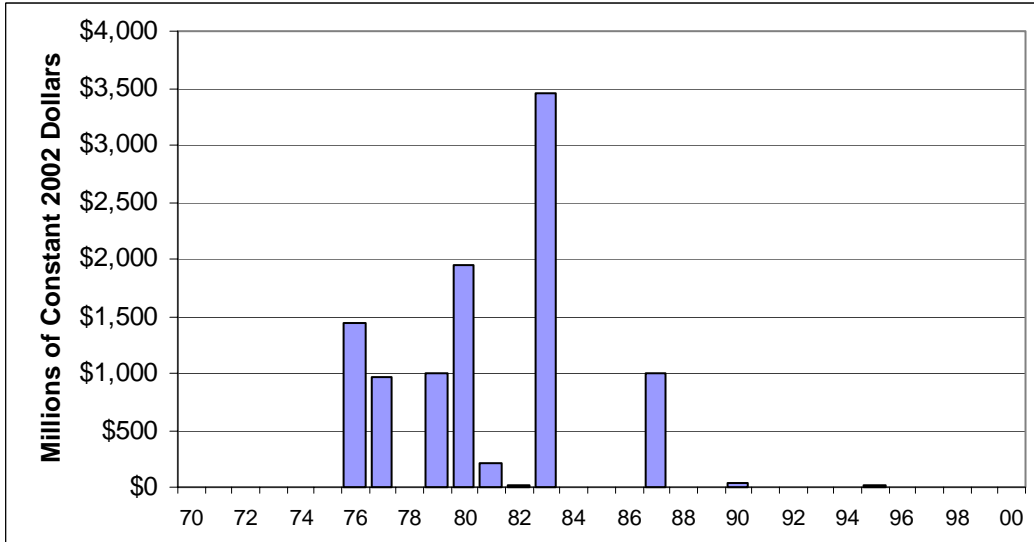
1. Outer Continental Shelf

The Minerals Management Service within the US Department of Interior leases areas offshore on the outer continental shelf (OCS) of Alaska. Technically, the outer continental shelf is not part of Alaska but is part of the US; so, these revenues are technically not from Alaska. Federal revenues from the OCS (also called offshore leases) are included in this report because of their close association with Alaska. The largest component of revenues collected from the OCS is bonus payments. A bonus is a cash payment to the federal government by a successful bidder for a mineral lease, in addition to rent and royalty obligations.⁴¹

From 1970 through 2000, these bonuses have totaled nearly \$4.5 billion in constant 2002 dollars. This amounts to about \$10,500 per capita over the past 30 years or about \$350 per year per capita. Bonus payments vary dramatically year to year as different types and qualities of leases become available (Figure 84). The federal government received the largest OCS bonus payments in the 1970's. The federal government also receives rent payments for the OCS leases each year. When oil production begins on an OCS lease, the federal government receives royalty payments. Most federal revenues from OCS leases have been in the form of rental payments rather than royalties because there has been little production on OCS leases (Figure 85)

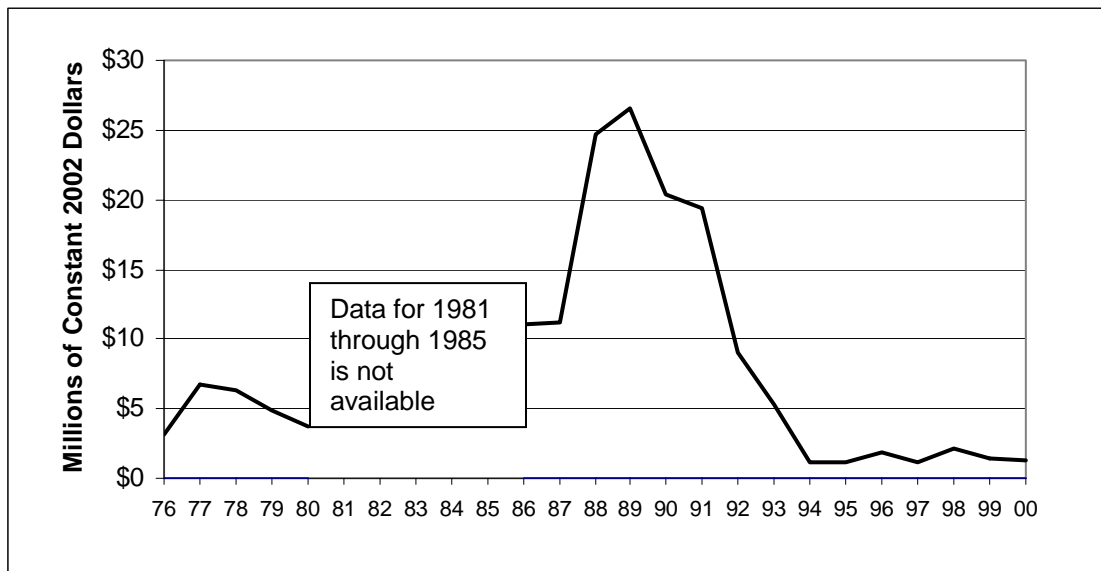
⁴¹ ISER, Federal Revenues and Spending in Alaska, p 65.

Figure 84: Federal Revenues from Outer Continental Shelf Bonus Payments



Source: US Department of Interior, Minerals Management Service
ISER spreadsheet source: Oil Revenues.XLS

Figure 85: Federal Rents from Outer Continental Shelf Leases



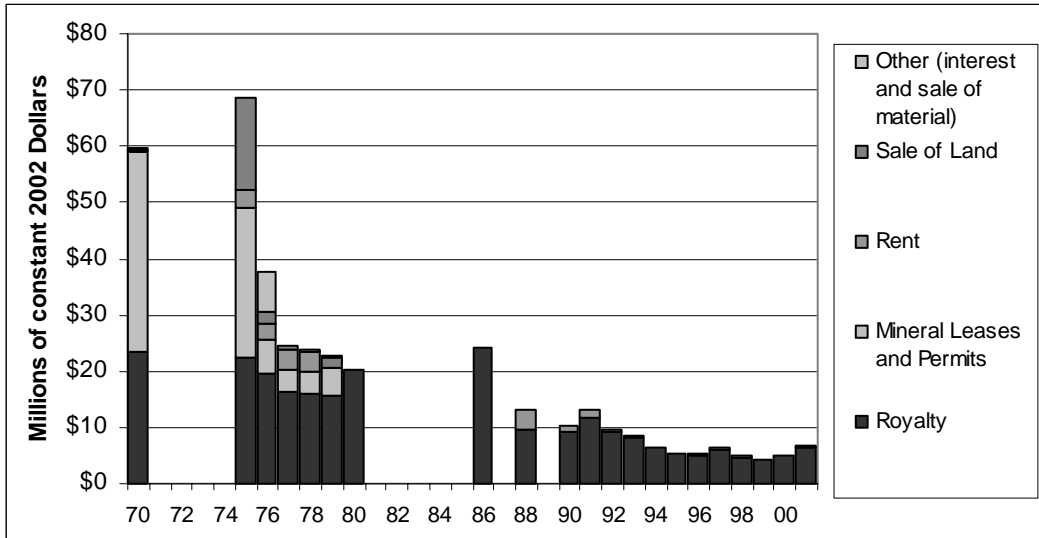
Source: US Department of Interior, Minerals Management Service. Note: Data for 1981 through 1985 is not available. ISER spreadsheet source: Oil Revenues.XLS

2. On Shore Leases

The Minerals Management Service also leases onshore federal lands for oil exploration and production. From these onshore leases, the federal government receives payments from permit payments, the sale of land, rental of land, bonus payments, and

royalty payments. Most of the revenues are in the form of royalties and rents and currently total about \$10 million per year (Figure 86). The Minerals Management Service also collected bonus payments from new leases for only a few select years. These bonus payments amounted to \$53 million in 1982, \$1 million in 1983, and \$77 million in 2000.

Figure 86: Real Federal On Shore Revenues from Leases in Alaska



Source: US Department of Interior, Minerals Management Service. Note data for 1981 through 1985 is not available. ISER spreadsheet source: Oil Revenues.XLS

C. Timber Sales

The Forest Service (within the Department of Agriculture) collects revenues from the sale of timber in the Tongass and Chugach National Forests. In 1999 the Forest Service sold 277 MMBF (Million Board Feet) at an average price of \$12.17 / MBF.⁴² This amounts to total sales of about \$3.3 million in 1999. This total does not include sales of some pulp and other unfinished lumber products, so it understates the total value of revenue collections. The Forest service pays a portion of timber sales revenues to the Alaska boroughs in which there are timber harvests. The state government receives the portion of revenues earned in areas that are not in organized boroughs. According to the Forest Service, these payments totaled \$1.8 million in 1998.

D. US Postal Service

The US Postal Service collected revenues totaling less than \$100 million from the sale of stamps and other items in Alaska. It is not possible to calculate how much of this

⁴² US Forest Service, *Alaska Region, Timber Supply and Demand 1999*.

was for services in Alaska since the entire nationwide postal service affects postal service in the state.⁴³

E. Other Revenues

The federal government collects a wide variety of other revenues ranging from passport application fees, the purchase of public documents, fines levied in federal courts, custom duties, and revenues from sale of property. In 2002 for the entire US, these types of non-tax revenues averaged about \$300 per person. If this same per capita average were collected in Alaska, then these non-tax revenues collected by the federal government would amount to about \$191 million in 2001. If we subtract the revenues collected by the Minerals Management Service, Forest Service, and US Postal Service from this total, the federal government may have collected about \$100 million in 2001 in non-tax revenues (excluding revenues collected by MMS, Forestry, or USPS).

⁴³ Senator Steven's office estimates the US Postal Service Runs a \$100 million deficit in Alaska. According to the Consolidated Federal Funds reports, the USPS spent \$177 million in Alaska in 2001. This implies that the USPS collects about \$77 million (\$177 million minus \$100 million) in revenues in 2001.

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Appendix A: Data and Methodology

A. Consolidated Federal Funds Reports

1. Data

This report relies extensively on the Consolidated Federal Funds Reports for Alaska and the US. These reports combine data from the Department of Defense, Federal Assistance Awards Data System, Federal Procurement Data System, Office of Personnel Management, and US Postal Service. The Consolidated Federal Funds Reports provide detailed listings of federal expenditures or obligations for select categories: retirement and disability, other direct payments to individuals, direct payments other than to individuals, grants, procurement contracts, salaries and wages, direct loans, guaranteed and insured loans, and insurance. The reports list these expenditures for each program and each place in the US. The Consolidated Federal Funds reports are available on CD ROM for 1983 to 1999 and on the Census Bureau web site for 2000 through 2002. We used these databases to assemble a single database for Alaska for 1983 through 2002 and a separate database for the entire nation for 1983 through 2002.

2. Limitations

CFFR does not allocate all spending geographically. The CFFR does not report all objects at all detailed geographic levels. The CFFR allocates nearly all wages and procurements to the “county” level (Table A-1). The “county” level corresponds to boroughs and Census areas in Alaska. Most, but not all, of grants and direct payments are distributed to the county level. The notable exceptions are unemployment insurance (a type of direct payment to individuals), which the CFFR does not distribute to the county level. These different levels of geographic distribution limit how accurately we can calculate the amount of federal spending in particular boroughs or census areas. For the purpose of this report, we developed estimates of federal spending in rural and urban areas of the state when possible. When the CFFR does not distribute most or all of the funding to the borough or census area level, we reported only the average for the state as a whole.

CFFR aggregates wage and salary and procurement for many programs before 1993: A second limitation of the CFFR data is that the CFFR reports do not report wages or procurement for every program. Therefore, we cannot determine which particular programs are spending the most in wages and salaries or procurement. It reports wages and procurement for detailed departments for only the years 1993 to 2002. Before 1993, the CFFR reports wages and procurement for only defense departments, the US Postal Service, and all other departments combined. Therefore, we cannot analyze operations expenditures for particular civilian departments before 1993.

Table A-1: Allocation of Federal Spending in CFR Reports to Different Geographic Levels in 2002

Geographic Level	Procurement Contracts	Salaries and Wages	Grants	Direct Retirement Payments to Individuals	Other Direct Payments to Individuals	Direct Payments other than to Individuals	Guaranteed Loans	Direct Loans	Insurance	Total Excluding Insurance and Loans	Total
Amount of Federal Spending Allocated to each Geographic Level											
State Total	\$1,397,439,254	\$1,498,530,074	\$3,128,513,899	\$980,675,248	\$453,756,708	\$106,586,643	\$775,786,067	\$120,233,709	\$355,078,150	\$7,565,501,826	\$8,816,599,752
State Undistributed	\$856,292	\$0	\$142,366,721	\$13,028,816	\$173,717,495	\$1,950,102	\$20,159,720	\$0	\$2,550,000	\$331,919,426	\$354,629,146
County Total	\$1,396,582,962	\$1,498,530,074	\$2,986,147,178	\$967,646,432	\$280,039,213	\$104,636,541	\$755,626,347	\$120,233,709	\$352,528,150	\$7,233,582,400	\$8,461,970,606
County Undistributed	\$55,289,394	\$1,498,530,074	\$1,068,842,685	\$967,646,432	\$273,465,376	\$12,561,849	\$658,854,331	\$3,975,721	\$121,433,843	\$3,876,335,810	\$4,660,599,705
Balance of County	\$724,272,300	\$0	\$88,203,510	\$0	\$3,470,058	\$44,663,194	\$40,095,820	\$1,224,040	\$139,009,228	\$860,609,062	\$1,040,938,150
Place Total	\$617,021,268	\$0	\$1,829,100,983	\$0	\$3,103,779	\$47,411,498	\$56,676,196	\$115,033,948	\$92,085,079	\$2,496,637,528	\$2,760,432,751
Percent of Federal Spending Allocated to Each Geographic Level											
State Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
State Undistributed	0%	0%	5%	1%	38%	2%	3%	0%	1%	4%	4%
County Total	100%	100%	95%	99%	62%	98%	97%	100%	99%	96%	96%
County Undistributed	4%	100%	34%	99%	60%	12%	85%	3%	34%	51%	53%
Balance of County	52%	0%	3%	0%	1%	42%	5%	1%	39%	11%	12%
Place Total	44%	0%	58%	0%	1%	44%	7%	96%	26%	33%	31%

Source: Consolidated Federal Funds Reports, US Census.

State total includes all expenditures allocated to the state.

State unallocated includes all expenditures allocated to the state but not to a Census area or borough.

County total includes all expenditures allocated to a particular Census area or borough.

County unallocated includes all expenditures allocated to a Census area or borough, but not to a place.

Balance of county includes all expenditures allocated to locations outside designated places within a particular Census area or borough.

Place total includes all expenditures allocated to particular places.

The CFFR does not identify the recipient of federal spending. Some types of payments (such as direct payments to individuals or wages and salaries) go directly to individuals. However, grants, procurement contracts, loans, and insurance go to a variety of recipients, including state and local governments, school districts, non-profits, and businesses. We relied on information from other sources to identify recipients of federal spending for grants and procurement.

There are inconsistencies in reporting in the CFFR database. One substantial anomaly in the CFFR data is large variations in project grant spending for the Indian Health Service. As reported in the CFFR, funding for this program fell to less than \$1 million 1996 and then rose dramatically to hundreds of millions of dollars over the last five years. Simultaneous variations in grant spending and procurement spending reported in the CFFR for the Indian Health Service, Public Health Service, and the Bureau of Indian Affairs partially explain this anomaly.

As listed in Table A-2, procurement contracts from both the Public Health Service and the Bureau of Indian Affairs were high in the years immediately *before* the decline in grant spending to the Indian Health Service. Curiously, grant and procurement spending in nearly all of these agencies decreased in 1996, the year *before* the Alaska Native Medical Center opened (1997). Possibly, the substantial increases in procurement spending by the Public Health Service in 1993 and 1994 partially paid for the construction of the Alaska Native Medical Center. In addition to this shift in spending among agencies in the mid 1990s, Bureau of Indian Affairs grant spending and procurement contracts decreased in the same years (2001 and 2002) that grant spending to the Indian Health Service dramatically increased.

These simultaneous changes in spending suggest that the CFFR may not consistently account for spending in these agencies and programs across the years. The CFFR may attribute program spending to one agency in a particular year and then attribute spending for the same program to another agency the next year. Because of these possible inconsistencies in reporting, the federal spending reported in the CFFR for the Indian Health Service, Public Health Service, and Bureau of Indian Affairs may be imprecise.

These possible inconsistencies in reporting do not fully account for the substantial variations in spending by these agencies. Funding for all of these agencies combined still varied substantially over the last ten years. Total grant and procurement spending for the Indian Health Service, Public Health Service, and the Bureau of Indian Affairs declined to a low of about \$75 million in 1996 and then increased to nearly \$700 million in 2002.

Table A-2: Federal Spending for Indian Health Service, Public Health Service, and Bureau of Indian Affairs in Alaska in Constant 2002 Dollars

Year	Indian Health Service	Public Health Service		Bureau of Indian Affairs		Total for All Three Agencies		
	Grants	Grants	Procurement Contracts	Grants	Procurement Contracts	Grants	Procurement Contracts	Total Grants and Procurement Contracts
1983	\$49,051,119	\$0	NA	\$0	NA	\$49,051,119	NA	NA
1984	\$45,312,639	\$0	NA	\$0	NA	\$45,312,639	NA	NA
1985	\$45,204,874	\$0	NA	\$0	NA	\$45,204,874	NA	NA
1986	\$44,697,470	\$0	NA	\$0	NA	\$44,697,470	NA	NA
1987	\$59,259,264	\$0	NA	\$0	NA	\$59,259,264	NA	NA
1988	\$92,440,723	\$0	NA	\$0	NA	\$92,440,723	NA	NA
1989	\$128,325,348	\$0	NA	\$0	NA	\$128,325,348	NA	NA
1990	\$139,278,278	\$0	NA	\$0	NA	\$139,278,278	NA	NA
1991	\$129,264,079	\$0	NA	\$0	NA	\$129,264,079	NA	NA
1992	\$138,498,458	\$0	NA	\$0	NA	\$138,498,458	NA	NA
1993	\$155,274,291	\$0	\$241,144,906	\$45,858,236	\$16,341,749	\$201,132,527	\$257,486,655	\$458,619,182
1994	\$6,187,195	\$0	\$197,935,153	\$23,067,904	\$1,128,493	\$29,255,099	\$199,063,646	\$228,318,745
1995	\$6,732,852	\$1,954,609	\$67,562,448	\$41,250,529	\$62,642	\$49,937,991	\$67,625,090	\$117,563,081
1996	\$735,495	\$1,836,412	\$48,703,871	\$23,404,066	\$0	\$25,975,972	\$48,703,871	\$74,679,843
1997	\$1,505,572	\$2,234,786	\$22,326,084	\$104,816,240	\$0	\$108,556,599	\$22,326,084	\$130,882,683
1998	\$6,362,817	\$3,172,471	\$13,586,462	\$112,313,385	\$0	\$121,848,673	\$13,586,462	\$135,435,134
1999	\$275,655,844	\$3,667,834	\$7,546,481	\$115,987,038	\$1,676,877	\$395,310,715	\$9,223,358	\$404,534,074
2000	\$326,770,187	\$3,607,068	\$6,092,115	\$184,515,296	\$2,036,995	\$514,892,551	\$8,129,111	\$523,021,662
2001	\$250,042,301	\$3,934,561	\$5,096,649	\$2,201,049	\$5,564,522	\$256,177,911	\$10,661,171	\$266,839,083
2002	\$674,735,811	\$3,859,949	\$15,928,000	\$707,590	\$81,000	\$679,303,350	\$16,009,000	\$695,312,350

Source: Consolidated Federal Funds Reports

B. Other Data Sources for Federal Spending

We relied on several other data sources to supplement the information from the Consolidated Federal Funds Reports.

1. Geographic Distribution of Federal Funds in Alaska

Geographic Distribution of Federal Funds in Alaska was published by the U.S. Community Services Administration and available for 1978 – 1980. These reports list federal spending by agency and program. Notably, they do not break down federal spending by object (wages, direct payments, procurement, etc.) In addition, this source totals federal outlays (obligations), rather than actual expenditures, so the data from this earlier source is not directly comparable to the CFFR data.

2. Federal Outlays in Alaska

Federal Outlays in Alaska was published by U.S. Office of Economic Opportunity and available for 1969 through 1977. This publication lists federal outlays by borough, agency, and program. Notably the publication does not break out detailed outlays by object and it reports outlays rather than actual expenditures. Outlays are obligations that may or may not result in actual expenditures. Outlays in general are higher than expenditures.

