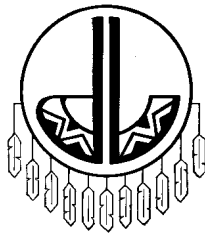


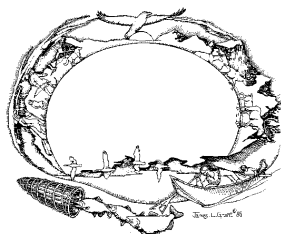
# The Economic Impact of Alaska Native Organizations on Interior Alaska

APRIL 2008

*Prepared for*



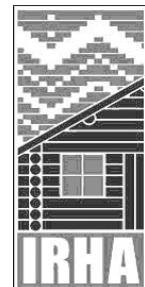
Doyon, Limited



Tanana Chiefs Conference



Fairbanks Native Association



Interior Regional Housing Association

Denakkanaaga, Inc.



# The Economic Impact of Alaska Native Organizations on Interior Alaska

APRIL 2008

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## EXECUTIVE SUMMARY

Doyon, Limited contracted with Information Insights, an Alaska public policy and management consulting firm, to determine the total economic impact of Alaska Native organizations in the Doyon region on the economies of Fairbanks and Interior Alaska. Additional project sponsors include Tanana Chiefs Conference, Fairbanks Native Association, Interior Regional Housing Authority, and Denakkanaaga, Inc.

This effort updates a 2000 study conducted by Information Insights, which was the first attempt to quantify the contribution of Alaska Native organizations to the Fairbanks economy. The current study expands on the previous work by examining the impact of Alaska Native organizations on the regional economy.

We surveyed Alaska Native organizations with operations in Interior Alaska about their employment, payroll and purchasing in 2006. In addition to these direct impacts, the study quantifies the indirect or multiplier effects that occur when dollars spent by Alaska Native organizations flow through the economy.

Study participants included ANCSA regional and village corporations and their subsidiaries, Alaska Native nonprofits, other private-sector businesses with Alaska Native ties, tribal governments, and school districts with over 90 percent Alaska Native enrollment.

### TOTAL ECONOMIC IMPACT

Alaska Native organizations with operations in the Interior had a total economic impact on the Fairbank North Star Borough of nearly \$300 million, and a total employment impact of over 4,700 jobs.

- The total employment impact of Alaska Native entities represents 12 percent of all civilian employment in Fairbanks. This includes 2,176 workers directly employed in Fairbanks and over 2,500 additional jobs indirectly supported by the activities of Alaska Native organizations.
- Total earnings impacts of \$256 million represent 17 percent of all civilian wage and salary income in the borough. They include \$111 million in wages paid to Fairbanks employees of Alaska Native entities, and \$145 million in additional earnings from jobs indirectly supported by Alaska Native entities.

The total impact of Alaska Native organizations on the regional economy of Interior Alaska was \$345 million, with a total employment impact of over 6,800 jobs, and a total earnings impact of \$329 million.

- Alaska Native organizations directly or indirectly supported 15 percent of all civilian jobs in Interior Alaska. This includes 3,767 direct jobs with Alaska Native entities and over 3,000 additional jobs in the service sector of the region's economy.
- The operations of Alaska Native organizations generated 18 percent of all personal income from civilian wage and salary employment in Interior Alaska through direct and indirect earnings impacts.

#### IMPACTS ON ANCHORAGE AND THE STATE OF ALASKA

- Alaska Native organization in Interior Alaska spent \$140 million in Anchorage in 2006, generating \$80 million in indirect spending, for a total economic output of \$223 million. The economic activity generated by this spending supported over 2,500 jobs in the Anchorage area.
- The total economic impact on the State of Alaska was over \$560 million, with a total employment impact of over 9,000 jobs.

#### EMPLOYMENT IMPACTS

Jobs provided by Alaska Native organizations are significant to the Fairbanks economy, and they are vital to the rest of the region. Alaska Native organizations directly employed 3,800 people in Interior Alaska (including full- and part-time, permanent and temporary positions). This included approximately 2,200 jobs in Fairbanks and 1,600 jobs in the rest of the Interior.

- Direct employment by Alaska Native organizations accounted for nearly six percent of all civilian jobs in Fairbanks – about the same amount provided by the school district and the hospital.
- Alaska Native organizations provided nearly one in four jobs (23%) in the rest of the Interior.
- As an industry, Alaska Native organizations were the third largest employer overall in Interior Alaska, after state and federal government and just ahead of school districts and the construction industry.

#### EARNINGS IMPACTS

Alaska Native entities operating in the Interior paid \$147 million in wages to Interior residents in 2006. Fairbanks payrolls totalled \$111 million, while payrolls in the rest of the region exceeded \$36 million. Another \$2.5 million in wages were paid by Interior Alaska Native organizations to employees in Anchorage.

- Alaska Native payrolls accounted for seven percent of all Fairbanks wages and 13 percent of wages in the rest of the Interior.
- Total wages paid by Alaska Native entities in Interior Alaska amounted to just over one percent of all civilian wage and salary income in Alaska in 2006.



### **PURCHASING IMPACTS**

Alaska Native organizations spent over \$164 million on goods and services purchased in Interior Alaska in 2006. This included \$137 million in spending in the Fairbanks North Star Borough and another \$27 million in the rest of the Interior, based on data from 90 percent of Alaska Native employers in the region.

- Spending on goods and services by Alaska Native organizations in Fairbanks is over four times the spending of the University of Alaska, the borough's largest civilian employer.
- Fairbanks-based Alaska Native organizations spent approximately \$119 million locally on goods and services, \$10 million in the rest of the Interior and \$127 million on goods and services purchased in Anchorage.
- Village corporations, tribal governments, and other Interior Alaska Native organizations based outside Fairbanks, spent \$10 million in Fairbanks, \$13 million in Anchorage, and made \$17 million in local (or primarily local) purchases.

### **MULTIPLIER EFFECTS**

Alaska Native organizations constitute an important economic engine in the region and the state.

- For every dollar spent by Alaska Native entities, \$1.31 in economic activity is generated in Interior Alaska due to vendors spending their revenues on local goods and services and employees spending their paychecks.
- For every job in an Alaska Native organization in the Interior about 2.5 jobs are created statewide. For every dollar spent on wages by Alaska Native organizations in Interior Alaska, \$1.76 in personal income is generated statewide.

### **SHAREHOLDER DIVIDENDS**

- Alaska Native corporations in the Doyon region paid out \$3.6 million in corporate dividends to their shareholders in Interior Alaska. This included \$3.1 million distributed by Doyon, Limited, and \$466,000 in dividends from 13 of the 25 village corporations in the Interior. An additional \$680,000 was paid to Doyon, Limited shareholders living in Anchorage.

### **OTHER IMPACTS**

- Construction spending by Alaska Native organizations in the Interior averages over \$5 million per year.
- Alaska Native organizations in the Interior contributed more than \$1.5 million in property taxes to the Fairbanks North Star Borough in 2006.
- Alaska Native events and conferences in 2006 brought in \$2.4 million in visitor impacts to the Fairbanks North Star Borough.



## INTRODUCTION

### Overview

Doyon, Limited contracted with Information Insights, an Alaska public policy and management consulting firm, to study the impact of Alaska Native organizations on the economies of Fairbanks and Interior Alaska. Four other Interior Alaska Native organizations signed on as project sponsors: Tanana Chiefs Conference (TCC), Fairbanks Native Association (FNA), Interior Regional Housing Authority (IRHA), and Denakkanaaga, Inc.

This study looks at the direct and indirect effects of employment and spending by Alaska Native organizations with operations in Interior Alaska. It also examines some impacts of Alaska Native organizations based in the Doyon region on the Municipality of Anchorage and the State of Alaska.

In addition to direct employment, payroll and purchasing by Alaska Native organizations, the study quantifies the indirect or multiplier effects that occur when dollars spent by these organizations circulate through the economy as employees spend their paychecks within the region and vendors use their receipts to restock inventory and supplies and to pay their own workers.

### Purpose of Study

The purpose of the study is to quantify the economic contribution made by project sponsors and other Alaska Native organizations to Fairbanks and Interior Alaska. This effort updates an earlier project, conducted by Information Insights in 2000, which was the first attempt to measure the contribution of Alaska Native organizations to the Fairbanks North Star Borough.<sup>1</sup>

The current study expands on the previous work by examining the impact of Alaska Native organizations on the regional economy. It estimates the share of FNSB property taxes paid by Alaska Native entities, and it calculates average annual construction spending by these organizations. As part of the current study, we also asked Alaska Native organizations about their employee health benefits in order to provide more insight into the quality of jobs they provide, compared with

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<sup>1</sup> Information Insights, Inc., *Economic Impact of Alaska Native Organizations on Fairbanks, Alaska*. (Fairbanks, November 2000). The original study found that in 1999 Alaska Native organizations provided at least 2,250 jobs in the Fairbanks North Star Borough, a number on par with the University of Alaska Fairbanks (UAF) and the petroleum industry at the time. They had a combined payroll of \$87 million, and purchased over \$60 million in local goods and services. The total economic impact of Alaska Native organizations on Fairbanks was estimated at just over \$300 million. The results of the current study are not directly comparable to the 2000 study due to differences in how data are aggregated and the use of lower economic multipliers in the current study.

other employers and industries. Finally, we asked about the financial services they use, including where they do their banking and the size of their current assets and liabilities held by Fairbanks financial institutions.

## Methodology

Regional economic impact analysis is a form of input-output modeling that measures the impacts of a change in one industry or economic sector on all other industries or sectors in a region to determine the total economic impact from the change. First developed by economist Wassily Leontief, input-output models use a matrix to represent the economic relationships among the industries in a nation or region, where the output of each industry serves as an input to many others. Thus, each industry is dependent on others in the region and nation as both a supplier of inputs and as a customer of other industries' outputs. Leontief was awarded the Nobel Prize in economics for his work in this area.

The relationship between the initial change or input and the total economic impact is the economic multiplier. Multipliers vary by industry and region depending on the rate of leakage from the local economy. Leakage results when wages are spent or supplies are purchased from outside the local economy. Separate multipliers can be determined for both employment impacts and spending impacts.

Enormous amounts of data are required to construct an economic model of a region. We used the nationally recognized input-output model developed by the Minnesota IMPLAN Group along with regional data sets developed by IMPLAN for Interior Alaska census areas to construct multiplier models for the Fairbanks North Star Borough and Interior Alaska.

To determine the impact of economic activity by Alaska Native organizations with operations in the Interior requires an analysis of direct employment and expenditure data from each organization. The five project sponsors provided employment and payroll data by location, and nonpersonnel expenditure data by budget category and location, for their 2006 fiscal years. We requested similar data from village corporations and their subsidiaries in the Interior, tribal governments, school districts with over 90 percent Alaska Native enrollment, and all private-sector businesses known to be wholly or partly owned by Alaska Native individuals. Other ANCSA regional corporations and subsidiaries were also asked to provide information on their operations in the Interior.

In all, we surveyed 140 entities, including 42 tribal governments, 25 village corporations, 13 regional corporations, 5 nonprofits, 2 school districts and over 50 private-sector businesses with Alaska Native ties. All nonprofits and school districts and approximately half of tribal governments and for-profit businesses contacted for the study completed surveys.

We aggregated employment, payroll and purchasing data for all entities to calculate total direct economic impacts on Fairbanks, the rest of the Interior, and Anchorage. For enterprises only partly Native-owned, we used a portion of their employment and expenditures equal to the percentage of Alaska Native

ownership. We used Alaska Department of Labor and Workforce Development (ADOLWD) employment and earnings data to estimate 2006 employment and payroll for organizations that did not return surveys.

We estimated, conservatively, spending for tribal governments and village corporations who did not return surveys, based on expenditure data from those that responded. We did not estimate spending for other types of entities.

## Limitations

In reviewing the results of the study, the following limitations of data and methodology should be kept in mind:

- Results reported here represent a snapshot in time, based on the specific economic conditions and business decisions of the survey respondents during the study year (2006), and should not be considered a forecast of future performance.
- Multipliers used to determine indirect and total impacts are based on coefficients derived from national average production functions for each sector of the economy and do not take into account localized variables that may affect how inputs and outputs transfer between sectors.
- For the ease of reporting and analysis no attempt was made to convert all data to a common fiscal year. Some organizations reported data for calendar year 2006; others for 2006 fiscal years ending in spring, summer or fall.
- The project team made multiple attempts to collect data from each Alaska Native entity identified in the region. Despite this effort, not all Alaska Native organizations could be contacted; some who were contacted chose not to participate. Therefore, no spending data were available for some Alaska Native employers, and both direct and indirect economic impacts reported in the study should be viewed as necessarily conservative.
- Due to the size of the study and number of participants, we were not able to conduct a detailed analysis of purchasing by vendor and zip code. We created a spending model that allocated expenditures by budget category and location as reported by survey respondents. Since companies do not routinely account for expenditures by purchase location, in most cases organizations used estimates to allocate purchases to Fairbanks, Rest of the Interior, Anchorage or Other.
- Alaska Native nonprofits and tribal governments receive significant revenue from federal and state grants and contracts, as well as direct federal funding through 638 compacts. The study captures federal and state funds that were spent by tribal governments and nonprofits within the study year. It does not capture the impacts of other state or federal spending that supports Alaska Native entities or activities, nor does it include federal or state transfer payments to individuals, such as Alaska Permanent Fund dividends, Social Security benefits, food stamps or Aid to Families with Dependent Children.



