

*“The abstract term ‘economy’ translates in human terms...as jobs that provide: resources necessary to acquire food, shelter, clothing and to meet other needs; personal fulfillment and a sense of dignity to those who work in them; and contributions to the well-being of their community and society overall.”*<sup>42</sup>

## Alaska Native Economic Facts at a Glance

Employment data indicate that Alaska Natives are increasingly participating in the cash economy; that more Alaska Native women are employed than men, particularly in urban areas; and that younger Alaska Natives are almost as likely as non-Natives to be in the labor force. Alaska Natives continue to be under-represented in professional, managerial, technical and sales occupations. Natives are also under-represented on the personnel rosters of the federal and state governments.

- 17% (76,281) of the state’s work force (people age 16 and older) are Alaska Natives.
- 33% of unemployed Alaskans are Alaska Natives.
- Of all Alaskans with work experience in 2000, Alaska Natives are most heavily represented in the labor, service, clerical, operative (mainly fish processing) and craft occupations.<sup>43</sup>

Income data indicate that Alaska Natives get the largest proportion of their income from wages and salaries and that income levels are at a continuing disparity with non-Natives. Native families that live in rural areas are especially likely to be unemployed, to have low incomes and to live below the poverty line,<sup>44</sup> compared to non-Natives, regardless of where they live:

- Native total cash income – the sum of all income from all sources – was \$1.5 billion in 2000, about 12% of Alaska’s total cash income.<sup>45</sup>
- 71% of all income for Alaska Natives comes from wages and salaries.
- Per capita Native income from wages and salaries is \$9,113, non-Native per capita wage and salary income is \$18,819.

Cost of Living data clearly indicate that rural Alaskans continue to pay significantly higher costs for electricity and food. This disparity with urban Alaska has not improved and has actually worsened during the last few decades:

- Southwest Alaska pays an average price of \$0.44/kwh<sup>46</sup> before the Power Cost Equalization (PCE) adjustment – compared to the average of \$0.11/kwh in Anchorage.
- In 2003, residents of Lime Village would pay \$0.80/kwh without the PCE program adjustment.<sup>47</sup>
- It takes 2.8 wage earners in Bethel to buy an average house, compared to 1.5 wage earners in Anchorage.<sup>48</sup>
- The average residential customer in remote rural Alaska uses less electricity than do customers in urban areas of the state, while paying more for that electricity.
- In all but five of the last 20 years, the average cost of food for a family of four in Bethel has been 50% higher than for a family of four in Anchorage.
- More than 10% of Native households outside Anchorage do not have phones.

Poverty data also indicate continuing disparities between Native and non-Native households:

- About 20% of Native people have incomes below the federal poverty line, compared to only 7% of non-Native Alaskans.
- In 2000, one-quarter of Native families headed by a woman or man without a spouse were below the poverty line.

Business data indicate that *Native firms* are making strides:

- Alaska Natives own 11% of all business firms in Alaska, a higher percentage than for Native Americans in any other state. These firms, many of which are very small operations, generate about 5% of Alaska’s total business revenues.
- ANCSA regional and village corporations also have a large role in Alaska’s economy, generating almost \$3 billion in annual revenues and employing 13,000 people.
- Native profit and non-profit corporations are among Alaska’s largest employers and land-holders, ten of them being among the 100 largest private firms in the state.

## Discussion of Selected Data from the Status of Alaska Natives Report 2004

The data used to measure the economic well-being of Alaska Natives in the *Natives 2004* report includes individual and community measures of participation in the cash economy. In this section you will find a discussion of selected data from the *Natives 2004* report: “mixed” economy, federal spending, Alaska Native businesses and economic development, employment, income, cost of living, and poverty. There are some additional data that the Policy Center has compiled to more clearly show the regional and statewide comparisons for income and poverty.

### Mixed Economies

There was a time when food, clothing, and housing came directly from the land and waters. Today, the statewide Native community continues to practice its traditional hunting, fishing and gathering cultures. But now Natives combine subsistence with cash jobs. The mixed economy is a choice many people make because it makes sense for them. Until the “Survey of Living conditions in the Arctic” study is completed (see below), policy makers, business leaders, and researchers will need to rely on economic indicators that may not capture the nuances of a mixed economy.

*“The intent of the Survey of Living Conditions in the Arctic is to develop a new way of measuring living conditions that is relevant to people in the Arctic and to compare living conditions among Inuit and Saami peoples of the Arctic and the indigenous peoples of Chukotka. The purpose of these comparisons is to better understand the indigenous peoples of the Arctic and the effect of policies on them.*

*“...Material living conditions in the Arctic, as measured by European and North American standards, are relatively poor. Especially in small settlements, people tend to experience*

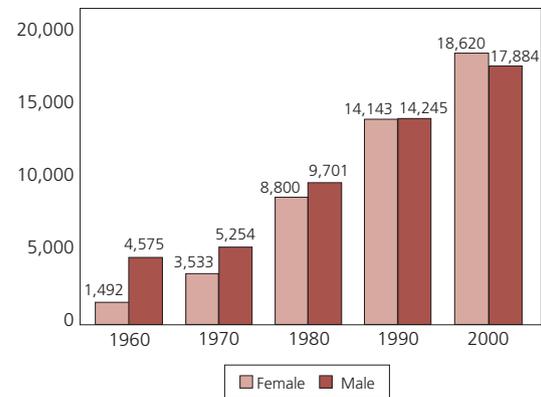
*relatively low cash incomes, poorer housing conditions, and higher costs for goods and services. ...this is a new approach to define and measure living conditions in a way relevant to Arctic indigenous peoples.”*

*--SLiCA. Survey of Living Conditions in the Arctic; Inuit, Saami and the Indigenous Peoples of Chukotka and the Kola Peninsula webpage. Retrieved June 25, 2004 from <http://www.arcticliving.gl/>*

## Alaska Native Participation in the Cash Economy

The numbers of Native men and women working in the cash economy have increased over the last 40 years. Figure 5-1 shows four times more Native men had jobs in 2000 than in 1960. But the greater increase has taken place among Native women, who held 12-1/2 times more jobs in 2000 than in 1960. Today, Alaska Native women hold slightly more jobs than do Native men. By 2000, about 36,504 Native people, men and women, held cash jobs.

Figure 5-1. Number of Natives Working in the Cash Economy, 1960-2000



Source: U.S. Census; ISER, *Status of Alaska Natives Report, 2004*, page 4-4

Although Alaska Natives have entered the cash economy in increasing numbers over the last 40 years, there is still a greater percentage of non-Natives participating in the labor force.

Further examination of the data presented in the *Natives 2004* report indicates that Alaska Natives are less likely to be employed full-time and year-round and have a higher unemployment rate than do non-Natives.

Additionally, the data indicate that Alaska Native women (age 16 and older) are more likely than Alaska Native men (age 16 and older) to be participating in the labor force. Both Native men and women have increased their share of Alaska’s potential labor force (the number of all men or women age 16 and older). Native men and women have increased their share of the percentage of all Alaskans who are working.

