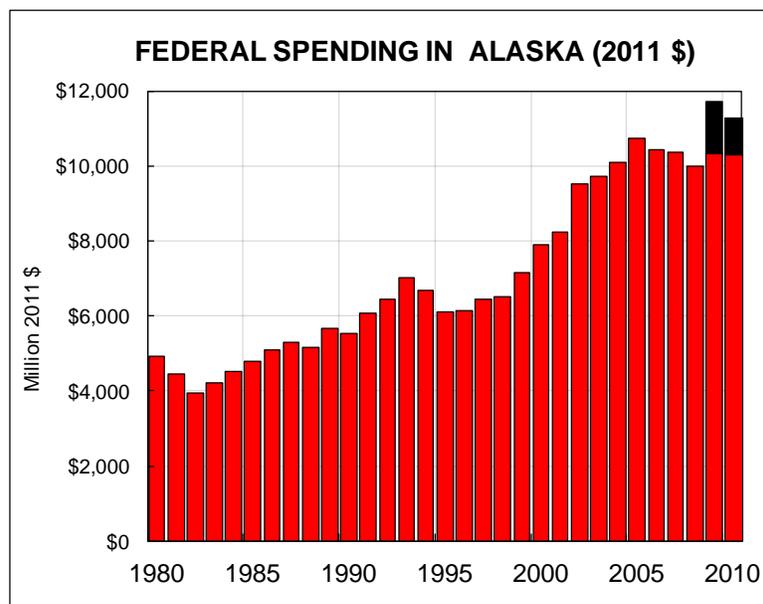


## Summary

After nearly a decade of explosive growth, federal spending in Alaska has turned flat, except for the temporary boost from the stimulus package—the American Recovery and Reinvestment Act—that pumped more than \$2.2 billion into the state economy in 2009 and 2010. (Shown in black in the figure below.) Total federal spending in Alaska was \$11.2 billion in 2009 and \$10.9 billion in 2010, compared with about \$9.4 billion in 2008. But without the stimulus funds, federal spending in 2009 and 2010 would have been no higher than in the previous four years. Alaska was first among the states in per capita stimulus funds, with more than \$3,000 per capita, or nearly four times the national average.

Spending is no longer growing for either defense or grants—the largest categories of federal dollars coming into the state. Still, the special characteristics that have historically kept Alaska near the top of the state rankings for federal funds per capita will continue to guarantee a strong role for federal dollars in the economy.



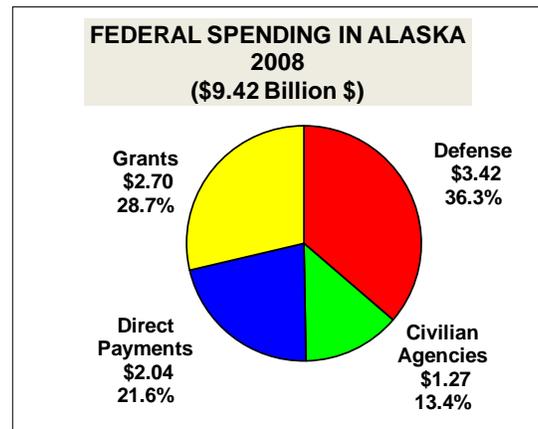
Here we discuss the composition of federal spending in Alaska, comparing it with spending in other states, and also review stimulus spending and provide examples of the importance of federal funds to particular sectors of the state economy. In an appendix, we correct a serious reporting error in data from the U.S. Department of Commerce on federal spending in Alaska. Because of the difficulties in sorting out temporary stimulus spending in 2009 and 2010—and because of errors in federal data for those years—2008 spending provides the best picture of recent federal spending in Alaska.

**This research is part of ISER's *Investing for Alaska's Future* research initiative, funded by a grant from Northrim Bank.**



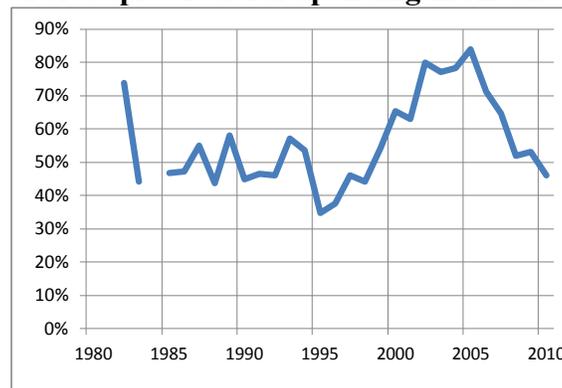
## Spending Overview

The flow of federal dollars into Alaska in 2008, the year before the stimulus from the American Recovery and Reinvestment Act of 2009 (ARRA), was \$9.42 billion, in four categories—defense, civilian agencies, grants, and direct payments.<sup>1</sup> Defense was the largest category, followed by grants to state and local governments and nonprofits. Direct payments to individuals and spending by civilian agencies together were about as large as defense spending.<sup>2</sup>



Federal spending supports an estimated one-third of all the jobs and household income in Alaska.<sup>3</sup> The importance of federal spending to the economy is underscored by the fact that per capita spending in 2008 was \$13,700—52% above the U.S. average of \$9,040 and third among the states.<sup>4</sup> Alaska has long enjoyed this “bonus,” which in the last decade was as high as 82%.

**Percent Above the National Average, Per Capita Federal Spending in Alaska**



<sup>1</sup> Data from the Consolidated Federal Funds report of the US Department of Commerce (CFFR).

<sup>2</sup> Calculations of federal spending sometimes include the value of loans (mostly mortgages) and insurance (mostly flood insurance), but since these are only contingent liabilities rather than actual dollar flows, we exclude them.

<sup>3</sup> Scott Goldsmith, “What Drives the Alaska Economy?” ISER, *UA Research Summary 13*, December 2008.

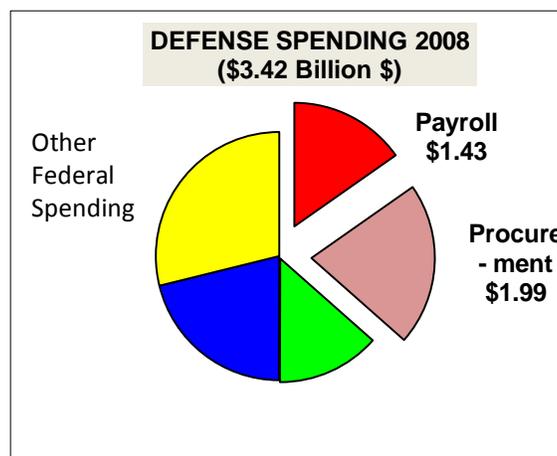
<sup>4</sup> This calculation does not adjust for differences in the cost of living between Alaska and the rest of the nation.

The flow of federal funds does not completely describe the influence of the federal government on the economy of the state, but it is the best consistent measure of annual “cash on the street.”<sup>5</sup>

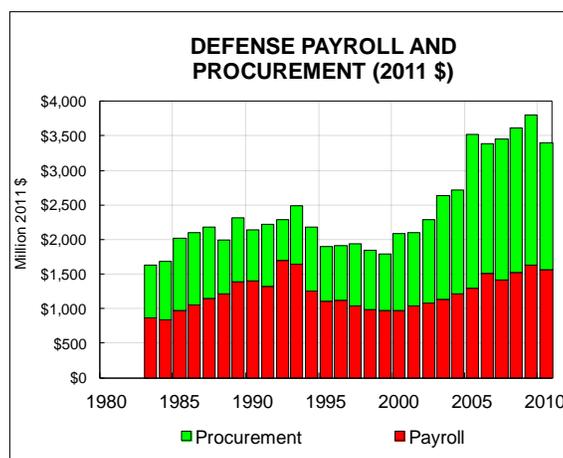
### Defense

Defense-related spending (excluding spending for the Coast Guard, which is in the Department of Homeland Security) in 2008 was \$3.42 billion, more than half of which was for procurement, including both operations and capital projects. Procurement consists of all outlays made under formal contractual agreements for construction, purchases of equipment and other tangible items, and services.