3. Federal Procurement Data System

The CFFR reports include data from the Federal Procurement Data System (FPDS). We used the online FPDS to acquire additional detailed information that was not included in the CFFR. Notably, we collected the names of contractors and the types of products and services procured by the federal government in 2000, 2001, and 2002. The database is available online at <http://fpdsweb1.gsa.gov/fpdsweb/fpdsgeosearch1>.

4. Federal Assistance Awards Data System

The CFFR includes data from the Federal Assistance Awards Data System (FAADS). FAADS summarizes grants awarded by federal agencies and includes the recipient's name and detailed location, including city and zip code. The FAADS is available online at <http://www.census.gov/govs/www/faads.html> for 1996 through 2002. We downloaded the FAADS database for Alaska and the US as a whole and assembled two databases containing all the FAADS data for 1996 through 2002 by quarter. One database contains all the FAADS data for Alaska and the other contains the FAADS data for the US.

The totals for some categories of spending in the FAADS database do not match the totals in the CFFR for two reasons. First, the CFFR is a more comprehensive database and includes additional federal spending that is not included in the FAADS. In particular, the CFFR includes all Defense Department spending as well as wages and

procurement spending in all other departments. FAADS excludes defense spending, does not include wages and salaries or procurement spending, and omits grants from some departments. Second, FAADS includes all federal *obligations* --- rather than expenditures. Federal obligations may change or extend over several years. Therefore, actual expenditures may be different from obligations. The Consolidated Federal Funds Reports explicitly analyze the obligations reported in the FAADS to calculate actual expenditures. The CFFR measures of spending are more accurate and reliable measure of federal spending than obligations. For this reason, we used the CFFR instead of the FAADS to estimate total federal spending in various categories.

We relied on the FAADS for estimating *percentage distributions* of types of recipients and funding information about particular recipients. This detailed information about the types of recipients and the names of individual recipients is not included in the CFFR database. These distributions of obligations across recipients do not reflect the final distribution of federal funds because the FAADS database reports only the *initial* recipient of federal obligations. That initial recipient may pass the obligation to secondary recipients in other locations. We do not have information from either the FAADS or the CFFR to track the final recipients of all federal grants.

The Federal Awards Assistance Data System relies on data from many different federal agencies. These agencies have different reporting systems and classify similar programs and recipients in different ways. This problem is particularly apparent when we tried to identify the type of grant (formula, project, or other) or the type of recipient. For example, various agencies classify tribes in Alaska as either “tribes,” “non-profits,” “county governments,” “city governments,” or “special district governments.” We have followed the (often inconsistent) classifications in the FAADS because we do not have sufficient information to accurately classify all of the recipients listed in the FAADS database.

5. Catalog of Federal Domestic Assistance

The Catalogue of Federal Domestic Assistance (CFDA) is a database of descriptions all Federal programs available to State and local governments (including the District of Columbia); federally-recognized Indian tribal governments; Territories (and possessions) of the United States; domestic public, quasi-public, and private profit and nonprofit organizations and institutions; specialized groups; and individuals. The catalogue describes each assistance program in detail -- including eligibility, types of awards, and restrictions.

We used this catalogue to classify grants into project grants and formula grants. The catalogue provides this information for currently active programs. In 1992, there was a major shift in grant classification, with many more grants classified as project grants than in earlier years. The lack of description of these programs in the Catalogue limited our ability at categorizing all programs before 1992.

In addition to formula and project grants, there are a small number of block grants and cooperative agreements described in the Catalogue of Federal Domestic Assistance. Many of the block grants are continuations of earlier programs that existed before 1992. The number and total dollar value of the block grants and other unclassified grants has steadily declined. Both formula grants and project grants have replaced many of the block grants.

Besides these changes in classification, the Catalogue of Federal Domestic Assistance classifies some programs as *both* formula grant and project grants in the Catalogue of Federal Domestic Assistance. When the CFDA classifies a program as *both* a formula and project grant, we have included it in the totals for formula grants in this report. We have included all block grants and unclassified grants in the project grant total for this report. Since highway construction and planning is such a large program and provides a mix of formula and project funding, we describe it separately in this report.

6. Department of Defense Data Atlas and Statistical Abstract

The Department of Defense Data Atlas and Statistical Abstract provides detailed information about defense spending by state. We acquired additional information from this database for 1996 through 2002 to supplement the information available in CFFR. In particular, we used this database to analyze Defense procurement expenditures and Defense Department active duty military and civilian employment.

7. Bureau of Economic Analysis

The Bureau of Economic Analysis *Local Area Personal Income* publications provide information on population, personal income, and tax payments for every county, borough, and census area in the US for 1969 through 2001. We used this database to estimate the share of federal expenditures in personal income. We also used this database to find the population and per capita personal income for each county in the US for the regressions described in Appendix D.

8. ISER MAP database

The ISER MAP database is a collection of a broad variety of economic indicators for the state of Alaska. We used data from this collection to estimate total federal employment, the relative cost of living between Anchorage and Seattle, and other basic measures of economic activity.

C. Federal Revenues Data Sources

There are four important sources for data about payments to the federal government: Bureau of Economic Analysis, Internal Revenue Service, the Tax Foundation, and the Taubman Center for State and Local Government. Each of these

sources use the same data from the Monthly Treasury Statements published by the Treasury Department, but the sources summarize the data differently:

1. Bureau of Economic Analysis

The Bureau of Economic Analysis reports personal tax and non-tax payments to the federal government. These personal taxes include taxes on income, net capital gains, and personal property. The BEA measure also includes non-tax payments that consist of donations and fees, fines, and forfeitures. Personal contributions for social insurance are *not* included in the BEA measure of federal personal tax payments. The BEA bases their estimates of the personal tax payments and refunds on data from the Treasury Department's Monthly Treasury Statement, supplemented with data on withheld Social Security taxes from the Social Security Administration. Notably, the BEA measure of personal taxes also does not include corporate income taxes, estate taxes, gift taxes, or excise taxes. The primary advantage of the BEA data compared to other sources is that it is available *every* year back to the early 1960's.

2. Internal Revenue Service

The IRS also reports a summary of the Monthly Treasury Statement for each state that includes a breakdown of gross revenue collections by state. These revenue collections include corporate income tax, individual income taxes, estate taxes, gift taxes, and excise taxes. Notably, these IRS estimates of individual income tax (withheld and not withheld) include old age, survivors, disability, and hospital insurance (OASDHI) taxes on salaries and wages under the Federal Insurance Contributions Act or FICA, and on self-employment income under the Self Employment Insurance Contributions Act or SECA. We have these IRS summaries available back to 1998.

The IRS sources note that the *revenue collections* in a state are different from the *tax burden* for the state:

“Classification by State is usually based on taxpayer’s address or in the case of businesses, the location of the principal office or place of business. However, some individuals may use the address of a tax attorney or accountant, or, in the case of certain individuals who were sole proprietors, partners in a partnership, or shareholders in a corporation, the business address. Moreover, such addresses could have been located in a State other than the State in which the individual resided. Tax collections shown for various States, therefore, do not indicate the Federal tax burden of each, since, in many instances, taxes are collected in one State from residents of, or operations in, another. For example, taxes withheld reported by employers located near a State boundary might include substantial amounts withheld from salaries of employees who reside in a neighboring State(s). Also, while taxes of corporations may be paid from the principal office, the operations of these corporations may be located in one or more other State(s).”

3. The Tax Foundation

The Tax Foundation is a non-profit, non-partisan organization that researches the tax burden in each state. The Tax Foundation begins their calculations with the gross revenue collections from the Internal Revenue Service, but the Tax Foundation also accounts for the discrepancy between the tax burden and tax collections described above. The Tax Foundation has developed a tax incidence model which explicitly apportions the federal tax burden among the states.”⁴⁴ Because the Tax Foundation model distributes the burden of taxes across states, it is the most accurate measure of payments to the federal government from the state. However, the Tax Foundation data is available only for a few select years and we do not have access to their model to assess how they calculated their numbers for Alaska.

4. The Taubman Center for State and Local Government

The Taubman Center for State and Local Government publishes The Federal Budget and the States, an annual report that lists the amount of federal expenditures and the tax burden for each state. The Taubman Center bases their estimates of the tax incidence by state on data published by the Tax Foundation or provided by staff from the Tax Foundation.⁴⁵ The Taubman Center reports that the Tax Foundation model adjusts income, payroll, and corporate taxes to account for the taxpayers’ place of residence. The Taubman Center notes that these figures from the Tax Foundation include all *taxes* paid including individual and corporate income taxes, social insurance taxes, excise taxes, estate and gift taxes, and customs duties. According to the Taubman Center, the Tax Foundation figures do not include “miscellaneous receipts” which are mostly deposits of earnings by the Federal Reserve System. Furthermore, the Taubman Center estimates do not include contributions to retirement by federal employees.⁴⁶

The Taubman Center makes two additional adjustments to the Tax Foundation estimates of tax receipts. The first adjustment is necessary because when there is a federal deficit, actual expenditures exceed the amount of revenues collected. To account for this discrepancy, the Taubman Center “proportionally increase or decrease each state’s taxes so that total taxes paid is equal to the total allocable domestic expenditures.”⁴⁷ In effect, the Taubman Center assumes that any budget deficit is actually paid for in the *current* year instead of being paid off in the future. Second, the Taubman Center adjusts for the regional costs of living differences across states. They construct cost of living indices for each state and adjust their estimates of tax revenues for these regional cost variations.

⁴⁴ Tax Foundation, “Special Report No. 124: Federal Tax Burdens and Expenditures by State,” July 2003.

⁴⁵ Herman Leonard and Jay Walder, “The Federal Budget and the States, Fiscal Year 1999,” Taubman Center for State and Local Government and John F. Kennedy School of Government, p 109.

⁴⁶ Ibid. p. 111.

⁴⁷ Ibid. p. 111.

5. US Treasury Department

All of these sources rely on the *Monthly Treasury Statement of Receipts and Outlays of the United States Government* from the US Treasury Department. The published Monthly Treasury Statement documents list the total receipts by type for the nation as a whole, but they do not provide detail for each state. The Tax Foundation likely request special data files not included in the published reports. We do not have access to these special printouts and cannot use them to verify the Taubman Center or Tax Foundation calculations.

D. Federal Employment Data Sources

There are four different sources of data about federal government employment, personnel, and payroll in Alaska: 1) Alaska Department of Labor Research and Analysis Section, 2) Department of Defense, 3) Consolidated Federal Funds Reports, and 4) ISER MAP Model. Each source relies on slightly different methods and provides alternative estimates of different components of federal employment and personnel.

1. Alaska Department of Labor

The Alaska Department of Labor Research and Analysis Section publishes estimates of total federal government employment and payroll in their quarterly *Employment and Earnings* reports for Alaska for 1961 through 2002 (<http://almis.labor.state.ak.us/>). They derive their estimates from “quarterly federal agency reports made in connection with the state-administered program for unemployed federal workers and from supplemental data gathered by Research and Analysis staff to augment the quarterly collection of employment and payroll data.”⁴⁸ The Department of Labor publications provide estimates of total active duty military employment and total federal civilian employment. Their estimate of federal civilian employment includes *both* civilian jobs of the Department of Defense *and* civilian jobs in other federal agencies.

In addition to their quarterly estimates of employment and earnings, the Alaska Department of Labor also periodically publishes additional details about particular industries in their monthly publication, *Alaska Economic Trends*. In their article “The Federal Government in Alaska,” in *Alaska Economic Trends*, February 2002, the Department of Labor provides estimates of federal civilian employment in all civilian agencies excluding the Department of Defense and the Coast Guard for 1990, 1995, and 2000.

The Alaska Department of Labor employment estimates are the average number of full-time-equivalent (FTE) jobs in each month. These counts of FTE jobs are different from the number of *employees* for two reasons. First, some employees work part time; so, they are employed for only a portion of one FTE job. As a result, the estimates of the number of part time *employees* would be lower than the number of FTE *jobs*. Second, as

⁴⁸ Alaska Department of Labor Research and Analysis Section.

employees are hired or leave a job, there is turnover within the same job. Several different employees may fill the same job in a particular month if there is turnover. As a result, the number of FTE jobs would be lower than the total number of employees in a particular month.

2. Department of Defense

The Department of Defense Directorate for Information Operations and Reports publishes *The Department of Defense Atlas and Statistical Abstract* <http://web1.whs.osd.mil/>. This publication tabulates data from internal reporting systems within the Department of Defense. This publication includes estimates of the number of active duty military *personnel* for each state and for each branch of the service from 1953 through 2002. This *Statistical Abstract* also includes summaries of Department of Defense civilian employees, number of reserve personnel, and the number of National Guard personnel in each state from 1994 through 2002.

Notably, these counts of personnel are different from the counts of jobs. Most significantly, many of the reserve personnel and National Guard personnel work only part of the year so the count of reserve personnel is much higher than the count of full-time-equivalent reserve jobs. In addition, there is turnover among active duty military as different employees fill the same position. Therefore, the number of active duty *jobs* is different from the number of *personnel* filling those jobs.

The Department of Defense also provides estimates of total personnel in the US Coast Guard, even though the Coast Guard is technically part of the US Department of Transportation. The Department of Defense Public Outreach Facts and Figures sheet for Alaska (<http://www.defenselink.mil/specials/outreachpublic/ak.html>) reports that there are 2,766 Coast Guard personnel in Alaska in 2002. This estimate includes both active duty and civilian employees.

The Consolidated Federal Funds Reports includes the wages and salaries paid to these Coast Guard employees in the US Department of Transportation total. There is not sufficient detail available in the CFFR to separately measure the wages and salaries paid to Coast Guard personnel. In order to be consistent with the Consolidated Federal Funds Reports, we have included all of these Coast Guard personnel in the “civilian industry.”

3. Consolidated Federal Funds Reports

The Consolidated Federal Funds Reports do not provide estimates of federal employment. However, these reports do have estimates of wages and salaries paid for each federal agency from 1993 to 2002. Before 1993, the reports have only wage and salary estimates for the Department of Defense, the US Postal Service, and all other civilian agencies combined. For 1983 to 2002, the reports provide a breakdown of wages and salaries paid for each branch of the Defense Department. In addition, the reports include estimates of the wages and salaries paid to active duty military, civilian employees of the Department of Defense, and inactive Department of Defense personnel.

4. ISER MAP Database

The ISER MAP Model is based on a collection of data from many different sources -- including data from the Alaska Department of Labor, Consolidated Federal Funds Reports, and many other sources. The ISER MAP Model is a structural model of the Alaska economy that calculates the total number of jobs attributable to each basic industry, including the federal government. The ISER MAP model provided estimates of direct, indirect, and total federal employment in 2002 for this report.

5. Comparison of Estimates

Table A-2 lists the available data for federal government employment from these different sources. For this report, we used several different estimates from this table. We relied on estimates of total federal employment from Alaska Department of Labor in Section II of this report. We used total active duty military from the Alaska Department of Labor in Section III.D.1.

To estimate total Defense Department civilian employment we considered two different methods. First, the Defense Department estimate of civilian *personnel* was about 4,200 in 2002 (line f in Table A-2). This estimate of personnel may overstate the number of full time equivalent jobs due to worker turnover and part time workers. Second, the Alaska Department of Labor estimate of federal civilian personnel (line a) minus the Alaska DOL estimate of civilian personnel excluding Defense Department and Coast Guard in 2000 (line b) plus the Department of Defense estimate of Coast Guard (line g) is about 3,977 (line e). This estimate may understate total Defense Department civilian employment since we have subtracted the number of Coast Guard personnel. This estimate of Coast Guard personnel may overstate the number of Coast Guard FTE *jobs* due to part-time workers and worker turnover. Based on these two approximations of Defense Department civilian personnel (line e and line f in Table A-2), we estimate Defense Department civilian employment at about 4,000.

To estimate total employment in all civilian agencies we used the Alaska Department of Labor estimate of total federal civilian employment excluding Department of Defense and Coast Guard in 2000 (10,396 jobs, line b in Table A-2). To this number, we added the Department of Defense estimate of Coast Guard personnel in 2002 (2,766, line g in Table A-2). Based on this approximation, our estimate of employment in federal civilian agencies, including the Coast Guard is about 13,000 (line c in Table A-2).

Table A-2: Estimates of Federal Government Employment or Personnel in Alaska

Source	Alternative Measures of Employment (thousands of jobs), Personnel (thousands of employees), or Payroll (millions of 2002 dollars)	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Alaska Department of Labor														
	Federal Civilian Employment													
<i>line a</i>	Total Civilian Federal Employment*	18.729	18.922	19.558	19.997	18.741	17.576	17.322	17.341	17.175	16.829	17.139	16.815	16.761
<i>line b</i>	Civilian excluding Defense Department and Coast Guard**	10.526					10.494					10.396		
<i>line c</i>	Civilian excluding Defense Department, but including Coast Guard***	NA					NA					13.162		
<i>line d</i>	Civilian employees of Defense Department and Coast Guard****	8.203					7.082					6.743		
<i>line e</i>	Civilian employees of Defense Department, but excluding Coast Guard*****	NA					NA					3.977		
	Active Duty Military*	23.132	25.139	24.46	24.355	20.119	19.036	18.974	18.054	18.02	18.684	17.614		
	Total Federal Government*	41.861	44.061	44.018	44.352	38.86	36.612	36.296	35.395	35.195	35.513	34.753		
	Total Alaska Economy Employment*	236.227	241.024	245.845	251.216	256.829	259.771	261.484	266.112	271.907	274.57	280.664	287.941	292.286
Department of Defense Statistical Abstract and Atlas														
	Active Duty Military Personnel Strengths by Region	21.517	22.574	22.208	22.015	19.049	17.009	16.661	16.069	16.351	15.714			
	Defense Department Personnel reported in Alaska summary sheets													
<i>line f</i>	Active Duty Military personnel					19.046	17.771	16.625	16.069	16.351	15.684	15.784	15.911	15.906
	Civilian personnel					4.664	4.469	4.373	4.689	4.017	4.247	4.542	4.439	4.204
	Reserve and National Guard personnel					7.961	7.327	6.911	6.92	6.275	5.566	5.696	5.258	5.705
	Total Department of Defense personnel					31.671	29.567	27.909	27.678	26.643	25.497	26.022	25.608	25.815
Department of Defense Public Outreach Web Site														
<i>line g</i>	Total Coast Guard Personnel (part of US Department of Transportation*****)													2.766
ISER MAP Model														
	Direct Total employment													38.000
	Indirect State Government employment													3.000
	Indirect Other employment													55.000
	Total employment attributable to federal spending													96.000
	Total Alaska Economy employment													292.000
Consolidated Federal Funds Reports														
	Civilian Wages and Salaries Millions of Constant 2002 Dollars	\$552	\$585	\$621	\$645	\$614	\$601	\$591	\$586	\$608	\$600	\$645	\$624	\$649
	Defense Wages and Salaries Millions of Constant 2002 Dollars													
	Total	\$1,099	\$1,041	\$1,334	\$1,299	\$988	\$864	\$880	\$817	\$773	\$756	\$769	\$817	\$850
	Active Duty Military	\$807	\$765	\$1,085	\$1,042	\$710	\$615	\$671	\$547	\$573	\$556	\$561	\$612	\$636
	Civilian	\$240	\$235	\$227	\$232	\$241	\$209	\$192	\$189	\$174	\$173	\$183	\$176	\$168
	Inactive	\$52	\$40	\$23	\$24	\$37	\$40	\$17	\$81	\$26	\$27	\$26	\$29	\$45

Source: * Total Employment in Alaska Economy, Total Federal Employment, Total Active Duty Military are all from Alaska Department of Labor Employment and Earnings reports and. * Line a: Total Civilian Federal Employment are all from Alaska Department of Labor *Employment and Earnings* reports and includes both Department of Defense and Civilian Agency civilian Employment. ** Line b: Civilian Federal Employment excluding Defense Department and Coast Guard is from Fried and Windisch-Cole (2002), "The Federal Government in ALaska, *Alaska Economic Trends*, February 2002. Department of Defense Statistical Abstract and Atlas, ISER MAP Model, and Consolidated Federal Funds Reports. *** Line c: Civilian excluding Defense Department, but including Coast Guard is Line b + Line g. **** Line d: Civilian employees of Defense Department and Coast Guard is Line a minus Line b. ***** Line e: Civilian employees of Defense Department, but excluding Coast Guard is Line b minus Line g. ***** Line g: Coast Guard Personnel is from Defense Department Outreach at <http://www.defenselink.mil/specials/outreachpublic/ak.html>. Coast Guard Personnel are technically not part of the Defense Department. The CFFR includes the wages and salaries for Coast Guard personnel in the wage and salary spending by the US Department of Transportation. Coast Guard Personnel include both active duty and civilian employees.