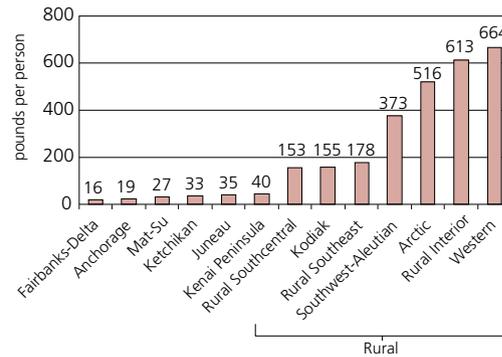
*“Native men contribute to the household through subsistence activities, and women are working for cash.”*

*--Comment from community meeting in Bethel, March 2004.*

## Subsistence

“Subsistence” is the word used to describe the traditional hunting, fishing and gathering of food, clothing, housing and other items needed by Alaska Natives to survive in this land. This word is not in any Alaska Native language, yet it is used by Natives to describe those traditional and cultural practices that are a significant part of Native heritage and that are alive and well today. Subsistence activities are an integral part of everyday life for Alaska Natives. In the data compiled by ISER, and the Alaska Department of Fish and Game, it is estimated that 60 percent of rural households – both Native and non-Native – harvest game and that **86 percent of the rural households use game**. They also estimate that 80 percent of rural households harvest fish and they estimate that up to **95 percent of rural households use fish**. These numbers indicate the strong reliance upon fish and game for rural Alaskans.

Figure 5-2. Wild Food Harvest by Areas in Alaska (In Pounds per Person, Average for 1990’s)

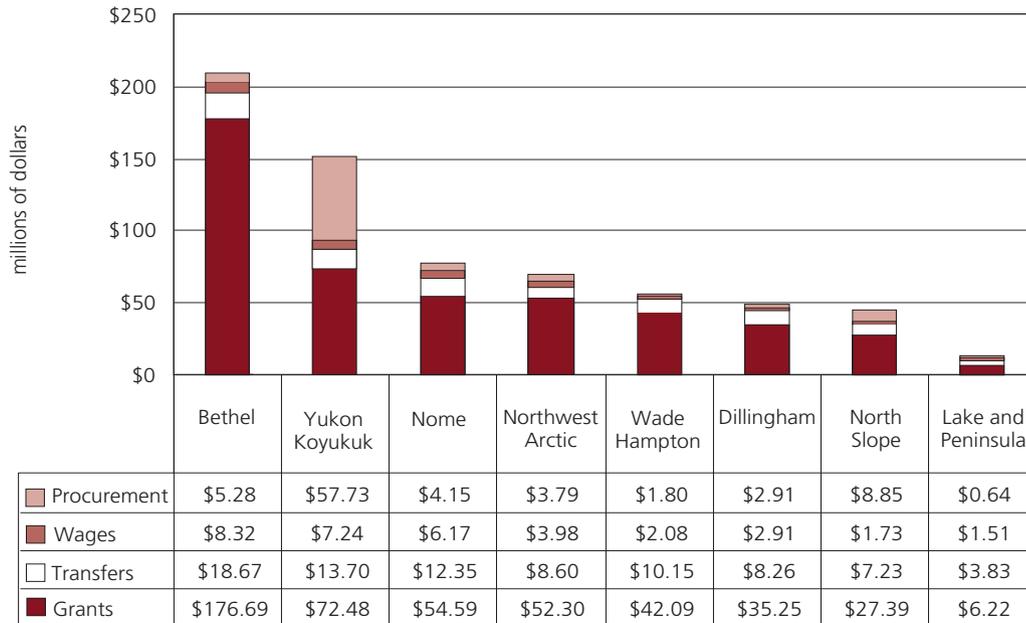


Source: ISER, *Status of Alaska Natives Report, 2004*, 5-24; [Department of Fish and Game]

## Federal Spending

Federal government spending, in the form of wages, purchases, grants and transfers, makes up the largest share of dollars in rural economies. Grants make up the largest amount of federal money in rural Alaska. It is for capital projects and for operations of non-profits, tribal entities and local governments. Many of the federal dollars that come into rural Alaska are spent outside the region, however, which diminishes the economic impact those dollars could have by circulating within the regional economy.<sup>49</sup>

Figure 5-3. Federal Money in Remote Rural Census Areas, 2000



Source: ISER, Status of Alaska Natives Report, 2004, page 5-13; [Consolidated Federal Funds Report]

## Alaska Native Business and Economic Development

### Native Ownership of Alaska's Business Firms

Alaska Native participation in the private-sector economy is not limited to working for business firms owned by non-Natives. Natives own a larger percentage of businesses in Alaska than do Native Americans in any other state. In 1997, Natives owned 10.6% of all private firms in Alaska. This is double the Native American ownership rates in Oklahoma and New Mexico

and many times the rates in other states with large Indian populations. Native-owned firms produced 4.6% of all business revenues in Alaska (\$36.9 billion) in 1997.

Native-owned firms tend to be smaller than the average company in Alaska. In the late 1990's, 44% of Native businesses were fishery operations; and most of those had no employees other than the owners. Native-owned businesses with employees are most likely to be found in the finance, resources (including fishing), mining and transportation sectors. Native ownership of firms that engage in trade, construction, services and manufacturing is smaller than in finance, mining and transportation.<sup>50</sup>

Table 5-1. Large Native non-Profit Firms, 2001

Rank Among Private Employers	Name	Headquarters	Employment
14	Yukon Kuskokwim Health Corporation	Bethel	940
20	Southcentral Foundation	Anchorage	749
30	Tanana Chiefs Conference	Fairbanks	632
34	Southeast Alaska Regional Health Corporation	Juneau	621
38	Alaska Native Tribal Health Consortium	Anchorage	544
46	Maniilaq Association	Kotzebue	489
56	Norton Sound Health Corporation	Nome	415
71	Bristol Bay Area Health Corporation	Dillingham	344
92	Fairbanks Native Association	Fairbanks	268
94	Association of Village Council Presidents	Bethel	259
<p><i>Note: Rank is among all private and nonprofit firms. Source: ISER, Status of Alaska Natives Report, 2004, page 4-32</i></p>			

Table 5-2. Revenues of ANCSA Regional Corporations

Name	Headquarters	Shareholders	Revenues (mill\$)
Ahtna	Glennallen	1,200	\$65.6
Aleut Corporation	Anchorage	3,249	\$60.7
Arctic Slope Regional Corporation	Barrow	9,000	\$973.7
Bering Straits Native Corporation	Nome	6,270	\$10.2
Bristol Bay Native Corporation	Anchorage	6,900	\$187.4
Calista Corporation	Anchorage	12,472	\$28.9
Chugach Alaska Corporation	Anchorage	1,991	\$354.4
Cook Inlet Region Inc.	Anchorage	7,200	\$95.1
Doyon, Ltd.	Fairbanks	14,000	\$56.9
Koniag Inc.	Anchorage	3,400	\$70.7
NANA Regional Corporation	Kotzebue	10,300	\$201.9
Sealaska Corporation	Juneau	17,000	\$169.5
13th Regional Corporation	Seattle	5,900	\$21.3

*Source: ISER, Status of Alaska Natives Report 2004, page 4-31; [Alaska Business Monthly, Annual Alaska Native Regional Corporations Directory, September 2003.]*

## Business Revenues of ANCSA Regional Corporations

Table 5-2 shows ANCSA regional corporations generated large revenues in 2002. If you add these regional numbers to those of 30 large ANCSA village corporations, combined 1997 revenues reached \$2.9 billion. These ANCSA firms also had an Alaska payroll of \$434 million and paid dividends of \$52.1 million to their shareholders. They employed a total of 13,062 people, of whom 3,122 were Natives.

## Economic Development

In the *Natives 2004* report, ISER states that using personal income as the measure, the economy of the Alaska remote rural region [defined as Wade Hampton, Bethel, Nome, Dillingham, and Yukon-Koyukuk census areas, North Slope, Northwest Arctic, and Lake and Peninsula boroughs] is the same size as Juneau’s economy. ISER found that “Economic

conditions in remote rural areas aren’t as good as in Anchorage and other urban areas. That’s because economic development opportunities in rural areas are limited, a large share of the earnings generated in rural areas leaks out of the local economy, and costs of living are high.”<sup>51</sup>

The data presented in the *Natives 2004* report imply that what is needed are sound policies aimed at reducing the cost of living in remote rural Alaska and job placement programs that put rural Alaskans into jobs that currently exist. Efforts such as these would address ISER’s findings noted above.