The rest of defense spending was for wages, including the payroll and other compensation (housing allowances, for example) of active duty military personnel and civilian employees of the Department of Defense. (Pay for military personnel stationed overseas is excluded.) The figure below shows defense spending as a share of all federal spending in 2008.



Defense spending for both payroll and procurement grew rapidly from 1999 through 2005 but has been relatively flat over the last 5 years.

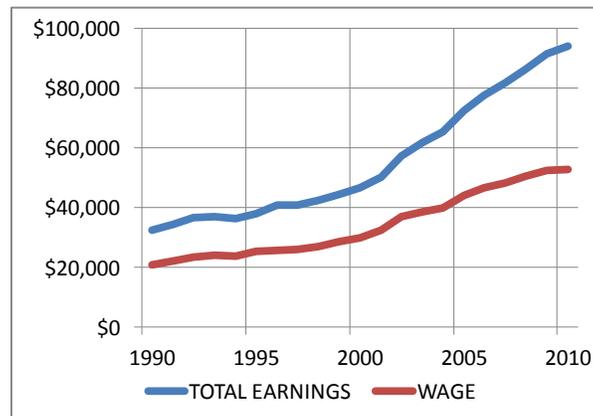


<sup>5</sup> The flow of federal funds measure excludes a number of important programs that reduce the cost of living and doing business in the state, such as the bypass mail program and the universal service telecommunications programs.

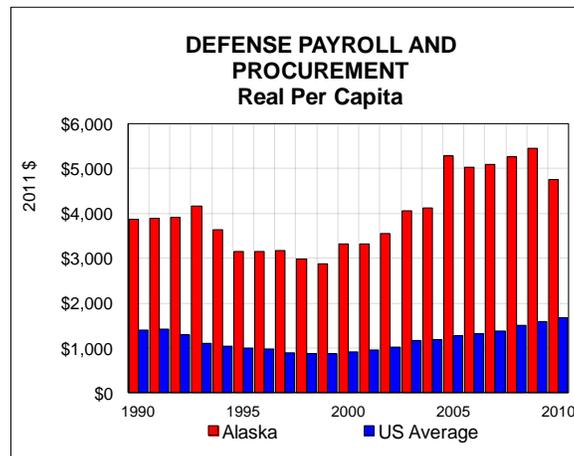
The number of active duty personnel in Alaska increased in the past decade, but most of the growth in spending was due to increased total earnings per employee (pay and other compensation), as well as expansion of capital spending.



### Average Defense Wage and Total Earnings



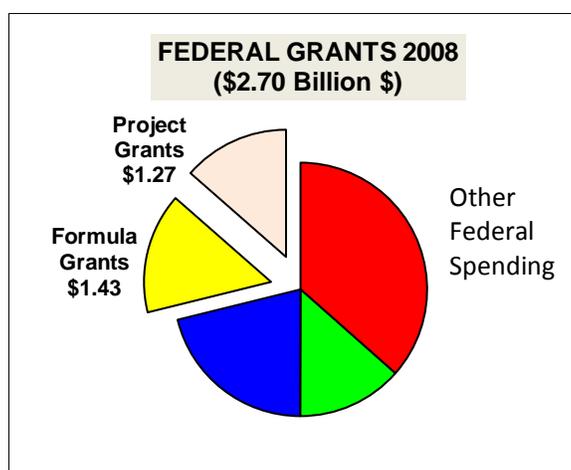
Defense spending per capita in Alaska was 3.4 times the national average in 2008 and ranked second among the states.



### Grants

Alaska received \$2.7 billion in federal grants in 2008, for both operations and capital projects.<sup>6</sup> The state government received most of the grants. But nonprofit organizations, particularly the not-for-profit Alaska Native corporations, also benefitted. About half the grants were formula grants—“allocations of money to states or their subdivisions in accordance with a distribution formula prescribed by law or administrative regulation, for activities of a continuing nature not confined to a specific program.”<sup>7</sup>

The rest were project grants—“the funding, for fixed or known periods, of specific projects or the delivery of specific services or products without liability for damages for failure to perform. Project grants include fellowships, scholarships, research grants, training grants, traineeships, experimental and demonstration grants, evaluation grants, planning grants, technical assistance grants, survey grants, and construction grants.”



### Federal Grant Distribution 2008 (Million \$)

<b>TOTAL</b>	<b>\$2,655</b>
State Government	\$2,075
Other Governments	\$250
Tribes	\$182
Other Nonprofit	\$95
Other	\$53
Source: FAADS database.	

The largest grant programs were the federal share of Medicaid (a program funded jointly by the federal and state governments) and the various programs to fund construction of transportation

<sup>6</sup> Total grants in the CFFR data represent obligations rather than actual expenditures. In contrast, the Federal Aid to States report shows actual expenditures. See Appendix B for details on the different sources of information on federal spending.

<sup>7</sup> The split between project and formula grants is an estimate based on data from the Federal Assistance Award Data System (FAADS) from 2003.

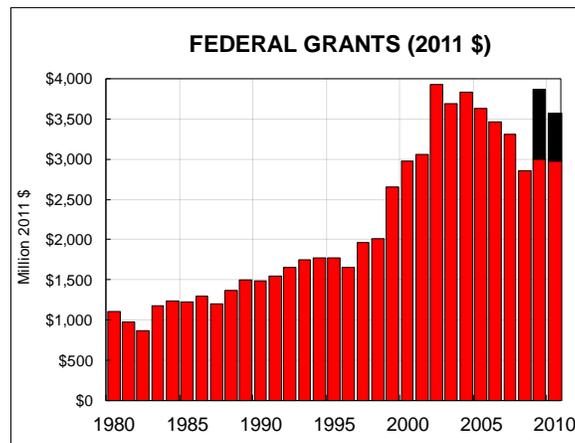
projects in the state, primarily highways and airports. Among grant programs exceeding \$10 million, most targeted health care, transportation, housing, and education.