## ALASKA NATIVE ORGANIZATIONS IN INTERIOR ALASKA

This chapter looks at the variety of Alaska Native organizations in Interior Alaska and the role they play in the region and the state.

### The Role of Alaska Native Organizations in the Economy

The wealth of Alaska Natives in Interior Alaska has always been held in the land and people of the region, but it was not until the passage of the Alaska Native Claims Settlement Act (ANCSA) in 1971 that Alaska Natives throughout the state acquired the economic means and structure to employ their wealth in the broader economy for the benefit of their people.

ANCSA created 13 Alaska Native regional corporations and over 200 urban and village corporations. In exchange for their traditional land claims to parts of Alaska, it provided Alaska's Native people with title to 44 million acres (10 percent of Alaska's land) and nearly \$1 billion in start-up capital.

Alaska Native organizations have grown dramatically in economic power and sophistication in the 35 years since the U.S. Congress passed ANCSA. They have become significant participants in each of the industries that exert a major influence on Alaska's economy: oil, tourism, mining, seafood, and forest products; and they are investors in many other sectors of Alaska's economy.

In 2005, the 13 ANCSA regional corporations and Alaska's three largest village corporations had combined revenues of nearly \$5.9 billion. They paid \$90 million in dividends to their shareholders, provided statewide employment of 13,600, and made \$9 million in charitable donations.<sup>2</sup>

Eleven of the 12 Alaska-based regional corporations made Alaska Business Monthly's list of the top 49 Alaska-owned companies in 2007, based on their 2006 revenues; six were in the top 10.<sup>3</sup> Also on the list were seven village and urban corporations. The revenue needed to make the list was \$43 million.

Today, Alaska Native organizations strengthen Alaska's economy and that of the Interior region in a multitude of ways:

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<sup>2</sup> ANCSA Regional Corporation Presidents and CEOs, *Wooch Yaayi: Alaska Native Corporation 2005 Economic Data*. (Anchorage, 2007), 4.

<sup>3</sup> The 13<sup>th</sup> Regional Corporation, based in Seattle, was created to compensate Alaska Natives living outside Alaska in 1971.

- Alaska Native organizations have been successful in securing federal contracts (\$4.6 billion in 2005 alone), including many sole-source 8(a) contracts. They have used the experience gained from federal contracting to hone their management skills and competitiveness and are now diversifying their portfolios through nongovernment contracting and global ventures.<sup>4</sup>
- In addition to investing in new and traditional industries, Alaska Native organizations are strengthening the Alaska economy through their cultural preference for investing in the land. ANCSA corporations measure their success not only by the bottom-line, but also by how well they succeed at preserving their land and natural resources and promoting the cultural values and social well-being of their people, including future generations.
- Alaska Native organizations invest in rural economic development and infrastructure in their regions, such as bringing affordable Internet services to remote areas, starting business ventures that create job opportunities, providing housing and energy assistance, and making financial contributions to nonprofits that provide services to rural residents.<sup>5</sup>
- Alaska Native nonprofit corporations are playing an increasing role in health, education, public safety and other activities traditionally provided by local government that strengthen the infrastructure of rural communities. Tanana Chiefs Conference, which employs 471 people in the Interior, is now the 12<sup>th</sup> largest nonprofit in Alaska.
- Tribal governments, village corporations and rural school districts purchase significant amounts of goods and services from Fairbanks and other regional economic hubs, strengthening the economies of their regions.
- Alaska Native organizations provide scholarships, education and training, job experience to their constituents, helping to develop Alaska's workforce.

This study focuses on the economic activities of six types of Alaska Native organizations in Interior Alaska, whose roles are described in the next section.

- ANCSA regional corporations, their subsidiaries and business ventures
- Village corporations, their subsidiaries and business ventures
- Other Native-owned businesses
- Tribal governments and their business ventures
- Alaska Native nonprofits
- School districts with at least 90 percent Alaska Native enrollment

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<sup>4</sup> ADOLWD, Alaska Economic Performance Report, 2006.

<sup>5</sup> Ibid.



## ANCSA Corporations

### DOYON, LIMITED

Doyon, Limited is one of the 13 Alaska Native regional corporations established under ANCSA. Doyon's headquarters are in downtown Fairbanks at Doyon Plaza. Doyon currently has more than 16,000 shareholders. Voting shares of stock were originally issued to just over 9,000 Alaska Natives with ties to the region, but in 1992 and again in 2007, shareholders voted to expand enrollment to the children of shareholders born since 1971 and others who missed the original enrollment.<sup>6</sup> As of 2007, enrollment is continuously open to the eligible children of existing Doyon shareholders.

With a land entitlement of 12.5 million acres, Doyon, Limited is the largest private landowner in Alaska and one of the largest private landowners in North America. As of 2006, about 10 million acres of its entitlement had been conveyed to the corporation by the United States, primarily in areas around Native villages.

Doyon, Limited has been profitable for the past 17 years, bringing in net income after taxes of \$18.9 million on \$96.7 million in revenues in 2006. The corporation has paid regular dividends to its shareholders since 1988. 2006 dividends were \$3.9 million. Income tax payments to federal and state government on 2006 operations totaled \$10.5 million. Doyon, Limited made \$1.6 million in charitable gifts during the year for educational, cultural, civic and sports activities.

Doyon, Limited operates a diverse array of businesses with a focus on oil and gas, natural resource development, water and sewer utilities, real estate, security, catering and tourism. Major Doyon, Limited subsidiaries include:

**Doyon Drilling Inc.**, the largest subsidiary, is known for niche-market land drilling, casing services, and rental of drilling-related equipment. It provides exploration and services for Alaska's North Slope oil producers.

**Doyon Government Services** (including Doyon Project Services, LLC; Doyon Logistics, LLC; and Doyon Security Services, LLC) provides security services and support to various federal agencies, including the Department of Homeland Security and the U.S. Army.

**Doyon Universal Services** provides catering and food service primarily to oilfield workers and seafood processing facilities in remote sites. Its security division provides critical infrastructure protection to clients in Alaska and the Lower 48, and firefighting services for the Trans-Alaska Pipeline System.

Alaska clients include Golden Valley Electric, Chugach Electric, Nixon Fork Mine, Crowley Marine Service, and Boeing Aerospace's missile defense system operations at Fort Greely in Delta Junction, Alaska.

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<sup>6</sup> Doyon, Limited, 2006 Annual Report, p. 3.

**Doyon Tourism Inc.** provides catering and contract services in the Denali National Park area. It owns the Kantishna Roadhouse, the Denali River Cabins and Cedars Lodge and Kantishna Wilderness Trails. Doyon Tourism is the majority owner in a joint venture with ARAMARK, with a National Park Service concession to provide visitor transportation, food and beverage operations, and other services within Denali National Park.

**Doyon Properties Inc.** provides construction and construction management services for business and government, and provides commercial real estate services, such as commercial leasing and property management. Doyon Properties and American Mechanical Inc. operate joint ventures that primarily focus on work for military bases in Alaska. Doyon Properties has a design-build contract to construct a satellite ground station in Fairbanks for Iridium Satellite LLC. The company owns the Doyon Industrial Facility and the Jimmy Huntington Building in Fairbanks.

**Doyon Industrial Group, LLC.** is a union subsidiary created by Doyon in 2006.

**Doyon Utilities** is a new joint venture between Doyon Properties and Fairbanks Sewer & Water. It was awarded a 50-year utility privatization contract for operating utilities at Fort Wainwright, Fort Richardson, and Fort Greely, Alaska.

#### **Other ANCSA Regional Corporations with operations in the Interior**

Several of Alaska's other ANCSA regional corporations have subsidiaries that had operations in the Interior in 2006. They include Arctic Slope Regional Corporation (ASRC), Bristol Bay Native Corporation (BBNC), Calista Corporation, Chugach Alaska Corporation, and NANA Regional Corporation, Inc. Only the impacts of their Interior operations have been included in the study.<sup>7</sup>

#### **Village Corporations in the Doyon Region**

The more than 200 village corporations created under ANCSA received title to 22 million of the 44 million acres conveyed to Alaska Natives.<sup>8</sup> Most Alaska Natives are enrolled in both their local village corporation and the ANCSA regional corporation established for their region, owning 100 shares of stock in each.

Like ANCSA regional corporations, most village corporations have a mission that includes a mandate to grow the financial assets of the company while improving the quality of life and preserving the cultural identity of their shareholders.

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<sup>7</sup> Many ANCSA regional corporations pay dividends to shareholders who live in the Interior. These were not included in the study because data on dividends paid to Interior shareholders was only available from one corporation.

<sup>8</sup> Village corporations received surface title to their lands, while regional corporations received subsurface rights to the village lands within their regions as well as the surface and subsurface title to their own lands. Today, there are 169 village corporations and four urban corporations operating in Alaska. Some of the original village corporations merged with each other or with their regional corporation.

There are currently 25 village corporations in the Doyon region. They are listed in Table 1 along with any subsidiaries or business ventures that have been included in the study.

**Table 1: Village corporations in Interior Alaska**

Village Corporation	Office Location (Villages served)	Subsidiaries Included in Study
Baan o yeel <u>kon</u> Corp.	Fairbanks (Rampart)	
Bean Ridge Corp.	Manley Hot Springs	
Beaver Kwit'chin Corp.	Beaver	
Chalkyitsik Native Corp.	Chalkyitsik	
Danzhit Hanlaih Corp.	Circle	
Deloy Ges, Inc.	Anvik	Bonavila, Inc.
Deloycheet Inc.	Holy Cross	
Dineega Corp.	Ruby	Dineega Fuel Company
Dinyee Corp.	Stevens Village	Alaska Reclamation, Inc., River Villages, Inc.
Dot Lake Native Corp.	Dot Lake	
Evansville Inc.	Fairbanks (Evansville)	
Gana-A' Yoo Ltd.	Anchorage (Galena, Kaltag, Nulato, Koyukuk)	
Gwitchyaa Zhee Corp.	Fort Yukon	Gwitchyaa Zhee Utilities
Hee-Yea-Lingde Corp.	Grayling	
Hungwitchin Corp.	Fairbanks (Eagle)	
K'oyitl'ots'ina Corp.	Fairbanks (Alatna, Allakaket, Hughes, Huslia)	
Mendas Cha-ag Native Corp.	Fairbanks (Healy Lake)	
MTNT Ltd.	McGrath (McGrath, Nikoli, Takotna, Telida)	
Northway Natives Inc.	Northway	
Seth-De-Ya-Ah Corp.	Minto	
Tanacross Inc.	Tanacross	
Tihtet'aii Inc.	Fort Yukon (Birch Creek)	
Toghotthele Corp.	Nenana	
Tozitna Ltd.	Tanana	Tanana Gas Company
Zho-Tse Inc.	Shageluk	

### Other Alaska Native-owned Businesses

Businesses known to be wholly or partly owned by Alaska Native individuals were contacted for the study. Those that chose to participate were Becker Trucking, Inc., Bruegger's Bagels (which opened in Fairbanks in December 2006), Dineega Trucking, Greatland River Tours, North Point Construction, and Ruby Construction, Inc. All were based in Fairbanks, although Ruby Construction has significant operations in rural areas. For businesses that are only partly owned by Alaska Natives, we included a portion of their economic activity equal to the percentage of Alaska Native ownership.

## **Alaska Native Nonprofits**

Five nonprofit corporations in Fairbanks have been established principally to serve the needs of Alaska Natives in the community or the region.

### **TANANA CHIEFS CONFERENCE**

Tanana Chiefs Conference (TCC) is a tribal consortium of 42 Alaska Native villages in the Interior. It is the region's largest nonprofit corporation, with 2006 revenues of \$70.6 million. The main offices of TCC are located in downtown Fairbanks; the nonprofit also maintains subregional offices in Fairbanks, Fort Yukon, Galena, Holy Cross, McGrath and Tok.

Founded on a belief in tribal self-determination, TCC has compacting authority with the Bureau of Indian Affairs (BIA) and Indian Health Service (IHS) for management and delivery of health and social services to over 10,000 Alaska Natives in the region, including health care, housing, lands management, tribal government assistance, education and employment, and natural resource programs. TCC also provides for public safety through Alaska's Village Public Safety Officer (VPSO) program.

TCC manages the Chief Andrew Isaac Health Center, the major Alaska Native health care facility for the region, which is located next to the Fairbanks Memorial Hospital. It also provides mental health, dental and optometry services at clinics in Fairbanks, and operates several remote alcohol recovery camps. TCC administers the Community Health Aide Program (CHAP) in the Interior, which places health aides at village clinics across the region.

### **INTERIOR REGIONAL HOUSING AUTHORITY**

The Interior Regional Housing Authority (IRHA) is a nonprofit organization formed in 1974 along with 13 other Alaska housing authorities to administer programs of the U.S. Department of Housing and Urban Development (HUD). IRHA serves the tribes of the Doyon region. Its 2006 revenues were \$18.6 million.