There are some notable exceptions to the fact that petroleum, mining and seafood industries generally produce little economic benefit to rural Alaskans. Those exceptions are the Community Development Quota program, the

Red Dog Mine and the work of the North Slope Borough to maximize petroleum tax benefits to its residents. More detailed data on these operations can be found in the *Natives 2004* report.

## Employment

### Alaska Native Employment and Unemployment

In 1960, 12.7% of adult Native women and 35.1% of adult Native men were working in the cash economy. By 2000, these rates increased to 48.1% of adult Native women and 47.4% of adult Native men working in the cash economy. There has been a slowdown in Native job growth rates during the past 15 years. The *Natives 2004* report also indicates that Native women are more likely to be employed, especially in urban areas, than are Native men.

Even as the number of Native people with cash jobs was growing in recent decades, so was the rate of Native unemployment, which reached an estimated 5,700 men and 3,700 women in 2000. The rates of Native adults who are not working remain considerably higher than the rates for other Alaskans.

The *Natives 2004* report presents data on unemployment in rural Alaska. However, the Policy Center believes that those data are seriously underestimated. The data are gathered by the State of Alaska, whose official definition of the “unemployed” is those who are “looking for work,” meaning that they call or visit their local Labor Department office regularly to see if there are any new job openings. After making long distance calls from the village to the regional center, local people come to realize that there are few if any new jobs - and that if one opens up in their community, they will hear of it. So, to save time and money, they stop calling. As these “discouraged workers” stop checking in, they fall through the bottom of the system and are no longer counted as “unemployed” - when in fact that is exactly what they are.<sup>52</sup>

*Excerpt from Alaska Natives Commission, Final Report, Volume II—*

*“The explanation was well stated by Mr. Rutledge, Tanana Chiefs Conference: ‘The Alaska Department of Labor’s official definition of unemployment, currently in place, excludes anyone who has made no attempt to find work in the previous four-week period. Most Alaska economists believe that Alaska’s rural localities have proportionately more of these “discouraged workers.” What is not mentioned by the Department of Labor is that in most rural, remote areas, discouraged workers do not result from those individuals not seeking work, but as a result of no work being available during much of the year. Therefore, after a period of four non-working weeks they drop out of the system and no longer register on unemployment statistics.”*

*--Irwin, M. (Ed.). (1994). Alaska Natives commission final report. (Vol. II). Anchorage, AK: Alaska Native Commission. Page 90.*

### Native Employment in Alaska’s State Government

Table 5-3 on page 70 presents numbers and percentages of Native-held jobs in the executive branch of Alaska’s state government. This does not include the University of Alaska, Alaska Railroad, Alaska Legislature, Alaska Court system or the Alaska Housing Finance Corporation.

In 1985, only 401 Natives (out of a total of 12,768 people) worked for the State’s executive branch, and they constituted only 3% of all state employees. This ratio improved to 5% by 1990 and remained the same through 2001 where Natives held 5% (743) of Alaska state government jobs and non-Natives held 95% (13,488). Alaska Natives are under-represented in state government jobs and the question should be asked how this picture can be improved.

If one “drills down” to these numbers, the data show that Native representation in higher paying or professional level government jobs is only 2.5% of the population.

Table 5-3. Native Employment in Alaska State Government

Year	Native	Non-Native	Total	Native	Non-Native
1985	401	12,367	12,768	3%	97%
1990	706	12,897	13,603	5%	95%
1994	641	12,799	13,440	5%	95%
2001	743	13,488	14,231	5%	95%

Source: ISER, Status of Alaska Natives Report, 2004, page 4-32

An even more detailed look at the State’s executive-branch employment of Natives and other minorities is offered in Table 5-4 on page 71. This comes from an official report of the Alaska Equal Employment Opportunity Office (EEOO), gathered by the Department of Administration in June 30, 2001.

The table shows who worked for the State, by gender and race. The far left-hand column shows employee’s genders, with Females (F) on the top half - and Males (M) on the lower half. The column marked “Department” lists the Governor’s Office and 14 Cabinet-level departments of the executive branch. Total numbers of employees are shown in the two right-hand columns. And in the seven columns in the middle of the table, we see the *numbers* (not the percentages) of state employees by race.

In the last line at the bottom, you see that 13,869 people worked for Alaska’s Executive Branch in mid-2001. Of these, only 701 (5%) were Alaska Natives. The column marked “Alaska Native,” in the middle of the table, is the one on which we focus in this report. Out of a total of 701 Native employees in mid-2001, 406 (57.9%) were women, and 295 (42.1%) were men.

The four departments employing the highest numbers of Native *women* were Health and Social Services, Administration, Transportation and Public Facilities, and Fish and Game. But Native women constituted only 6.3% of those four departments’ total of female employees. The four departments employing the highest numbers of Native men were Transportation and Public Facilities, Corrections, Public Safety and Fish and Game. But Native men constituted only 4.8% of those four departments’ total of male employees.

Table 5-4. State of Alaska Executive Branch Race/Ethnicity and Gender Data, 2001

State of Alaska Executive Branch Race/Ethnicity and Gender Data			State of Alaska Office of the Governor OEE0						Source: State of Alaska Dept. of Administration Extracted 6/30/01	
Gender	Department	Native Americans	Asians/ Pacific Is.	African Americans	Alaska Natives	Hispanic	Caucasian	Unknown	Total	Total Employees by Department
F	Office of the Governor	0	9	3	6	2	137		157	222
F	Administration	10	150	42	52	26	673	1	954	1356
F	Law	5	15	8	16	5	238		287	430
F	Revenue	10	27	27	14	11	220	2	311	484
F	Education & Early Development	3	11	3	19	6	261		303	476
F	Health & Social Services	28	71	81	102	43	1111	1	1437	2159
F	Labor & Workforce Development	7	23	29	30	10	394	1	494	811
F	Community & Economic Dev.	2	17	14	22	0	212		269	430
F	Military & Veterans Affairs	3	1	1	4	1	55	2	75	226
F	Natural Resources	4	13	5	10	10	250	10	294	653
F	Fish & Game	3	18	3	38	7	470	2	541	1347
F	Public Safety	4	10	7	12	9	208	2	251	707
F	Environmental Conservation	2	15	5	10	6	185	1	223	446
F	Corrections	10	11	24	31	12	348		437	1266
F	Transportation & Public Facilities	17	45	15	40	17	587	1	721	2856
	Female Totals by Race/Ethnicity	108	436	267	406	165	5349	23	6754	
Gender	Department	Native Americans	Asians/ Pacific Is.	African Americans	Alaska Natives	Hispanic	Caucasian	Unknown	Total	Total Employees by Department
M	Office of the Governor	0	0	1	2	0	62		65	222
M	Administration	4	33	18	10	4	332	1	402	1356
M	Law	0	1	1	2	1	138		143	430
M	Revenue	2	10	6	1	3	150	1	173	484
M	Education & Early Development	1	5	1	12	3	151		173	476
M	Health & Social Services	14	39	64	26	23	555	1	722	2159
M	Labor & Workforce Development	7	10	15	7	11	267		317	811
M	Community & Economic Dev.	0	12	6	13	5	124	1	161	430
M	Military & Veterans Affairs	1	6	9	1	3	124	7	151	226
M	Natural Resources	5	3	0	4	4	342	1	359	653
M	Fish & Game	9	6	3	28	7	753		806	1347
M	Public Safety	8	10	22	33	11	371	1	456	707
M	Environmental Conservation	2	8	3	3	6	201		223	446
M	Corrections	22	26	48	50	25	657	1	829	1288
M	Transportation & Public Facilities	36	97	29	103	34	1836		2135	2856
	Male Totals by Race/Ethnicity	111	266	226	295	140	6063	14	7115	
	Executive Branch Totals by Race/Ethnicity	219	702	493	701	305	11412	37	13869	

Source: Alaska Department of Administration. (2001, June). Race/ethnicity and gender data.