Appendix B: Detailed Procurement Tables

Table B-1: Total Value of Federal Procurement Contract Awards to Companies Headquartered in Alaska and Companies with Contracts Performed in Alaska in 2001 (Thousands of Dollars)							
Type	Category	Name	City	State	Contracts performed in Alaska	Contracts performed Outside Alaska	Contracts performed World Wide
Headquartered in Alaska with Contracts performed inside Alaska							
	Construction	Watterson Construction Co	Anchorage	AK	\$13,077	\$0	\$13,077
	Construction	Alaska Mechanical Inc	Anchorage	AK	\$13,033	\$0	\$13,033
	Construction	Cornerstone Construction Company	Anchorage	AK	\$10,222	\$0	\$10,222
	Construction	American Mechanical Inc	Fairbanks	AK	\$9,485	\$0	\$9,485
	Construction	Southeast Road Builders Inc	Haines	AK	\$7,822	\$0	\$7,822
	Construction	Alaska Road Boring Company	Anchorage	AK	\$7,129	\$0	\$7,129
	Construction	Davis Constructors & Engineers	Anchorage	AK	\$7,066	\$0	\$7,066
	Construction	Weldin Construction Inc	Palmer	AK	\$6,304	\$2,014	\$8,318
	Construction	Jay-Brant General Contractors	Homer	AK	\$5,689	\$0	\$5,689
	Native Corporation	Arctic Slope Regional Corporation	Barrow	AK	\$87,348	\$44,447	\$131,795
	Native Corporation	Chugach Alaska Corporation	Anchorage	AK	\$47,216	\$127,430	\$174,646
	Native Corporation	Bristol Bay Native Corporation	Anchorage	AK	\$38,141	\$16,442	\$54,583
	Native Corporation	Choggiung Limited	Dillingham	AK	\$24,705	\$0	\$24,705
	Native Corporation	Unit/Kanaj'Iq Joint Venture	Anchorage	AK	\$15,399	\$0	\$15,399
	Native Corporation	The Aleut Corporation	Anchorage	AK	\$12,262	\$26,393	\$38,655
	Native Corporation	Chenega Corporation	Anchorage	AK	\$9,150	\$18,169	\$27,319
	Native Corporation	Ahtna Incorporated	Glennallen	AK	\$6,259	\$15,778	\$22,037
	Native Corporation	Tikigaq Corporation	Point Hope	AK	\$5,159	\$0	\$5,159
	Other	Arctec Alaska Jv	Anchorage	AK	\$27,906	\$0	\$27,906
	Other	Alcan General, Inc	Anchorage	AK	\$21,926	\$0	\$21,926
	Other	Ghemm Company Inc	Fairbanks	AK	\$19,758	\$0	\$19,758
	Other	University Of Alaska	Fairbanks	AK	\$14,019	\$45	\$14,064
	Other	Cdc/Tag Joint Venture	Fairbanks	AK	\$9,902	\$0	\$9,902
	Other	Harbor Enterprises Inc	Seward	AK	\$8,085	\$0	\$8,085
	Other	F & R Inc	Kodiak	AK	\$7,760	\$0	\$7,760
	Other	Aglaq/Conam Jv	Anchorage	AK	\$7,481	\$0	\$7,481
	Other	Cys Management Services Inc	Wasilla	AK	\$7,398	\$0	\$7,398
	Other	Nanook Power	Elmendorf AFB	AK	\$5,052	\$0	\$5,052
	Other	The Reeve Corporation	Anchorage	AK	\$4,444	\$0	\$4,444
	Other	Summit Alaska Inc	Anchorage	AK	\$4,307	\$4,307	\$4,307
	Other	Foster, Michael L & Associates	Eagle River	AK	\$4,274	\$0	\$4,274
Headquartered in Alaska with Contracts performed Outside Alaska							
	Construction	Hamilton Construction Llc	Skagway	AK	\$0	\$3,969	\$3,969
	Native Corporation	Ahtna Government Services Inc	Anchorage	AK	\$0	\$13,742	\$13,742
	Native Corporation	Bethel Native Corporation	Bethel	AK	\$0	\$4,718	\$4,718
	Native Corporation	Calista Corporation	Anchorage	AK	\$0	\$9,311	\$9,311
	Native Corporation	Chugach Management Services, J	Anchorage	AK	\$0	\$33,016	\$33,016
	Native Corporation	Klukwan Inc	Juneau	AK	\$0	\$14,864	\$14,864
	Native Corporation	Koniag Inc	Anchorage	AK	\$0	\$8,169	\$8,169
	Native Corporation	Nana Regional Corporation Inc	Anchorage	AK	\$0	\$49,621	\$49,621

**Table B-1: Total Value of Federal Procurement Contract Awards to Companies Headquartered in Alaska and Companies with Contracts Performed in Alaska in 2001
(Thousands of Dollars)**

Type	Category	Name	City	State	Contracts performed in Alaska	Contracts performed Outside Alaska	Contracts performed World Wide
Headquartered in Alaska with Contracts performed Outside Alaska (Continued)							
	Native Corporation	Ukpeagvik Inupiat Corporation	Barrow	AK	\$0	\$9,964	\$9,964
	Other	Alaska Industrial Resources In	Anchorage	AK	\$0	\$4,376	\$4,376
	Other	Assets Inc	Anchorage	AK	\$0	\$3,936	\$3,936
	Other	Dataflow/Alaska Inc	Anchorage	AK	\$0	\$3,491	\$3,491
	Other	G B C Inc	Fairbanks	AK	\$0	\$3,441	\$3,441
	Other	Microware Inc	Anchorage	AK	\$0	\$3,621	\$3,621
	Other	Omni Computer Center, Inc	Palmer	AK	\$0	\$14,159	\$14,159
	Other	Redi Electric Inc	Anchorage	AK	\$0	\$3,710	\$3,710
	Other	Saltwater Inc	Anchorage	AK	\$0	\$3,633	\$3,633
	Other	Tanadgusix Corporation	Anchorage	AK	\$0	\$4,723	\$4,723
	Other	Tfab Huntsville, Llc	Anchorage	AK	\$0	\$3,743	\$3,743
Headquartered Outside Alaska with Contracts to perform in Alaska							
	Construction	Jacobs Engineering Group Inc	Pasadena	CA	\$32,285	NA	NA
	Construction	Osborne Construction Company I	Kirkland	WA	\$23,580	NA	NA
	Construction	Western Marine Construction In	Seattle	WA	\$5,264	NA	NA
	Other	Arctec Services Jv	Co. Springs	CO	\$38,771	NA	NA
	Other	Crowley Maritime Corporation	Oakland	CA	\$26,105	NA	NA
	Other	Lynden Inc	Seattle	WA	\$24,608	NA	NA
	Other	Halliburton Company	Dallas	TX	\$23,897	NA	NA
	Other	Lockheed Martin Corporation	Bethesda	MD	\$18,318	NA	NA
	Other	Aurora Power Resources Inc	Houston	TX	\$14,577	NA	NA
	Other	Harris Corporation	Melbourne	FL	\$8,410	NA	NA
	Other	URS Corporation	San Francisco	CA	\$8,274	NA	NA
	Other	Northland Holdings Inc	Seattle	WA	\$7,841	NA	NA
	Other	Environmental Chemical Corpora	Burlingame	CA	\$7,571	NA	NA
	Other	American Management Systems, I	Fairfax	VA	\$7,434	NA	NA
	Other	A T & T Corp	Basking Ridge	NJ	\$6,983	NA	NA
	Other	Saltchuk Resources Inc	Seattle	WA	\$6,081	NA	NA
	Other	Booz Allen & Hamilton Inc	Mc Lean	VA	\$5,858	NA	NA
	Other	Rowan Companies Inc	Houston	TX	\$5,614	NA	NA
	Other	Kelly-Ryan Inc	Seattle	WA	\$4,670	NA	NA

Source: Federal Procurement Data System, US General Services Administration

This list includes only the top 50 companies with procurement contracts to perform in Alaska and top 50 companies headquartered in Alaska with procurement contracts for anywhere in the world. These estimates in some cases are different from the totals reported in summaries reported by the Federal Procurement Data System.

APPENDIX C: Variation across Census Areas

As discussed in Appendix A, Consolidated Federal Funds Reports allocates about 94% of total federal expenditures to boroughs and census areas in the state. In this report, we have used this allocation to estimate the level of spending in urban and rural areas of the state. A more detailed analysis of federal expenditures reveals substantial variation in spending across boroughs and census areas over time. Some boroughs and census areas receive as much as \$20,000 per capita and others receive less than \$5,000 (Table C-1 and Figure C-1). When compared to personal income in census areas and boroughs, federal spending contributes as much as 80% of income in some boroughs and less than 20% in other boroughs (Figure C-2).

A. Components of Spending

These variations in per capita spending are partially explainable by the variation in the types of spending going to different areas of the state. Each Census Area and borough receives very different compositions of federal spending (Figure C-3). While most boroughs receive fifty percent or less of their funding from direct payments and wages and salaries, the contribution of grants and procurement varies dramatically across regions of the state.

Most boroughs and census areas receive \$2,000 to \$3,000 per capita in **direct payments** (Figure C-4). Some areas, such as Yakutat, Kodiak, Denali Borough, and Aleutians West receive less than the state average. Dillingham and Bristol Bay Census Area receive more than the state average because of federal direct payments for disaster relief.

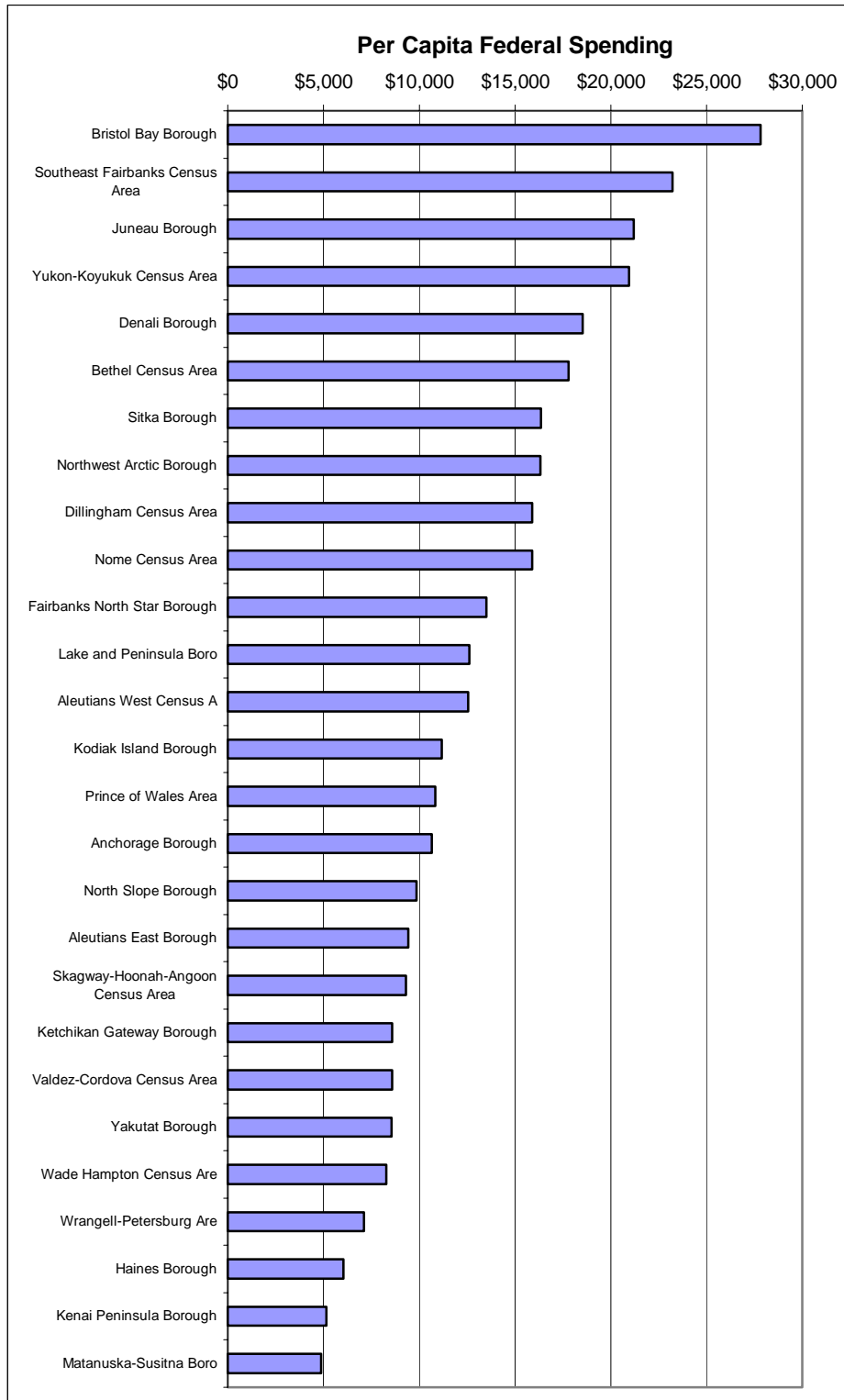
Figure C-5 shows the variation in **wages and salaries** per capita going to different regions of the state. Anchorage and Fairbanks receive more per capita because of the concentration of military bases and federal offices in these boroughs. The Denali Borough receives substantially more *per capita* than other boroughs because of the federal employees working at Denali National Park within this borough.

Procurement spending per capita is highest in boroughs that provide energy products for military bases (Figure C-6). The military buys large amounts of refined petroleum products from the refineries at North Pole in the Southeast Fairbanks Borough. In addition, the military buys coal from the Usibelli Mine near Healy within the Denali Borough.

The highest **formula grant** spending per capita goes to areas of the state with school districts receiving “impact aid” for operating and maintaining schools. (Figure C-7). **Project grant** spending per capita varies substantially year to year as construction projects start and end. The highest per capita program grant amounts shown in Figure C-8 are for regions with airport improvement programs, Indian Health Service projects, or highway construction projects.

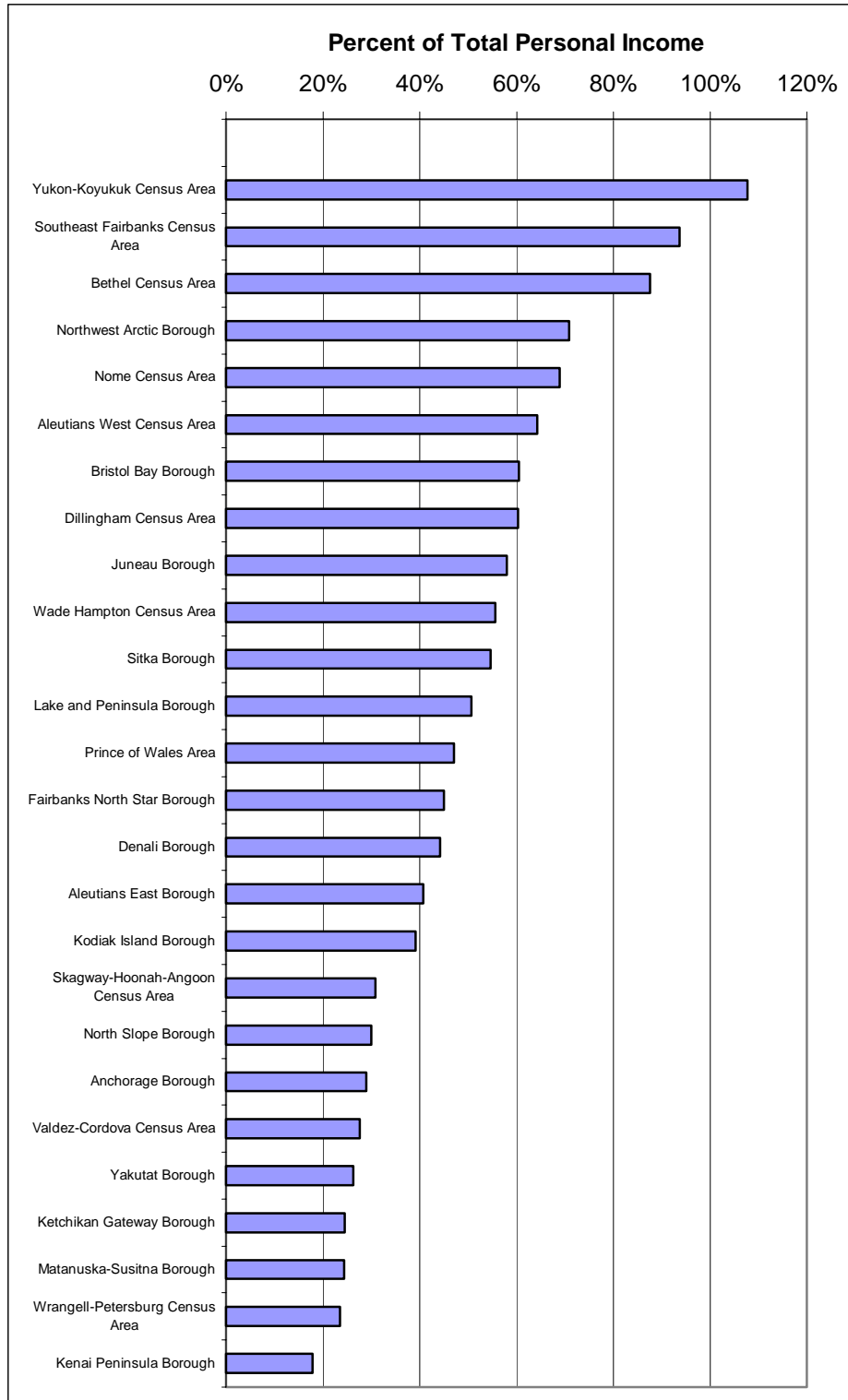
Table C-1: Per Capita Spending in Boroughs and Census Areas of Alaska in 2002	
Borough or Census Area	Amount in 2002
Aleutians East Borough	\$9,431
Aleutians West Census Area	\$12,557
Anchorage Borough	\$10,641
Bethel Census Area	\$17,799
Bristol Bay Borough	\$27,825
Denali Borough	\$18,536
Dillingham Census Area	\$15,899
Fairbanks North Star Borough	\$13,503
Haines Borough	\$6,036
Juneau Borough	\$17,051
Kenai Peninsula Borough	\$5,149
Ketchikan Gateway Borough	\$8,590
Kodiak Island Borough	\$11,179
Lake and Peninsula Borough	\$12,620
Matanuska-Susitna Borough	\$4,865
Nome Census Area	\$15,895
North Slope Borough	\$9,851
Northwest Arctic Borough	\$16,313
Prince of Wales Area	\$10,823
Sitka Borough	\$16,346
Skagway-Hoonah-Angoon Census Area	\$9,310
Southeast Fairbanks Census Area	\$23,219
Valdez-Cordova Census Area	\$8,579
Wade Hampton Census Area	\$8,291
Wrangell-Petersburg Census Area	\$7,104
Yakutat Borough	\$8,563
Yukon-Koyukuk Census Area	\$20,947
Undistributed to Borough or Census Area*	\$723
Statewide Average	\$11,752
Source: Consolidated Federal Funds Reports	
*Undistributed per capita amount is based on total state population.	