**Largest Federal Grants to Alaska in 2008**

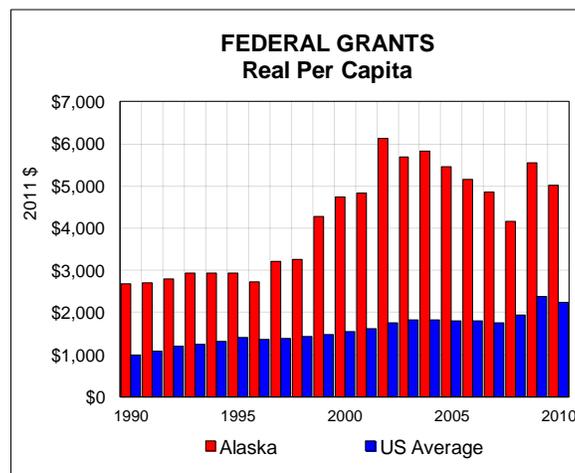
<b>GRANT TITLE</b>	<b>Million \$</b>	<b>Program Code</b>
<b>TOTAL</b>	<b>\$2,701.6</b>	
MEDICAL ASSISTANCE PROGRAM (MEDICAID)	\$693.6	93.778
HIGHWAY PLANNING AND CONSTRUCTION	\$383.1	20.205
AIRPORT IMPROVEMENT PROGRAM	\$186.1	20.106
IMPACT AID for EDUCATION	\$121.3	84.041
INDIAN HOUSING BLOCK GRANTS	\$80.5	14.867
TEMPORARY ASSISTANCE FOR NEEDY FAMILIES TANF	\$60.3	93.558
FEDERAL TRANSIT-CAPITAL INVESTMENT GRANTS	\$48.0	20.500
SPECIAL EDUCATION-GRANTS TO STATES	\$34.4	84.027
INTERIOR DEPT--SHARED REVENUES WITH STATES (INCLUDES MINERAL LEASING ACT)	\$34.0	GG.500
ALASKA NATIVE EDUCATIONAL PROGRAMS	\$33.0	84.356
FEDERAL TRANSIT FORMULA GRANTS	\$32.0	20.507
SECTION 8 HOUSING CHOICE VOUCHERS	\$31.2	14.871
COMMUNITY HEALTH CENTERS	\$31.1	93.224
CONGRESSIONALLY MANDATED PROJECTS	\$26.9	66.202
NATIONAL SCHOOL LUNCH PROGRAM	\$25.3	10.555
SPECIAL SUPPLEMENTAL FOOD PROGRAM FOR WOMEN, INFANTS, AND CHILDREN	\$24.2	10.557
NATIONAL GUARD MILITARY OPERATIONS & MAINTENANCE PROJECTS	\$23.4	12.401
POLAR PROGRAMS	\$22.6	47.078
STATE CHILDREN'S INSURANCE PROGRAM (CHIP)	\$22.2	93.767
UNEMPLOYMENT INSURANCE	\$22.1	17.225
TITLE I GRANTS TO LOCAL EDUCATION AGENCIES	\$20.0	84.010
INDIAN ENVIRONMENTAL GENERAL ASSISTANCE PROGRAM	\$19.8	66.926
PACIFIC COAST SALMON RECOVERY-PACIFIC SALMON TREATY PROGRAM	\$18.0	11.438
LOW INCOME HOME ENERGY ASSISTANCE	\$16.8	93.568
CAPITALIZATION GRANTS FOR DRINKING WATER STATE REVOLVING FUND	\$16.4	66.468
PAYMENT IN LIEU OF TAXES	\$15.6	15.226
IMPROVING TEACHER QUALITY STATE GRANTS	\$14.0	84.367
DISTANT LEARNING AND TELEMEDICINE LOANS AND GRANTS	\$13.7	10.855
HEAD START	\$13.6	93.600
CHILD SUPPORT ENFORCEMENT	\$12.3	93.563
RESEARCH INFRASTRUCTURE	\$11.8	93.389
WATER AND WASTE DISPOSAL SYSTEM FOR RURAL COMMUNITIES	\$11.5	10.760
CENTERS FOR DISEASE CONTROL & PREVENT-INVESTIGATIONS AND TECHNICAL ASSIST	\$11.2	93.283
HIGHER EDUCATION-INSTITUTIONAL AID	\$11.0	84.031
SPECIAL DIABETES PROG FOR INDIANS-DIABETES PREV AND TREAT. PROJECTS	\$10.7	93.237
STATE ADMINISTRATIVE MATCHING GRANTS FOR FOOD STAMP PROGRAM	\$10.7	10.561
CAPITALIZATION GRANTS FOR STATE REVOLVING FUNDS	\$10.4	66.458
FOSTER CARE TITLE IV E	\$10.3	93.658
Source: US Department of Commerce, Consolidated Federal Funds Report. Note: Programs Codes are consistent with the Catalog of Federal Domestic Assistance		

Grant funds increased dramatically from 1996 to 2002 and have since trended downward, except in 2009 and 2010, when they were supplemented by stimulus funding (ARRA). The rapid growth was due to several factors, including increases in funding for the largest grant programs—like

those for transportation and health care—as well as an increase in the number of grant programs.<sup>8</sup>



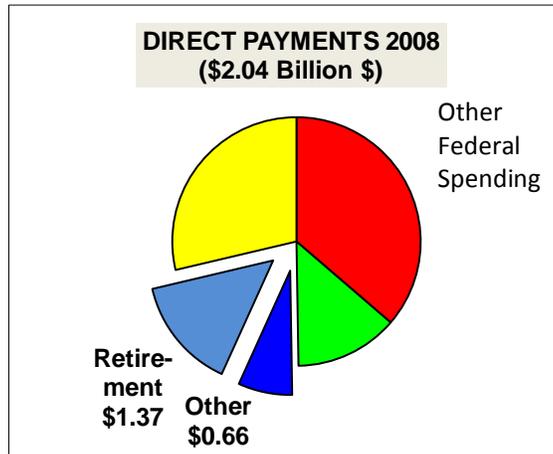
When grants were growing rapidly, Alaska per capita grant funding increased from \$1,950 to \$4,850 and rose to more than three times the U.S. average. But by 2008 grant spending per capita had fallen to 2.1 times the national average and Alaska ranked second among the states.



### Direct Payments

Alaska received \$2.04 billion in direct federal payments in 2008, mostly for individuals but also for other purposes. Payments to individuals under Social Security and retirement programs for federal employees accounted for about two-thirds of the total. Most of the other payments also went to individuals, either for Medicare services or for three income support programs--unemployment insurance, food stamps (SNAP), and the earned income tax credits (EITC). A small share went to organizations for a variety of purposes, including tribal self-governance and public housing.

<sup>8</sup> Some of the growth was due to expansion of Alaska Native health care services and devolution of the provision of those services to nonprofits through the process of compacting.



**Largest Federal Retirement Programs in Alaska, 2008**

DIRECT PAYMENT PROGRAM	Million \$	Program Code
<b>TOTAL RETIREMENT</b>	<b>\$1,372.6</b>	
SOCIAL SECURITY RETIREMENT INSURANCE	\$490.2	96.002
FEDERAL RETIREMENT AND DISABILITY PAYMENTS—CIVILIAN	\$191.0	DR.200
FEDERAL RETIREMENT AND DISABILITY PAYMENTS—MILITARY	\$163.2	DR.100
SOCIAL SECURITY SURVIVORS INSURANCE	\$162.4	96.004
SOCIAL SECURITY DISABILITY INSURANCE	\$145.6	96.001
VETERANS COMPENSATION FOR SERVICE-CONNECTED DISABILITY	\$123.6	64.109
SUPPLEMENTAL SECURITY INCOME	\$39.6	96.006
RETIREMENT/ DISABILITY PAYMENTS-COAST GUARD/UNIFORMED EMPLOYEES	\$18.2	DR.300
FEDERAL EMPLOYEES COMPENSATION	\$11.8	17.FEC
FEDERAL RETIREMENT AND DISABILITY PAYMENTS--PUBLIC HEALTH SERVICE	\$7.4	DR.700

Source: U.S. Department of Commerce, Consolidated Federal Funds Report.  
Note: Programs codes are consistent with the Catalog of Federal Domestic Assistance