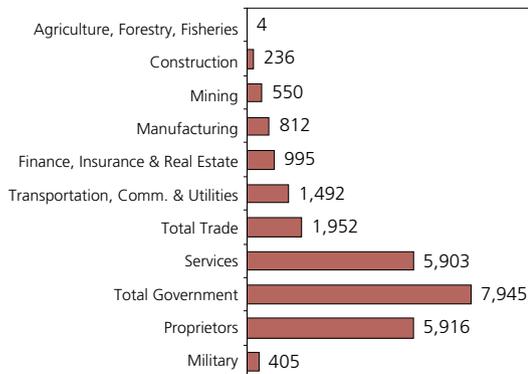
## Number of Jobs

Figure 5-4 shows the number of jobs in the year 2000, whether they were held by Natives or non-Natives, in seven (of eight) remote rural Census Areas: Northwest Arctic, Nome, Wade Hampton, Bethel, Dillingham, Lake and Peninsula, and Yukon-Koyukuk. In 2000, there were 26,210 jobs in the seven named remote rural Census Areas.

Note the extent to which “Total Government,” some “Services” (health and education) and “Military,” are funded by public appropriations, which constitutes the base of the cash economy in these rural areas. They directly provide more than 54% of all jobs.

Private business is represented by all the other eight categories, the largest of which is “Proprietors.” Many proprietorships, especially those in rural areas, are tiny fishing operations with no employees other than the owners. Some of the rural businesses in the category of “Total Trade” are very small (for example, a tiny video rental shop in a village).

Figure 5-4. Number of Jobs in Seven Remote Rural Census Areas,\* 2000



\*Excludes North Slope Borough, where many jobs are in the enclave petroleum sector.

Source: ISER, Status of Alaska Natives Report, 2004, page5-16. Alaska Department of Labor

Somewhat larger businesses, with more jobs, can be found in categories such as Mining; Manufacturing; Finance/Insurance/Real Estate; and Transportation/Communications/Utilities.

Long-term improvement of Native employment rates does not depend solely on economic development and the creation of *new* jobs. A lot of progress can be made if Native people can take more of the local jobs that *already* exist.

*“I think we need to look at job placement, not just workforce development. We’ve got lots of people trained to inspect the pipeline, to operate equipment, to work construction projects. What we need is to put these people to work on the jobs, the projects that are going on in the State.”*

*--Comment, regional meeting, March 2004.*

## Income Measures

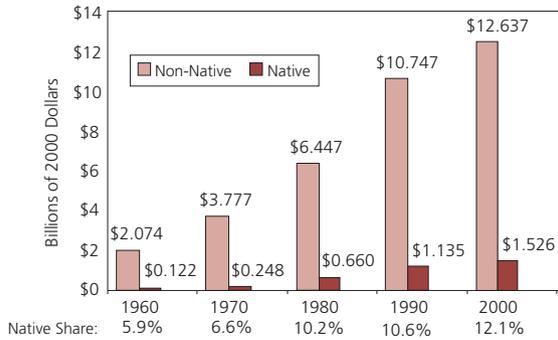
### Total “Real” Income

“Real” income is income that is corrected for inflation, so that data from different years can be compared in dollars of equal value. “Aggregate” income is the sum of all income.

Figure 5-5 on the following page shows the aggregate cash incomes, from all sources, for Native and non-Native Alaskans between 1960 and 2000. The percentages at the bottom of the graph show the Native percentages of Alaska’s total income.

As a percentage of non-Native aggregate income, the Native share of aggregate income doubled, from 5.9% in 1960 to 12.1% in 2000. While percentages have improved over the past 40 years, the income gap between Native and non-Native Alaskans is large and persistent.

Figure 5-5. Aggregate Real Alaska Income, 1960-2000

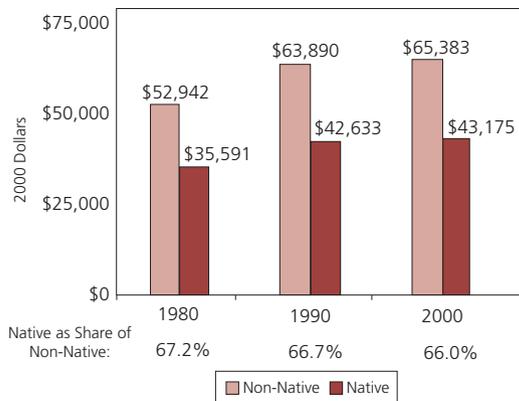


\*Adjusted for inflation using the Anchorage consumer price index.

Source: ISER, Status of Alaska Natives Report, 2004, page 4-35

## Household Income

Figure 5-6. Real Average Alaska Household Income, 1980-2000 (In 2000 Dollars)

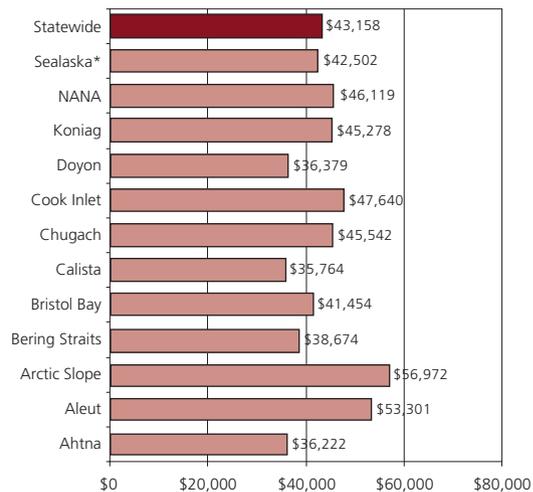


Source: ISER, Status of Alaska Natives Report, 2004; U.S. Census, page 4-36

A measure of economic conditions for families and individuals is average household income, as shown in Figure 5-6. This graph indicates incomes for Native and non-Native households during the 20 years between the 1980 and 2000 censuses. The percentages at the bottom compare Native incomes with non-Native incomes. They show that Native households in Alaska have consistently had about 2/3 of the income of non-Native households; and that this percentage has declined slightly over the last two decades.

When the Policy Center took this information to the discussions and regional meetings, participants wanted to see it in both statewide and regional formats. Figure 5-7 illustrates the statewide average of household income with the regional average household incomes. This graph indicates that six of the regions have average household incomes less than the statewide Native average household income. If regional hubs are pulled out of these averages, the average household income in each region is even lower.

Figure 5-7. Average Income per Household for Alaska Native Regions (Households with \$200,000 or Less of Income), 2000



\*Includes Annette Island Reserve.