IRHA works with member tribes to ease the shortage of housing for low-income Alaska Natives in the region through new construction, rehabilitation, loan programs and rental assistance. Primary funding comes from HUD and the Alaska Housing Finance Corporation, which is supplemented by program income and loans. IRHA employs local residents whenever possible, strengthening village economies by providing high-paying jobs and valuable job training and experience.

### **FAIRBANKS NATIVE ASSOCIATION**

The Fairbanks Native Association (FNA) was incorporated as a nonprofit in 1967 to provide health, education and social services to Alaska Natives and American Indians in the greater Fairbanks area. FNA offers Head Start, Early Head Start, and Parents as Teachers programs in Fairbanks, and provides vocational

education and employment assistance for adults. The Ralph Perdue Center operated by FNA provides behavioral health services to Alaska Natives in Fairbanks, including emergency care, outpatient and residential healing services. FNA had 2006 revenues of \$14.7 million.

#### **DENAKKANAAGA, INC.**

Denakkanaaga was created in 1983 to be the voice of the Alaska Native elders of the Interior. Based in Fairbanks, it is governed by an eight-member board of directors from throughout the region. Denakkanaaga offers a variety of local and regional programs funded through grants and local funding sources to meet its mission of promoting the physical, economic and social well-being of the elders of the Doyon/TCC region. As part of its mission, Denakkanaaga works to preserve the art, language, traditions and culture of the Native people of the region, to wage war on drugs and alcohol, and to secure elders' legal rights and benefits. An annual Denakkanaaga Elders and Youth Conference is hosted annually by one of the member villages in the Interior.

#### **DOYON FOUNDATION**

Doyon, Limited's nonprofit affiliate, Doyon Foundation, provides educational grants, internships, shareholder training programs and cultural preservation programs. In 1998, Doyon, Limited's board of directors established an endowment for the foundation and authorized additional annual contributions until the endowment reaches \$10 million. 2006 endowment and operating contributions from Doyon, Limited were \$1.3 million. Doyon Foundation's total 2006 revenues were \$2.4 million. The foundation made \$368,000 in charitable gifts during the year.

### **Alaska Native Tribal Governments**

Tribal governments in Alaska go by a variety of names, including village council, IRA council, traditional council, tribal council and, even, tribal government. There are 42 Alaska Native tribes and communities in the Interior,<sup>9</sup> which are represented by a village council (or similarly named institution) for the purposes of tribal self-governance.<sup>10</sup> Village councils provide local government services in the vast majority of Interior villages where no municipal or civic government exists. Services may include electric and water utilities, washeteria operations,

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<sup>9</sup> They are Alatna, Allakaket, Anvik, Beaver, Birch Creek, Canyon Village, Chalkyitsik, Circle, Dot Lake, Eagle, Evansville, Ft. Yukon, Galena, Grayling, Healy Lake, Holy Cross, Hughes, Huslia, Kaltag, Koyukuk, Lake Minchumina, Manly Hot Springs, McGrath, Medfra, Minto, Nenana, Nikolai, Northway, Nulato, Rampart, Ruby, Shageluk, Stevens Village, Takotna, Tanacross, Tanana, Telida, Tetlin, Tok, Venetie, and Wiseman.

<sup>10</sup> A few villages (Canyon Village, Medfra, Lake Minchumina) are not among Alaska's federally recognized tribes, but Alaska Natives in these communities still receive some support from Tanana Chiefs Conference. Similarly, there is no tribal government in Tok, but the Tok Native Association provides services to Alaska Natives living in the area.

firefighting, emergency preparedness, housing and social services, health and nutrition programs, airport maintenance and environmental clean up.

Tribal governments of Alaska Natives and other Native Americans are essentially domestic nations within the territory of the United States. Under this system, tribes are dependent on the federal government for many of their resources, reflecting the federal trust responsibility toward Indian tribes. Essentially this trust relationship means the federal government has a responsibility to protect tribal nations and individuals within those nations. A large part of this responsibility manifests in the allocation of grants.<sup>11</sup>

The Indian Self-Determination and Education Assistance Act of 1975, which was enacted to further the goals of Indian self-determination and national sovereignty, allows tribes to enter into contracts with the U.S. government to administer programs and services traditionally provided by the federal government. Federally recognized tribes receive funding to support tribal self-governance from the Bureau of Indian Affairs (BIA) and funding for health services from the Indian Health Service (IHS).

Village councils may receive self-governance funds directly or, more often, through Tanana Chiefs Conference or the Council of Athabascan Tribal Governments (CATG),<sup>12</sup> which have compacting authority with BIA and IHS allowing them to provide pass through funding to tribes or assume management responsibility for many federally funded programs within villages. Most village councils receive direct federal and state grants as well to operate specific projects or programs in their villages.

Some village councils also have started business ventures to provide income and create employment for village residents. Stevens Village IRA Council operates a bison farm in Delta Junction and the village utility in Stevens Village; both were included in the study.

## School Districts

Schools are important employers in rural Alaska, providing a significant number of steady and relatively well-paying jobs. Schools in Alaska's large Unorganized Borough are primarily funded by state government, with no local contribution, but they are managed and operated at the local level.

Schools would not exist without children to teach. While school districts are not owned by or operated as Alaska Native entities, the population of many communities in rural Alaska is overwhelmingly Alaska Native. No schools would exist to employ teachers and other staff in many places if it were not for the

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<sup>11</sup> American Indian Policy Center, "Trust responsibility." (2002). Available from <http://www.airpi.org/projects/trustdct.html>.

<sup>12</sup> CATG supports tribal self-governance of villages in the Yukon Flats subregion. Its spending and employment are counted with those of its member tribal governments for the purposes of this study.

presence of an Alaska Native community, its tribal government and the other Alaska Native institutions that sustain it.

So as not to omit this important sector of the rural economy in Interior Alaska, we chose to include in the study any school districts with at least 90 percent Alaska Native enrollment during the 2006-07 school year. Two districts met this criteria.

Tanana City Schools operates one school in Tanana, Alaska, providing education for pre-kindergarten to grade 12. The school enrolled 54 students in 2006-07, 91 percent of whom were Alaska Native.

The Yukon Flats School District operated eight schools in the Yukon Flats subregion. Ninety-one percent of the district's 284 students in 2006-07 were Alaska Native.

Alaska Native enrollment at other districts in the region were: Alaska Gateway Schools (54%), Galena City Schools (13%; 85% excluding Raven Correspondence School), Yukon-Koyukuk School District (33%; 77% excluding the IDEA statewide homeschooling support program), and Iditarod Area Schools (75%).





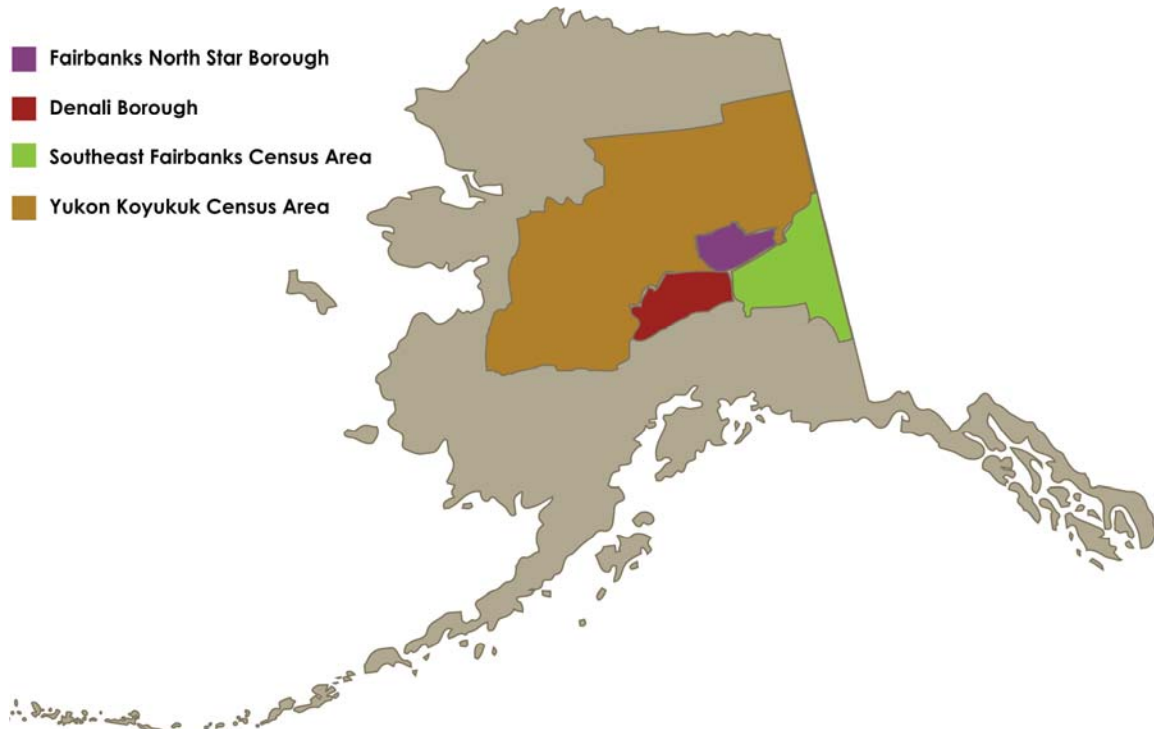
## THE ECONOMY OF INTERIOR ALASKA

This chapter provides background on the economy and demographics of Interior Alaska as a basis for understanding the economic contribution Alaska Native organizations make to the region.

### Overview

Interior Alaska stretches from the Canadian border west nearly to Norton Sound, north to the Brooks Range and south to the Alaska Range. It includes two boroughs and two census areas: Denali Borough, Fairbanks North Star Borough, Southeast Fairbanks Census Area, and Yukon-Koyukuk Census Area.<sup>13</sup> The two census areas form a portion of Alaska’s large Unorganized Borough. These boundaries mirror those of the land entitlement established for the Doyon region under ANCSA. The region includes 42 Alaska Native communities.<sup>14</sup>

Figure 1: Doyon Region showing boroughs and census areas



<sup>13</sup> Alaska boroughs and census areas are both considered county equivalents by the U.S. Census Bureau.

<sup>14</sup> See footnote 9 on page 17 for a list of Alaska Native communities in the region.

### **FAIRBANKS NORTH STAR BOROUGH**

Fairbanks is the second-largest metropolitan area in Alaska. In addition to serving as the region's transportation hub, Fairbanks is the commercial, medical, educational and cultural center of Interior Alaska. The University of Alaska is the largest employer in the area. Fairbanks is home to the university's flagship campus and its statewide administrative offices. In addition to uniformed military personnel, the U.S. Department of Defense (DOD) employs a large civilian workforce at Eielson Air Force Base and Fort Wainwright Army Base, making it the borough's second largest civilian employer after the university.

Other large employers are the Fairbanks North Star Borough School District, Banner Health (which operates Fairbanks Memorial Hospital), ASRC Energy Services (provider of pipeline support services), and the retail giants Fred Meyer and Wal-Mart/Sam's Club. In all, there were over 38,100 jobs in the borough in 2006 with average monthly wages of \$3,400, as shown in the table on page 23. Total wages for all jobs exceeded \$1.5 billion.

### **DENALI BOROUGH**

The Denali Borough was created in 1990 from portions of the Yukon-Koyukuk and Southeast Fairbanks census areas. The borough has a small economy based on tourism, mining and federal government services. Nearly all the area's residents live along a 70-mile stretch of the Parks Highway. Anderson, Cantwell, Ferry, Healy, and McKinley Park, the five identified communities in the borough, are all located on this route.<sup>15</sup>

The largest employers (Doyon/ARAMARK JV, Princess Tours, and Alaska Hotel Properties) provide food, accommodation and transportation in and around Denali National Park, where seasonal, nonresident workers triple the borough's population in summer months. The National Park Service is the largest federal employer, followed by DOD, which employs significant numbers of civilian workers at Clear Air Force Station in Anderson. Arctec Services, Usibelli Coal Mine, Denali Borough School District, and Golden Valley Electric Association provide other year-round jobs. In all, over 100 employers provided 2,300 jobs in 2006, with an average monthly wage of \$2,800 and total wages of \$79 million.

### **SOUTHEAST FAIRBANKS CENSUS AREA**

The Southeast Fairbanks Census Area is Alaska's second most productive agricultural region. It lies in the eastern Interior, stretching from Fairbanks south and east to the Canadian border. The economy has always been closely tied to the Alaska Highway, which bisects the area. In 2006, almost three quarters of the area's population lived in the four highway communities of Deltana, Tok, Delta Junction, and Big Delta.

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<sup>15</sup> Some of the background information for this section comes from ADOLWD's Local Area Profiles at <http://almis.labor.state.ak.us/cgi/databrowsing/localAreaProQSSelection.asp?menuChoice=localAreaPro>

The largest employer in 2006 was Chugach/Alutiiq JV, providing facility support services, followed closely by Teck-Pogo gold mine, and DOD anti-missile defense operations at Fort Greely. The area's two school districts and the Boeing Company were also significant employers. In all, the area produced 2,500 jobs in 2006, with high average monthly wages of \$4,200; total wages for all jobs were \$125 million.

#### YUKON-KOYUKUK CENSUS AREA

The Yukon-Koyukuk Census Area is large and sparsely populated. One third of the area's population lives in the four largest communities: Galena, Fort Yukon, Nenana and McGrath. Just seven of the 41 communities in the area are on Alaska's road system. The area includes five National Wildlife Refuges.

