

# Military Spending in Alaska

Alaska is third among states for per capita defense spending

By **CONOR BELL**

Alaska's natural resources are its most prominent economic drivers, but its strategic location for the military has also brought a lot of money and an enormous amount of infrastructure into the state.

The federal government spent \$3.3 billion on defense in Alaska during fiscal year 2015, which included wages for active duty and civilian military employees as well as contracting for construction, maintenance, and other services.

That amount was 30th among states, but given Alaska's small population, those expenditures amounted to \$4,446 in federal funding per resident in 2015 — putting Alaska in third among states, per capita. (See Exhibit 1.)

## 1 Spending Per Resident DEFENSE, 2015

State	Per capita spending
1 Virginia	\$6,324
2 Hawaii	\$5,415
3 Alaska	\$4,446
4 Maryland	\$3,420
5 Connecticut	\$2,701
<b>U.S.</b>	<b>\$1,270</b>
46 Idaho	\$389
47 Tennessee	\$361
48 Oregon	\$335
49 Michigan	\$295
50 West Virginia	\$286

*Sources: Defense Manpower Data Center, U.S. Bureau of Economic Analysis, U.S. Census Bureau, and Chmura Economics and Analytics*

U.S. citizen, less than a third of per capita spending in Alaska. The two states with higher federal funding per resident than Alaska were Virginia, at \$6,324, and Hawaii at \$5,415. Virginia is a hub for military contractors due to its proximity to Washington, D.C. and its low corporate income tax rates. Hawaii, like Alaska, has a strategic military location and a small population.

The two states with the lowest per capita defense spending, Michigan and West Virginia, each received less than \$300 per resident.

## Breaking down defense funding

Of the \$3.3 billion spent in Alaska in 2015, \$1.7 billion went to wages for 28,000 personnel. Of those, 20,800 were active duty service members who were supporting 29,300 dependents. Many active duty military families come from outside Alaska, although they spend money in the state during their tour of duty and sometimes take up residency after discharge.

Private companies operating in Alaska received \$1.6 billion in contracts. Federal contract spending has been lower since the U.S. recession, dropping from a high of \$2.2 billion in 2009. While the national economy has recovered, contract funding is often slower to respond.

The top contractor in 2015 was Arctic Slope Regional Corporation, an Alaska Native corporation, which received payments totaling \$245 million.

## State spending comparisons

Nationally, military spending comes out to \$1,270 per

Conor Bell is an economist in Juneau. Reach him at (907) 465-2669 or [conor.bell@alaska.gov](mailto:conor.bell@alaska.gov).