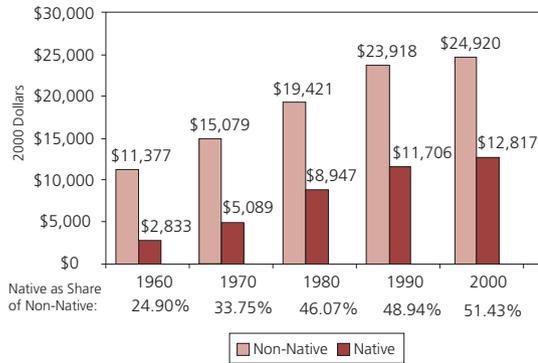
Source: U.S. Census 2000, American Indian and Alaska Native Summary File

## Per Capita Income

Another measure of economic condition is "per capita" cash income. Figure 5-8 on page 74 shows per capita income for Natives and non-Natives between 1960 and 2000. The percentages at the bottom of the graph indicate Native per capita income as compared to non-Native per capita incomes. In 1960, Native per capita income was 24.9% of non-Native per capita income in Alaska. By 2000, the Native percentage had more than doubled, to 51.43% of non-Native per capita income. But the Native percentage would have to double again

in order to achieve parity with non-Native per capita income.<sup>53</sup>

Figure 5-8. Real Alaska Per Capita Income, 1960-2000 (In 2000 Dollars)

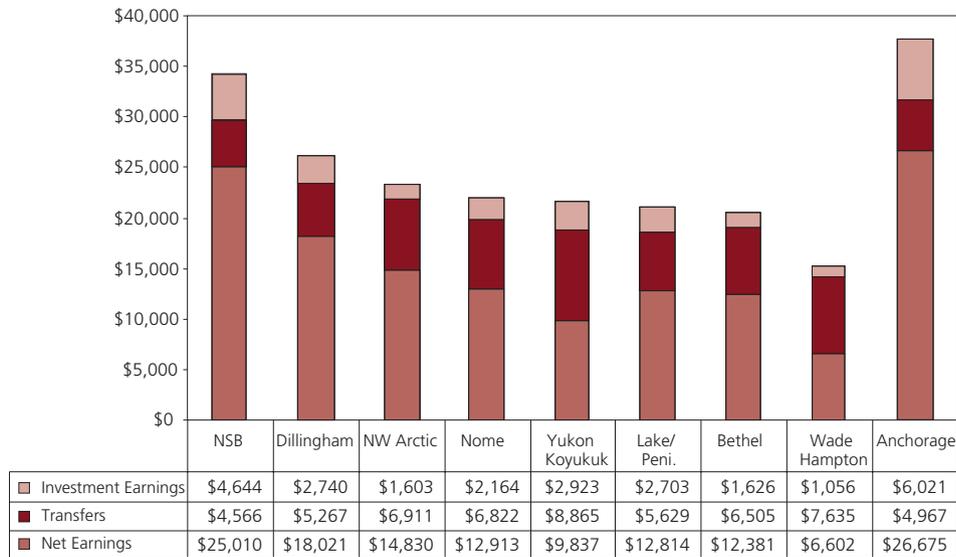


Source: ISER, Status of Alaska Natives Report, 2004, page 4-38; U.S. Census

Figure 5-9 compares per capita income in the Anchorage Census Area (the far right-hand bar) with per capita income in eight rural census areas. It also breaks per capita incomes into three sources: investment earnings, transfer payments, and net earnings.

The only area of rural Alaska that comes close to the per capita income in Anchorage is the North Slope Borough in the far left-hand bar. The North Slope has higher incomes than the other rural areas because of the Prudhoe Bay tax base and revenues to the Borough, public employment through borough and city governments, and private employment in regional and village ANCSA corporations and their subsidiaries. The other seven rural census areas have significantly lower per capita incomes, with Wade Hampton (on the Lower Yukon River) having the lowest total. In all nine areas, net earnings from wages and salaries are by far the greatest source of cash income.

Figure 5-9. Per Capita Personal Income, Remote Rural Areas and Anchorage, 2001



Notes:

1. Investment Earnings include dividends, interest and rent.
2. Transfers include supplemental security income payments, family assistance, food stamps, unemployment and other government assistance payments as well as retirement.
3. Net Earnings means total earnings less contributions for government social insurance.

Source: ISER, Status of Alaska Natives Report, 2004, page 5-20; [U.S. Department of Commerce, Bureau of Economic Analysis]

## Income Sources

Table 5-5 shows the eight sources of total Native per capita income in 2000. By far, the largest Native income source is *wages and salaries*. Natives receive larger amounts of per capita income from Supplemental Security, Public Assistance and Other sources than do non-Native Alaskans.

Table 5-5. Sources of Native Personal Income in 2000

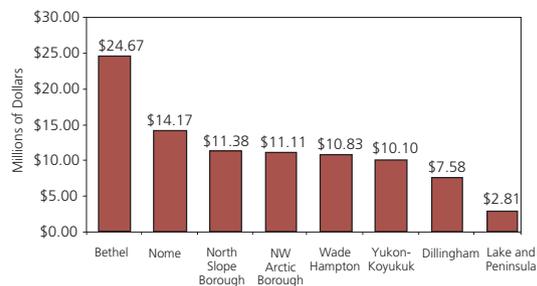
Sources	Dollars	% Total
Wages and Salaries	\$1,085,000,000	71.1%
Interest, Dividend and Rental	\$162,000,000	10.6%
Business and Farm	\$71,000,000	4.6%
Other	\$59,000,000	3.9%
Social Security	\$48,000,000	3.1%
Retirement	\$48,000,000	3.1%
Welfare (Public Assistance)	\$40,000,000	2.6%
Supplemental Security	\$14,000,000	0.9%
Total	\$1,527,000,000	99.9%

Source: ISER, Status of Alaska Natives Report, 2004, page 4-43; [IPUMS]

## Permanent Fund Dividends

Rural communities depend on annual Permanent Fund Dividends to help pay high electricity and fuel oil bills and to buy other cash necessities. Figure 5-10 shows how many PFD dollars went into eight remote Census Areas in 2002. These dollars positively impact Anchorage and other urban areas because many residents of rural Alaska purchase goods and services from urban areas with the Permanent Fund dollars.

Figure 5-10. Permanent Fund Dividend Amount Distributed to Rural Areas, 2002

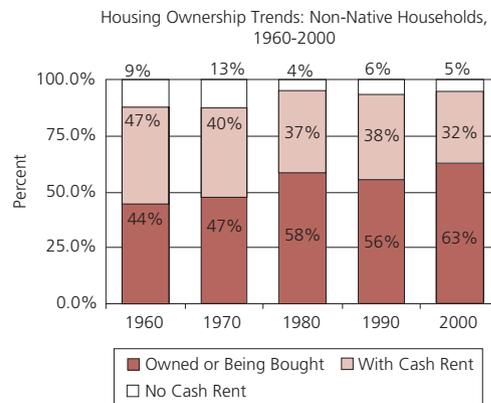
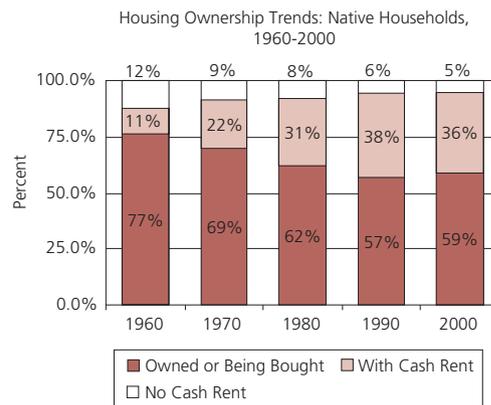


## Cost of Living

### Housing Ownership Trends

In the last four decades, the percentage of Alaska Native families and individuals who own their homes has declined, while the percentage of non-Native Alaskans who own their homes has increased (see Figure 5-11).