The largest employers in the area are local school districts, followed by Tanana Chiefs Conference and the Council of Athabascan Tribal Governments. The U.S. Department of the Interior provides the greatest number of federal jobs through the Bureau of Land Management, the National Park Service and the U.S. Fish and Wildlife Service.

The U.S. Postal Service, the Alaska Department of Transportation and Public Facilities (DOT&PF), and local and tribal governments provide additional public sector jobs. In 2006, government jobs accounted for two-thirds of the region's wage and salary employment. Subsistence remains important both culturally and economically. In all, the area produced 2,200 public and private sector jobs in 2006, with average wages of \$2,600 per month and \$68 million in total wages.

Table 2: 2006 Employment and earnings, Interior Alaska

Average Monthly Employment by Type of Industry <sup>1</sup>	Fairbanks North Star Borough	Rest of the Interior <sup>2</sup>	Denali Borough	Southeast Fairbanks Census Area	Yukon-Koyukuk Census Area
<b>Private Ownership</b>	<b>26,500</b>	<b>4,500</b>	<b>2,000</b>	<b>1,800</b>	<b>700</b>
Goods-Producing	4,700	700	100	400	100
Service-Providing	21,800	3,800	1,800	1,300	600
<b>Total Government</b>	<b>11,600</b>	<b>2,500</b>	<b>400</b>	<b>700</b>	<b>1,500</b>
Federal Government	3,400	600	200	200	100
State Government	5,200	200	0	100	100
Local Government	3,000	1,700	100	300	1,300
<b>Total Industries<sup>3</sup></b>	<b>38,100</b>	<b>7,000</b>	<b>2,300</b>	<b>2,500</b>	<b>2,200</b>
<b>Average Monthly Wages</b>	<b>\$3,400</b>	<b>–</b>	<b>\$2,800</b>	<b>\$4,200</b>	<b>\$2,600</b>
<b>Total Wages (\$millions)</b>	<b>\$1,539</b>	<b>\$272</b>	<b>\$79</b>	<b>\$125</b>	<b>\$68</b>

1/ Excludes business owners, the self-employed, private household and unpaid family workers

2/ Includes Denali Borough, Southeast Fairbanks Census Area and Yukon-Koyukuk Census Area

3/ Numbers may not sum to totals due to rounding

Source: ADOLWD, Quarterly Census of Employment & Wages, 2006

## Population Demographics

With just over 100,000 residents, Interior Alaska has the second largest regional population in the state, following the Anchorage Mat-Su region. Alaskans living in the Interior account for 15 percent of the state’s total population of 670,000. Most of the Interior population lives in the Fairbanks North Star Borough.<sup>16</sup>

The percentage of Alaska Natives in the population varies widely between urban and rural areas. In the mostly roadless Yukon-Koyukuk Census Area, the population is over 70 percent Alaska Native. Southeast Fairbanks Census Area includes the six tribes of the Upper Tanana as well as a number of small towns along the Alaska Highway; 14.5 percent of its population is all or part Alaska Native. The lowest percentages of Alaska Native residents are in the Fairbanks North Star Borough (9.9%) and Denali Borough (8.6%).<sup>17</sup>

As in the rest of the state, the populations of many rural communities in the Interior have declined since the 2000 census, as shown in Table 3, and this trend is projected to continue. While the region as a whole is expected to grow steadily in population over the next twenty years, state demographers project that rural communities in the Denali Borough and Yukon-Koyukuk Census Area will continue to lose population due to net migration.<sup>18</sup>

**Table 3: 2006 Population, Interior Alaska**

	2006 Estimate	2000 U.S. Census	Percent Change <sup>1</sup>
Fairbanks North Star Borough	87,800 <sup>2</sup>	82,800	6.0%
Denali Borough	1,800	1,900	-5.1%
Southeast Fairbanks Census Area	6,800	6,200	9.3%
Yukon-Koyukuk Census Area	5,900	6,500	-10.2%
<b>Interior Region</b>	<b>102,300</b>	<b>97,400</b>	<b>4.9%</b>
<b>Alaska</b>	<b>670,100</b>	<b>626,900</b>	<b>7.0%</b>

1/ Represents change in population numbers before rounding.

2/ See footnote 16 for explanation of the difference between this number and U.S. Census Bureau certified population.

Source: ADOLWD Research and Analysis Section, Demographics Unit

<sup>16</sup> The U.S. Census Bureau certified the population of the Fairbanks North Star Borough as 94,803 as of July 1, 2006, after the borough challenged the state’s municipal population estimate for 2006. The original ADOLWD estimate is used in Table 3 for consistency with other numbers in the table, although the higher number certified by the Census Bureau is considered more accurate by the Fairbanks North Star Borough and the Alaska Department of Commerce, Community and Economic Development.

<sup>17</sup> Census 2000, U.S. Census Bureau

<sup>18</sup> Alaska Economic Trends, “Population Projections: 2007-2030.” (October 2007), 9-10. Although the projected loss of rural population in Interior Alaska is significant, it is not as severe as in Southeast Alaska. The areas with the greatest population losses over the projection period are all in Southeast Alaska: Skagway-Hoonah-Angoon Census Area (-35.6%), Haines Borough (-29.9%), and Prince of Wales-Outer Ketchikan Census Area (-28.9%). The region is projected to lose 7.1% of its population.

**Table 4: Population projections, 2010-2030**

	2006	2010	2015	2020	2025	2030	Percent Change <sup>1</sup>
Fairbanks North Star Borough	87,800 <sup>2</sup>	92,900	97,700	102,000	106,100	110,100	25.4%
Denali Borough	1,800	1,800	1,700	1,700	1,600	1,500	-14.4%
Southeast Fairbanks Census Area	6,800	6,900	7,300	7,800	8,200	8,600	27.6%
Yukon-Koyukuk Census Area	5,900	5,900	5,800	5,600	5,400	5,100	-12.8%
<b>Interior Region</b>	<b>102,300</b>	<b>107,400</b>	<b>112,500</b>	<b>117,000</b>	<b>121,300</b>	<b>125,400</b>	<b>22.6%</b>
<b>Alaska</b>	<b>670,100</b>	<b>698,600</b>	<b>735,000</b>	<b>771,500</b>	<b>806,100</b>	<b>838,700</b>	<b>25.2%</b>

1/ Represents change in population numbers before rounding.

2/ See footnote 16 for explanation of the difference between this number and the U.S. Census Bureau certified population.

Source: ADOLWD Research and Analysis Section, Demographics Unit

Lack of employment opportunities and high energy costs in rural Alaska are two reasons frequently cited for in-state migration. Demographers caution that a high degree of uncertainty accompanies population projections for individual boroughs and census areas. Population projections for each borough and census area in the Interior appear in Table 4.

The rural economic development activities of many Alaska Native organizations may slow the statewide trend of rural outmigration by providing greater job opportunities in remote areas of their regions. Native organizations also help village residents stay in their communities through economic and social assistance programs that subsidize electricity and home heating costs, provide housing assistance, and bring basic health services to rural areas. Acting alone or as partners with state and federal agencies, Alaska Native for-profit and nonprofit corporations are the primary investors in rural Alaska communities and infrastructure.

#### INCOME AND POVERTY

Table 5 presents income and poverty statistics for the Interior. Not surprisingly, per capita and household income are highest in the predominantly urban Fairbanks North Star Borough and lowest in rural areas, where as many as one in four residents lived below the federal poverty threshold in 2000.

**Table 5: Income and poverty in Interior Alaska, 2000 and 2004**

	Per Capita Income	Median Household Income	Percent Below Poverty
Fairbanks North Star Borough	\$41,539	\$86,200	7.9%
Denali Borough	\$31,641	\$69,700	7.8%
Southeast Fairbanks Census Area	\$29,613	\$61,900	18.9%
Yukon-Koyukuk Census Area	\$24,777	\$39,200	23.8%
<b>Alaska</b>	<b>\$33,889</b>	<b>\$72,400</b>	<b>9.4%</b>

Sources: Poverty statistics: U.S. Census, 2000; Income statistics: U.S. Bureau of Economic Analysis (BEA) and HUD, 2004

**Table 6: Employment and unemployment in Interior Alaska, 2006**

	Labor Force	Employment	Unemployment Rate
Fairbanks North Star Borough	45,400	42,800	5.8%
Denali Borough	1,700	1,600	5.6%
Southeast Fairbanks Census Area	3,400	3,000	10.6%
Yukon-Koyukuk Census Area	2,800	2,400	12.9%
<b>Interior Alaska</b>	<b>53,000</b>	<b>49,900</b>	<b>6.3%</b>

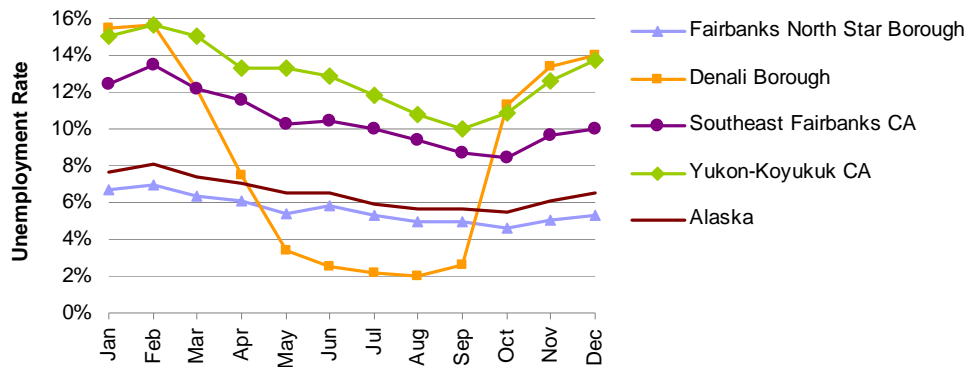
Sources: ADOLWD, 2006

**EMPLOYMENT AND UNEMPLOYMENT**

Interior Alaska has a labor force of over 50,000. While 2006 unemployment averaged only 6.3 percent for the year, on par with the state average of 6.5 percent, this regional snapshot masks a great deal of regional and seasonal variation. While average annual unemployment in Fairbanks (5.6%) was significantly below the state rate, unemployment rates were considerably higher in the rural census areas: Southeast Fairbanks (10.6%), Yukon-Koyukuk (12.9%).

While Denali Borough’s average unemployment (5.8%) was the below the statewide average, seasonal unemployment in this tourism-driven economy reached 15.7 percent during the winter. Monthly unemployment rates for each area are shown in Figure 2.

**Figure 2: Unemployment rates in Interior Alaska**



Data Source: ADOLWD Research and Analysis Section

**Economic Conditions of Alaska Natives**

As in other areas of the state, the economic condition of Alaska Natives lags behind non-Native residents of the Interior. As a group, Alaska Natives have lower incomes and experience higher rates of unemployment and poverty.

The income and employment gap between Alaska Natives and non-Natives cannot be explained only by the fact that a greater share of Alaska Natives live in rural areas where there is less economic opportunity. Even in Yukon-Koyukuk, where Alaska Natives make up the majority of the population, they make less than

three-quarters of what non-Natives earn, and almost 30 percent have incomes below the federal poverty threshold, compared to 24 percent for the census area as a whole.<sup>19</sup>

The 2004 Status of Alaska Natives Report found that Alaska Natives still lag behind non-Natives in participation in the cash economy; the share of the Alaska Native population in the workforce is smaller, and when they do work, they are less likely to work full-time or year-round.<sup>20</sup>

Average wages for Alaska Natives are also lower, because they have lower levels of educational attainment and tend to work in lower-paying occupations.<sup>21</sup> More Alaska Natives work in service jobs than non-Natives, while they are underrepresented in professional, managerial, technical and sales occupations. They are also less likely than non-Natives to get jobs with federal or state government agencies; when they do, they tend to be clustered in lower-paid positions.<sup>22</sup>

While the growing economic consequence and output of Alaska Native organizations in the Interior strengthens the entire economy, it plays a special role in remediating the persistent economic lag between Alaska Natives and non-Native populations in the region by providing direct income in the form of shareholder dividends, and by employing a greater percentage of Alaska Natives in their operations than other Alaska companies.<sup>23</sup>

With their dual missions of corporate goals and social benefits, Alaska Native corporations actively seek business and investment opportunities that provide work for Alaska Natives with few job skills and those who live in remote areas. At the same time, they provide employment opportunities as managers and corporate officers for a growing pool of Alaska Native leaders.

Alaska Native for-profit and nonprofit corporations also raise the economic conditions and future prospects of Alaska Natives by providing scholarships, job training and educational opportunities. At the same time, their efforts help to provide a trained workforce for other employers in the state.

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<sup>19</sup> Census 2000, U.S. Census Bureau

<sup>20</sup> Institute of Social and Economic Research, *The Status of Alaska Natives Report 2004: Volume I*. (Anchorage, May 2004), 4-1.

<sup>21</sup> An exception to this is Alaska Native women, a growing share of whom are working full-time. A recent study by The McDowell Group found that Alaska Native women with college degrees out-earned whites and other minorities with similar degrees. [The McDowell Group, *The Economic Impact of the University of Alaska 2007 Update*. (Juneau, February 2007), 3.]