**Largest Other Direct Payment Programs to Individuals in Alaska, 2008**

DIRECT PAYMENT PROGRAM	Million \$	Program Code
<b>TOTAL</b>	<b>\$603.7</b>	
MEDICARE-HOSPITAL INSURANCE	\$181.6	93.773
MEDICARE-SUPPLEMENTARY MEDICAL INSURANCE	\$127.7	93.774
UNEMPLOYMENT COMPENSATION BENEFIT PAYMENTS	\$103.8	DO.200
SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM (SNAP)	\$94.3	10.551
PAYMENTS FOR EXCESS EARNED INCOME TAX CREDITS (EITC)	\$62.2	DO.300
FEDERAL PELL GRANT PROGRAM	\$12.7	84.063
ALL VOLUNTEER FORCE EDUCATIONAL ASSISTANCE	\$7.3	64.124
ENVIRONMENTAL QUALITY INCENTIVES PROGRAM	\$4.3	10.912
RURAL RENTAL ASSISTANCE PAYMENTS	\$3.7	10.427
FEDERAL FAMILY EDUCATION LOANS	\$2.3	84.032

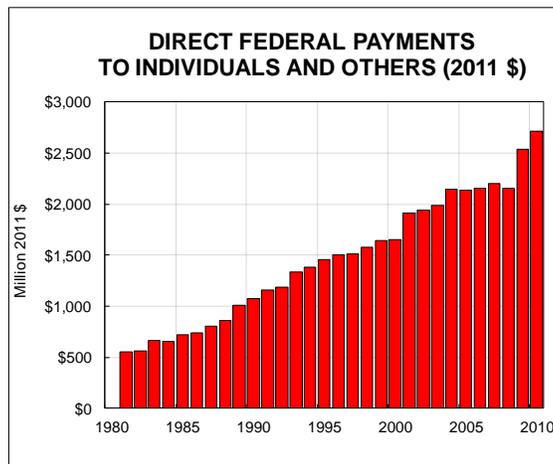
Source: U.S. Department of Commerce, Consolidated Federal Funds Report.  
Note: Programs codes are consistent with the Catalog of Federal Domestic Assistance

**Largest Other Direct Payment Programs to Organizations in Alaska, 2008**

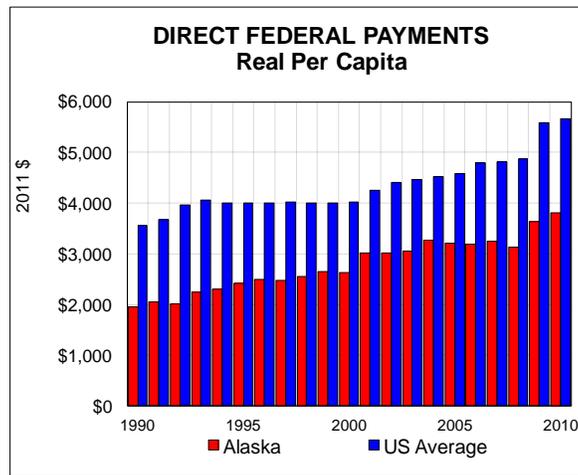
DIRECT PAYMENT PROGRAM	Million \$	Program Code
<b>TOTAL</b>	<b>\$59.2</b>	
TRIBAL SELF-GOVERNANCE	\$11.7	15.022
ALASKAN INDIAN ALLOTMENTS & SUBSISTENCE PREFERENCE LANDS ACT	\$10.0	15.055
PUBLIC AND INDIAN HOUSING	\$9.1	14.850
SECTION 8 HOUSING ASSISTANCE PAYMENTS-SPECIAL ALLOCATIONS	\$4.5	14.195
SUPPORTIVE HOUSING FOR PERSONS WITH DISABILITIES	\$2.8	14.181
LIFE INSURANCE FOR VETERANS	\$2.3	64.103
LAW ENFORCEMENT OFFICER REIMBURSEMENT AGREEMENT PROGRAM	\$1.8	97.090
FIRE NATIONAL FIRE PLAN PROJECTS	\$1.5	15.DAX
FEDERAL EMPLOYEE LIFE/HEALTH INSURANCE PREMIUMS--EMPLOYER SHARE	\$1.5	DX.200
WILDLIFE HABITAT INCENTIVE PROGRAM	\$1.4	10.914

Source: U.S. Department of Commerce, Consolidated Federal Funds Report.  
 Note: Programs codes are consistent with the Catalog of Federal Domestic Assistance

The growth in direct payments was closely related to the growth in population. The jump in 2009 was due to the increase in spending for income support programs—like unemployment insurance—in the wake of the national recession.

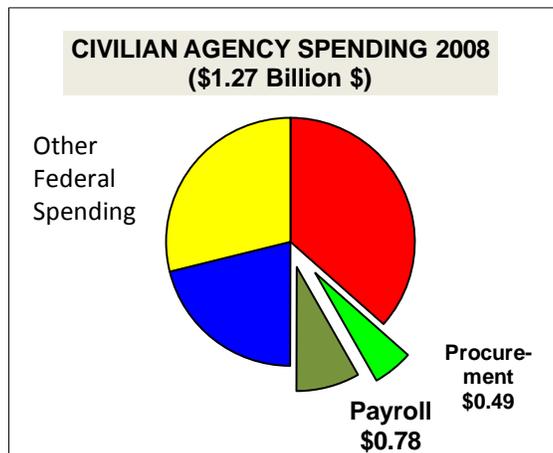


Per capita direct federal payments in Alaska have historically been below the national average, because of the young average age of the population, but as the Alaska population ages per capita transfers will approach the national average. Spending per capita for direct payments in Alaska was 63% of the national average in 2008, and Alaska ranked last among the states.



**Federal Civilian Agency Spending**

Federal agency spending in Alaska in 2008 was \$1.27 billion, of which nearly two-thirds was for payroll and the rest for procurement.<sup>9</sup>



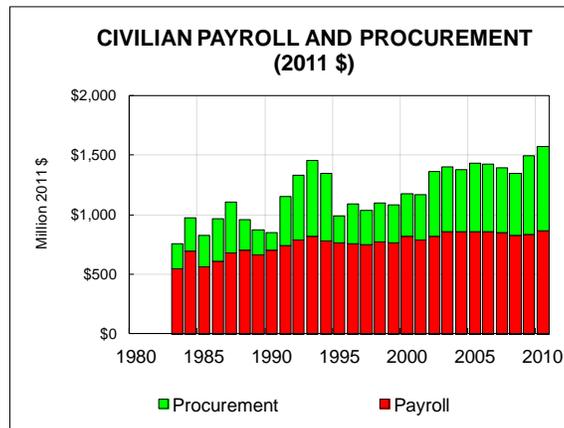
The largest agencies are generally those that manage federal resources or provide services over large geographic areas.

<sup>9</sup> The total includes the Coast Guard, which is in the Department of Homeland Security.