Figure 5-11. Housing Ownership Trends, Native and Non-Native Households, 1960-2000



Source: ISER, Status of Alaska Natives Report, 2004, page 4-69

Figure 5-10 Source: ISER, Status of Alaska Natives Report, 2004, page 5-15

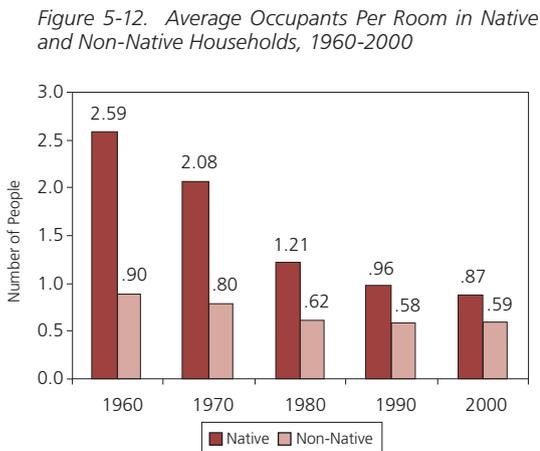
**Natives:** The census data shows that in 1960, 77% of *Native* households owned their homes, and only 11% rented for money. [The remaining 12% lived in housing that they did not own, but for which they did not pay rent.] By 2000, the rate of Native homeownership went down to 59%. In the same period, the rate of Natives who rent for money went up to 36%.

**Non-Natives:** In 1960, 44% of *non-Native* households owned their homes, and 47% rented for money. By 2000, the rate of non-Native home ownership climbed to 63%. In the same period, the rate of non-Natives who rent for money went down to 32%.

As the rate of Native home ownership has gone down, the percentage of Native people who pay rent has gone up.

### Household Occupancy

Crowded conditions in Native homes have dropped sharply in the past 40 years, mainly because of new housing construction projects. Crowding has also decreased in non-Native households.



Source: ISER, Status of Alaska Natives Report, 2004, page 4-85

In 1960, the average Native household contained 2.59 people *per room*, while the average non-Native household had only .9 people *per room*. By 2000, Native households

contained .87 people per room, while non-Native households had .59 people per room.

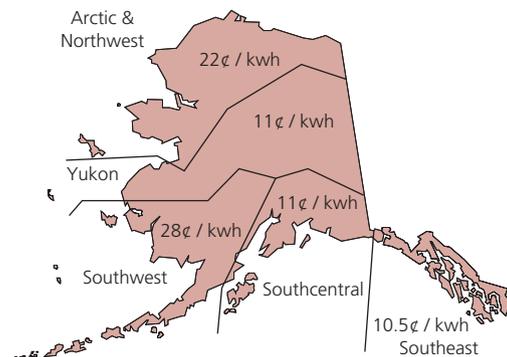
### Cost of Energy

Residential electric cost is another way to compare cost of living in Alaska’s urban areas to more remote places. The cost of electricity varies by region of the state. Map 5-1 illustrates the average cost of electricity by five regions: Arctic and Northwest, Yukon, Southwest, Southcentral and Southeast.<sup>54</sup> These costs take into account the Power Cost Equalization program for those communities that are eligible for the program.

Map 5-1. Average Cost of Electricity by Five Regions, 2001

Source: ISER, Alaska Electric Power Statistics (1991, 1995, 2003-Preliminary)

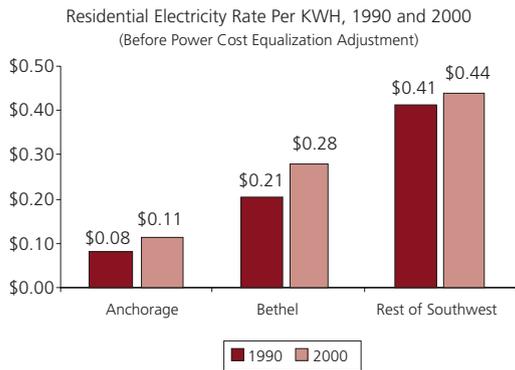
However, if electricity costs are seen from the



12-regions break-out, as presented in chapter seven, disparities in costs for electricity are more apparent. Some of those cost disparities are captured in Figure 5-13 on the following page, where Anchorage pays \$0.11 per kwh, and the rest of Southwest Alaska pays \$0.44 per kwh (does not reflect the Power Cost Equalization adjustment).

Without the assistance of the Power Cost Equalization (PCE) program, many communities would have residential rates as high as \$.60 (Kokhanok, Pedro Bay, Sleetmute, Manley, Karluk) to \$.80/KWH (Lime Village).

Figure 5-13. Residential Electricity Rate per KWH, 1990 and 2000

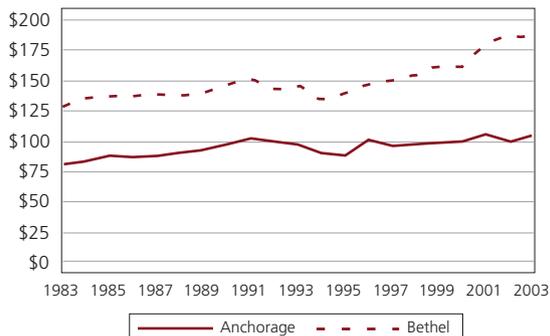


Source: ISER, Status of Alaska Natives Report, 2004, page 5-28

## Cost of Food

The cost of food in rural Alaska is often 50% or more above the costs in Anchorage.<sup>55</sup> When the Policy Center took this information to discussions and regional meetings, people wanted to see cost of food for villages, as well as for regional hubs.<sup>56</sup> Figure 5-14 compares the cost of food for a family of four in Bethel and in Anchorage. See Chapter Seven for more details on costs of food for the other regional hubs of Dillingham, Nome, Kotzebue and Barrow.

Figure 5-14. Cost of Food at Home for a Week for a Family of Four – Bethel and Anchorage



## Poverty

### Poverty Rates

Figure 5-15 on page 78 shows levels of poverty in Alaska during the 40 years between 1960 and 2000, comparing Natives with other Alaskans.

In 1960, 64% of Native people lived in cash poverty, compared with 9% of other Alaskans. In those days, there were fewer cash jobs than exist today, and many people worked full-time at subsistence. By 1970, poverty rates had dropped to 39% of Natives and 7% of non-Natives. Declining poverty among Natives continued, at a slower rate, in 1980 and 1990, while poverty among non-Native people saw only minor changes.

But in the decade of the 1990's, rates of economic growth and employment in Alaska slowed. As a result, poverty rates actually increased by 1% for both Natives and non-Natives.

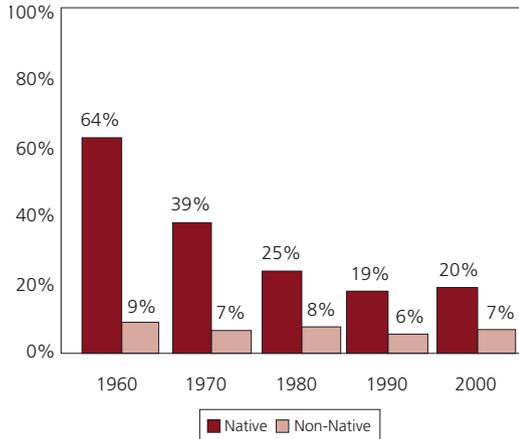
While the gap between Alaska's Native and non-Native poverty rates has narrowed in the past four decades, Natives are still three times more likely to be poor than are other Alaskans.<sup>57</sup>

Notes: Food Cost Survey

1. The "food basket" includes items that provide the minimum level of nutrition at the lowest cost.
2. The survey assumes that the same items are purchased in all communities, but buying habits differ between urban and rural shoppers.
3. Many items available in urban places are not available for purchase in Alaska's rural places.
4. More recent surveys have included costs of mail-ordering items.
5. The surveys ignore items that are bartered or imported to rural areas as baggage or private cargo.
6. The survey's list of basic grocery items does not include subsistence meat, fowl, fish, berries, etc.