Figure C-1: Per Capita Federal Expenditures in 2002 in Alaska Census Areas and Boroughs



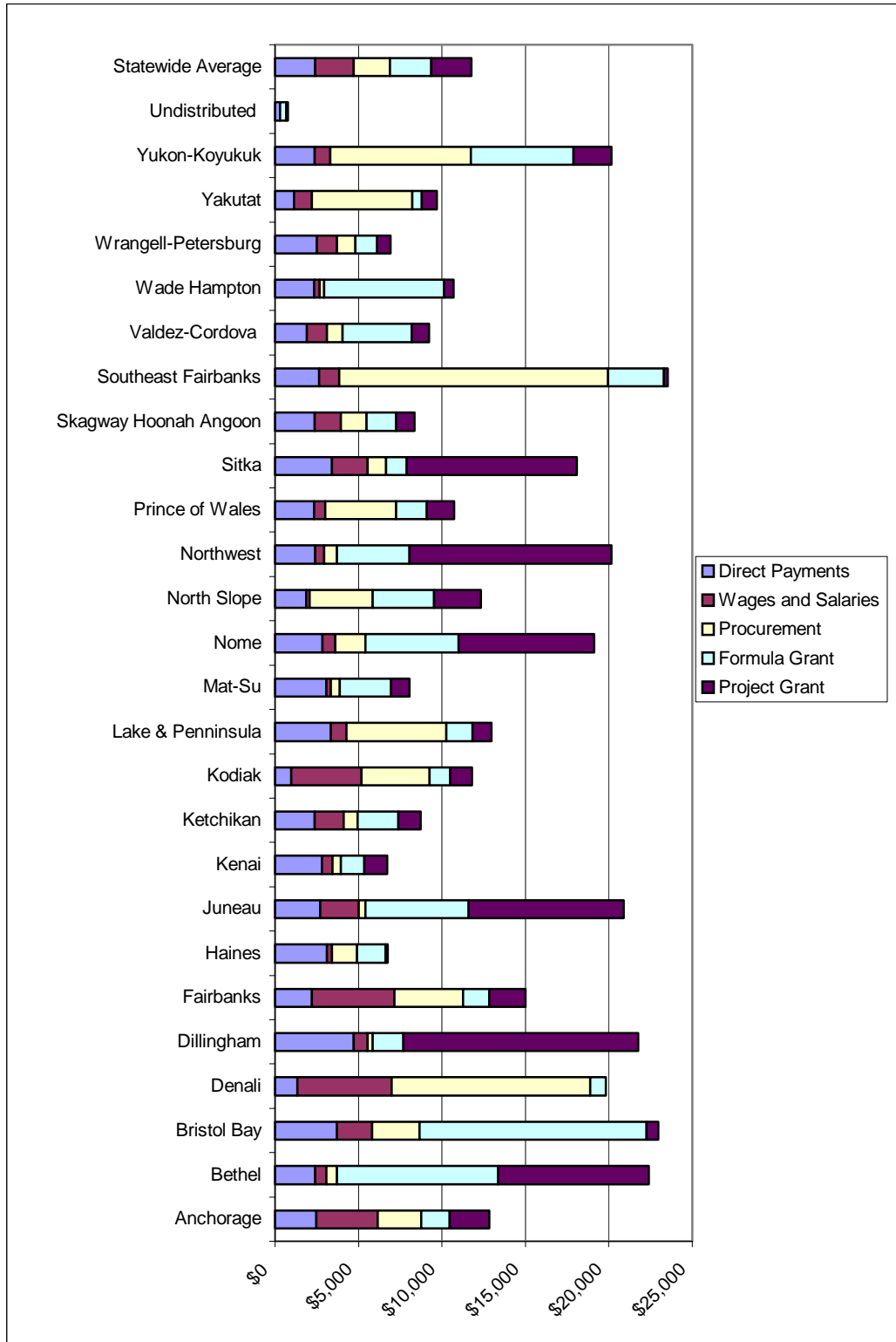
Source: Consolidated Federal Funds Reports, Bureau of Economic Analysis
 ISER spreadsheet source: Borough Fed Expenditures.XLS

Figure C-2: Federal Expenditures as percent of Personal Income in 2002 in Alaska Census Areas and Boroughs



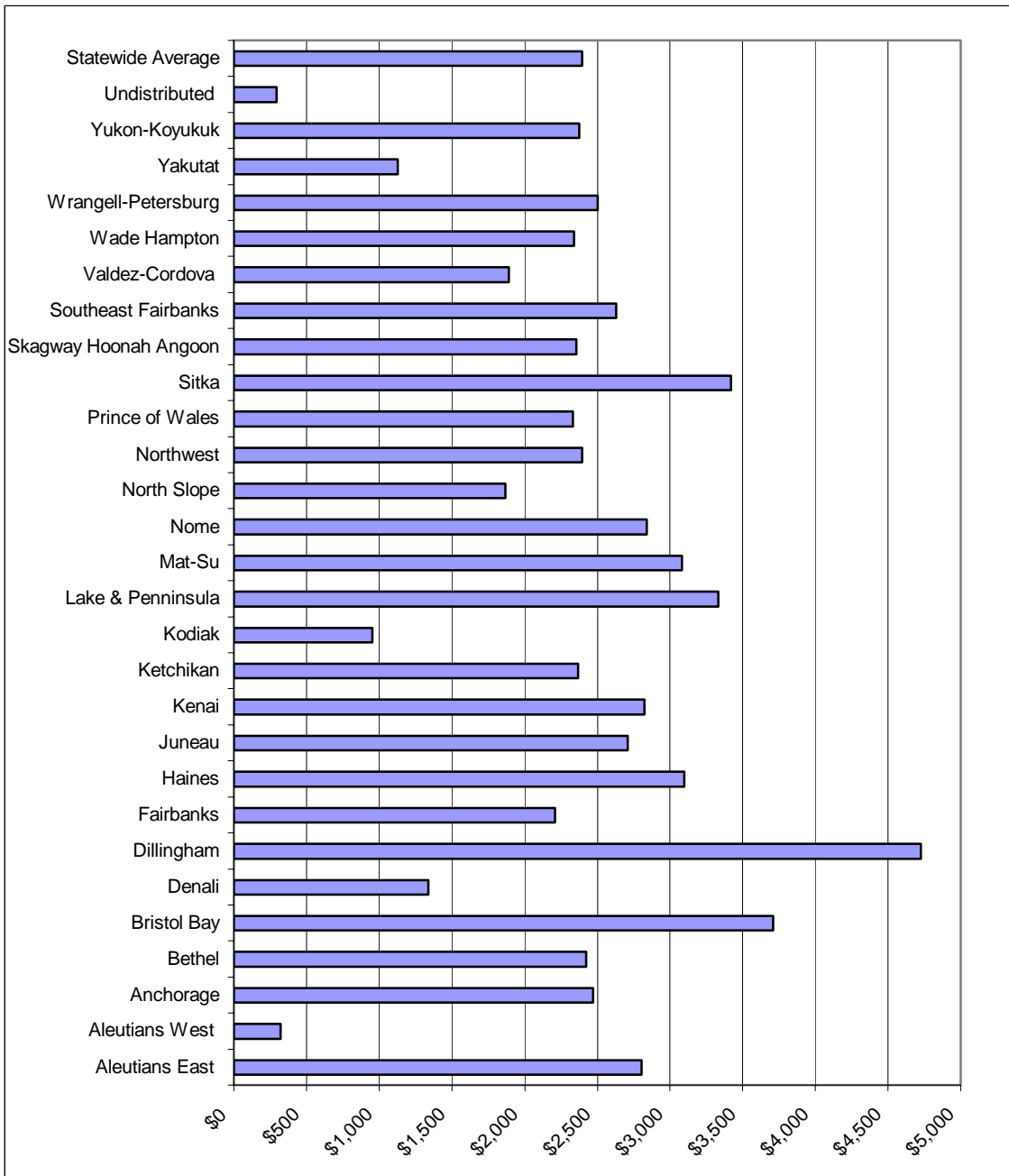
*Source: Consolidated Federal Funds Reports, Bureau of Economic Analysis
ISER spreadsheet source: Borough Fed Expenditures.XLS*

Figure C-3: Federal Expenditures as percent of Personal Income in 2002 in Alaska Census Areas and Boroughs



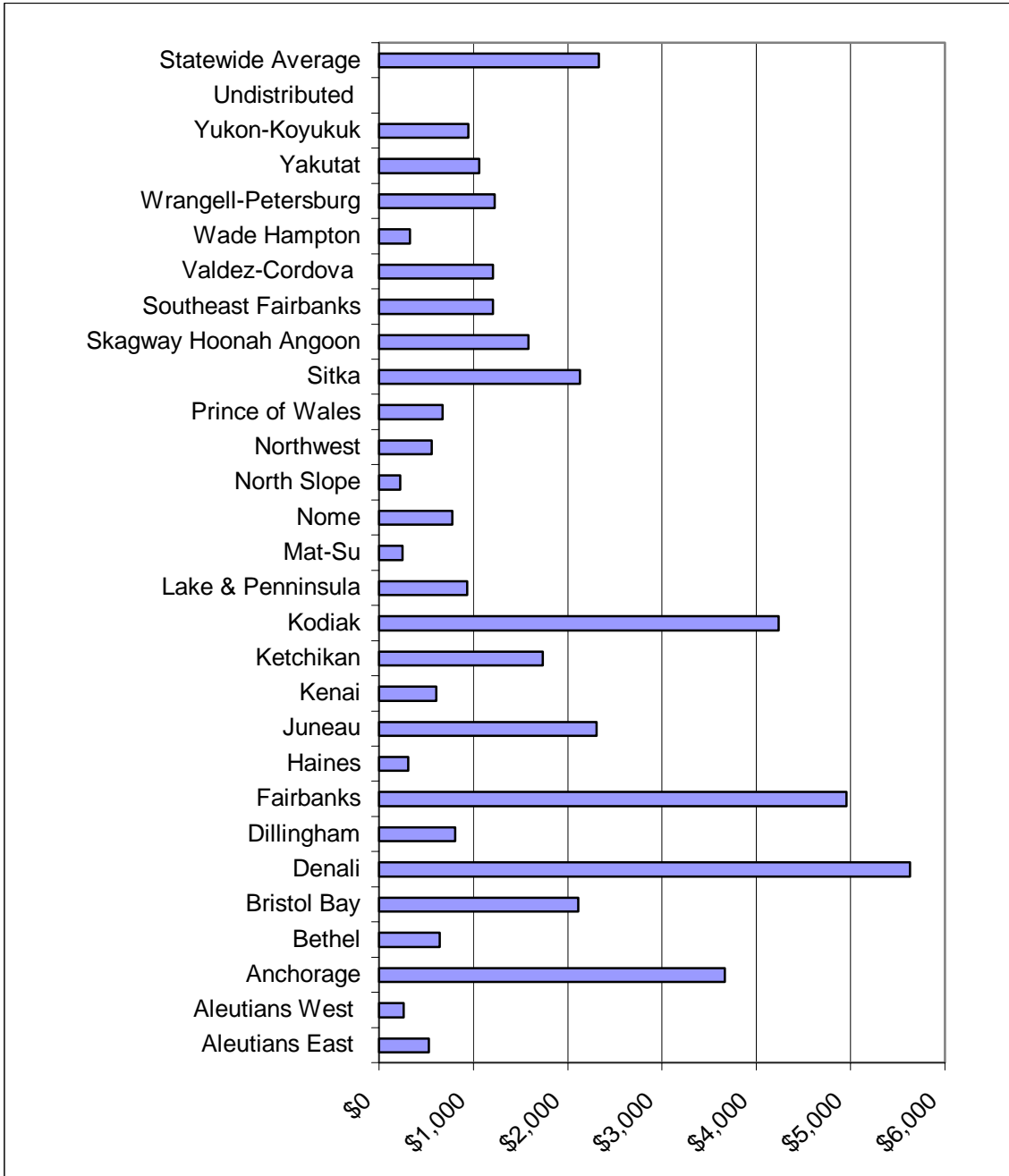
Source: Consolidated Federal Funds Reports, Bureau of Economic Analysis
 ISER spreadsheet source: Borough Fed Expenditures.XLS

Figure C-4: Federal Direct Payments per capita in 2002 in Alaska Census Areas and Boroughs



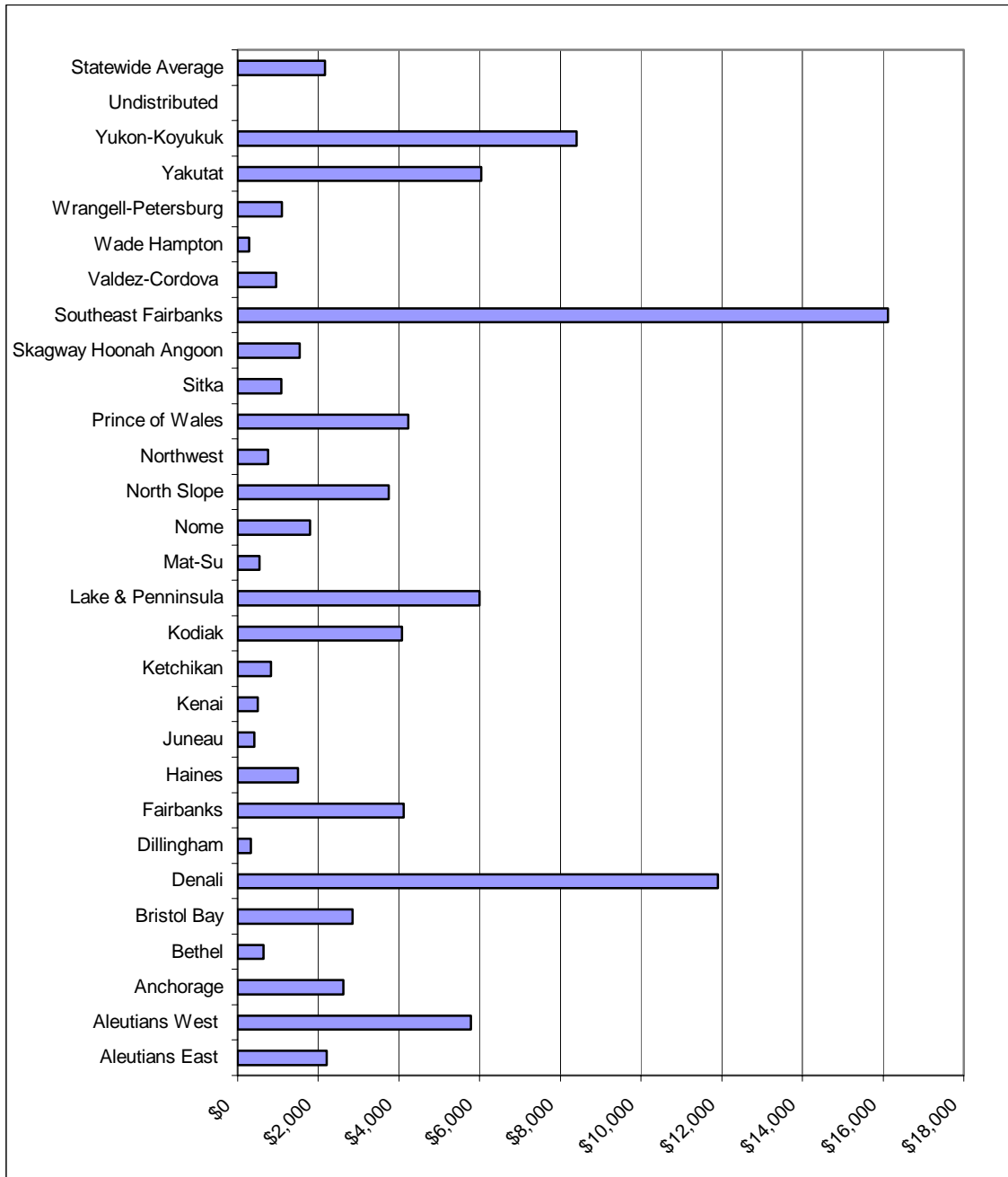
Source: Consolidated Federal Funds Reports, Bureau of Economic Analysis
 ISER spreadsheet source: Borough Fed Expenditures.XLS

Figure C-5: Federal Wages and Salaries in 2002 in Alaska Census Areas and Boroughs



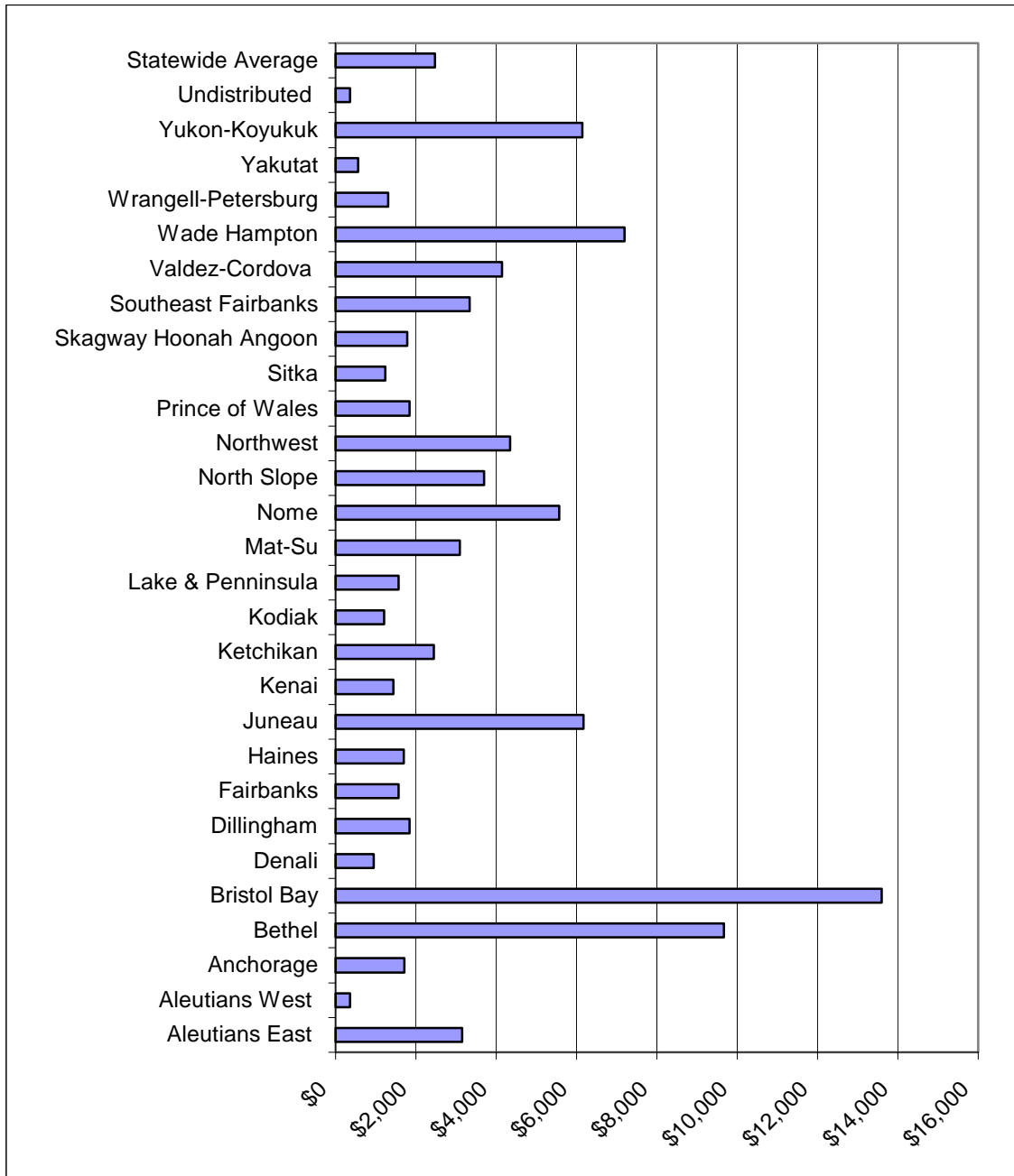
Source: Consolidated Federal Funds Reports, Bureau of Economic Analysis
 ISER spreadsheet source: Borough Fed Expenditures.XLS

**Figure C-6: Federal Procurement Spending per capita in 2002 in Alaska
Census Areas and Boroughs**



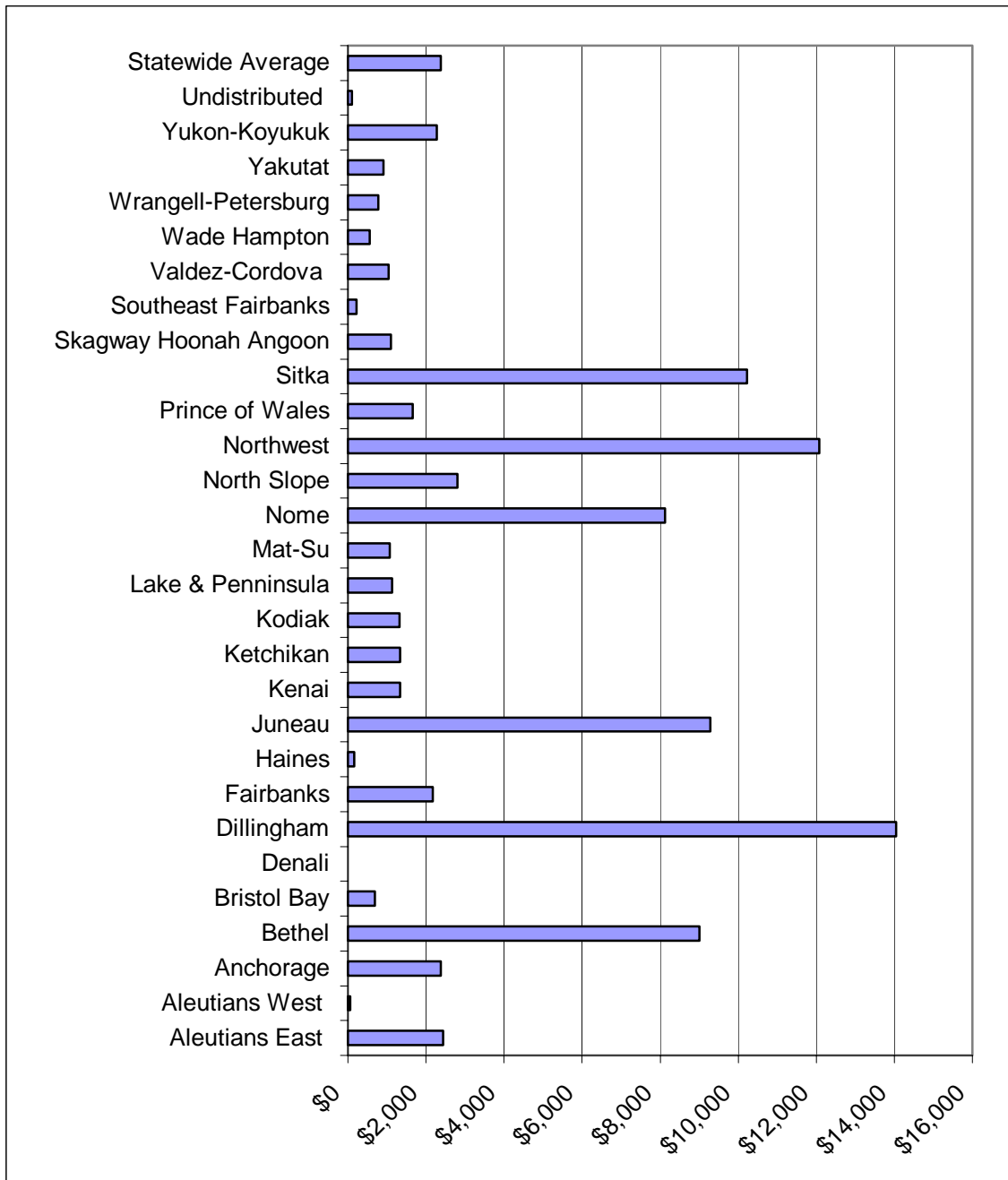
Source: Consolidated Federal Funds Reports, Bureau of Economic Analysis
ISER spreadsheet source: Borough Fed Expenditures.XLS

**Figure C-7: Federal Formula Grant Spending per capita in 2002 in Alaska
Census Areas and Boroughs**



Source: Consolidated Federal Funds Reports, Bureau of Economic Analysis
ISER spreadsheet source: Borough Fed Expenditures.XLS

**Figure C-8: Federal Project Grant Spending per capita in 2002 in Alaska
Census Areas and Boroughs**



Source: Consolidated Federal Funds Reports, Bureau of Economic Analysis
ISER spreadsheet source: Borough Fed Expenditures.XLS

B. Spending Not Allocated to Census Areas

The Consolidated Federal Funds Reports allocates many federal grants exclusively to Juneau Borough and no other borough or Census area in the state (Table C-2). Most of this federal spending allocated only to Juneau is formula grants to the state government for unemployment insurance, adoption assistance. Most of this grant spending does not remain in the Juneau Borough because the state government passes the funding to other recipients throughout the state.