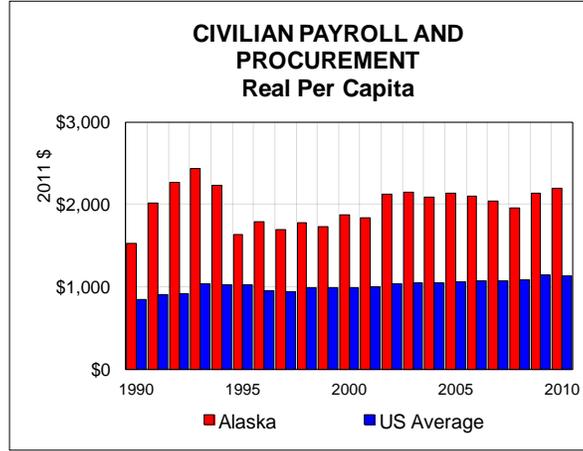
**Largest Federal Civilian Agencies in Alaska, 2010**

AGENCY	PAYROLL (Million \$)	EMPLOYMENT
<b>TOTAL</b>	<b>\$761</b>	<b>10,231</b>
Interior (NPS,BLM, FWS)	\$189	2,710
Postal Service	\$103	1,562
Transportation (FAA)	\$132	1,309
Homeland Security (TSA)	\$81	1,118
Agriculture (Forest Service)	\$78	1,089
Commerce	\$68	944
Veterans Affairs	\$42	627
Health and Human Services	\$22	292
Justice	\$22	207
Courts	\$8	121
Other	\$17	252
Source: Alaska Department of Labor		

Federal civilian agency employment and payroll have been quite stable for 20 years, while procurement spending has increased across most departments, particularly for the newly created Department of Homeland Security (Transportation Security Administration).



Spending per capita for civilian agencies was 1.74 times the national average in 2008, and Alaska ranked 13th among the states.



## American Recovery and Reinvestment Act (ARRA)

Nationwide, the federal government has spent \$840 billion under ARRA on three types of programs of assistance—awards which include grants, contracts, and loans (\$227 billion); tax benefits (\$298 billion); and entitlements (\$221 billion).

### Total Federal ARRA Spending (Billion \$)

<b>GRANTS-CONTRACTS-LOANS</b>	<b>\$227</b>
Education	\$90
Transportation	\$34
Infrastructure	\$27
Energy/Environment	\$24
Housing	\$13
R&D/Science	\$12
Health	\$10
Other	\$5
<b>TAX BENEFITS</b>	<b>\$298</b>
Individual Tax Credits	\$136
Making Work Pay	\$105
Tax Incentive for Business	\$34
Energy Incentives	\$11
Other	\$13
<b>ENTITLEMENT PROGRAMS</b>	<b>\$221</b>
Medicaid/Medicare	\$90
Unemployment Insurance	\$61
Family Services	\$39
Economic Recovery Payments	\$14
Energy	\$12
Housing	\$6
Agriculture	\$1
Source: <a href="http://www.recovery.gov">www.recovery.gov</a>	

Alaska's share of tax benefits and spending for entitlement programs has not been separately reported, but since these were largely formula based, it is reasonable to assume that the share coming to Alaska was generally consistent with Alaska's share of the total U.S. population.

In contrast, Alaska's share of contracts, grants, and loan projects has been quite generous relative to population or economic distress from the national recession. Alaska has received \$2.3 billion, mostly as grants. This is \$3,256 per capita, compared with the national average of \$890, and places Alaska first in state rankings for this category of ARRA assistance.

**Alaska ARRA Awards (Contracts, Grants, Loans)**

	<b>Number</b>	<b>Dollar Value (Million \$)</b>
<b>TOTAL</b>		<b>\$2,322</b>
<b>Contracts</b>	<b>1,131</b>	<b>\$642</b>
<b>Grants</b>	<b>2,273</b>	<b>\$1,570</b>
<b>Loans</b>	<b>15</b>	<b>\$109</b>
<b>Source: <a href="http://www.recovery.gov">www.recovery.gov</a></b>		

ARRA funding in Alaska has been spent primarily on infrastructure construction, education, and transportation, including both capital and operating program awards to federal and state agencies.

**Alaska ARRA Contracts, Grants, and Loans by Category (Million \$)**

<b>TOTAL</b>	<b>\$2,322</b>
Infrastructure	\$837
Education	\$429
Transportation	\$368
Health	\$248
Energy/Environment	\$115
Housing	\$95
Other	\$87
R&D/Science	\$56
Public Safety	\$37
Family	\$27
Job Training/Unemployment	\$23
<b>Source: <a href="http://www.recovery.gov">www.recovery.gov</a></b>	

Most ARRA funds have now been spent, so the increment they represented to federal spending in Alaska in 2009 and 2010 began dwindling in 2011—although their economic impact on the state will continue to be felt as those funds trickle down into the economy.

## Importance of Federal Funds

Federal spending is particularly important to several economic sectors in Alaska, even though the origin of that support is not always readily apparent. For example, a large share of the state capital budget funds that support the construction industry come from federal grants funneled through state government.

### State Government

The share of federal grants going to Alaska Native and other nonprofits in Alaska is significant, but most grants go to state government—for both capital projects and operations—with a very small share going directly to local governments. On a per capita basis, Alaska has historically received about 2.5 times the national average in federal aid to state and local governments, although the differential was higher in the early part of the last decade.<sup>10</sup>

**Federal Aid to State and Local Government**

Federal Fiscal Year	Alaska (million \$)	Alaska Per Capita (000)	Total US (Million \$)	US Per Capita (000)	Ratio Alaska to US
1998	\$1,413	\$2.279	\$253,274	\$0.918	2.48
1999	\$1,582	\$2.533	\$274,448	\$0.984	2.58
2000	\$2,260	\$3.602	\$291,943	\$1.035	3.48
2001	\$2,435	\$3.852	\$323,893	\$1.136	3.39
2002	\$2,250	\$3.503	\$362,389	\$1.259	2.78
2003	\$2,407	\$3.701	\$385,693	\$1.329	2.78
2004	\$2,433	\$3.681	\$408,143	\$1.393	2.64
2005	\$2,671	\$3.994	\$403,660	\$1.366	2.92
2006	\$2,425	\$3.586	\$428,154	\$1.435	2.50
2007	\$2,431	\$3.568	\$439,794	\$1.460	2.44
2008	\$2,604	\$3.794	\$469,773	\$1.545	2.46
2009	\$3,624	\$5.184	\$552,108	\$1.798	2.88
2010	\$3,326	\$4.657	\$630,170	\$2.053	2.27

Source: U.S. Department of Commerce, Federal Aid to States, annual.

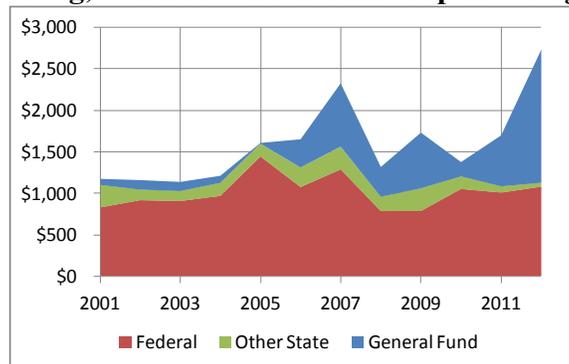
<sup>10</sup> The jumps in reported grants to Alaska state and local governments in 2000 and 2009 were due largely to increases in Indian Health Services (IHS) grants in those years. The entire series of IHS grants is reported as follows (in millions of dollars):

1999 \$37  
 2000 \$424  
 2001 \$424  
 2002 \$5  
 2003 \$9  
 2004 \$7  
 2005 \$30  
 2006 \$32  
 2007 \$29  
 2008 \$9  
 2009 \$867  
 2010 \$7

The volatility of this series underscores the fact that the federal government has had a difficult time trying to accurately track the flow of federal funds to Alaska, particularly when programs—like Alaska Native health care—have been restructured. Because these federal reports may have mislabeled some funds in the past, and some funds may have been overlooked or otherwise miscounted, we must interpret the federal funds reports carefully, and in particular, treat them as a general picture of the size and trend rather than as a completely accurate representation.