Source: Alaska Cooperative Extension Service. Food cost survey. Fairbanks, AK: University of Alaska Fairbanks

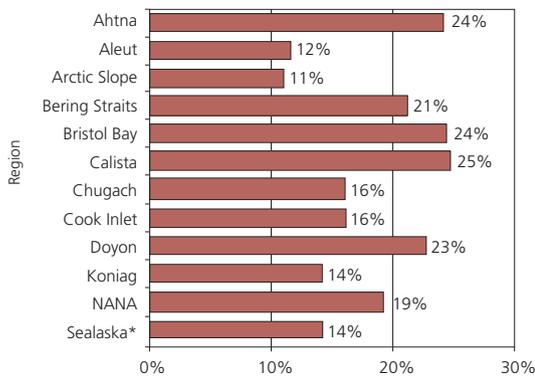
Figure 5-15. Share of Alaskans below Census Poverty Threshold, 1960-2000



Source: ISER, Status of Alaska Natives Report, 2004, page 4-47

In the discussions and regional meetings to which the Policy Center presented this information, participants wanted to see it in statewide and regional format. Figure 5-16 illustrates the regional percentages of the Native population below the Census poverty threshold. Five out of 12 regions have greater percentages of Native population living in poverty than the average statewide percentage of 20%. The poverty rates inversely correspond to the income levels illustrated in Figure 5-7 on page 73.

Figure 5-16. Percent of Alaska Natives in Poverty in 1999



\*Sealaska including Annette Island Reserve.

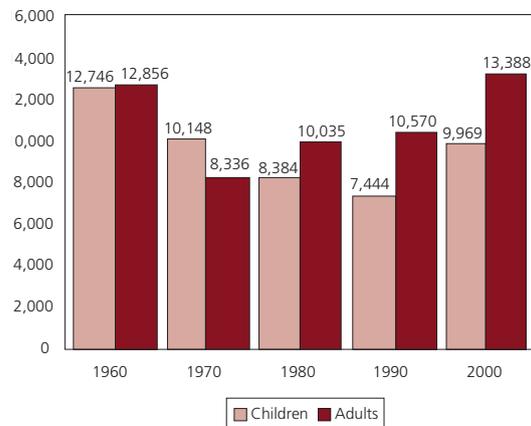
Source: Census 2000, American Indian and Alaska Native Summary File

## Numbers of Native Children and Adults Living in Poverty, 1960-2000

Figure 5-17 shows trends in the numbers of children and adults living in poverty. These numbers also reflect a combination of Native population growth on the one hand and an increase of cash income on the other.

In 1960, 25,602 Natives lived below the poverty line (64% of a population of about 40,000 people). In the 1960's and 1970's, these numbers declined, as more cash opportunities appeared. But adult Native poverty increased in the 1980's and 1990's, due to population increases and a leveling off of job entry. In 2000, more Native adults are living in poverty than had lived in poverty 40 years earlier. Native children experienced a growth in poverty numbers, especially between 1990 and 2000, but this was not as large as the growth of poverty numbers among Native adults.

Figure 5-17. Numbers of Native Children/Adults Living Below Poverty Threshold, 1960-2000



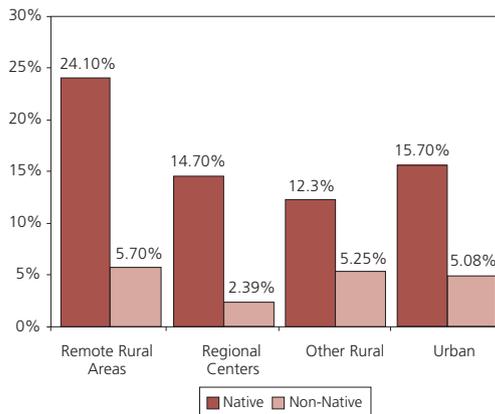
Source: ISER, Status of Alaska Natives Report, 2004, page 4-48

## Families Living in Poverty, Rural and Urban

Figure 5-18 shows that the percentages of Native family poverty are greatest in villages of Remote Rural Alaska,<sup>58</sup> where Natives make up a large majority of the total population. Native poverty rates in Urban Alaska are second only to Remote Rural Areas. Native poverty rates in regional centers (Barrow, Kotzebue, Nome, Bethel and Dillingham) and in Other Rural communities, in which Natives are minority populations, are significantly lower.

In each of the four community types, there is a large gap between poverty rates of Natives and non-Natives, with Native rates being more than three times those of non-Natives.

Figure 5-18. Share of Alaska Families below Poverty Threshold, By Types of Community, 2000



Source: ISER, Status of Alaska Natives Report, 2004, page 4-68

## Families below the Poverty Line

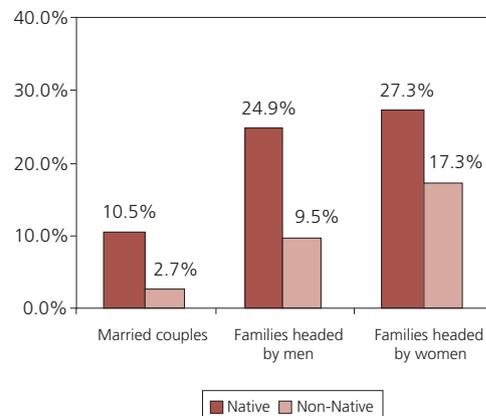
Figure 5-19 separates Alaska’s Native and non-Native families living in poverty into three types of households: those headed by married couples, those headed by men without spouses, and those headed by women without spouses.

There is a relationship between poverty and type of household. A household headed by a married couple is far less likely to be in poverty than is a household headed by one woman or man alone. This is true of both Natives and non-Natives in Alaska. A family (Native or non-Native) that is headed by a woman alone is more likely to be in poverty than is a family headed by a man alone.

Even among households headed by married couples, the gap between poverty rates for Alaska Natives and non-Natives persists. A Native household headed by a married couple is almost four times more likely to be in poverty than is a non-Native household headed by a married couple.

In Chapter Two, the “Changing Composition of Native and non-Native Households” shows the decreasing numbers of two-parent Native households in the past 40 years (from almost 70% in 1960 to less than 40% in 2000). It also shows the corresponding rise of single-parent and non-family Native households in the same period.

Figure 5-19. Share of Alaska Families Below Census Poverty Threshold, By Type, in 2000



Source: ISER, Status of Alaska Natives Report, 2004, page 4-49

Many participants in the Policy Center discussions and regional meetings noted the relationship between the numbers of children in poverty, the numbers of households headed by single persons and movements from rural to urban locations. ISER did not correlate the data variables to determine whether or not there are any definitive relationships that can be made between heads of households, income and poverty rates, and types of jobs held by heads of households. However, the single indicators taken together seem to point to a relationship that Alaska Natives need to consider as services delivery is planned.

## Issues and Implications – The Alaska Native Policy Center View

Based on feedback from discussions and regional meetings, participants identified the need for data which would help to answer questions, to give better understanding to rural and urban Alaska, and to develop solutions to the economic issues in rural Alaska:

- Make data available by the 12 regions, as well as in urban-and-rural formats, in order to allow regional and local entities to develop scenarios based on current and potential economic development projects. This should include numbers of Alaska Natives in urban centers. If current rural-to-urban migration patterns continue, there will be continued pressures on urban service providers for employment.
- Provide data on the numbers and types of jobs that currently exist in the public and private sectors, by ANCSA region, including local industries/employers (fisheries, tourism, education, health, etc.), and Native profit and non-profit entities. They need to know what jobs they should be preparing for and how to more effectively link our educational systems to this process.
- Provide data on telecommunication, energy and transportation infrastructures, by region, for planning purposes. (*Note: some of this information is available from state agencies like the Department of Transportation.*)
- Provide data on food and energy costs by region and show the relationship of costs to household

income in order to see where income goes and if there is any left for discretionary items.