Besides these grants allocated only to the Juneau Borough, the CFFR database also reports some grant programs as “statewide.” “Statewide” means that the CFFR has not assigned the funding to *any* borough or Census area (Table C-3). For these grant programs, the CFFR only reports funding for the state as a whole. Much of this “statewide” funding is grants to the state government for highway planning and construction, shared revenues with the state government, and the school lunch program. The state government distributes much of this “statewide” grant funding across all regions of the state.

The Consolidated Federal Funds Reports does not report how the state government distributes either these “statewide” grants or the grants allocated only to the Juneau Borough. We investigated alternative sources, including the *Census of State and Local Governments* and *Alaska State Audited Budgets*, in order to estimate how much of federal funds given to the state government are passed on to recipients in each borough and Census area. However, these sources do not provide the detailed information needed to estimate how the state government geographically distributes its federal funds receipts.

We have totaled the amount of each component of federal spending that the CFFR reported either as “statewide” (going to no particular borough) and federal spending that CFFR reported went exclusively to the Juneau Borough. For all charts and tables in Appendix C, we have labeled this amount as “undistributed.” For the federal spending levels for the Juneau Borough shown in all charts and tables in Appendix C, we have removed this “undistributed” funding in order to more accurately measure the actual amount of federal spending that actually remains in the Juneau Borough.

Table C.2: Federal Grant Spending that is Allocated Only to Juneau (Mostly Formula Grants that are Distributed Statewide)

Program Number	Name of Program	Amount in 2002
17.225	Unemployment Insurance	\$23,269,962
93.659	Adoption Assistance	\$12,086,432
93.658	Foster Care Title Iv E	\$11,047,201
66.468	Capitalization Grants For Drinking Water State Revolving Fund	\$8,052,500
66.458	Capitalization Grants For State Revolving Funds	\$7,959,400
84.011	Migrant Education Program-State Grant Program	\$6,855,461
17.207	Employment Service	\$6,475,381
93.045	Special Programs For The Aging-Title Iii, Part C-Nutrition Services	\$5,647,270
84.352	School Renovation Grants	\$5,483,750
93.044	Special Prog. For The Aging-Title Iii, Part B-Grants For Supportive Servc	\$3,558,662
20.509	Formula Grants For Other Than Urbanized Areas	\$3,050,431
84.186	Safe And Drug-Free Schools And Communities-State Grants	\$2,307,865
93.994	Maternal And Child Health Services Block Grant To The States	\$2,298,416
84.181	Special Education-Grants For Infants And Families With Disabilities	\$2,043,288
66.432	State Public Water System Supervision	\$2,011,100
84.298	Innovative Education Program Strategies	\$1,911,525
17.235	Senior Community Service Employment Program	\$1,894,813
93.917	Hiv Care Formula Grants	\$1,797,372
93.958	Block Grants For Community Mental Health Services	\$1,546,792
16.523	Juvenile Accountability Incentive Block Grants	\$1,334,800
93.603	Adoption Incentive Payments	\$1,316,344
84.173	Special Education-Preschool Grants	\$1,294,380
16.575	Crime Victim Assistance	\$1,281,000
84.213	Even Start - State Educational Agencies	\$1,127,500
93.674	Independent Living	\$1,000,000
20.600	State And Community Highway Safety	\$958,000
16.588	Violence Against Women Formula Grants	\$956,052
84.002	Adult Education-State Grant Program	\$891,728
84.332	Comprehensive School Reform Demonstration	\$817,148
16.540	Juvenile Justice And Delinquency Prevention Allocation To States	\$648,793
45.310	State Library Program	\$627,240
93.150	Projects For Assistance In Transition From Homelessness (Path)	\$600,000
17.804	Local Veterans Employment Representative Program	\$489,000
10.560	State Administrative Expenses For Child Nutrition	\$484,048
93.991	Preventive Health And Health Services Block Grant	\$473,764
93.591	Family Violence Prevention & Services/Grants For Battered Womens Shelt	\$469,658
66.471	State Grants To Reimburse Operators Of Small Water Systems For Trainin	\$425,600
84.243	Tech-Prep Education	\$343,107
16.576	Crime Victim Compensation	\$319,000
66.474	Water Protection Coordination Grants To States	\$300,800
84.169	Independent Living-State Grants	\$297,581
17.801	Disabled Veterans Outreach Program	\$252,000
84.013	Title I Program For Neglected And Delinquent Children	\$235,905
93.043	Special Prog. For The Aging-Title Iii, Part D-Disease Prevention & Health	\$210,568
93.669	Child Abuse And Neglect State Grants	\$206,748
66.419	Water Pollution Control-State And Interstate Program Support	\$198,384
93.643	Childrens Justice Grants To States	\$179,040
93.235	Abstinence Education	\$157,022
84.318	Technology Literacy Challenge Fund Grants	\$153,922
84.196	Education Of Homeless Children And Youth	\$150,000
93.042	Special Prog. For The Aging-Title Vii, Ch. 2 -Long Term Care Ombudsman	\$124,326
84.185	Robert C Byrd Honors Scholarships	\$108,000
66.454	Water Quality Management Planning	\$97,350
16.549	Part E-Share Challenge Activities	\$87,500
16.548	Title V-Delinquency Prevention Program	\$66,637
84.161	Rehabilitation Services-Client Assistance Program	\$60,099
20.515	State Planning And Research	\$58,520
84.331	Grants To States For Incarcerated Youth Offenders	\$56,292
93.041	Special Prog. For The Aging-Title Vii, Ch. 3-Prog For Prev Of Elder Abuse	\$52,252
93.571	Csbg Discretionary Awards-Community Food And Nutrition	\$30,000
20.219	Recreational Trails Program	\$3,038
Total		\$128,240,767

Source: Consolidated Federal Funds Reports

Table C.3: Federal Spending that is not Distributed to Borough or Census Area Level			
Type	Number	Name	Amount in 2002
Direct Payments	DO.200	Unemployment Compensation Benefit Payments	\$138,000,000
	DO.300	Federal Government Payments For Excess Earned Income Tax Credits	\$36,019,000
	64.101	Burial Expenses Allowance For Veterans	\$180,418
	DR.300	Retirement And Disability Payments-Coast Guard/Uniformed Employees	\$12,683,980
	DR.600	Retirement And Disability Payments--Noaa Commissioned Officer Corps	\$251,013
	DR.200	Federal Retirement And Disability Payments--Civilian	\$93,823
	DX.200	Federal Employee Life/Health Insurance Premium Payments--Employer Sh	\$1,886,928
	83.1	Flood Insurance	\$49,174
DX.400	Cash Management Initiative Act	\$14,000	
Grants	20.205	Highway Planning And Construction	\$74,561,624
	GG.500	Interior Dept--Shared Revenues With States (Includes Mineral Leasing Act)	\$15,679,000
	GG.500	Interior Dept--Shared Revenues With States (Includes Mineral Leasing Act)	\$9,086,000
	84.126	Rehabilitation Services-Vocational Rehabilitation Grants To States	\$8,227,957
	10.561	State Administrative Matching Grants For Food Stamp Program	\$7,742,728
	10.558	Child And Adult Care Food Program	\$6,545,506
	GG.600	Corporation For Public Broadcasting--Grants	\$5,908,000
	93.959	Block Grants For Prevention And Treatment Of Substance Abuse	\$3,859,949
	10.553	School Breakfast Program	\$3,168,115
	84.01	Title I Grants To Local Education Agencies	\$3,043,044
	GG.900	Assets Forfeiture Fund-Justice Department	\$1,131,000
	10.557	Special Supplemental Food Program For Women, Infants, And Children	\$1,065,292
	GG.460	Neighborhood Reinvestment	\$632,000
	10.57	Nutrition Services Incentive	\$410,964
	10.559	Summer Food Service Program For Children	\$335,784
	10.569	Emergency Food Assistance Program-Food Commodities	\$184,369
	19.401	Educational Exchange -University Lectures & Research Scholars	\$160,576
	19.411	Educational Exchange-Nis Secondary School Initiative	\$148,200
	84.069	Leveraging Educational Assistance Partnership	\$106,483
	10.568	Emergency Food Assistance Program-Administration Costs	\$101,717
	10.572	Wic Farmers Market Nutrition Program (Fmnp)	\$99,812
	19.4	Educational Exchange-Graduate Students (Fulbright Program)	\$55,058
	GG.700	State Justice Institute	\$51,000
	GG.901	Assets Forfeiture Fund-Treasury Department	\$34,000
	19.425	Benjamin Gilman International Scholarship	\$10,000
	19.407	Teacher Exchange-New Independent States (Nis)	\$7,951
	19.41	Educational Exchange-Congress Building Youth Exchange	\$7,456
10.556	Special Milk Program For Children	\$3,136	
Procurement	PC.200	Procurement Contracts--All Fed Govt Agencies Other Than Defense & Usp	\$856,292
Total			\$332,401,349

Source: Consolidated Federal Funds Reports

C. Spending in Census Areas over Time

Federal spending as a percent of personal income and federal spending per capita for each Census area has varied substantially over time (Tables C-4 and C-5). Historically, there are some notable patterns in federal spending going to different boroughs and Census areas:

- Historically, Anchorage and Fairbanks receive about the average amount of \$10,000 per capita representing about 30% to 40% of personal income. Both of these urban centers have two or more military bases at which the federal government makes substantial procurement and wage and salary expenditures. In addition, the Department of Interior and others have major administrative offices with many federal employees in Anchorage.
- Valdez-Cordova Census Area and Kodiak Island Borough both receive amounts of federal spending comparable to the state average. The amounts for both of these areas have grown during the 1990's.
- Over the past nineteen years, Kenai Peninsula Borough and the Mat-Su Borough have received amounts lower than the state average.
- Federal spending in most northern boroughs and census areas is highly variable over time. On average, over the past nineteen years, this region has received federal spending comparable to the state average. The increase in state spending in the Northwest Arctic borough from 1987 to 1989 may be attributable to a misallocation in the CFFR database.⁴⁹ We do not have sufficient information to verify or correct this possible error. The surge in spending in the Denali Borough came in the years close to the opening of the federally funded Healy Clean Coal project.
- Boroughs and census in Southwest Alaska receive the highest levels of per capita federal spending -- mostly in the form of transfer payments and grants to build basic infrastructure like schools, sanitation systems, and roads. In addition, there are substantial expenditures by the Bureau of Indian Affairs for the Indian Health Services Management Development Program in this area of the state.

⁴⁹ In 1987, the CFFR reports a substantial increase in federal funds (\$26.9 million) for the Food Stamp program in the Northwest Arctic Borough. The CFFR also reports \$24.6 million in "statewide" Food Stamp funding in 1986; then it reports zero funding for "statewide" funding for Food Stamps in 1987; and finally, \$26.7 million in "statewide" Food Stamp funding in 1988. It appears that the CFFR has misallocated the "statewide" Food Stamp funding to the Northwest Arctic Borough in 1987. In addition, the CFFR reports substantial increases in federal spending to the Northwest Arctic Borough for the Job Training Partnership Act (JTPA) for 1987 through 1989. Funding for the JTPA reported by the CFFR for the Northwest Arctic Borough jumped from zero in 1986 to \$8.5 million in 1987. The amounts reported by the CFFR for the JTPA for 1987 through 1989 in the Northwest Arctic Borough are comparable in magnitude to the amounts reported for "statewide" in 1986 (\$6.9 million) and 1990 (\$11.2 million). The CFFR reports zero "statewide" funding for the JTPA for 1987 through 1989. The CFFR may have misallocated the "statewide" funding for these two programs to the Northwest Arctic Borough.

- Census areas and boroughs in the Southeast region (other than Juneau) receive amounts below the state average. Most of these areas receive \$6,000 to \$8,000 per capita and only 20% to 30% of their personal income comes from federal expenditures.

Table C-4: Fed Expenditures as Percent of Personal Income

Census Area	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992
Aleutian Islands Census Area	77%	97%	140%	110%	91%	NA	NA	NA	NA	NA
Aleutians East Borough	NA	NA	NA	NA	NA	0%	3%	3%	1%	10%
Aleutians West Census Area	NA	NA	NA	NA	NA	0%	0%	0%	0%	52%
Anchorage Borough	17%	18%	16%	18%	19%	21%	21%	21%	23%	25%
Bethel Census Area	24%	28%	30%	32%	34%	33%	40%	39%	50%	64%
Bristol Bay Borough	67%	38%	38%	48%	60%	36%	39%	38%	55%	49%
Denali Borough	NA	NA	NA	NA	NA	NA	NA	NA	0%	111%
Dillingham Census Area	24%	25%	41%	15%	19%	38%	21%	26%	34%	50%
Fairbanks North Star Borough	20%	29%	28%	37%	47%	35%	42%	40%	40%	41%
Haines Borough	8%	11%	17%	10%	9%	8%	6%	9%	18%	18%
Juneau Borough	63%	40%	35%	28%	32%	35%	33%	35%	33%	28%
Kenai Peninsula Borough	5%	8%	6%	10%	11%	10%	10%	9%	14%	11%
Ketchikan Gateway Borough	10%	13%	14%	13%	14%	13%	11%	12%	12%	17%
Kodiak Island Borough	15%	17%	17%	25%	17%	17%	9%	12%	16%	25%
Lake and Peninsula Borough	NA	NA	NA	NA	NA	NA	NA	NA	1%	1%
Matanuska-Susitna Borough	5%	8%	5%	10%	8%	9%	10%	13%	12%	14%
Nome Census Area	30%	42%	35%	46%	30%	42%	49%	50%	49%	53%
North Slope Borough	12%	14%	20%	20%	11%	9%	9%	11%	14%	26%
Northwest Arctic Borough	0%	0%	0%	0%	110%	78%	78%	36%	37%	44%
Prince of Wales Area	13%	23%	26%	28%	22%	24%	20%	18%	20%	28%
Sitka Borough	13%	14%	13%	15%	16%	13%	13%	16%	24%	27%
Skagway-Hoonah-Angoon Census Area	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Skagway-Yakutat-Angoon Census Area	30%	33%	41%	33%	14%	14%	14%	20%	18%	18%
Southeast Fairbanks Census Area	42%	65%	88%	68%	54%	69%	59%	42%	35%	31%
Valdez-Cordova Census Area	10%	15%	21%	16%	54%	9%	9%	15%	16%	27%
Wade Hampton Census Area	40%	31%	26%	28%	28%	32%	37%	31%	37%	39%
Wrangell-Petersburg Census Area	12%	21%	21%	16%	18%	8%	11%	12%	19%	17%
Yakutat Borough	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Yukon-Koyukuk Census Area	81%	91%	109%	95%	109%	90%	87%	85%	115%	61%
State Undistributed	3%	2%	3%	4%	2%	2%	3%	2%	3%	3%
Statewide Average	44%	48%	51%	51%	47%	40%	38%	35%	38%	39%

Source: Consolidated Federal Funds Report

Table C-4 (continued): Fed Expenditures as Percent of Personal Income

Census Area	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Aleutian Islands Census Area	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Aleutians East Borough	17%	27%	28%	50%	21%	32%	33%	36%	38%	41%
Aleutians West Census Area	58%	40%	42%	52%	87%	60%	56%	60%	62%	64%
Anchorage Borough	26%	25%	23%	22%	22%	22%	23%	25%	26%	29%
Bethel Census Area	69%	65%	49%	53%	49%	54%	65%	68%	66%	88%
Bristol Bay Borough	55%	70%	74%	52%	68%	56%	47%	47%	57%	61%
Denali Borough	75%	14%	16%	46%	40%	49%	33%	44%	20%	44%
Dillingham Census Area	49%	30%	26%	19%	25%	28%	43%	40%	33%	60%
Fairbanks North Star Borough	45%	37%	34%	35%	34%	34%	35%	39%	39%	45%
Haines Borough	14%	14%	14%	17%	17%	16%	30%	28%	21%	18%
Juneau Borough	31%	31%	35%	28%	34%	27%	36%	38%	43%	47%
Kenai Peninsula Borough	11%	12%	12%	15%	15%	13%	16%	14%	15%	18%
Ketchikan Gateway Borough	12%	13%	13%	15%	14%	20%	23%	22%	20%	24%
Kodiak Island Borough	30%	35%	33%	35%	34%	36%	39%	37%	38%	39%
Lake and Peninsula Borough	7%	15%	24%	20%	19%	18%	33%	33%	26%	51%
Matanuska-Susitna Borough	9%	12%	13%	16%	13%	13%	17%	15%	22%	24%
Nome Census Area	60%	49%	41%	34%	34%	41%	46%	39%	51%	69%
North Slope Borough	17%	29%	14%	18%	21%	20%	22%	21%	25%	30%
Northwest Arctic Borough	67%	42%	30%	28%	27%	34%	47%	45%	43%	71%
Prince of Wales Area	33%	23%	21%	25%	26%	24%	28%	28%	33%	47%
Sitka Borough	29%	27%	25%	19%	20%	24%	33%	35%	33%	55%
Skagway-Hoonah-Angoon Census Area	16%	24%	24%	20%	17%	22%	24%	21%	28%	31%
Skagway-Yakutat-Angoon Census Area	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Southeast Fairbanks Census Area	40%	39%	41%	37%	32%	50%	47%	45%	45%	94%
Valdez-Cordova Census Area	21%	21%	34%	26%	32%	25%	29%	39%	37%	28%
Wade Hampton Census Area	37%	41%	50%	44%	46%	40%	63%	57%	55%	56%
Wrangell-Petersburg Census Area	21%	18%	18%	22%	19%	23%	24%	30%	23%	24%
Yakutat Borough	1%	7%	5%	9%	8%	7%	24%	11%	11%	26%
Yukon-Koyukuk Census Area	63%	89%	70%	79%	78%	99%	106%	122%	103%	108%
State Undistributed	4%	4%	4%	3%	4%	4%	3%	4%	3%	3%
Statewide Average	43%	43%	40%	37%	37%	36%	37%	40%	41%	48%