Federal grants for capital spending have been relatively stable for the last decade. The largest capital grants cover highway and airport construction.

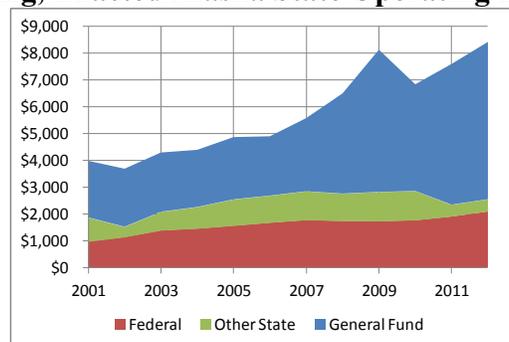
**Sources of Funding, Enacted Alaska State Capital Budget, (Million \$)**



Source: Legislative Finance, Actual Budget.

Federal grants for operations have continued to trend upward over the last 10 years, although they have been a declining share of the total state budget. The federal share of the Medicaid program is the largest grant for operations.

**Sources of Funding, Enacted Alaska State Operating Budget, (Million \$)**



Source: Legislative Finance, Actual Budget.

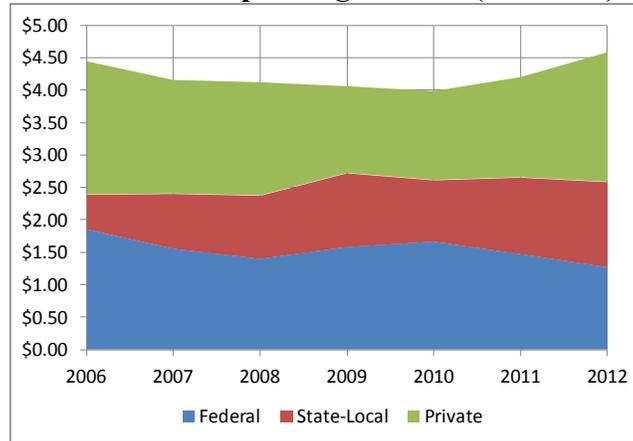
**Construction Industry**

Federally funded construction projects—for national defense, highways, airports, housing, and others—have in recent years accounted for roughly a third of total construction spending in Alaska (excluding petroleum industry capital spending).<sup>11</sup> If health care and utility projects that receive federal funding were included, the share would be higher. Most of this funding is either capital construction projects of the Department of Defense or grants to state and local governments and nonprofits.

There was a temporary increase in federal funding of capital projects attributable to ARRA spending. Since then state capital spending has increased to offset the decline in federal spending.

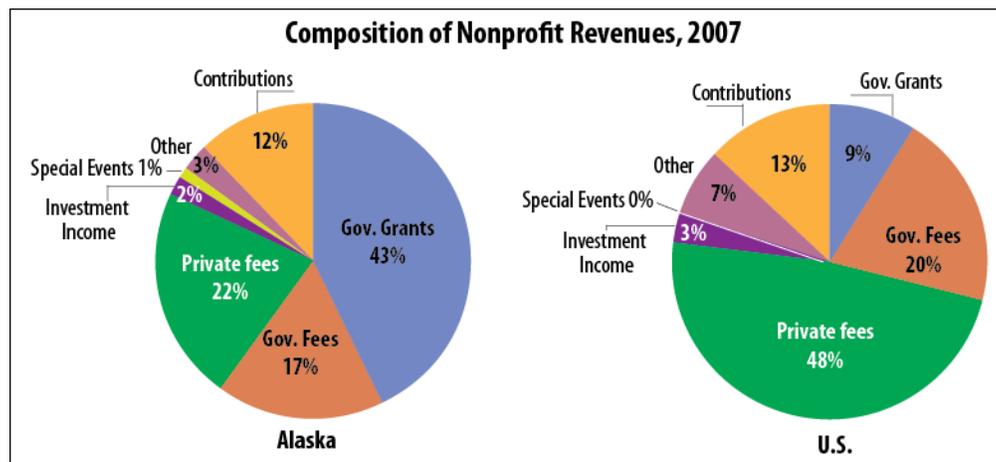
<sup>11</sup> Unpublished construction spending database, Institute of Social and Economic Research.

**Construction Spending Sources (Million \$)**



### Nonprofit Sector

Government grants and fees together accounted for 60% of the revenues of Alaska nonprofits in 2007, twice the share provided by government nationally.<sup>12</sup> Most of these government grants and fees originated with the federal government. Fees are the payments for specific services, most of which are medically related.



### Rural Alaska

A recent federal study reported that direct federal assistance to Alaska Native villages exceeded \$3 billion over the fiscal years 1998 through 2003, with most of it provided to regional nonprofit corporations (\$3.006 billion) and the balance going to Native villages (\$.483 billion).<sup>13</sup> The following charts show that most of these funds targeted health care and housing, but there were also numerous other programs.

<sup>12</sup> Scott Goldsmith and Tobias Schwoerer, "The Foraker Group Report on the Alaska Nonprofit Economy: 2010 Update," Institute of Social and Economic Research, 2011.

<sup>13</sup> "Recent Federal Assistance Exceeded \$3 Billion, with Most Provided to Regional Nonprofits," U.S. Government Accountability Office, GAO-05-719, August 2005.

### Top Federal Programs, by Agency, Benefiting Regional Alaska Native Nonprofits

Agency	Program name (CFDA)	Total funding	Percentage of total funding
HHS	Indian Health Service—Health Management Development Program (93.228) <sup>a</sup>	\$1,841,321,664	61
HUD	Indian Housing Block Grants (14.867)	480,063,494	16
Interior	Tribal Self-Governance (15.022)	245,776,863	8
Labor	Workforce Investment Act (17.255)	18,964,143	1
Education	Rehabilitation Services—American Indians with Disabilities (84.250)	13,310,179	<1
USDA	Community Facilities Loans and Grants (10.766)	7,815,357	<1
EPA	Indian Environmental General Assistance Program (66.926)	7,563,292	<1
Commerce	Economic Adjustment Assistance (11.307)	3,628,586	<1
Justice	Violence against Women Discretionary Grants for Indian Tribal Governments (16.587)	2,066,729	<1
	140 other programs	385,596,234	13
<b>Total</b>		<b>\$3,006,106,541</b>	<b>100</b>

Source: GAO analysis of FAADS and other agency data, 1998-2003.

Notes: Regional Native nonprofits did not receive any funding from the Department of Transportation during the period.

<sup>a</sup>According to HHS officials, the total funding amount also includes funding for Tribal Self-Governance Program (CFDA 93.210) and Indian Self-Determination (CFDA 93.441).