<sup>22</sup> Institute of Social and Economic Research, 4-2.

<sup>23</sup> Alaska Native hire by the 13 regional and largest village corporations averages 25 percent. (ANCSA Regional Corporation Presidents and CEOs, 16.) Doyon Drilling has met its goal of 41 percent Alaska hire in recent years. (Doyon, Limited, 5.)

### **Aggregating Data for the “Rest of the Interior”**

While this chapter has focused on some significant economic and demographic differences within the Interior, from this point we will distinguish only between the Fairbanks North Star Borough and the “rest of the Interior.” Although direct employment and spending data for the three smaller sectors of the Interior economy have been aggregated to simplify data collection and analysis, it is clear from this overview that we cannot assume that economic impacts are distributed uniformly throughout the region or throughout the year.



## EMPLOYMENT AND EARNINGS

Alaska Native organizations contribute significantly to the economies of Fairbanks and Interior Alaska through direct employment and spending on goods and services purchased within the region. This chapter examines the direct employment and payroll impacts of Alaska Native organizations.

### Employment Impacts

In 2006, Alaska Native entities operating in the Interior provided 3,800 full- and part-time jobs in Alaska. This included 2,176 jobs in Fairbanks, and nearly 1,600 jobs in the rest of the Interior.<sup>24</sup> This represents 5.7 percent of all civilian employment in Fairbanks and 23 percent of all employment in the rest of the Interior. Table 7 breaks out these jobs by type of employer.

**Table 7: Direct employment by Alaska Native organizations, 2006**

Alaska Native Entity	Fairbanks	Rest of Interior	Interior Alaska
ANCSA Regional Corporations <sup>1</sup>	1,486	383	<b>1,869</b>
Village Corporations <sup>1</sup>	22	105	<b>127</b>
Other Native-owned Businesses	37	13	<b>50</b>
Native nonprofits	623	235	<b>858</b>
Tribal Governments	8	738	<b>746</b>
School Districts <sup>2</sup>	-	117	<b>117</b>
<b>Total</b>	<b>2,176</b>	<b>1,591</b>	<b>3,767</b>

1/ Includes corporate subsidiaries and other business ventures.

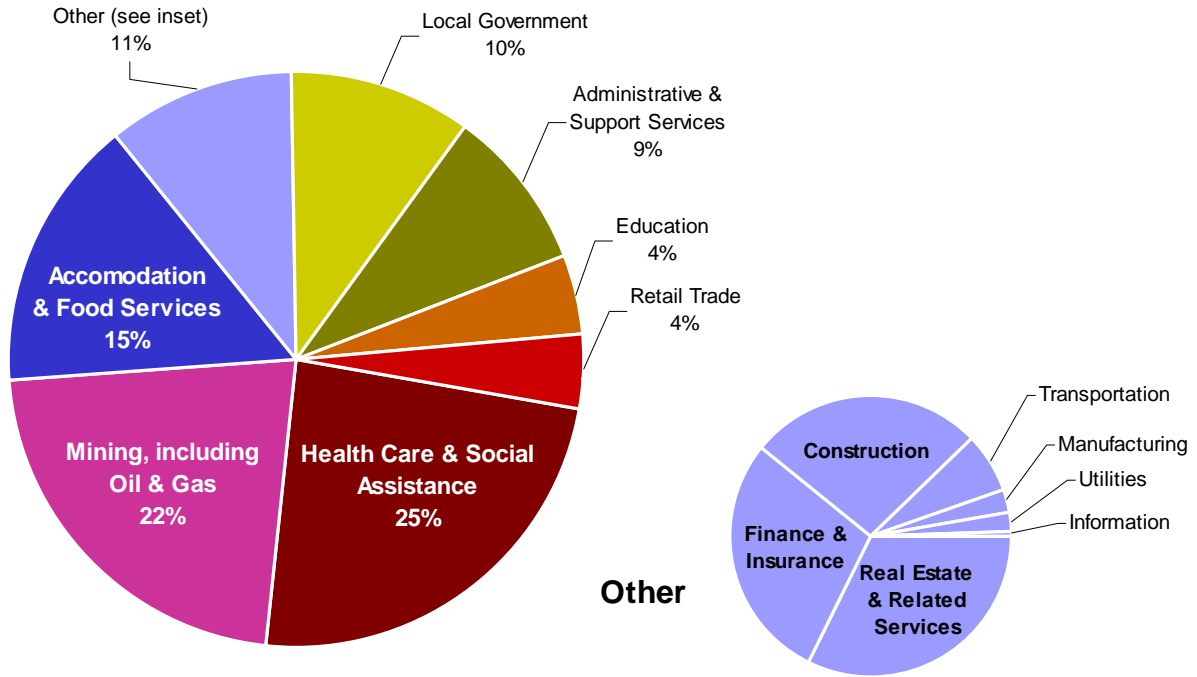
2/ Includes school districts with at least 90 percent Alaska Native enrollment in 2006.

Source: Information Insights, Inc.

Alaska Native entities provided employment in many different sectors of the economy, as shown in Figure 3. One-fourth of all jobs were in health and social assistance, while oil and gas support activities accounted for nearly another quarter. Lodging and food services also contributed significantly, especially outside Fairbanks. Local government and administrative support services each provided about 10 percent of all jobs, followed by education and retail trade. Three other categories each contributed close to 100 jobs each: real estate and related services, finance and insurance (primarily fund management by village corporations), and commercial and residential construction.

<sup>24</sup> Jobs may include seasonal and temporary positions. This includes jobs provided in Interior Alaska by the 12 other ANCSA regional corporations, their subsidiaries and joint ventures.

**Figure 3: Alaska Native employment by industry, 2006**



Data source: ADOLWD 2006 Firm List by Industry; Information Insights, Inc.

In all, over 100 Alaska Native employers provided jobs in Interior Alaska in 2006. The top ten, in terms of numbers of jobs provided, are listed in Table 8.

**Table 8: Top 10 Alaska Native employers in Fairbanks and the rest of the Interior (ROI), 2006**

Business Name	Ownership	Business Sector	FNSB Jobs	ROI Jobs
ASRC Energy Services	Arctic Slope Regional Corp.	Oil and gas field support	751	
Doyon/ARAMARK JV	Doyon, Limited (50.1%)	Food services		657
Tanana Chiefs Conference		Health, social assistance	301	170
NANA Regional Corporation <sup>1</sup>	NANA Regional Corp.	Accommodation and food services; Administrative support	287	
Fairbanks Native Association		Health, social assistance	252	
Chugach/Alutiiq JV	Chugach Alaska; Aleut Corp.	Facilities support services		211
Petro Star Inc.	Arctic Slope Regional Corp.	Retail trade; petroleum manufacturing; warehousing	159	
Doyon, Limited <sup>2</sup>	Doyon, Limited	Multiple sectors (See note 2)	109	13
Yukon Flats School District		Educational services		107
Interior Regional Housing Authority		Housing services	35	65

1/ Includes NANA Development Corp., NANA Management Services (NANA/Marriott), Akmaa, and WH Pacific

2/ Includes Doyon, Limited, Doyon Drilling, Doyon Properties, Doyon Industrial Group, Doyon-American JVs, Doyon Tourism, Doyon Universal Services, and Doyon Foundation

Sources: ADOLWD 2006 Firm List by Worksite; Information Insights, Inc.

Three of these employers are among the top ten private-sector employers in the Fairbanks North Star Borough: ASRC Energy Services (#2), Tanana Chiefs Conference (#7), and NANA Regional Corporation (#8), which counts Fairbanks Spring Hills Suites by Marriot among its Fairbanks enterprises. (The number in parentheses indicates their top ten rank in the borough.)

Figure 4 shows how Alaska Native entities compare with Fairbanks' top public and private sector employers when the jobs they provide are aggregated. Alaska Native organizations provide civilian employment on par with DOD, the Fairbanks North Star Borough School District and Fairbanks Memorial Hospital. They employ four times as many workers as other state and federal agencies, Wal-Mart/Sam's Club and the borough government.

Figure 4: Comparison with top civilian employers in Fairbanks, 2006

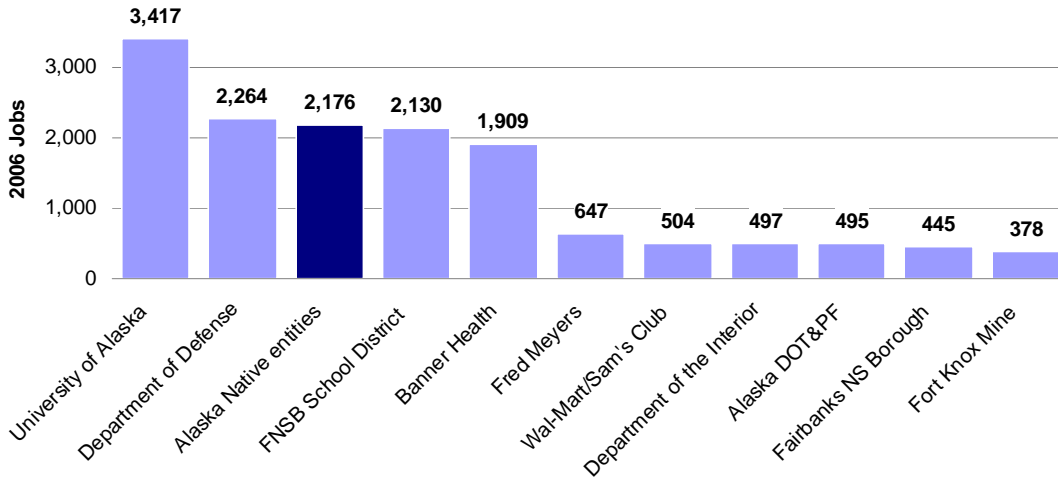
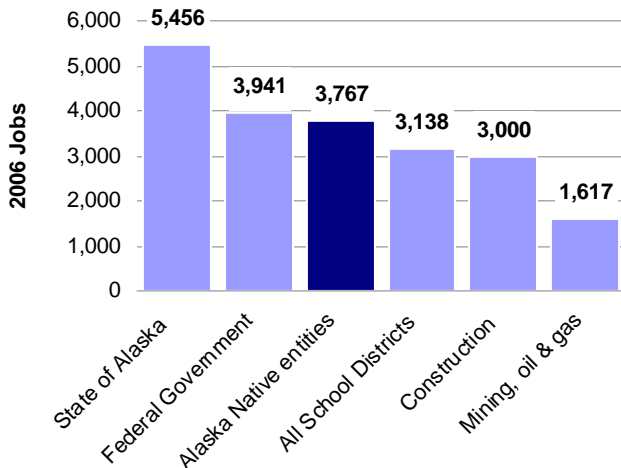


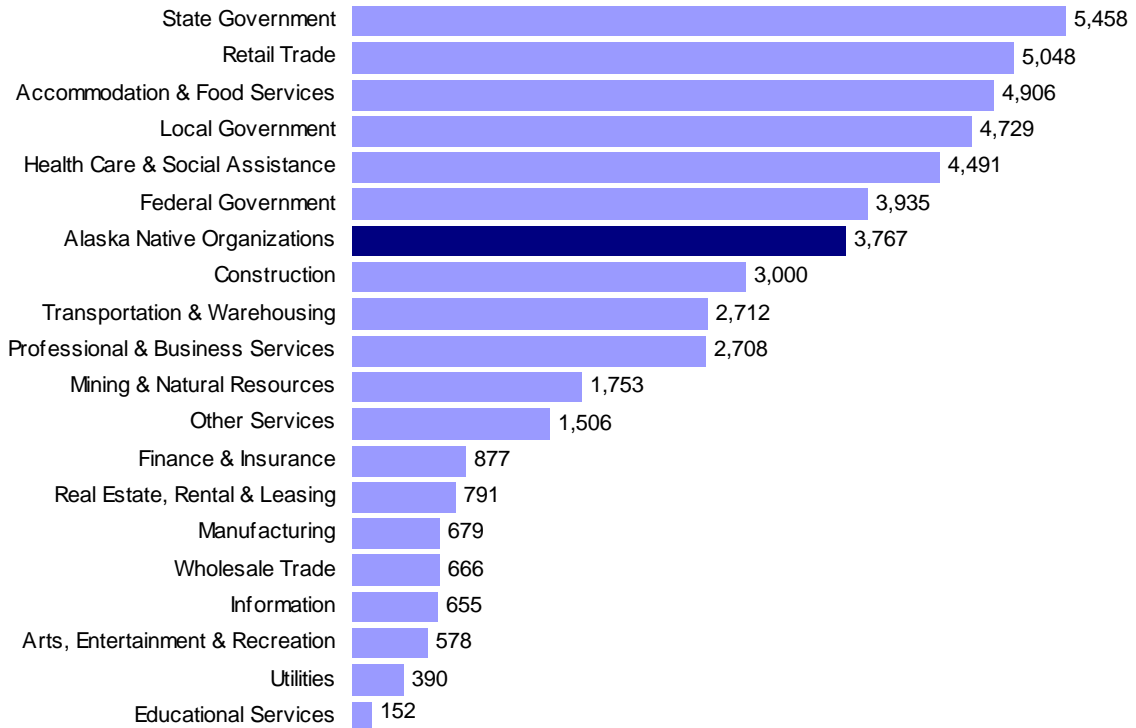
Figure 5: Comparison with jobs provided in other industries in Interior Alaska, 2006