Source: Consolidated Federal Funds Report

Table C-5: Real Per Capita Federal Spending (Constant 2002 Dollars)

Census Area	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992
Aleutian Islands Census Area	\$17,512	\$21,191	\$33,336	\$27,969	\$23,385	NA	NA	NA	NA	NA
Aleutians East Borough	NA	NA	NA	NA	NA	NA	\$722	\$775	\$240	\$3,288
Aleutians West Census Area	NA	NA	NA	NA	NA	NA	NA	NA	NA	\$15,128
Anchorage Borough	\$5,989	\$6,215	\$5,792	\$6,026	\$6,115	\$6,880	\$7,216	\$7,501	\$7,918	\$8,397
Bethel Census Area	\$4,377	\$4,651	\$5,164	\$5,660	\$6,044	\$6,067	\$7,358	\$7,348	\$9,235	\$11,803
Bristol Bay Borough	\$22,408	\$13,831	\$13,913	\$18,713	\$21,028	\$13,209	\$16,028	\$16,479	\$23,379	\$19,464
Denali Borough	NA	NA	NA	NA	NA	NA	NA	NA	\$17	\$30,464
Dillingham Census Area	\$4,808	\$4,674	\$9,286	\$3,442	\$4,065	\$9,880	\$5,252	\$8,810	\$9,407	\$13,522
Fairbanks North Star Borough	\$6,091	\$8,358	\$8,118	\$10,049	\$12,520	\$9,065	\$11,365	\$10,563	\$10,348	\$11,096
Haines Borough	\$2,172	\$3,078	\$4,638	\$3,384	\$3,453	\$3,424	\$2,846	\$3,237	\$5,979	\$5,602
Juneau Borough	\$22,715	\$13,900	\$12,187	\$9,236	\$10,559	\$12,257	\$12,098	\$12,637	\$11,862	\$10,207
Kenai Peninsula Borough	\$1,420	\$2,085	\$1,642	\$2,520	\$2,691	\$2,589	\$2,970	\$2,684	\$3,806	\$2,959
Ketchikan Gateway Borough	\$2,810	\$3,536	\$4,117	\$3,968	\$4,504	\$4,338	\$3,819	\$4,529	\$4,280	\$5,990
Kodiak Island Borough	\$4,175	\$4,055	\$4,226	\$6,090	\$4,518	\$5,096	\$2,935	\$3,389	\$4,647	\$6,353
Lake and Peninsula Borough	NA	NA	NA	NA	NA	NA	NA	\$5	\$121	\$238
Matanuska-Susitna Borough	\$1,391	\$2,021	\$1,253	\$2,026	\$1,586	\$1,792	\$2,098	\$2,838	\$2,546	\$2,855
Nome Census Area	\$5,913	\$8,118	\$6,990	\$8,770	\$5,975	\$8,347	\$9,906	\$10,257	\$9,608	\$10,553
North Slope Borough	\$4,311	\$6,017	\$7,816	\$6,978	\$3,812	\$3,008	\$3,387	\$3,667	\$4,324	\$7,680
Northwest Arctic Borough	NA	NA	NA	NA	\$20,269	\$14,852	\$15,177	\$7,333	\$7,514	\$8,755
Prince of Wales Area	\$2,804	\$4,437	\$5,098	\$5,861	\$4,647	\$5,439	\$4,697	\$4,594	\$4,399	\$6,011
Sitka Borough	\$3,441	\$3,401	\$3,675	\$4,601	\$4,742	\$3,957	\$4,024	\$4,736	\$7,177	\$7,796
Skagway-Hoonah-Angoon Census Area	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Skagway-Yakutat-Angoon Census Area	\$7,609	\$7,071	\$9,403	\$8,282	\$3,510	\$3,832	\$3,793	\$6,770	\$5,954	\$5,919
Southeast Fairbanks Census Area	\$8,333	\$12,899	\$17,858	\$13,634	\$9,780	\$13,671	\$11,515	\$9,380	\$7,680	\$6,562
Valdez-Cordova Census Area	\$2,650	\$3,766	\$6,281	\$4,639	\$15,657	\$2,939	\$3,360	\$4,740	\$5,080	\$8,787
Wade Hampton Census Area	\$4,559	\$3,517	\$3,192	\$3,723	\$3,795	\$4,404	\$5,073	\$4,233	\$4,601	\$4,669
Wrangell-Petersburg Census Area	\$3,081	\$4,756	\$6,064	\$4,678	\$5,248	\$2,820	\$3,544	\$3,881	\$5,857	\$5,095
Yakutat Borough	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Yukon-Koyukuk Census Area	\$16,725	\$17,703	\$20,972	\$17,927	\$19,253	\$16,299	\$16,470	\$20,510	\$21,279	\$11,001
State Undistributed	\$438	\$359	\$437	\$595	\$354	\$437	\$623	\$544	\$673	\$731
Statewide Average	\$6,683	\$6,847	\$7,015	\$7,319	\$7,716	\$7,622	\$8,309	\$7,972	\$8,418	\$8,971

Source: Consolidated Federal Funds Report

Table C-5 (continued): Real Per Capita Federal Spending (Constant 2002 Dollars)

Census Area	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Aleutian Islands Census Area	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Aleutians East Borough	\$4,181	\$6,729	\$7,539	\$13,210	\$5,715	\$8,625	\$9,610	\$8,315	\$9,136	\$9,431
Aleutians West Census Area	\$17,229	\$14,976	\$13,712	\$14,740	\$20,141	\$13,528	\$13,966	\$12,935	\$12,567	\$12,557
Anchorage Borough	\$8,782	\$8,631	\$7,776	\$7,408	\$7,500	\$7,609	\$7,992	\$9,054	\$9,707	\$10,641
Bethel Census Area	\$13,579	\$12,565	\$9,384	\$9,745	\$9,188	\$10,123	\$11,777	\$13,652	\$13,254	\$17,799
Bristol Bay Borough	\$22,159	\$32,782	\$33,811	\$21,545	\$28,473	\$22,008	\$18,654	\$20,598	\$26,184	\$27,825
Denali Borough	\$21,634	\$3,998	\$4,671	\$14,440	\$13,122	\$17,520	\$13,245	\$16,772	\$8,031	\$18,536
Dillingham Census Area	\$12,696	\$7,866	\$6,621	\$4,678	\$6,599	\$7,148	\$11,319	\$10,507	\$8,701	\$15,899
Fairbanks North Star Borough	\$12,205	\$9,781	\$9,054	\$9,303	\$9,299	\$9,418	\$9,658	\$11,555	\$11,647	\$13,503
Haines Borough	\$4,260	\$4,312	\$4,548	\$5,149	\$5,106	\$4,750	\$9,103	\$9,238	\$7,181	\$6,036
Juneau Borough	\$10,881	\$11,113	\$12,752	\$10,090	\$12,362	\$9,650	\$12,558	\$13,600	\$15,411	\$17,051
Kenai Peninsula Borough	\$3,114	\$3,264	\$3,182	\$4,103	\$3,924	\$3,567	\$4,247	\$4,125	\$4,274	\$5,149
Ketchikan Gateway Borough	\$4,180	\$4,397	\$4,738	\$5,209	\$4,848	\$6,949	\$7,711	\$7,442	\$6,956	\$8,590
Kodiak Island Borough	\$7,802	\$8,677	\$8,291	\$9,144	\$9,382	\$9,783	\$10,399	\$10,344	\$10,557	\$11,179
Lake and Peninsula Borough	\$1,313	\$2,793	\$4,433	\$3,579	\$3,503	\$3,258	\$6,703	\$7,014	\$5,904	\$12,620
Matanuska-Susitna Borough	\$1,954	\$2,509	\$2,851	\$3,344	\$2,647	\$2,785	\$3,595	\$3,144	\$4,407	\$4,865
Nome Census Area	\$12,267	\$10,294	\$8,677	\$7,065	\$7,319	\$8,707	\$9,777	\$8,808	\$11,558	\$15,895
North Slope Borough	\$5,329	\$9,430	\$4,538	\$5,703	\$6,493	\$6,114	\$6,489	\$6,418	\$7,913	\$9,851
Northwest Arctic Borough	\$14,054	\$8,676	\$6,230	\$5,884	\$5,804	\$7,578	\$10,155	\$9,988	\$9,778	\$16,313
Prince of Wales Area	\$7,209	\$4,798	\$4,542	\$4,779	\$5,209	\$4,745	\$5,824	\$6,088	\$7,394	\$10,823
Sitka Borough	\$8,361	\$7,493	\$7,022	\$5,434	\$5,573	\$7,023	\$9,664	\$10,590	\$9,726	\$16,346
Skagway-Hoonah-Angoon Census Area	\$4,360	\$6,171	\$6,242	\$4,982	\$4,732	\$5,671	\$6,402	\$6,246	\$8,305	\$9,310
Skagway-Yakutat-Angoon Census Area	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Southeast Fairbanks Census Area	\$8,171	\$8,881	\$9,088	\$7,855	\$7,146	\$11,032	\$10,704	\$10,562	\$11,142	\$23,219
Valdez-Cordova Census Area	\$6,494	\$6,407	\$10,079	\$7,518	\$9,399	\$7,724	\$8,699	\$12,111	\$11,673	\$8,579
Wade Hampton Census Area	\$4,677	\$5,079	\$6,230	\$5,730	\$6,177	\$5,268	\$8,558	\$8,371	\$8,078	\$8,291
Wrangell-Petersburg Census Area	\$6,206	\$5,175	\$4,864	\$5,587	\$5,001	\$6,116	\$6,474	\$8,941	\$6,827	\$7,104
Yakutat Borough	\$182	\$2,289	\$1,441	\$2,501	\$2,361	\$2,006	\$6,731	\$3,171	\$3,646	\$8,563
Yukon-Koyukuk Census Area	\$11,429	\$16,509	\$14,229	\$15,222	\$15,305	\$18,894	\$20,327	\$24,342	\$19,833	\$20,947
State Undistributed	\$801	\$757	\$725	\$661	\$888	\$838	\$789	\$916	\$626	\$723
Statewide Average	\$9,294	\$8,789	\$8,198	\$8,028	\$8,341	\$8,330	\$9,057	\$9,963	\$10,303	\$11,752

Source: Consolidated Federal Funds Report

APPENDIX D: Regression Results

Throughout this report, we have compared spending in Alaska to spending in the rest of the US. In order to systematically test whether spending in Alaska is statistically significantly different from spending in the US, we applied simple econometric regression techniques to the database developed for this report.

A. Methodology

Model: For this analysis we developed a simple regression model of federal spending per capita at the county level. We assume that federal spending per capita in a county is a function of the size of the county (as measured by population), economic need of the county (as measured by per capita income), and the cost of providing government services (as measured by the consumer price index). We assume that this function is log linear so that we can estimate it using ordinary least squares regression techniques.

Data: To estimate this equation, we developed a database of observations for each county in the US (about 2,800 counties) for every year from 1983 through 2000. There are about 53,000 total observations in this database. For each county and each year, the database combines data for federal spending per capita, population, personal income, and consumer price index. The database also contains estimates for each county and for year of federal spending per capita *for each federal function* as listed in Table D.1. These functions include “national interest” functions, “infrastructure” function, and “regional interest” function.

Dependent Variable: We used the logarithm of federal spending per capita as the dependent variable in the regressions. We did separate regressions for federal spending per capita for each different function. We also used federal spending as a percent of personal income as the dependent variable, but the regression results were nearly identical due to the high correlation between income and population across counties and years.

Independent Variables: For these regressions, we used the following independent variables:

- **Logarithm of per capita income** of county: This varies across counties and across years and controls for the level of economic need of the community.
- **Logarithm of population** of county: This varies across counties and across years and controls for the size of the county.
- **US Consumer Price Index** for each year: This is identical for all counties in the database, but varies across years and controls for changes in cost of providing government services over time. The consumer price index for every county in the US was not available from the Bureau of Labor Statistics.

- **Alaska Urban** Fixed Effect is equal to one for urban areas in Alaska, including Anchorage, Juneau, Fairbanks, and Mat-Su Borough. If this fixed effect is significantly different from zero then we can *reject* the null hypothesis that spending in urban areas of Alaska is the same as spending on US counties.
- **Alaska Rural** Fixed Effect is set to one for all other boroughs and census areas in Alaska and accounts for any remaining differential between spending in the Alaska and other counties in the nation. If this fixed effect is significantly different from zero, then we can *reject* the null hypothesis that federal spending in rural areas in Alaska is the same as spending in other parts of the country.

B. Regression Results

Table D.2 summarizes the regression results for each function of federal spending. Notably, in the regression of federal spending for all functions, the Alaska fixed effects (for both urban or rural areas) are not statistically significantly different from zero. Therefore, we *cannot* reject the hypothesis that total federal spending in Alaska boroughs and census areas is consistent with spending in other counties in the US. Since there is so much variation across all census areas in the nation, total federal spending per capita in Alaska census areas is not statistically significantly different from federal spending for all functions in other counties.

However, if we look in more detail at federal spending per capita for different functions, there are significant differences between Alaska and the rest of the nation. For federal spending per capita for national interest functions (such as defense and management of federal lands), Alaska urban areas receive statistically significantly *more* federal spending per capita than other counties in the US. This is because Anchorage and Fairbanks, the two largest urban areas in Alaska have disproportionately more military bases than most counties in the US.

In addition, both urban and rural areas in Alaska receive statistically significantly *more* federal spending for national infrastructure functions. In contrast, both urban and rural areas of the state receive statistically significantly *less* federal spending for regional interest functions. This is because Alaska receives lower per capita direct payments than most of the nation. Alaska receives lower per capita direct payments because, compared to the rest of the nation, Alaska has proportionally fewer individuals of retirement age receiving Social Security, federal retirement, Medicare, and other direct payments.

We limited the sample to just project grant spending to investigate whether Alaska receives disproportionately more project grant funds. The Alaska fixed effects for these project grant regressions are significant and large -- even after accounting for variations in population and per capita income (Table D-3). We also included a fixed effect for the years that Senator Ted Stevens (R Alaska) has been chair of the Senate Appropriations Committee. This fixed effect is not significant on the 95% confidence level.

To investigate in more detail which federal departments spend more (or less) in Alaska compared to the rest of the nation, we did regressions limiting the sample to just spending by particular departments. For example, we tallied total *defense* department spending by county and by year and ran the same regression for this sub sample. Similarly, we totaled federal spending for each of the largest departments by county and year and then ran the same regressions. Table D.3 summarizes the results of these regressions using sub samples of federal expenditures. Notably, federal spending by the Departments of Defense, Interior, Transportation, and Commerce are statistically significantly greater in Alaska than the rest of the nation. Federal spending by the Departments of Health and Human Services, Agriculture (Forest Service), and Education is statistically significantly less in Alaska than spending in the rest of the nation.

C. Additional Considerations

We investigated a variety of other specifications of the model to test why Alaska receives more federal spending per capita than other counties in the US:

- **Regional cost of living in Alaska:** One of the likely reasons that Alaska receives more in federal infrastructure spending per capita is because it costs more to provide government services in Alaska. We attempted to develop measures of the relative cost of living in Alaska compared to the rest of the nation. Unfortunately, only a relative cost of living index is available for Anchorage and not the rest of the boroughs and census areas in the state. In addition, consistent cost of living measures for every other county in the US are also not available.
- **Remoteness and sparseness:** Instead of directly measuring the relative cost of living, we developed proxies that could account for higher costs. Alaska's remoteness from other markets and sparse settlement are two important reasons that it is more expensive to provide services and build infrastructure in Alaska – especially its rural areas. We created a fixed effect variable that equals one (1) for all *states* that had low population density. We also created a simple fixed variable that took the value one for all *states* that were “remote” (Alaska and Hawaii). Neither the “sparseness” fixed effect nor the “remote” fixed effect variables gave consistent statistical results. In order to get meaningful results, both of these fixed effects need to be set to one only for specific *counties* rather than for entire states. Information about the sparseness and remoteness of individual counties was not available.
- **More detailed function:** Our classification of departments by function is not precise. Some agencies and programs within each department belong in different function categories. We investigated a more detailed classification of *agencies* and *programs* by function. However, the Consolidated Federal Funds Reports database does not provide detailed information about the *agency* before 1994. This prevents us from making a reliable classification of all agencies and programs for the entire period of analysis from 1983 to 2000. Using only the data for 1994 through 2000 would limit the sample to a period of unusually fast and atypical growth.

- **Federal Spending at the Place level:** We investigated federal spending per capita for individual places in the US to see if places in Alaska received disproportionately, more spending than US places. However, the Consolidated Federal Funds Reports database allocates only a small percent of total federal spending to individual places. In addition, estimates of personal income for individual places are not available for all places in the Consolidated Federal Funds database.

Table D-1: Classification of Federal Departments by Primary Function
Departments that Primarily fill “National Interest” Functions that serve all citizens of the country
Agriculture (includes Forest Service) Defense Interior National Endowment for the Arts NASA U.S. Office Of Personnel Management State Department U.S. Information Agency Smithsonian National Historical Publications And Records Commission
Departments that Primarily fill “National Infrastructure” Functions that serve both residents of a particular region and citizens of the country.
Commerce Energy Environmental Protection Agency Justice Transportation Treasury Postal Service
Departments that Primarily fill “Regional Interest” Functions that serve mostly residents of a particular region
Education Equal Employment Opportunity Commission Federal Emergency Management Agency Federal Deposit Insurance Corporation General Services Agency Health And Human Services Housing And Urban Development Labor Railroad Retirement Board Small Business Administration Social Security Administration Tennessee Valley Authority Veterans Benefits Administration
Entries in the Consolidated Federal Funds Reports that cannot be clearly classified to a function.
Procurement Contracts prior to 1994 Wages and Salaries prior to 1994
Note: This classification is not precise since departments could fill more than one function. This classification is intended only as an approximation to group departments into broad categories. Source: ISER classification

**Table D-2: Summary of Regression Results
for Dependent Variable Logarithm of per Capita Federal Spending**

Variable	Sub Sample of Federal Spending					
	Full Sample	National Interest	All Other Than National Interest	National Infrastructure	Regional Interest	Unclassified
Constant	2.791 * (0.077)	-0.151 (0.183)	4.565 * (0.061)	-2.487 * (0.104)	4.930 * (0.062)	3.656 * (0.223)
Ln(per capita personal income)	0.599 * (0.010)	1.084 * (0.024)	0.148 * (0.008)	0.662 * (0.013)	0.053 * (0.008)	0.185 * (0.025)
Ln(population)	-0.097 * (0.002)	-0.307 * (0.004)	0.016 * (0.001)	-0.070 * (0.002)	0.028 * (0.001)	-0.004 (0.004)
US Consumer Price Index	0.616 * (0.020)	-0.309 * (0.048)	1.363 * (0.016)	1.641 * (0.027)	1.560 * (0.016)	-0.341 * (0.026)
Alaska Urban Fixed Effect	-0.043 (0.075)	0.441 * (0.177)	-0.089 (0.059)	0.850 * (0.101)	-0.387 * (0.059)	0.783 * (0.162)
Alaska Rural Fixed Effect	0.009 (0.023)	-0.008 (0.054)	0.068 * (0.018)	0.874 * (0.031)	-0.237 * (0.018)	0.795 * (0.062)
Fixed Effect for Each Year except 2000 entered in regression						
R Squared	0.32	0.15	0.45	0.43	0.49	0.73
Degrees of Freedom	55390	55387	55390	55384	55390	34466

The standard error of coefficient estimate appears in parentheses below coefficient.
An asterisk, *, indicates that the coefficient is significant at the 95% confidence level.