### Top Federal Programs, by Agency, Benefiting Alaska Native Villages

Agency	Program name (CFDA)	Total funding	Percentage of total funding
HUD	Indian Housing Block Grants (14.867)	\$104,068,580	22
EPA	Indian Environmental General Assistance Program (66.926)	63,269,797	13
HHS	Indian Health Service Health Management Development Program (93.228) <sup>a</sup>	47,721,221	10
Interior	Tribal Self-Governance (15.022)	45,500,244	9
DOT	Airport Improvement Program (20.106)	17,545,183	4
Commerce	Economic Adjustment Assistance (11.307)	11,705,345	2
Justice	Public Safety Partnership and Community Policing Grants (16.710) <sup>b</sup>	9,766,546	2
USDA	Water and Waste Disposal Systems for Rural Communities (10.760)	6,017,480	1
Education	Alaska Native Educational Planning, Curriculum Development, Teacher Training, and Recruitment Program (84.320) <sup>c</sup>	1,497,690	<1
	103 other programs	176,360,205	36
<b>Total</b>		<b>\$483,452,291</b>	<b>100</b>

Source: GAO analysis of FAADS and other agency data, 1998-2003.

<sup>a</sup>According to HHS officials, the total funding amount also includes funding for the Tribal Self-Governance Program (CFDA 93.210) and Indian Self-Determination (CFDA 93.441).

<sup>b</sup>Also called Community Oriented Policing Services (COPS) grants.

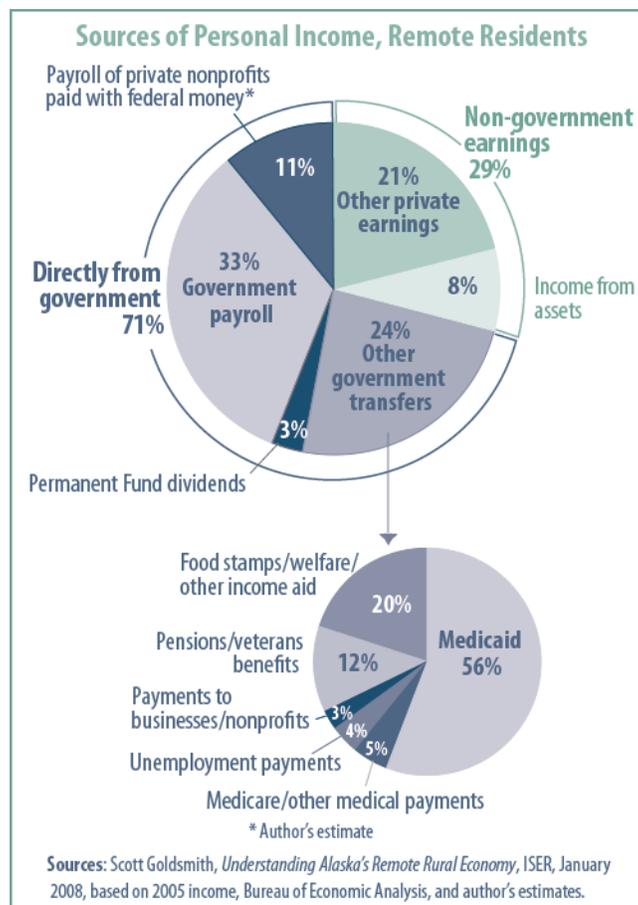
<sup>c</sup>Starting in 2002, this program was consolidated into CFDA 84.356—Alaska Native Education Program.

The study also reported federal funds provided to other nonprofits that primarily assist Alaska Natives, funds to Alaska Native villages in incorporated cities that benefited from municipal services like sewer and water, and funds to school districts, boroughs, and the state for other purposes such as education, transportation and other community services. The study further identified federal funds passed through from state government to Alaska Native villages, cities, and boroughs. Together these funds totaled \$1.667 billion between 1998 and 2003.

**Other Federal Spending from 1998 to 2003 Assisting Native Villages (Million \$)**

<b>TOTAL</b>	<b>\$1,667</b>
Other Nonprofits	\$224
Incorporated Cities with Alaska Native Villages	\$167
Borough governments	\$161
Independent school districts	\$674
State of Alaska pass-throughs to villages, regional nonprofits, cities, and boroughs	\$441
Source: U.S. GAO	

A study of Northern and Western Alaska (communities off the road and marine highway network) reported that 71% of personal income in the region in 2005 could be traced directly to government funds, mostly federal. This included both payroll and direct payments to individuals. A significant share of the remaining 29% of income indirectly depended on government spending, as government funds circulated through the regional economy.<sup>14</sup>



<sup>14</sup> Scott Goldsmith, "Understanding Alaska's Remote Rural Economy", *UA Research Summary #10*, Institute of Social and Economic Research, January 2008.

### Households

In 2008 transfers to individual Alaskans from government<sup>15</sup> were about \$5.2 billion, or \$3.1 billion after netting out the Permanent Fund dividend.<sup>16</sup> The largest categories were retirement and disability insurance, Medicaid, Medicare, Veteran benefits, Supplemental Security Income, unemployment insurance, and food stamps.<sup>17</sup> Other than the share of Medicaid financed by state government, the vast majority of these transfers were funded by federal money. Federal transfers amounted to about 10% of total Alaska household income in 2008. Of course, many households also benefit directly from federal payrolls or payrolls that depend on federal funds.

By 2010, transfers net of the PF dividend had increased by about \$1 billion, mostly for entitlement programs in response to the recession—and as such they are temporary.

#### Transfers from Government to Alaska Households (Million \$)

	2008	2009	2010
TOTAL PERSONAL INCOME	\$30,798	\$30,215	\$31,562
<b>TOTAL TRANSFERS</b>	<b>\$5,163</b>	<b>\$4,540</b>	<b>\$4,885</b>
RETIREMENT (Social Security) AND DISABILITY INSURANCE	\$843	\$933	\$987
MEDICAL PAYMENTS	\$1,534	\$1,804	\$1,948
MEDICARE	\$570	\$617	\$647
PUBLIC ASSISTANCE MEDICAL CARE (Medicaid)	\$920	\$1,137	\$1,245
MILITARY MEDICAL INSURANCE	\$43	\$50	\$56
INCOME MAINTENANCE BENEFITS	\$444	\$501	\$591
SUPPLEMENTAL SECURITY INCOME	\$139	\$139	\$136
FAMILY ASSISTANCE	\$50	\$53	\$54
FOOD STAMPS (SNAP)	\$98	\$139	\$163
OTHER (WIC, EITC, energy assistance, etc.)	\$156	\$169	\$238
UNEMPLOYMENT INSURANCE	\$110	\$215	\$272
VETERANS BENEFITS (Pensions, Disability, etc.)	\$152	\$175	\$208
FED EDUCATION AND TRAINING ASSISTANCE (EXC. VETS)	\$38	\$50	\$61
OTHER—MOSTLY THE ALASKA PF DIVIDEND	\$2,042	\$862	\$820
<b>ITEM: TOTAL NET OTHER</b>	<b>\$3,121</b>	<b>\$3,678</b>	<b>\$4,065</b>
Source: U.S. Department of Commerce, Bureau of Economic Analysis, and ISER estimates.			

<sup>15</sup> Total transfers reported net of payments to nonprofits and business payments to individuals.

<sup>16</sup> U.S. Department of Commerce, Bureau of Economic Analysis, Regional Economic Accounts. This data understates the importance of federal funds since it excludes government retirement payments, which are included as a supplement to wages when earned (not when paid out).

<sup>17</sup> Some of these “transfers” are categorized as grants in the CFFR data.

## **Conclusion**

Here we've reported that federal spending in Alaska has flattened in the past several years, and given the federal government's budget problems, that spending is not likely to increase any time soon. But the same things that have historically kept federal spending in Alaska high—relative to the state's population—will continue to draw federal dollars. Those include a large military presence, huge federal land holdings, federal health care and other programs for Alaska Natives, and Alaska's continuing need for more basic infrastructure, which the federal government helps pay for.