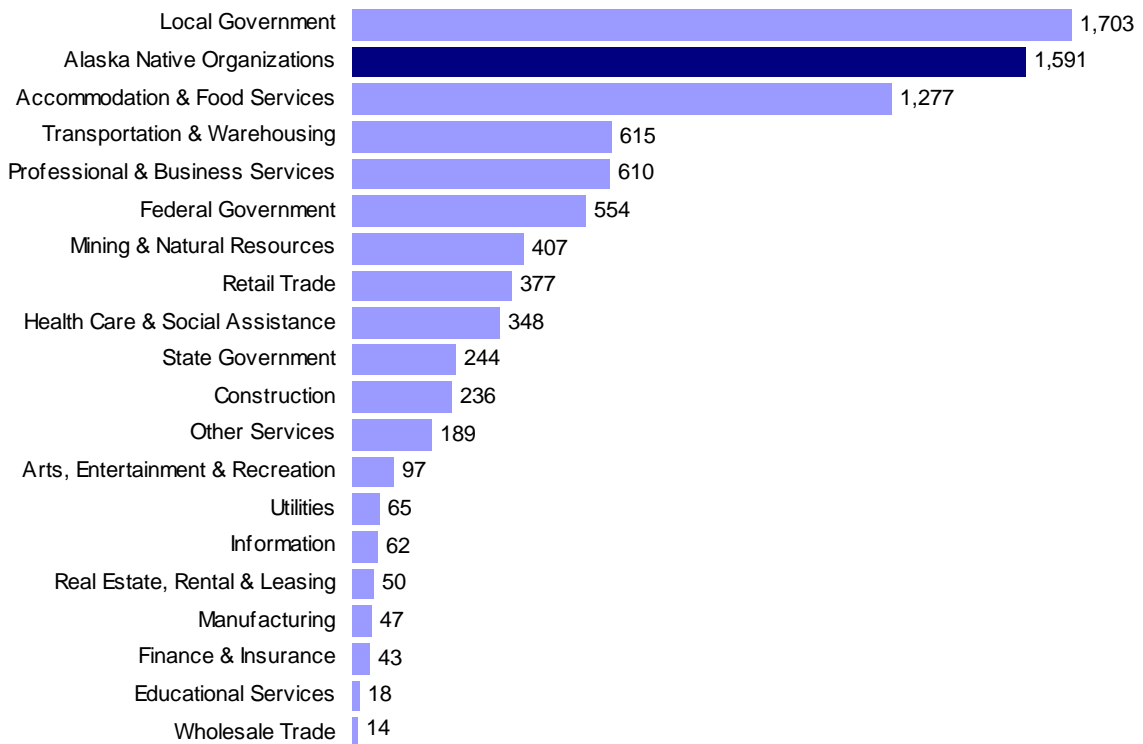
Looking at the region as a whole, direct employment by Alaska Native entities is of the same magnitude as employment by Federal agencies, the University of Alaska, the construction industry, and all school districts the region. Employment by Alaska Native entities is more than twice that of employment in the Interior mining industry, including all oil and gas jobs, as shown in Figure 5.

Figure 4 and Figure 5 data sources: ADOLWD, Information Insights, Inc.; The McDowell Group

**Figure 6: 2006 Employment by industry, Fairbanks**



**Figure 7: 2006 Employment by industry, rest of the Interior**



Data sources for Figure 6 and Figure 7: ADOLWD 2006 Firm List by Industry; Information Insights, Inc.

Doyon/ARAMARK was the largest Interior Alaska Native employer, public or private, outside of Fairbanks in 2006. Also among the top ten private-sector employers in the rest of the Interior were Chugach/Alutiiq JV (#3), a joint venture between two ANCSA corporations, and Tanana Chiefs Conference (#6).

The jobs provided by Alaska Native organizations are highly significant to the people of Fairbanks and other communities in the Interior. Figure 6 and Figure 7 show how these jobs stack up against other sectors of the economy. If Alaska Native organizations were considered their own industry, they would rank eighth overall in the Fairbanks economy, and would be second only to local government in the rest of the Interior. (Note that tribal governments account for over half of all local government employment outside of schools in the rest of the Interior.) How employment by Alaska Native organizations compares with other industries in the region as a whole was illustrated in Figure 5.

Alaska Native organizations with operations in the Interior are also important players in the statewide economy. Six Alaska Native organizations in our survey appeared on Alaska’s “Trends 100” list of the 100 largest private employers in 2006, based on their statewide operations. They were: ASRC Energy Services (#6), NANA Management Services (#10), Doyon/Universal Ogden, JV (#24), ARAMARK (#31), Tanana Chiefs Conference (#53), and Doyon Drilling (#88).<sup>25</sup> (Numbers in parentheses indicate the company’s position on the list.)

### Payroll Impacts

Alaska Native entities operating in the Interior paid \$147 million in wages in 2006. Fairbanks payrolls totalled \$111 million, while payrolls in the rest of the region exceeded \$36 million. Over \$2.5 million in wages were also paid by Interior Alaska Native organizations to their Anchorage-based employees.

**Table 9: Alaska Native organization payrolls, 2006**

Alaska Native Entity	Fairbanks (\$millions)	Rest of Interior (\$millions)	Interior Alaska (\$millions)
ANCSA Regional Corporations <sup>1</sup>	\$ 87.3	\$ 11.5	\$ 98.8
Village Corporations <sup>1</sup>	\$ 0.4	\$ 3.4	\$ 3.8
Other Native-owned Businesses	\$ 0.4	\$ 0.1	\$ 0.5
Native Nonprofits	\$ 22.4	\$ 8.9	\$ 31.3
Tribal Governments	\$ 0.4	\$ 9.0	\$ 9.5
School Districts <sup>2</sup>	\$ -	\$ 3.5	\$ 3.5
<b>Total</b>	<b>\$ 111.0</b>	<b>\$ 36.5</b>	<b>\$ 147.4</b>

1/ Includes corporate subsidiaries and other business ventures.

2/ Includes school districts with at least 90 percent Alaska Native enrollment in 2006.

Source: Information Insights, Inc.

<sup>25</sup> Alaska Economic Trends, “The Trends 100.” (August 2007), 8-9.

Earnings data is proprietary, so payrolls for individual Alaska Native entities in the survey cannot be disclosed. However, the top ten Alaska Native payrolls in Fairbanks and the Interior are listed in Figure 8 in order of magnitude.

**Figure 8: Top ten Alaska Native payrolls in Fairbanks and Interior Alaska, 2006**

Rank	Top 10 in Fairbanks	Top 10 in Interior Alaska
1	ASRC Energy Services	ASRC Energy Services
2	Tanana Chiefs Conference	Tanana Chiefs Conference
3	Fairbanks Native Association	Fairbanks Native Association
4	Petro Star, Inc.	Chugach/Alutiiq JV
5	NANA Regional Corporation <sup>2</sup>	Petro Star, Inc.
6	Doyon, Limited <sup>1</sup>	Interior Regional Housing Authority
7	Doyon American JVs	Doyon, Limited <sup>1</sup>
8	Chugach Alaska Corporation <sup>3</sup>	NANA Regional Corporation <sup>2</sup>
9	Interior Regional Housing Authority	Yukon Flats School District
10	Nenana Traditional Council	Council of Athabascan Tribal Governments

1/ Includes Doyon, Limited, Doyon Drilling, Doyon Properties, Doyon Industrial Group, Doyon Tourism, Doyon Universal Services, and Doyon Foundation.

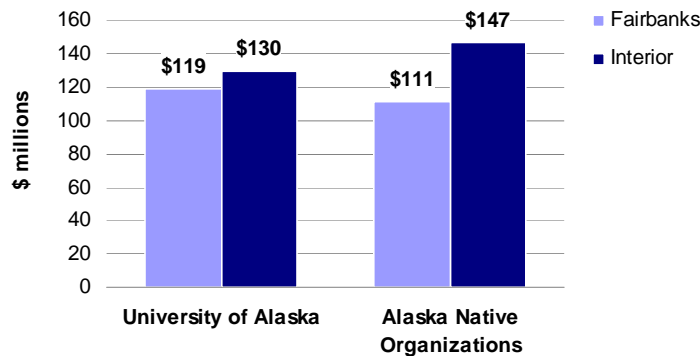
2/ Includes NANA Development Corp., NANA Management Services (NANA/Marriott), Akmaq, WH Pacific

3/ Includes Chugach Development Corp. and Chugach Support Services Inc.

Source: Information Insights, Inc.

Taken as an aggregate, Alaska Native entities were on par with the University of Alaska (UA) in total wages paid in the Fairbanks North Star Borough and in the region as a whole in 2006, as shown in Figure 9. Although the University employed more workers in Fairbanks than Alaska Native employers did, the average wage at UA is brought down by low-paying student jobs.

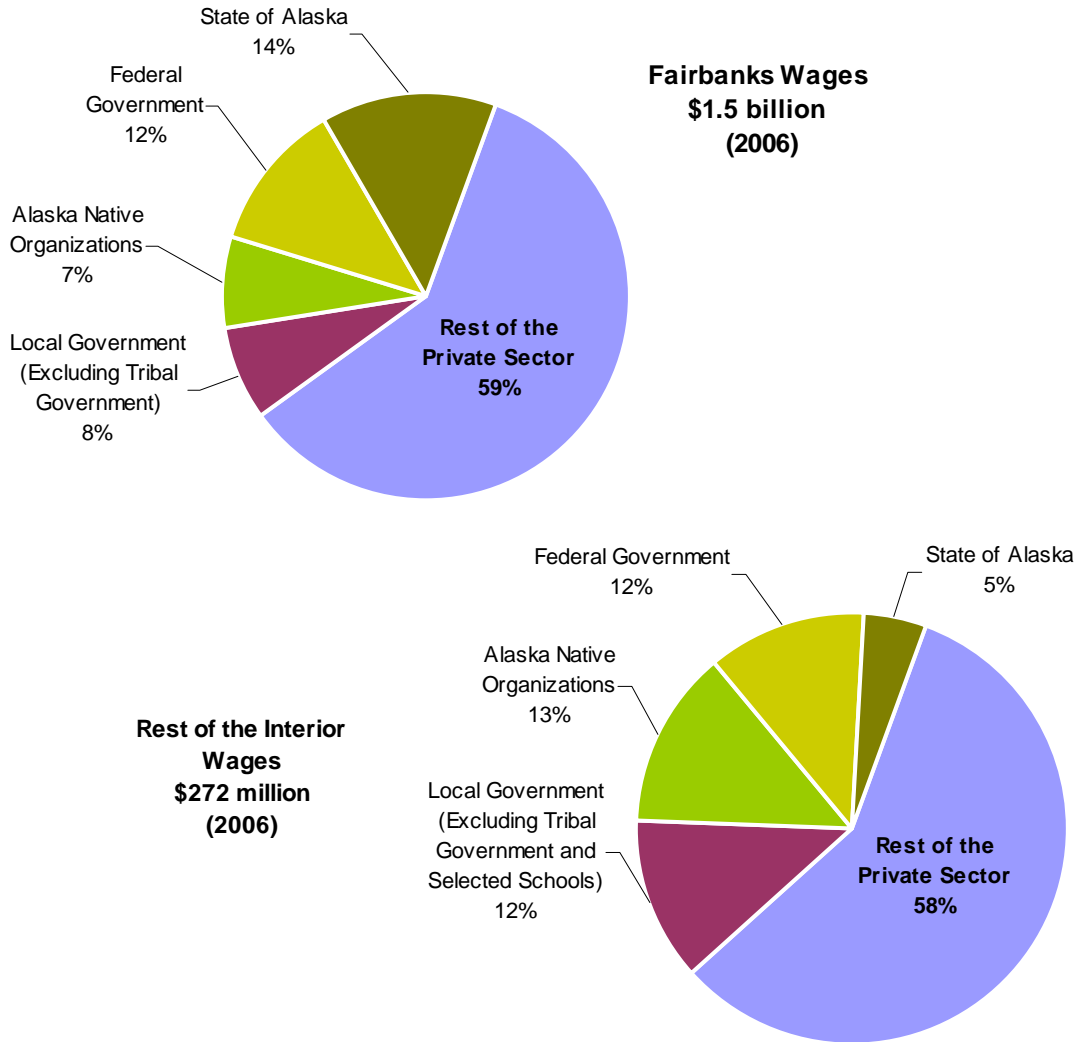
**Figure 9: Comparison with University of Alaska payroll**



Data sources: Information Insights, Inc., and The McDowell Group

Overall, civilian wages in the Fairbanks North Star Borough totaled \$1.5 billion in 2006 – nearly 12 percent of total wages paid in Alaska. Wages in the rest of the Interior totaled \$272 million for the year.

Figure 10: Share of Interior Alaska wages paid by Alaska Native entities



Data sources: ADOLWD Quarterly Census of Employment & Wages, 2006 (Does not include uniformed military, self-employed or domestic labor); Information Insights, Inc.

Wages paid by Alaska Native organizations accounted for seven percent of all Fairbanks wages and 13 percent of all wages in the rest of the Interior, as shown in Figure 10. Total wages paid by Alaska Native entities in Interior Alaska amounted to just over one percent of all wages paid in Alaska in 2006.