Source: ISER regressions calculations using SPSS (Statistical Package for the Social Sciences) and data from Consolidated Federal Funds Reports, US Bureau of Labor Statistics, and Bureau of Economic Analysis, Local Area Personal Income

**Table D-3: Summary of Regression Results
for Dependent Variable Logarithm of
per capita Project Grant Federal Spending**

Variable	Sub Sample of Federal Spending					
	Full Sample	National Interest	All Other Than National Interest	National Infrastructure	Regional Interest	Unclassified
Constant	-0.418 * (0.284)	4.178 * (0.625)	-0.829 * (0.288)	-2.678 * (0.361)	13.499 * (0.468)	7.093 * (1.663)
Ln(per capita personal income)	0.285 * (0.036)	-0.348 * (0.070)	0.368 * (0.037)	0.710 * (0.039)	-1.153 * (0.053)	0.274 * (0.198)
Ln(population)	0.064 * (0.006)	-0.033 * (0.012)	0.040 * (0.006)	-0.030 * (0.006)	0.076 * (0.009)	-0.785 (0.038)
US Consumer Price Index	0.987 * (0.073)	Dropped By Software	0.831 * (0.074)	Dropped By Software	Dropped By Software	Dropped By Software
Stevens Fixed Effect (= 1 for Alaska for 1997 to 2000)	0.332 (0.175)	0.661 * (0.329)	0.323 (0.176)	0.339 (0.190)	-0.300 (0.174)	Dropped By Software
Alaska Urban Fixed Effect	1.578 * (0.262)	1.423 * (0.405)	1.610 * (0.264)	1.811 * (0.283)	0.890 * (0.263)	Dropped By Software
Alaska Rural Fixed Effect	1.965 * (0.090)	1.780 * (0.221)	1.938 * (0.091)	1.605 * (0.102)	2.388 * (0.096)	Dropped By Software
Fixed Effect for Each Year except 2000 entered in regression						
R Squared	0.38	0.26	0.12	0.09	0.49	0.45
Degrees of Freedom	53489	32569	52753	52247	55390	2293

The standard error of coefficient estimate appears in parentheses below coefficient.
An asterisk, *, indicates that the coefficient is significant at the 95% confidence level or higher

Source: ISER regressions calculations using SPSS (Statistical Package for the Social Sciences) and data from Consolidated Federal Funds Reports, US Bureau of Labor Statistics, and Bureau of Economic Analysis, Local Area Personal Income

**Table D-4: Summary of Regression Results
for Dependent Variable Logarithm of per Capita Federal Spending**

Variable	Sub-Sample of Federal Spending						
	Defense	Interior	Agriculture	Transportation	Health and Social Services	Commerce	Education
Constant	-4.277* (0.229)	6.379* (0.860)	7.209* (0.192)	-5.381* (0.372)	8.720* (0.059)	0.171 (0.656)	8.682* (0.150)
Ln(per capita personal income)	0.264* (0.029)	0.179 (0.096)	0.396* (0.025)	0.975* (0.041)	-0.239* (0.008)	0.458* (0.074)	-1.096* (0.019)
Ln(population)	0.424* (0.005)	-0.561* (0.015)	-0.597* (0.004)	-0.022* (0.006)	-0.022* (0.001)	-0.341* (0.012)	0.215* (0.003)
US Consumer Price Index	1.347* (0.059)	**	0.843* (0.050)	**	0.662* (0.015)	**	2.545* (0.039)
Alaska Urban Fixed Effect	0.986* (0.220)	2.242* (0.401)	-0.780* (0.185)	1.950* (0.288)	-0.803* (0.057)	2.305* (0.333)	-0.019 (0.140)
Alaska Rural Fixed Effect	2.476* (0.067)	1.380* (0.138)	-2.171* (0.059)	1.945* (0.092)	-0.428* (0.017)	2.007* (0.113)	2.329* (0.042)
Fixed Effect for Each Year except 2000 entered in regression							
R Squared	0.22	0.22	0.37	0.07	0.37	0.10	0.28
Degrees of Freedom	55334	13151	55333	50785	55384	18378	54949
<p>The standard error of each coefficient is in parentheses below the coefficient for each independent variable. An asterisk, *, indicates coefficient is significant at the 95% confidence level. A double asterisk, **, indicates that US CPI was dropped from the regression by the software to prevent colinearity with the year fixed effects variables. Source: ISER regressions calculations using SPSS (Statistical Package for the Social Sciences) and data from Consolidated Federal Funds Reports, US Bureau of Labor Statistics, and Bureau of Economic Analysis, Local Area Personal Income</p>							

Appendix E: Recent Growth in Spending

One of the reasons that Alaska receives more federal spending than other states is that Alaska's senior Senator, Ted Stevens, is the highest ranking member of the Senate (Senate Pro tem), and he is the chair of the Senate Appropriations Committee. His seniority in the Senate gives him political opportunities to direct additional funding to Alaska. We investigated several different methods to determine how much additional funding to Alaska is due to Stevens' role as chair of the appropriations committee:

- Compare average growth rates of Alaska and US spending per capita before and after Senator Stevens became chair of the Senate Appropriations Committee.
- Compare spending per capita in Alaska to spending in other states when their Senators were chairs of the Senate Appropriations Committee.
- Use estimates of "pork spending" from the organization, Citizens Against Government Waste.

Each of these methods provides different estimates of the amount of spending potentially attributable to Senator Stevens. None of these estimates is definitive since many other financial and political factors affect the level of spending in Alaska.

A. What if Alaska Grew Like the Rest of the US?

For the first method, we calculated the real per capita federal spending in Alaska that *would* have happened if per capita spending in Alaska had grown at the same rate as federal spending per capita in the US. In effect, the average growth of per capita federal spending in the US provides a baseline for measuring how much faster Alaska per capita spending grew.

We calculated the difference between *actual* Alaska per capita spending in 2002 and the level that *would have happened* if spending had grown at US average rates for two different periods - 1983 to 2002 and 1997 to 2002. We calculated this difference for formula grants, mixed formula and project grants, project grants, military procurement, military wages and salaries, civilian procurement, and civilian wages and salaries. We excluded direct payments to individuals because funding formulas tie these payments directly to the composition of the population and the number of eligible recipients for particular programs (such as retirement benefits, Social Security, Medicare, and unemployment insurance).

As listed in Table E-1, project grants per capita in 2002 were about \$1041 higher than they would have been if they grew at the same rate as the US from 1997 to 2002. The total for all components of federal spending other than direct payments was about \$2022 per capita higher than it would have been if it had grown at the same average annual rate as the rest of the US. These two estimates provide a lower bound (about

\$1000 per capita) and upper bound (about \$2000 per capita) on the effect of Senator Stevens' leadership of the Appropriations Committee.

Table E-1: Federal Spending in Alaska if Spending Grew at Average Annual US Rates

Type of Spending	Region	Actual Per Capita Amount in Constant 2002 Dollars			Percent Change '83 to '02	Percent Change '97 to '02	Average Annual Percent Change		Spending in 2002 in Alaska if Alaska Average Grew at Same Rate as US		Difference between Actual Alaska Spending and Spending level if Alaska average had grown at same rate as US	
		1983	1997	2002 (a)			83 to 02	97 to 02	Same as US growth rate from 83 to 02 (b)	Same as US growth rate from 97 to 02 (c)	Same as US growth rate from 83 to 02 (a - b)	Same as US growth rate from 97 to 02 (a - c)
Formula Grants	Alaska	\$338	\$1,069	\$1,736	413%	62%	9%	10%	\$2,064	\$1,383	-\$327	\$354
	US	\$155	\$732	\$947	510%	29%	9%	5%				
Mixed Formula and Project Grants (mostly highway construction)	Alaska	\$523	\$461	\$741	42%	61%	2%	10%	\$589	\$586	\$152	\$155
	US	\$119	\$105	\$134	13%	27%	1%	5%				
Project Grants	Alaska	\$1,007	\$951	\$2,382	137%	151%	4%	20%	\$649	\$1,341	\$1,733	\$1,041
	US	\$534	\$244	\$344	-36%	41%	-2%	7%				
Military Procurement	Alaska	\$1,215	\$1,156	\$1,495	23%	29%	1%	5%	\$704	\$1,444	\$791	\$51
	US	\$984	\$456	\$570	-42%	25%	-3%	5%				
Military Wages and Salaries	Alaska	\$1,360	\$1,341	\$1,320	-3%	-2%	0%	0%	\$860	\$1,248	\$460	\$71
	US	\$414	\$281	\$262	-37%	-7%	-2%	-1%				
Civilian Procurement	Alaska	\$336	\$378	\$676	101%	79%	4%	12%	\$496	\$387	\$180	\$289
	US	\$246	\$354	\$363	47%	2%	2%	0%				
Civilian Wages and Salaries	Alaska	\$861	\$961	\$1,008	17%	5%	1%	1%	\$745	\$947	\$263	\$61
	US	\$792	\$695	\$685	-13%	-1%	-1%	0%				
Total for all components*	Alaska	\$5,641	\$6,317	\$9,358	66%	48%	3%	8%	\$6,106	\$7,336	\$3,251	\$2,022
	US	\$3,244	\$2,869	\$3,305	2%	15%	0%	3%				

Source: Consolidated Federal Funds Reports

Letters a, b, and c refer to columns use in calculating last two columns on right side of table.

* Totals exclude direct payments to individuals because these are determined by composition of population and number of eligible recipients.

B. Comparing Alaska to Other States

For the second method for estimating the effect from Senator Stevens, we compared the spending in Alaska to spending in other states when those states' Senators were chair of the Senate Appropriations Committee. We were particularly interested in how much federal funding per capita to these states increased when their Senators became chair and how much funding per capita decreased after their Senators left the chair. This analysis only indicates a possible correlation between the Senate Appropriations Committee chair and the level of per capita funding in a state.

Table E-2 lists the chairs and ranking members of the Senate Appropriations Committee from 1983 to the present. The chairs were Hatfield from Oregon, Stennis from Mississippi, Byrd from West Virginia, and Stevens from Alaska. Notably, most of these Senators also served as the ranking member of the committee when control of the Senate changed parties.⁵⁰

Year	Chair			Ranking Member		
	Name	Party	State	Name	Party	State
1983	Hatfield	R	Oregon	Stennis	D	Mississippi
1984	Hatfield	R	Oregon	Stennis	D	Mississippi
1985	Hatfield	R	Oregon	Stennis	D	Mississippi
1986	Hatfield	R	Oregon	Stennis	D	Mississippi
1987	Stennis	D	Mississippi	Hatfield	R	Oregon
1988	Stennis	D	Mississippi	Hatfield	R	Oregon
1989	Byrd	D	West Virginia	Hatfield	R	Oregon
1990	Byrd	D	West Virginia	Hatfield	R	Oregon
1991	Byrd	D	West Virginia	Hatfield	R	Oregon
1992	Byrd	D	West Virginia	Hatfield	R	Oregon
1993	Byrd	D	West Virginia	Hatfield	R	Oregon
1994	Byrd	D	West Virginia	Hatfield	R	Oregon
1995	Hatfield	R	Oregon	Byrd	D	West Virginia
1996	Hatfield	R	Oregon	Byrd	D	West Virginia
1997	Stevens	R	Alaska	Byrd	D	West Virginia
1998	Stevens	R	Alaska	Byrd	D	West Virginia
1999	Stevens	R	Alaska	Byrd	D	West Virginia
2000	Stevens	R	Alaska	Byrd	D	West Virginia
2001	Stevens	R	Alaska	Byrd	D	West Virginia
2002	Stevens	R	Alaska	Byrd	D	West Virginia
2003	Stevens	R	Alaska	Byrd	D	West Virginia

Source: Congressional Record Quarterly

⁵⁰ The "ranking member" of a committee is the Senator from the minority party who has the most seniority.

For Oregon, Mississippi, West Virginia, and Alaska, we calculated the levels of federal spending per capita and compared them to the national average. We investigated whether these levels of per capita spending changed during the years that their Senators were chairs (Figures E-1, E-2, E-3, and E-4). Figures E-1 and E-2 show the same information as Figures E-3 and E-4 for all states except Alaska. We have excluded Alaska from Figures E-1 and E-2 to show more clearly the variation in federal spending in Mississippi, Oregon, and West Virginia. Figures E-5 and E-6 also exclude data for Alaska in order to show more clearly the variations in federal spending in other states.

Both West Virginia and Alaska experienced increases in per capita federal funding when their Senators were either chair or ranking members of the committee. Mississippi and Oregon did not experience the same types of changes in per capita funding when their Senators were chairs of the appropriations committee.

1. West Virginia

Before 1989, federal funding per capita going to West Virginia was 15% to 25% below the national average. There was a marked increase in per capita federal funding to West Virginia in the early 1990's soon after Senator Byrd became chair. For most of the years when Byrd was chair, per capita federal funding to West Virginia gradually increased from 10% below the national average in 1989 to about the same level as national average per capita spending in 1994 (Figures E-1 and E-2). After Byrd became ranking member, federal funding per capita going to West Virginia continued to increase from about the same as the national average (in 1995) to about 10% above the national average in 2002.

Before 1989, federal project grants per capita going to West Virginia ranged between 10% below to 10% higher than the per capita national average (Figures E-5 and E-6). After Byrd became chair in 1989, per capita project grants going to West Virginia gradually increased to 35% higher than the national average in 1993. After Byrd became ranking member in 1995, federal project grant funding per capita ranged between 20% to 55% higher than the national average.

2. Alaska

Before Senator Stevens became chair in 1997, per capita federal spending going to Alaska was between 20% to 50% higher than the national average (Figures E-3 and E-4). Starting in 1999 (two years after Senator Stevens became chair) federal funding per capita going to Alaska increased from about 30% above the national average to over 70% above the per capita national average in 2002 (Figures E-3 and E-4).

From 1997 to 2002 (when Senator Stevens was chair), project grants per capita going to Alaska increased from about 225% to over 500% above the national average (Figures E-7 and E-8). Much of this increase in funding to Alaska is for the Indian Health Services Management Development Program. When we excluded the funding for this particular project from the calculations, the per capita project grant funding to Alaska

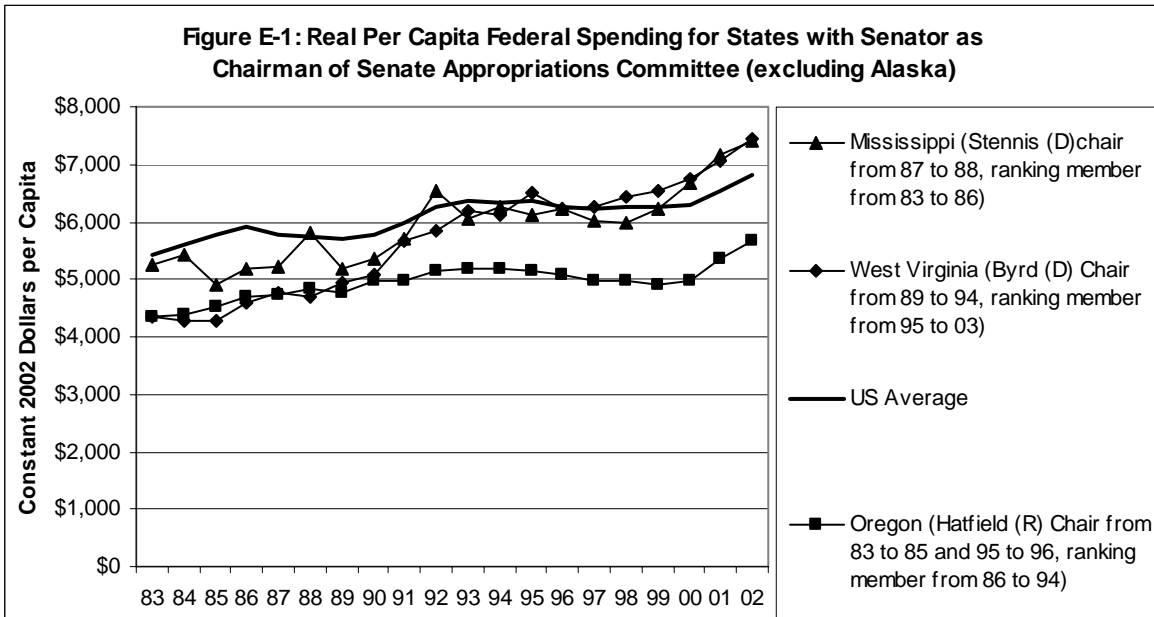
increased from about 225% above the national average in 1997 to over 300% above the national average in 2002 (Figures E-9 and E-10).

3. Mississippi

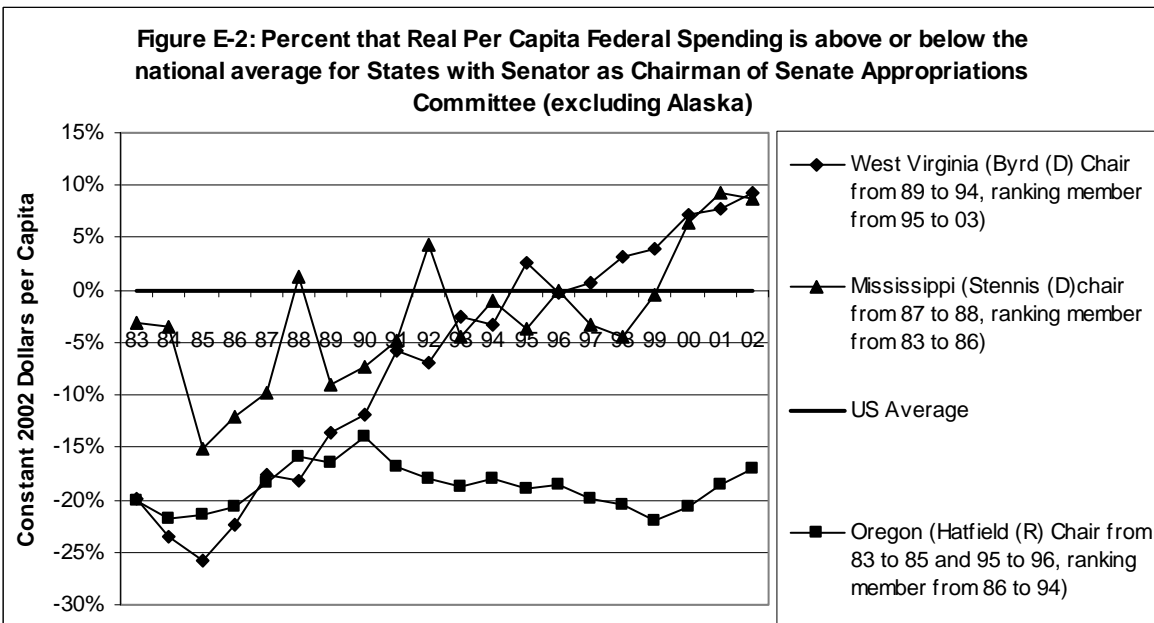
Per capita federal spending to Mississippi has gradually increased from about 15% below the national average in the early 1980's to 10% above the national average in 2002 (Figures E-1 and E-2). During the years that Senator Stennis was either ranking member or chair of the Appropriations Committee (chair 1987 and 1988 and ranking member 1983 to 1986), Mississippi did not receive substantially larger amounts of per capita federal spending. However, for a few years during this period (1983, 1984, and 1988) per capita federal spending to Mississippi did temporarily increase. Per capita spending returned to historical levels after these increases. Per capita project grant spending going to Mississippi did not increase during the period that Senator Stennis was either chair or ranking member (Figures E-5 and E-6).

4. Oregon

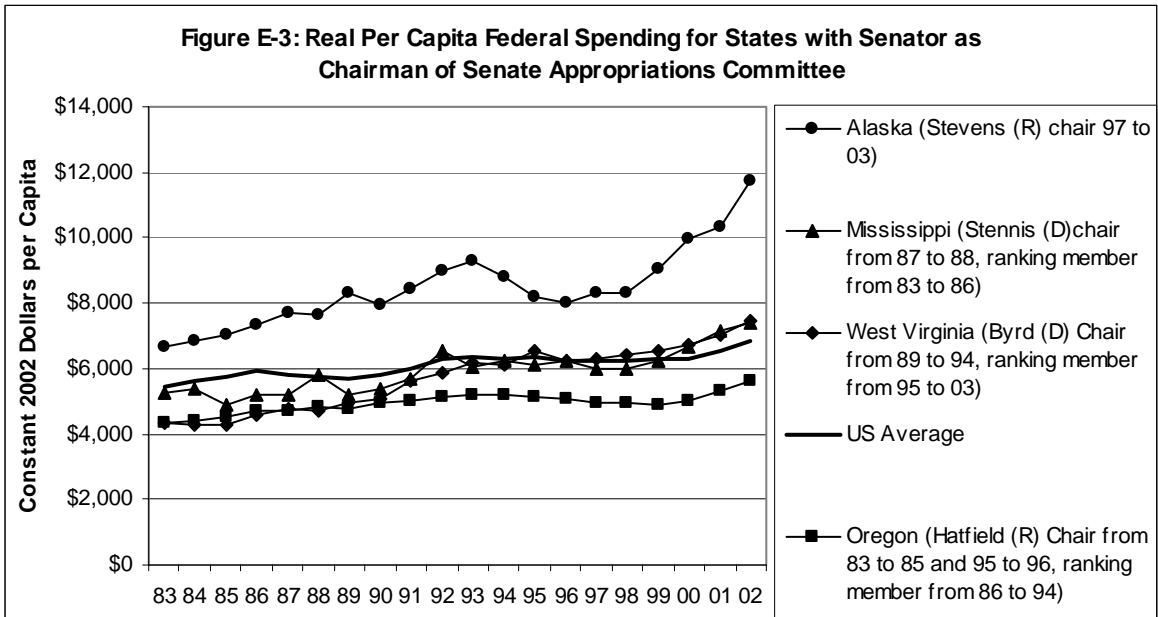
Over the last nineteen years, per capita federal funding to Oregon has been about 15% to 25% below the national average. During the years that Senator Hatfield was either chair or ranking member (chair from 1983 to 1986 and 1995 to 1996, ranking member from 1986 to 1994), per capita federal spending to Oregon did not increase substantially (Figures E-1 and E-2). In 1996 and 1997, per capita project grant spending did increase to 20% to 30% above the national average; however, these increases were only temporary (Figures E-5 and E-6). Part of these increases occurred in 1997, the year after Hatfield left the chair of the committee.