- Provide data that forecasts population by region in order to plan for potential economic development activities and educational needs.
- Provide accurate data on how many people are actually unemployed. The number of people (of 16 years and older) not in the workforce may be more useful than are current state and federal unemployment statistics.

The Policy Center found that local and regional leaders want a practical, on-the-ground understanding of the structure of local and regional economies so that they can better plan for the future. How cash enters, circulates and leaves a village are economic conditions that need to be understood.

- **Energy economies** in rural communities (for home heating, electricity and transportation) are a subset of the economy that needs to be understood. What does it cost the average family household, with and without Power Cost Equalization, for electricity? What happens to village families if PCE is reduced or eliminated? What types of home heating fuel are used, and how much does the fuel cost in villages in Alaska? People need to understand how the energy system in rural Alaska compares with the urban situation.
- **Food economies**, including various mixes of cash and subsistence in different villages, affect cost of living. The amount of cash needed to buy equipment and supplies used in subsistence harvesting is not fully understood.
- **Jobs** currently exist in various villages, but research is needed on how much these jobs pay, whether or not these are living wages, what levels of education and skills are required to hold the jobs, and what job placement programs exist. What development opportunities (for new job creation) exist in villages and regions, and how will local and regional residents prepare for those jobs? How much of current local employment is dependent on public appropriations vs. private investment? How do we involve that large demographic bubble of Native children and teenagers in economic choices?
- The economy of Alaska has been dependent on two **revenue sources**: state funds and federal funds. The decline of public funds will affect all Alaskans, but it will continue to hit Natives and other minorities hardest.

- For **effective planning**, linkages across data (e.g. income and education levels) must be understood by business and civic leaders and policy-makers. The world's economy is increasingly based on knowledge and communication of information. More traditional jobs, in which people manufacture things, have been decreasing. The best-paid employees in modern society work with their minds, and this requires good education and job skills from both traditional learning and from secondary and post-secondary training.

Economic data indicators in the *Natives 2004* report showed both that circumstances had improved and that disparities still existed. For "economic development" to work in rural Alaska, regional leaders and policy-makers will need to obtain the input from the people who live in rural Alaska, both Native and non-Native. If economic development is going to "work" the people who will be affected must be involved in the process.

*"The importance of values-based economic development and the articulation and involvement of local, Native values is a recurring theme in this [Alaska Natives Commission Report] study. No matter what topic is addressed or what recommendation is made, unless the foundation is firmly set in the cultural traditions and values of the Alaska Native people who are to be impacted, the likelihood that it will 'work' is low. Furthermore, when projects and programs are begun that fly in the face of local Native values, more harm than good can be the expected result."*

--Irwin, M. (Ed.). (1994). *Alaska Natives commission final report. (Vols. I-III)*. Anchorage, AK: Alaska Native Commission. Page 90.

## Endnotes

- <sup>42</sup> Irwin, M. (Ed.). (1994). *Alaska Natives commission final report*. (Vols. I). Anchorage, AK: Alaska Native Commission. Page 91.
- <sup>43</sup> Institute of Social and Economic Research. (2004, May). *The status of Alaska Natives report 2004*. (Vols. I-III). Anchorage, AK. Page 4-10 to 5-16.
- <sup>44</sup> Notes: 1) Aleut region is the exception to this; Census 2000 reports the percentage of the non-native population living in poverty is higher than the percentage of the Native population. 2) Poverty status is calculated depending on number of children in the family and money income. See glossary.
- <sup>45</sup> In 1990, it had been about 11%; and in the 1960s and 1970s, total Native household income had been about 6% of the state total.
- <sup>46</sup> Note: This is on a *weighted average* basis. When using weighted averages, if there are large variations in rates between communities of different sizes, the weighted average will be “pulled” towards the rate value of the communities with the largest customer base.
- <sup>47</sup> Alaska Energy Authority. (2004, January). *Statistical report of the power cost equalization program fiscal year 2003*. Anchorage, AK: Alaska Energy Authority. **Note:** With PCE, the cost of electricity in Lime Village in 2003 was \$0.45/kwh.
- <sup>48</sup> Fried, N. & Robinson, D. (2003, June). The Cost of Living. *Alaska economic trends*. Juneau, AK: Alaska Department of Labor and Workforce Development. Page 10-23
- <sup>49</sup> Institute of Social and Economic Research. (2004, May). *The status of Alaska Natives report 2004*. (Vols. I-III). Anchorage, AK. Page 5-13.
- <sup>50</sup> Institute of Social and Economic Research. (2004, May). *The status of Alaska Natives report 2004*. (Vols. I-III). Anchorage, AK. Page 4-28.
- <sup>51</sup> Institute of Social and Economic Research. (2004, May). *The status of Alaska Natives report 2004*. (Vols. I-III). Anchorage, AK. Page 5-1.
- <sup>52</sup> *Ibid*, page 4-5.
- <sup>53</sup> Note: Per capita incomes for both Natives and non-Natives in Alaska grew at significantly slower rates in the 1990’s than in previous decades.
- <sup>54</sup> Note: The costs are on a *weighted average* basis. When using weighted averages, if there are large variations in rates between communities of different sizes, the weighted average will be “pulled” towards the rate value of the communities with the largest customer base. That is exactly the case in Southeast Alaska. The weighted average residential electric rate is 10.5 cents/kwh even though many small communities have much higher rates. (See glossary for further discussion.)
- <sup>55</sup> Institute of Social and Economic Research. (2004, May). *The status of Alaska Natives report 2004*. (Vols. I-III). Anchorage, AK. Page 5-27.
- <sup>56</sup> The University of Alaska Cooperative Extension Service’s *Cost of Food Survey* does sometimes include smaller villages. For example, in addition to regional hubs, the cost of food survey has gotten data from these villages in the last six years: Galena, Naknek in 1998; Craig/Klawock and McGrath in 1999; Craig/Klawock in 2000; Angoon, Craig/Klawock, Old Harbor, Togiak, Wainwright in 2001; Craig/Klawock in 2002.

<sup>57</sup> Note: The poverty rate used by the U.S. Census is the same for every area of the country, regardless of differences in cost of living. The poverty line in New Jersey is exactly the same as in Alaska, despite the fact that prices are generally higher here. This means that being below the official poverty line in Alaska hits Native and non-Native people harder than it hits most other Americans - because the same dollar buys less here.

<sup>58</sup> Note: 1. Remote Rural Areas include Wade Hampton Census Area, Northwest Arctic Borough, Bethel Census Area, Lake and Peninsula Borough, Nome Census Area, Dillingham Census Area, Yukon-Koyukuk Census Area, and the North Slope Borough. 2. Regional Centers are Bethel, Dillingham, Nome, Barrow, and Kotzebue. 3. Other Rural includes Yakutat City and Borough, Prince of Wales-Outer Ketchikan Census Area, Bristol Bay Borough, Skagway-Hoonah-Angoon Census Area, Aleutians East Borough, Sitka City and Borough, Wrangell-Petersburg Census Area, Aleutians West Census Area, Ketchikan Gateway Borough, Kodiak Island Borough, Valdez-Cordova Census Area, Southeast Fairbanks Census Area, Haines Borough, and Denali Borough. 4. Urban includes Juneau City and Borough, Anchorage Municipality, Kenai Peninsula Borough, Fairbanks North Star Borough, and Matanuska-Susitna.