### Health Benefits

Overall, 37 percent of the employees of Alaska Native organizations in the Interior were enrolled in employer-based health insurance plans, compared with a 42 percent coverage rate for all Alaska private-sector and local government employees.<sup>26</sup> Thirty-six percent of Interior Alaska Native organizations offered

<sup>26</sup> Alaska Economic Trends, “Employer-based Health Insurance.” (February 2007), 6. The 2006 Alaska Employee Health Benefits Survey was administered by ADOLWD during the peak summer employment

health insurance, compared with the state average of 39 percent of employers. Most Alaska Native employers in the region who provided health benefits offered a full range of medical, dental and vision coverage for their employees.

Only 10 employers shared information about their spending on employee health care. They reported spending a total of \$5.1 million on health insurance and other health-related spending. Of the total, \$2.9 million was spent on employee health insurance, and \$2.2 million represented direct spending on medical, dental, vision and mental health services.

The annual cost of employee health services averaged \$5,200 per covered employee for health insurance costs, and \$9,100 per covered employee for all medical spending, based on data for 560 covered employees of Alaska Native organizations.

Spending on health care is not captured elsewhere in this study. Accounting for health care spending by employers is challenging in an economic impact study, because it is difficult to determine where companies' health care dollars are actually spent. Employers typically pay a health insurance provider or plan administrator located outside the region or state, and they often do not know how their costs are distributed between health care services, plan administration, and insurance company profits. As a result, IMPLAN and other input-output models account for health spending imperfectly. The dollars spent on health benefits by Alaska Native organizations are therefore not included in the calculation of total economic impact in this study.

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season. ADOLWD found that the major reasons for the high percent of workers not enrollment in employer-based health insurance are the number of small firms in the state, and a highly seasonal economy in which firms of all sizes are less likely to offer coverage to part-time and seasonal workers. The highest percentage of firms offering coverage had over 100 employees.



## SPENDING ON GOODS AND SERVICES

### Purchasing Impacts

Each year Alaska Native organizations spend a significant amount within the region on goods and services. In 2006, the Alaska Native organizations we surveyed reported purchases of \$137 million in the Fairbanks North Star Borough and another \$27 million in the rest of the Interior, for a total spent within the region of over \$164 million on nonpersonnel items, as shown in Table 10.<sup>27</sup>

It is interesting to note that another \$140 million – nearly half of total spending by Alaska Native operations in the Interior – was spent on goods and services purchased in Anchorage. In fact, Anchorage spending slightly exceeds spending in Fairbanks for the year. (This is true even though the model includes no Anchorage-area spending by Alaska Native organizations based outside the Interior, even if the spending was in support of Interior Alaska operations.)

**Table 10: Spending on goods and services by type of organization, 2006**

Type of Alaska Native Entity	Fairbanks (\$millions)	Rest of Interior (\$millions)	Interior Alaska (\$millions)	Anchorage <sup>3</sup> (\$millions)
ANCSA Regional Corporations <sup>1</sup>	\$ 86.0	\$ 1.7	\$ 87.7	\$ 129.6
Village Corporations <sup>1</sup>	\$ 2.0	\$ 4.1	\$ 6.1	\$ 0.7
Other Native-owned Businesses	\$ 1.8	\$ 0.0	\$ 1.8	\$ 0.0
Native Nonprofits	\$ 40.7	\$ 10.3	\$ 50.9	\$ 4.6
Tribal Governments	\$ 6.4	\$ 2.8	\$ 9.2	\$ 4.7
School Districts <sup>2</sup>	\$ 0.1	\$ 8.2	\$ 8.3	\$ 0.3
<b>Total</b>	\$ 137.0	\$ 27.1	\$ 164.1	\$ 139.9

1/ Includes corporate subsidiaries and other business ventures.

2/ Includes school districts with at least 90 percent Alaska Native enrollment in 2006.

3/ Does not include spending in Anchorage by Alaska Native organizations based outside Interior Alaska

Source: Information Insights, Inc.

<sup>27</sup> This is a very conservative estimate of the local and regional purchasing power of Alaska Native organizations. Spending data was not available for every organization in the study. While nonpersonnel spending could be estimated for tribal governments and village corporations that did not provide it, based on the significant sample available from other organizations of the same type, no estimate was made for nonpersonnel spending by other types of Alaska Native organization. This is a significant issue, since spending data was unavailable for some of the largest Alaska Native employers in the region, including ASRC Energy Services, Chugach Alaska Corporation, and Chugach/Alutiiq JV. The \$164 million in spending on goods and services reported in the study reflects purchasing for 90 percent of Alaska Native organizations identified in the region, but those organizations provided only 61 percent of the jobs in Fairbanks and 72 percent of the jobs in the region.

**Table 11: Location of purchases by primary location of Alaska Native entity**

Purchases made by Alaska Native entities based in:	Source of Purchased Goods and Services			
	Fairbanks (\$millions)	Rest of the Interior (\$millions)	Anchorage <sup>1</sup> (\$millions)	Total (\$millions)
Fairbanks	\$ 118.7	\$ 10.4	\$ 127.1	\$ 282.1
Rest of the Interior	\$ 10.1	\$ 16.6	\$ 12.8	\$ 41.4
Anchorage <sup>1,2</sup>	\$ 0.5	\$ 0.0	N/A	\$ 18.6
Other <sup>2</sup>	\$ 7.8	\$ -	\$ -	\$ 7.8
<b>Total</b>	<b>\$ 137.0</b>	<b>\$ 27.1</b>	<b>\$ 139.9</b>	<b>\$ 349.9</b>

1/ Does not include spending in Anchorage by Alaska Native organizations based outside Interior Alaska.

2/ We assume Fairbanks spending by Alaska Native entities based in Anchorage and elsewhere in the state is significantly underestimated. Figures reported here are for operations that account for a minority of the jobs provided in the Interior by ANCSA corporations and subsidiaries based outside the Doyon region.

Source: Information Insights, Inc.

Table 11 compares the source of purchased goods and services with the primary location or origin of the Alaska Native organization making the purchase.<sup>28</sup> The top row of table data shows that Fairbanks-based Alaska Native organizations spent approximately \$119 million locally on goods and services, \$10 million in the rest of the Interior and \$127 million on goods and services purchased in Anchorage. In all, over 80 percent (\$282 million) of total spending was by Alaska Native entities based in Fairbanks.

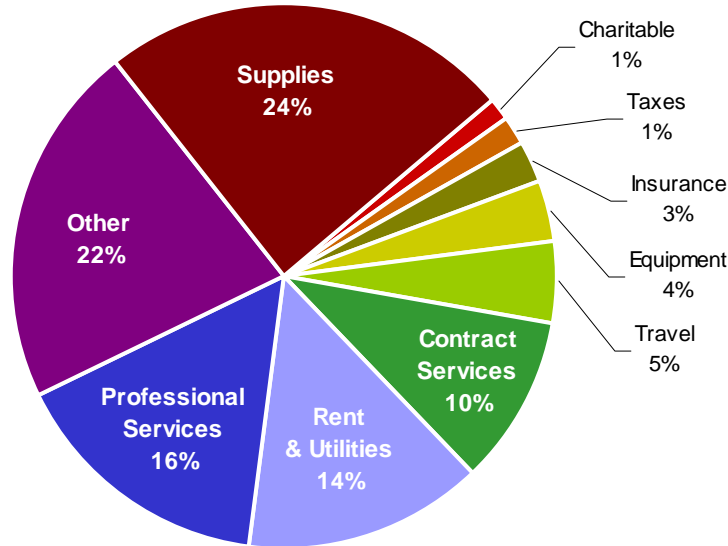
Alaska Native organizations based in the rest of the Interior (including village corporations, tribal governments and rural school districts) spent \$10 million in Fairbanks, \$13 million in Anchorage, and made \$17 million in local (or primarily local) purchases. Spending by Doyon/ARAMARK JV is also included in these figures.

#### SPENDING BY BUDGET CATEGORY

Spending on supplies accounted for a quarter of all nonpayroll dollars spent in Interior Alaska by Alaska Native organizations with operations in the region, as shown in Figure 11. Another quarter was spent on professional services and contract labor. Rent and utilities accounted for almost one-seventh (14%). Together travel, equipment, insurance, taxes and charitable donations accounted for approximately one-eighth (14%) of Interior spending. Major components of “Other” spending (22%) included general operating expenses, grants made by TCC, purchase of homes by the IRHA, interest expenses, administrative costs, fuel and energy expenses.

<sup>28</sup> For the purposes of this analysis, all village councils and corporations are considered to originate in the rest of the Interior, even if they have offices in Fairbanks.

Figure 11: Alaska Native organization expenditures by budget category, 2006

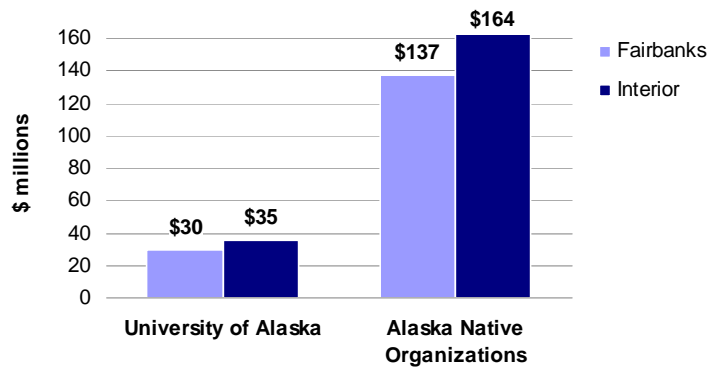


Source: Information Insights, Inc

For purposes of comparison, purchasing by the borough’s largest employer, the University of Alaska, was just \$30 million in FY 2007, according to a recent economic impact study by the McDowell Group.<sup>29</sup> At \$137 million, the spending on goods and services by Alaska Native organizations in Fairbanks is over four times that of the university.

UA spending in Interior Alaska for the year was \$35 million, compared with \$164 million by Alaska Native organizations. Figure 12 illustrates the comparison.

Figure 12: Comparison with University of Alaska FY07 expenditures



Data sources: The McDowell Group; Information Insights, Inc.

<sup>29</sup> The McDowell Group, 15-16.

### Shareholder Dividends

Alaska Native corporations in the Interior generated \$3.6 million in corporate dividends to their shareholders in Interior Alaska. This included \$3.1 million paid to Doyon, Limited shareholders, and \$466,000 in distributions reported by 13 of the 25 village corporations (54%) that responded to this question.

Eighty percent (\$2.9 million) of the dividends were paid to shareholders residing in the Fairbanks North Star Borough. The remaining \$680,000 in dividend income went to Alaska Natives living elsewhere in the Interior. An additional \$680,000 in dividend income was distributed to Doyon region shareholders living in Anchorage. This amount does not include dividends paid to Interior Alaska residents by other ANCSA corporations.

## INDIRECT ECONOMIC IMPACTS

The previous chapter looked at direct employment, payroll and nonpersonnel spending by Alaska Native organizations with operations in the Interior. This chapter analyzes the indirect economic impacts that occur as spending and employment by Alaska Native organizations flow through the economy and generate additional jobs, income and economic activity.

### Indirect and Induced Impacts

The total economic impact of Alaska Native organizations includes direct spending and employment by Alaska Native organizations and businesses, plus the indirect and induced effects generated when companies supplying goods and services to Alaska Native organizations spend their sales receipts, and when employees of both Alaska Native organizations and vendors spend their paychecks in the local or regional economy.

Indirect effects include the activities of subcontractors and vendors that supply inputs to Alaska Native organizations. Induced impacts comprise the ripple effect from direct and indirect impacts as wages are spent by households on goods and services, in turn generating additional rounds of spending, employment and labor income. The relationship between the direct impact and the total impact is called a multiplier. Multipliers are described in more detail later in the chapter.

To determine the total economic impact of Alaska Native organizations' operations in the region, we used an input-output model and regional data sets developed by the Minnesota IMPLAN Group. IMPLAN is the leading input-output analysis tool used in the United States to show how activity in one sector of the economy affects other sectors.

### TOTAL ECONOMIC IMPACTS ON INTEROR ALASKA

The tables that follow quantify the impacts from the operations of Alaska Native organizations in Interior Alaska on the Fairbanks North Star Borough, Interior Alaska, the Municipality of Anchorage, and the State of Alaska.

**Table 12: Total economic impacts on the Fairbanks North Star Borough**

Impact Type	Direct	Indirect + Induced	Total Economic Output
Economic Output (\$millions)	\$ 214.6	\$ 73.2	\$ 287.7
Employment	2,176	2,557	4,733
Labor Income (\$millions)	\$ 62.6	\$ 82.7	\$ 145.3

Sources: Information Insights, Inc.; IMPLAN data and software from MIG, Inc.