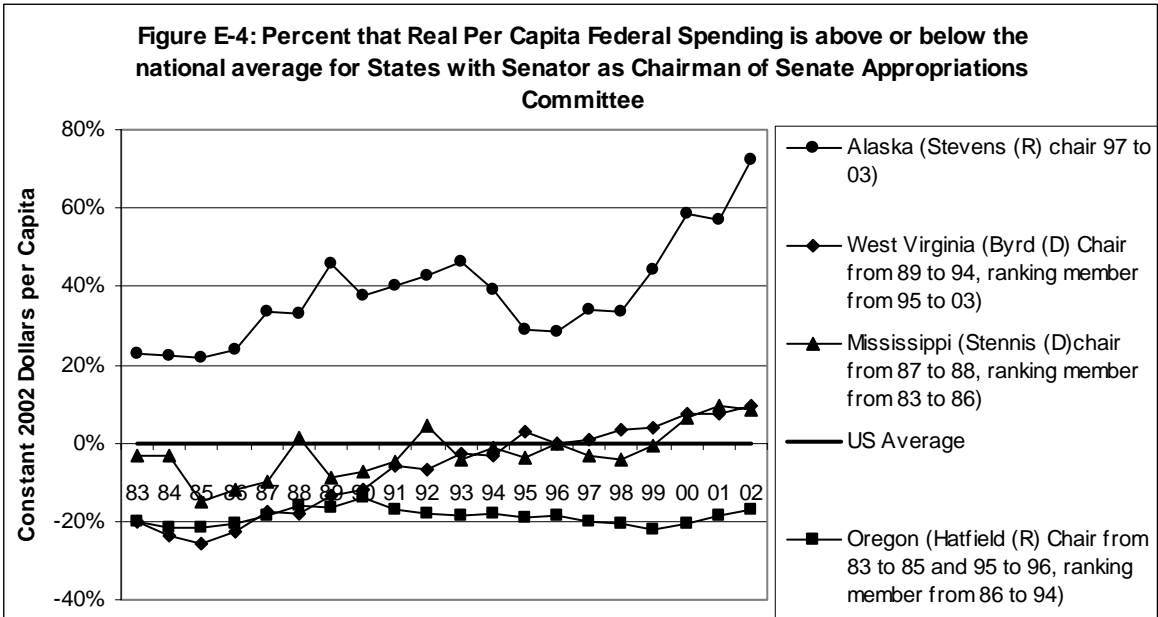
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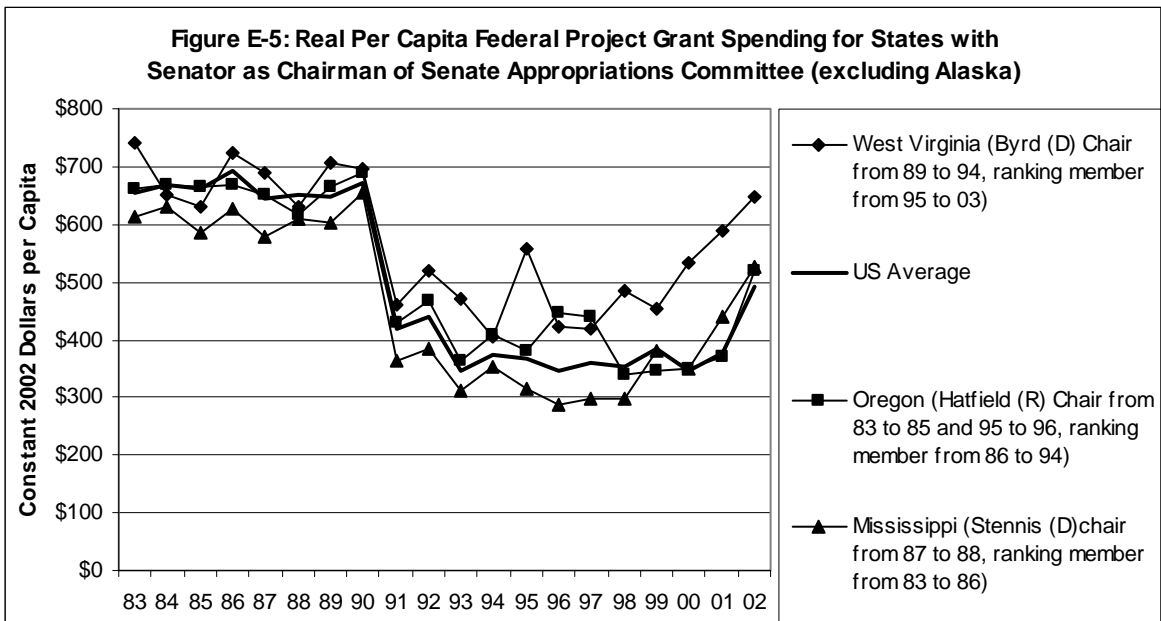
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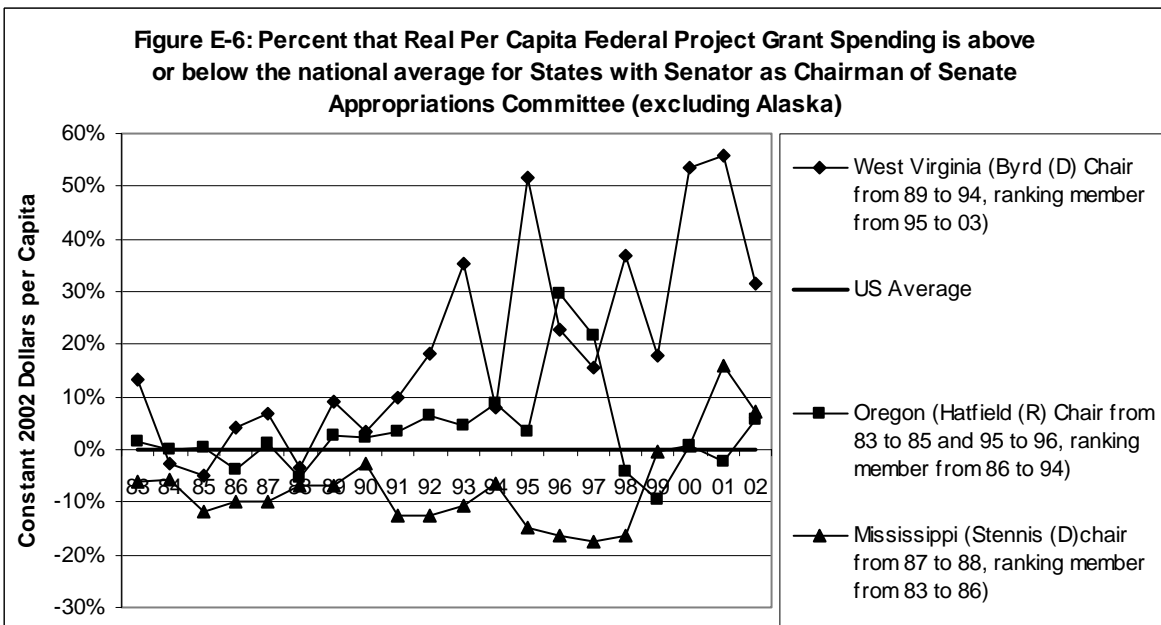
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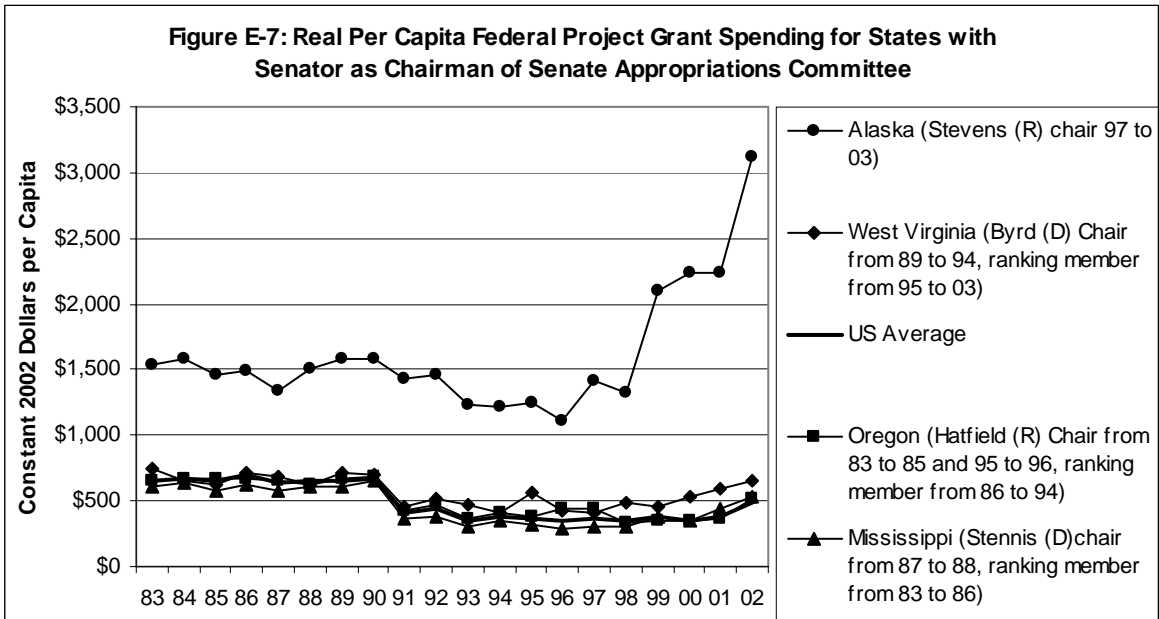
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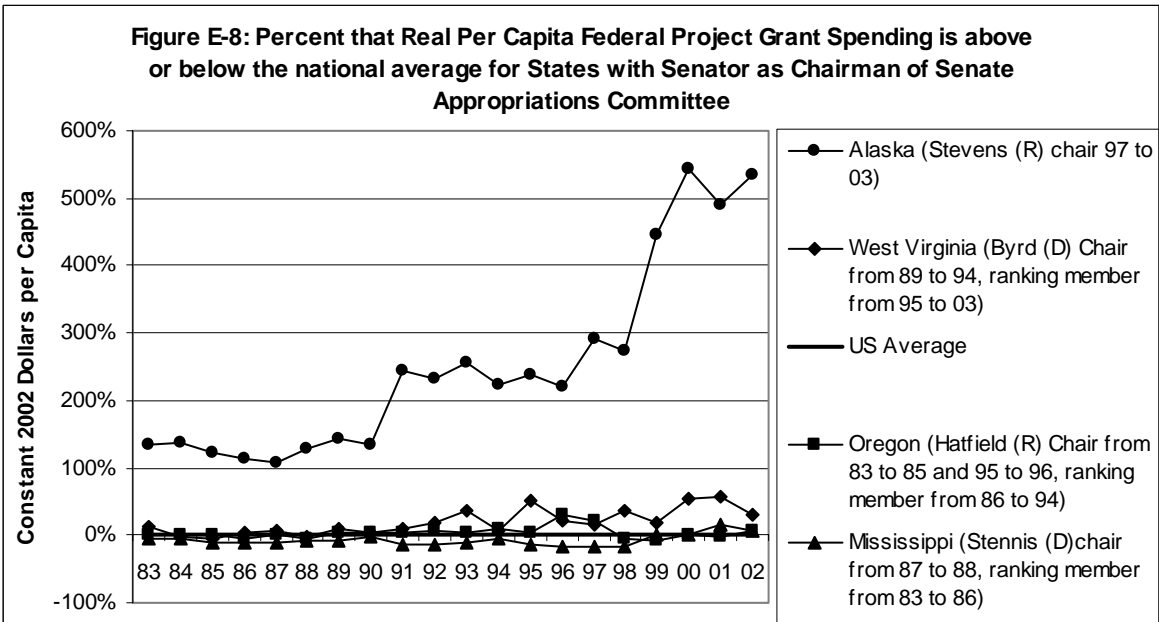
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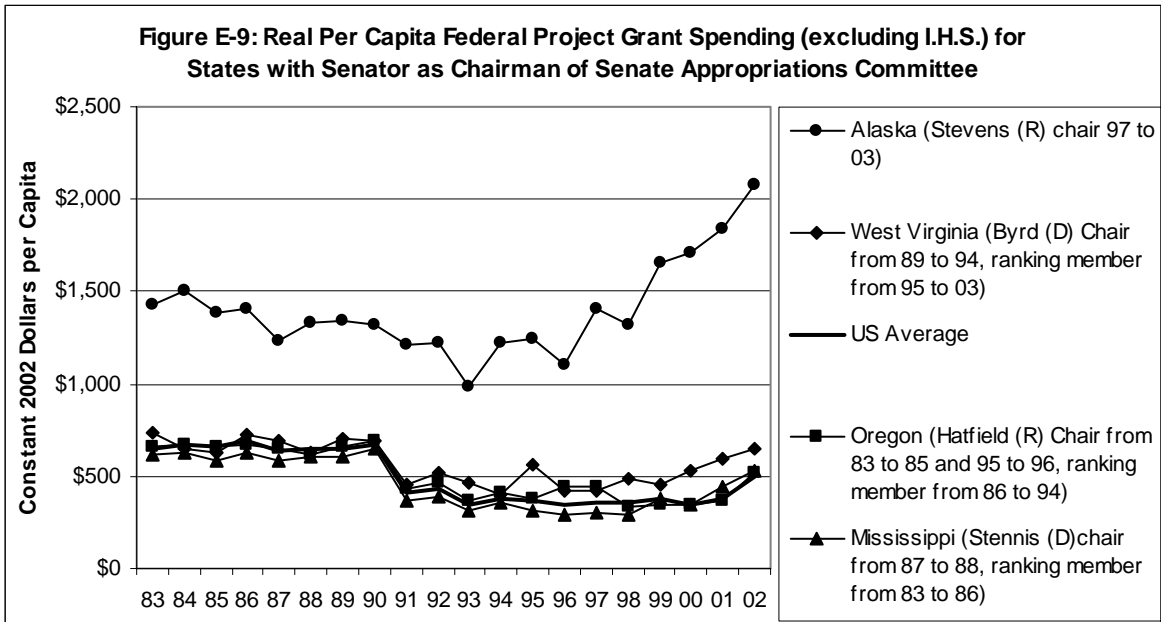
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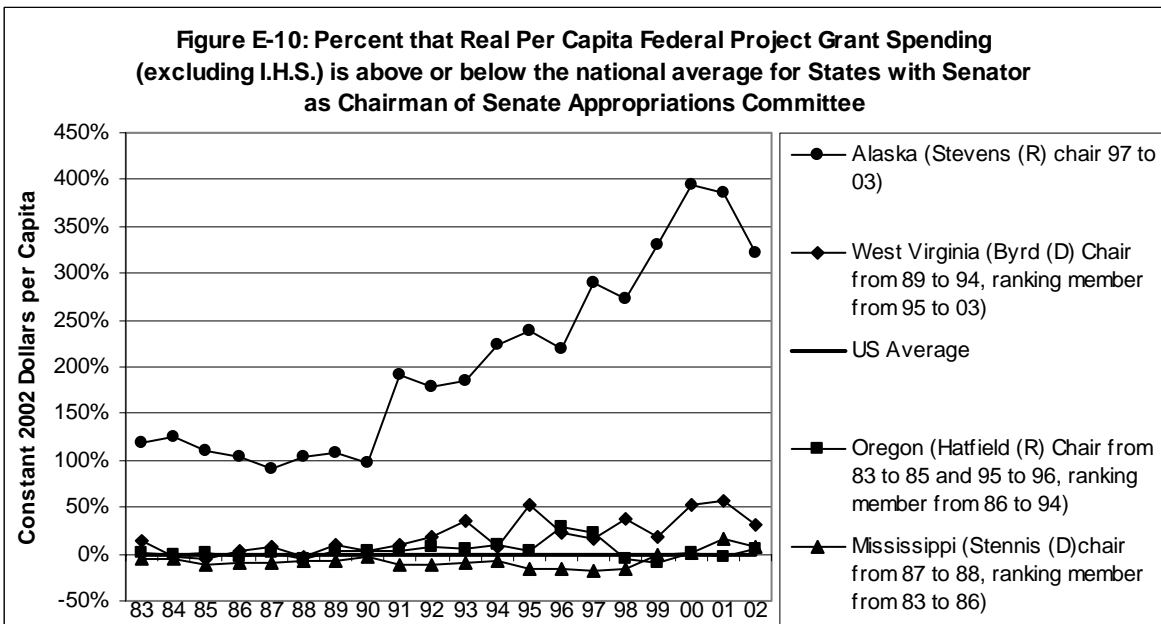
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C. Government Pork per Capita

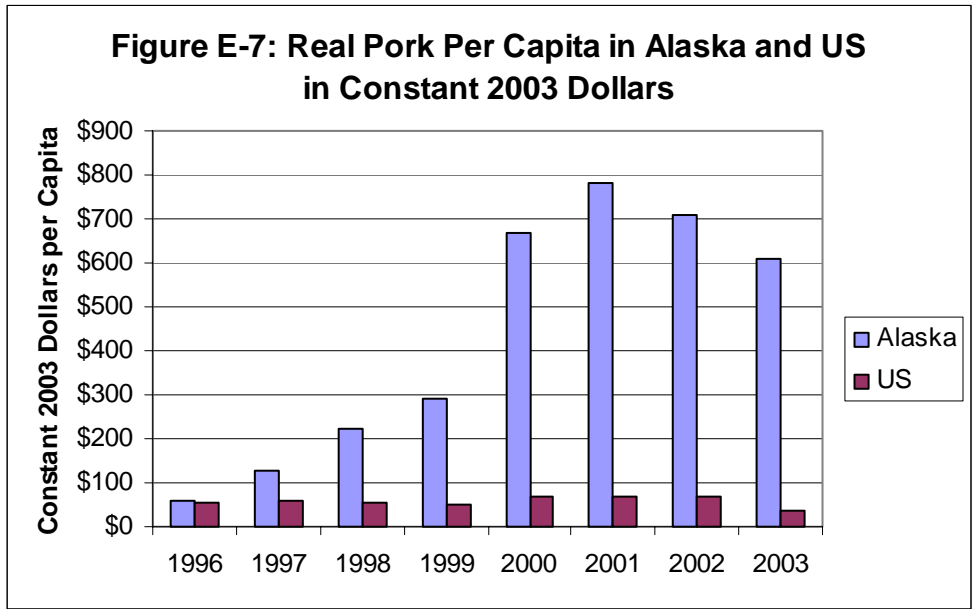
The organization "Citizens Against Government Waste" (CAGW) reports the amount of federal "pork spending" going to each state. They provide detailed data in their publication, the *Congressional Pig Book* for 1996 through 2003. Their database of government waste includes "pork" items that meet at least one of CAGW's seven criteria (but most satisfy as least two according to the CAGW):

- Requested by only one chamber of Congress,
- Not specifically authorized
- Not competitively awarded
- Not requested by president
- Greatly exceeds the President's budget request or the previous year's funding,
- Not the subject of congressional hearings
- Serves only a local or special interest

Without making any judgments about the validity of these categorizations by the CAGW, we summed the items listed in the CAGW database for Alaska and the US. In 1996, Alaska received about the same amount of "pork" per capita as the US average. In 2003, Alaska received about \$600 more pork per capita than the US average (Table E-3 and Figure E-9).

Year	Total		Per Capita	
	Alaska	US	Alaska	US
1996	\$34,427,470	\$14,443,941,616	\$57	\$54
1997	\$76,615,470	\$16,366,886,404	\$126	\$61
1998	\$136,636,079	\$14,669,871,371	\$221	\$54
1999	\$181,230,189	\$13,100,999,010	\$291	\$48
2000	\$418,305,103	\$18,630,208,598	\$666	\$66
2001	\$495,151,546	\$18,897,884,476	\$781	\$66
2002	\$456,469,561	\$20,241,518,531	\$709	\$70
2003	\$393,346,750	\$9,899,135,634	\$611	\$34

Source: Citizens Against Government Waste



Source: Citizens Against Government Waste, Congressional Pig Book for various years. ISER spreadsheet source: Pork per capita.XLS