## Appendix A.

### Errors in Federal Data Source for 2009 and 2010

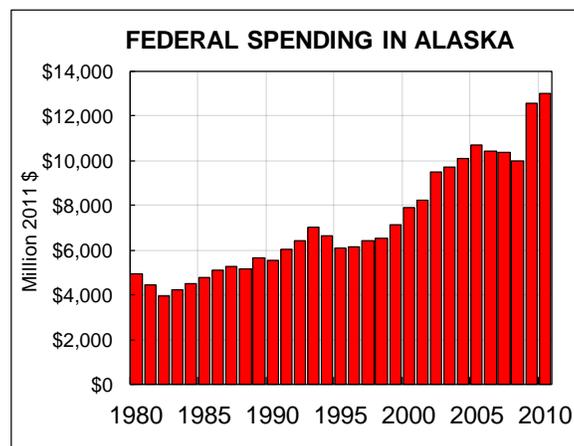
The most comprehensive source of information about federal spending in Alaska has historically been the annual Consolidated Federal Funds Report (CFFR) of the U.S. Department of Commerce. But ISER staff discovered serious errors in the data reported for Alaska in both the 2009 and 2010 reports.

**Total federal spending in Alaska in 2009** (October 2008 thru September 2009) was reported in the *Consolidated Federal Funds Report for Fiscal Year 2009* and initially on the CFFR website as \$14.215 billion. This was an increase of 51%, or \$4.8 billion over the 2008 figure of \$9.423 billion. We traced much of the reported increase to military wages and salaries in the Ketchikan census area and procurement in the Anchorage municipality. ISER staff alerted the U.S. Department of Commerce to the large increases in those two categories of spending, and the total reported on the CFFR website was subsequently revised downward to \$11.922 billion. (The publication, however, was not amended.) The downward revision included a reduction in the estimated spending on procurement from \$4.968 billion to \$2.701 billion, as well as a small reduction in grants from \$3.706 to \$3.681 billion.

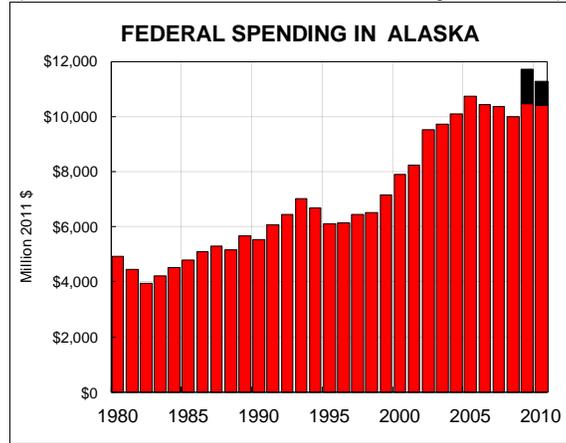
But the department did not change the wage and salaries total. Military wages and salaries were still reported as 64% higher than in 2008 (including \$693 million assigned to the Ketchikan census area), which was inconsistent with the growth of wages reported by the U.S. Department of Commerce’s Bureau of Economic Analysis. Consequently, ISER staff adjusted the military wage and salary total downward, to be consistent with wage data from the Bureau of Economic Analysis. This resulted in a downward adjustment of military wages for 2009 from \$2.343 billion to \$1.545 billion. That in turn reduced total federal funds paid to Alaska in 2009 to \$11.124 billion.

**Total federal spending in Alaska in 2010** was reported as \$12.615 billion on the CFFR website and in its publication. But that included an estimated \$3.221 billion in military wages and salaries, of which \$1.126 billion was assigned to the Valdez-Cordova census area. ISER staff adjusted this downward to \$1.512 billion, to be consistent with the data reported by the Bureau of Economic Analysis—which then reduced total federal funds paid to Alaska in 2010 to \$10.906 billion.

**Federal Spending in Alaska (2011 \$)  
(CFFR Website before ISER Adjustment)**



**Federal Spending in Alaska (2011 \$)  
(CFFR Website After ISER Adjustment)**



Estimated ARRA spending in 2009 and 2010 is shown in black.

## **Appendix B. Data Sources**

The Consolidated Federal Funds Report (CFFR) of the U.S. Department of Commerce is the most comprehensive source of information about federal spending. Its information is contained in an annual publication as well as on a website.

The department also publishes an annual report on federal government grants, entitled Federal Aid to States (FAS), which differs from the grant information in the CFFR. First, it includes only grants to state and local government and excludes grants to nonprofits, for-profit businesses, and individuals. Second, it reports actual expenditures whereas the CFFR reports obligations. Consequently, although there is considerable overlap, the FAS and CFFR grants data are not the same.

The department also has maintained a website of information on federal assistance awards, the Federal Assistance Award Data System (FAADS). It includes both grants and direct payments as defined by the CFFR, but excludes payroll and procurement. The information on grants and direct payments in the CFFR reports comes primarily from the FAADS. (Both the CFFR and FAADS also include loans and insurance programs of the federal government.)

2010 was the last year the CFFR and FAS will be published. As a result, tracking federal spending in Alaska will become much more difficult. A new website, USASpending.gov, will contain some of the data currently available through the CFFR, but it will not be as comprehensive in its coverage.

The following notice is on the CFFR website:

*The U.S. Census Bureau has terminated the Federal Financial Statistics program effective for the FY 2012 budget. The termination of the program results in the elimination of the Consolidated Federal Funds Report (CFFR), including the publication, downloadable data, and the On-Line Query System, as well as the annual Federal Aid to States Report (FAS). In preparation for the Fiscal Year 2012 budget, the Census Bureau did a comprehensive review of a number of programs and made the difficult decision to terminate and reduce a number of existing programs in order to secure funding for new programs or cyclical increases for other programs.*

## Appendix C. The Pig Book

One estimate of Alaska’s vulnerability from a concerted effort to eliminate perceived waste in federal spending comes from the “Pig Book,” an annual compilation of “pork barrel” projects published by a nonprofit organization called Citizens against Government Waste (CAGW). (Some of these projects would be classified as grants and others as procurement.) Reported per capita “pork” increased dramatically in Alaska compared to the rest of the U.S. through 2005, but has since fallen.

### Citizens Against Government Waste “Pork” Calculations

FF Year	“PORK” PER CAPITA (\$)		ALASKA	
	Alaska	US Average	State Rank	(Million \$)
1996	\$57	\$54	NA	\$34
1997	\$126	\$61	NA	\$77
1998	\$221	\$54	NA	\$137
1999	\$291	\$48	NA	\$181
2000	\$637	\$26	1	\$395
2001	\$766	\$26	1	\$480
2002	\$711	\$32	1	\$451
2003	\$611	\$34	1	\$393
2004	\$808	\$31	1	\$524
2005	\$985	\$33	1	\$646
2006	\$490	\$31	1	\$325
2007	NA			
2008	\$556	\$34	1	\$380
2009	\$322	\$30	1	\$221
2010	\$131	\$27	4	\$92

Source: Citizens Against Government Waste

This compilation provides one perspective on how critics outside the state view some Alaska projects. CAGW defines a “pork” project as a line-item in an appropriations bill that designates tax dollars for a specific purpose in circumvention of established budgetary procedures. To qualify as pork, a project must meet one of the following seven criteria:

- Requested by only one chamber of Congress
- Not specifically authorized
- Not competitively awarded
- Not requested by the 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.