Alaska Native organizations had a total economic impact of nearly \$300 million on the Fairbank North Star Borough, and a total employment impact of over 4,700 jobs. Direct and indirect effects are summarized in Table 12.<sup>30</sup>

The total employment impact of Alaska Native entities represents 12 percent of all civilian employment in Fairbanks. Total earnings impacts of \$256 million (the sum of direct payroll, which is not shown in the table, plus total labor income impacts) represent 17 percent of all civilian wages paid in the borough.<sup>31</sup>

**Table 13: Total economic impacts on Interior Alaska**

Impact Type	Direct	Indirect + Induced	Total Economic Output
Economic Output (\$millions)	\$ 263.5	\$ 81.4	\$ 344.8
Employment	3,767	3,045	6,812
Labor Income (\$millions)	\$ 92.1	\$ 89.9	\$ 182.0

Sources: Information Insights, Inc.; IMPLAN data and software from MIG, Inc.

The total economic impact of Alaska Native organizations on Interior Alaska was \$345 million, with a total employment impact of over 6,800 jobs, as shown in Table 13. This represents 15 percent of all civilian jobs and 18 percent of total wages paid in Interior Alaska (based on total earnings impacts of \$329 million).

#### ANCHORAGE AND STATEWIDE IMPACTS

Alaska Native organizations in the Interior reported purchasing \$140 million in goods and services in Anchorage during the year. The economic activity generated by this spending supported over 2,500 jobs in the Anchorage area, as shown in Table 14. The total economic output in the municipality (\$223 million) represents only the spending impacts of Alaska Native organizations based in Interior Alaska. We collected insufficient data to provide reasonable estimates of direct employment and payroll impacts on the municipality from the Alaska

<sup>30</sup> Direct economic output equals the value of goods and services purchased by Alaska Native organizations plus personal spending by their employees (after deducting for savings and taxes). The indirect economic output effect represents the spending impacts of vendors who directly supply goods and services to Alaska Native organizations and their employees. Induced effects reflect the increase in household spending as incomes increase due to the economic activities of Alaska Native organizations.

Direct employment equals the number of workers directly employed by Alaska Native organizations. Indirect and induced effects represent employment by vendors to meet the demand for goods and services created by the direct purchases of Alaska Native organizations and their employees (indirect employment), and the additional employment generated by employees of indirectly-impacted companies spending their additional income (induced effect).

Labor income does not include the direct payroll of Alaska Native organizations, a portion of which is included in direct economic output. For the purposes of this model, labor income represents the wages and self-employment income that result from indirect and induced employment impacts.

<sup>31</sup> ADOLWD civilian employment and earnings figures do not include groups excluded from unemployment insurance coverage, such as uniformed military personnel, most fishing and agricultural workers, self-employed individuals, and domestic labor.

Native organizations based in the Interior, so these impacts have been omitted from the model. Spending and employment by Alaska Native organizations based in Anchorage, or elsewhere in the state, are also not included.

**Table 14: Total economic impacts on the Municipality of Anchorage**

Impact Type	Direct	Indirect + Induced	Total Economic Output
Economic Output (\$millions)	\$ 139.9	\$ 80.8	\$ 223.4
Employment	N/A	2,562	N/A
Labor Income (\$millions)	\$ 63.8	\$ 27.9	\$ 91.7

Sources: Information Insights, Inc.; IMPLAN data and software from MIG, Inc.

The sum of all economic impacts quantified in this report appears in Table 15. This represents the impact of the Interior operations of Alaska Native organizations on the State of Alaska. The total economic impact on the state was over \$560 million, with a total employment impact of over 9,000 jobs.

**Table 15: Total economic impacts on the State of Alaska**

Impact Type	Direct	Indirect + Induced	Total Economic Output
Economic Output (\$millions)	\$ 406.0	\$ 162.2	\$ 568.2
Employment	3,767	5,606	9,374
Labor Income (\$millions)	\$ 155.9	\$ 117.9	\$ 273.7

Sources: Information Insights, Inc.; IMPLAN data and software from MIG, Inc.

## Multiplier Effects

A multiplier is a number that describes the relationship between the direct impact and the total output of an economic input or activity. Multipliers vary by region and economic sector. In Alaska they typically range between one and two.

A multiplier expresses how much of each dollar spent by businesses in an industry remains in a region to generate additional economic rounds of activity and employment, and how much leaks out of the local or regional economy. Leakage results when wages are spent or supplies are purchased from outside the area. Separate multipliers can be determined for both employment impacts and spending impacts.<sup>32</sup>

For every dollar in direct payroll and purchasing costs to Alaska Native entities, \$1.31 in economic activity is generated in Interior Alaska due to vendors spending their revenues on local goods and services and employees spending their paychecks. Table 16 summarizes the multiplier effects from \$1.00 worth of spending by Alaska Native organizations in different regions.

<sup>32</sup> We used multipliers built into the IMPLAN model for the Fairbanks North Star Borough, Denali Borough, Southeast Fairbanks Census Area, Yukon-Koyukuk Census Area and the Municipality of Anchorage.

**Table 16: Economic output multipliers by region**

Region	Multiplier
Fairbanks North Star Borough	1.34
Interior Alaska	1.31
Anchorage Municipality	1.60
Alaska	1.40

Source: Information Insights, Inc. and IMPLAN software and data from MIG, Inc.

### EMPLOYMENT MULTIPLIER

Multipliers also affect employment as jobs are created in industries that supply goods and services to Alaska Native organizations in the Interior. Table 17 gives employment multipliers for Fairbanks and Interior Alaska. For every job in an Alaska Native organization in the Interior about 2.5 jobs are created statewide. For every dollar spent on wages, \$1.76 in personal income is generated statewide.

**Table 17: Employment multipliers for Interior Alaska**

Region	Employment Multiplier	Labor Income Multiplier
Fairbanks North Star Borough	2.18	2.32
Interior Alaska	1.81	1.98
Alaska	2.49	1.76

Sources: Information Insights, Inc.; IMPLAN software and data from MIG, Inc.



## OTHER IMPACTS

### Construction Spending

Spending on commercial and residential construction projects by Alaska Native organizations is another measurable economic activity that has significant impact on the local and regional economies. The construction industry provides the greatest share of private-sector wages in Fairbanks and the Interior as a whole, and is the fourth largest provider of private-sector jobs.<sup>33</sup>

Since major construction projects do not occur on an annual basis, we averaged construction spending by Alaska Native organizations over a multi-year period. Average annual construction spending by Alaska Native organizations in the Interior was \$5.2 million, based on total construction spending of \$41.6 million for 2000 through 2007.

This figure excludes most of the construction costs of two landmark Alaska Native buildings in downtown Fairbanks. Doyon Plaza, the 32,000-square-foot corporate headquarters of Doyon, Limited, was completed in 1999. Ground-breaking for the Morris Thompson Cultural and Visitors Center occurred in April 2007; only \$500,000 in preconstruction costs are included for this building, a portion of which will house cultural and education programs offered by TCC and Denakkanaaga, Inc.

Tribal governments accounted for \$33 million of total construction spending. Eighty-three percent of village construction spending came from just four tribal organizations: Tanacross, CATG, Minto and Venetie. Rural school districts accounted for another \$2 million in construction spending over the period.

### Property Tax Impacts

Taxes paid by Alaska Native organizations and Native-owned businesses contribute significant revenues to the Fairbanks North Star Borough. Alaska Native entities in the Interior contributed more than \$1.5 million in property taxes to the borough's general fund in 2006. Total non-oil and gas property tax revenues in the borough were \$68.8 million for the year. In all, Alaska Native organizations accounted for two percent of Fairbanks base-levy property taxes. Table 18 lists the top ten Alaska Native property tax accounts in Fairbanks.

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<sup>33</sup> Construction companies paid \$169 million in wages and provided 3,000 jobs in the Interior in 2006. Only federal and state government agencies accounted for more of the region's earnings. ADOLWD, Quarterly Census of Employment and Wages, 2006.

**Table 18: Top 10 Alaska Native property tax accounts in Fairbanks, 2006**

Rank	Property Owner
1	Tanana Chiefs Conference
2	Doyon Properties, Inc.
3	NANA/Marriott
4	Petro Star Inc.
5	Doyon, Limited
6	Baan o yeel <u>kon</u> Corporation
7	Greatland River Tours
8	Becker Trucking Inc.
9	Toghotthele Corporation
10	Dinyee Corporation

Sources: Fairbanks North Star Borough Property Database, <http://co.fairbanks.ak.us/Property>; Information Insights, Inc.

## Visitor Impacts

We worked with project sponsors, regional flying services, and the Fairbanks Convention and Visitors Bureau (FCVB) to determine the economic impact of annual conferences and special events sponsored by Alaska Native organizations in Fairbanks, or those primarily attended by Alaska Native audiences.

FCVB estimates the local contribution of visitors to Fairbanks at \$240 per person per day, based on average visitor spending in medium-size tourism markets for lodging, restaurants, car rental, and other purchasing, as determined by an industry trade group, Destination Marketing Association International.

Using this figure, we estimate that Alaska Native events in 2006 brought \$2.4 million into the Fairbanks North Star Borough.<sup>34</sup> This total is based on estimates of nonlocal attendance provided by event sponsors, as shown in Table 19. This does not include the economic impact of the Alaska Federation of Natives (AFN) convention, which was held in Anchorage in 2006. When Fairbanks hosted this annual event in 2005 and 2007, FCVB estimates that it brought at least \$4 million to Fairbanks' businesses. Thus, during years when Fairbanks hosts AFN, the annual visitor impact from Alaska Native events could be as high as \$7 million.

There are a number of challenges in using national metrics to estimate the spending impacts of Alaska Natives traveling to Fairbanks from within the region. Village residents with relatives in Fairbanks are less likely than other visitors to spend money on accommodations when they come to town. They and other Alaska Natives from the region travel to Fairbanks for a variety of reasons, so it is

<sup>34</sup> This does not include visitor impacts from the Denakkanaaga Elders and Youth Conference or other regional events held outside of Fairbanks during the year; nor does it include the impacts of meetings and sports events held in subregional hubs like Fort Yukon and Galena.

difficult to attribute their trips to a specific event. They may be more likely to arrive early or extend their stay beyond the end of an event for shopping, medical appointments, and other purposes. They are also more likely to make additional purchases while here, including larger ticket hard goods and basic necessities, such as groceries and clothing. More study is needed to develop an accurate visitor impact model for inter- and intraregional travel by Alaska Natives. For lack of a better metric, we rely on the FCVB estimate of \$240 per person per day to estimate the direct economic impact of Alaska Native events held in Fairbanks.

**Table 19: Nonlocal attendance at Alaska Native events, 2006**

Event <sup>1</sup>	Time of Year	Duration	Estimated Nonlocal Attendance
World Eskimo Indian Olympics (WEIO)	July	4 days	960
Athabaskan Fiddling Festival	November	4 days	550
Doyon, Limited Annual Meeting and TCC Convention	March	4 days	500
Festival of Native Arts	February/March	3 days	350
WEIO North American Basketball Tournament	March	5 days	165
Morris Thompson Memorial Golf Classic	June	2 days	50

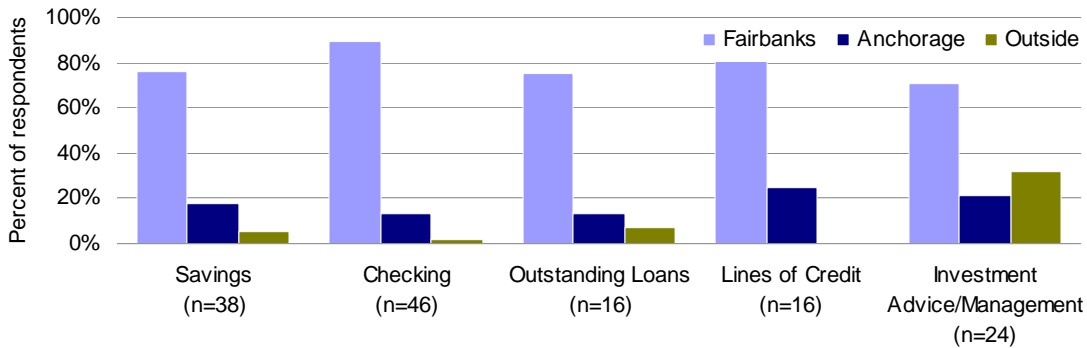
<sup>1/</sup> The Alaska Federation of Natives Convention was held in Anchorage in 2006, and so is excluded from the table. The 5- to 7-day event brings an additional 3,500 to 4,000 people to the region in years when it is held in Fairbanks.

Sources: Estimates of nonlocal attendance provided by event sponsors.

### Financial Services

Over three-quarters of Alaska Native organizations in Interior Alaska do their banking in Fairbanks. Project sponsors asked us to look at the banking relationships of Alaska Native organizations in the region. Of those providing information on this question, 89 percent keep checking accounts with Fairbanks-area financial institutions. Rates were only slightly lower for savings accounts

**Figure 13: Banking relationships of Alaska Native entities in Interior Alaska**



Note: n represents the number of organizations who answered the question.

Source: Information Insights, Inc.

(77%), outstanding loans (75%), lines of credit (81%) and investment management and advice (71%), as shown in Figure 13. Alaska Native organizations based outside Interior Alaska were not asked about their banking relationships.

A few village corporations, tribal governments, and project sponsors also provided information on the current size of their cash assets and liabilities. Combined assets in savings and checking for 10 organizations reporting this information total \$60 million, of which \$31 million (52%) are held by Fairbanks institutions. Outstanding loans and lines of credit total \$41 million, of which 99 percent are held by Fairbanks institutions.