

The Changing Economic Status of Alaska Natives, 1970-2007

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Forty years ago—when the discovery of North Slope oil was about to transform Alaska’s economy—Alaska Natives had among the lowest income, employment, and education levels in the U.S. Today their economic conditions are better, but they still fall considerably below averages among other Alaskans and other Americans.

This note first reports how current economic conditions among Alaska Natives compare with U.S. averages, and then looks at changes since 1970 in poverty, employment, income, and education levels among Alaska Natives.

We relied mainly on data from federal censuses in 1970, 1980, 1990, and 2000 and from the annual American Community Survey for 2005 to 2007. We also used the most recent population estimates from the Alaska Department of Labor and Workforce Development.¹

BACKGROUND: ALASKA’S NATIVE PEOPLES

Alaska Natives have made their home in Alaska for thousands of years, and today there are an estimated 122,000 Alaska Native people, with many distinct cultures and languages. They make up nearly 20% of all Alaskans—a higher percentage of indigenous people than in any other state.

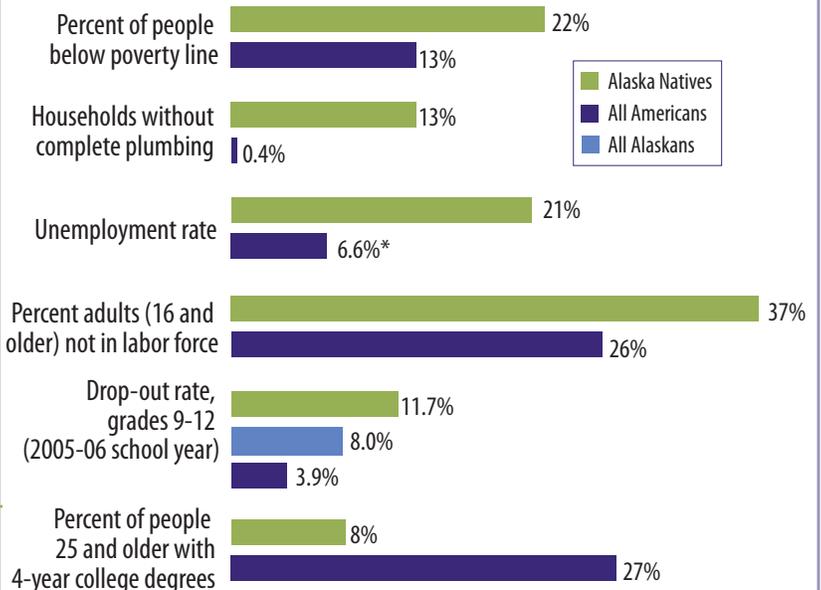
When the Russians arrived in Alaska, in the mid 1700s, there were an estimated 50,000 Alaska Natives. But their numbers declined from the 1700s through the early 1900s—due to smallpox, influenza, and other diseases introduced by Russians and later Americans. Only in 1970 did the population rebound to what it had been 300 years earlier.

But the number of Alaska Natives more than doubled between 1970 and 2000, and by 2020 it is projected to be nearly triple what it was in 1970. There are also an estimated 20,000 to 25,000 Alaska Natives living outside Alaska, including some who are attending colleges or universities. The figures presented here are *only* for Alaska Natives living in Alaska. On page 5 we briefly describe how conditions among Alaska Natives inside and outside Alaska compare.

CURRENT ECONOMIC COMPARISONS

- *Poverty among Alaska Natives remains nearly twice as high* as the U.S. average, with 22% of Alaska Native people and 13% of all Americans living below the federal poverty line (Figure 1).
- *About 13% of Alaska Native households still lack plumbing*, compared with less than half of 1% nationwide.

Figure 1. Economic Indicators, Alaska Natives and All Americans
(Averages, 2005-2007)



Median Household Income (In 2007 Dollars)



* The national unemployment rate in mid-2009 had risen to 9.5%.

Sources: U.S. Census Bureau, American Community Survey, 2005-2007; U.S. Department of Education, National Center for Education Statistics, Common Core of Data

• *The unemployment rate among Alaska Natives was three times* the national average during the period 2005-2007. Even today, when the national average is at 9.5%, the Alaska Native rate is still twice as high.

• *More than a third of Alaska Native adults aren't in the labor force*—they don't have jobs and aren't looking for work—compared with about one-quarter nationwide. Some people aren't in the labor force because of age or disabilities or other personal reasons, but in Alaska villages many people don't look for jobs because they know there aren't any.

• *Alaska Native students drop out of high-school at a rate three times* the U.S. average,² and the percentage of Alaska Native adults with college degrees is less than a third that of the U.S. as a whole.

• *The median income of Alaska Native households is only two-thirds* that of all Alaska households and is close to 20% below the U.S. average.

ECONOMIC CHANGES SINCE 1970

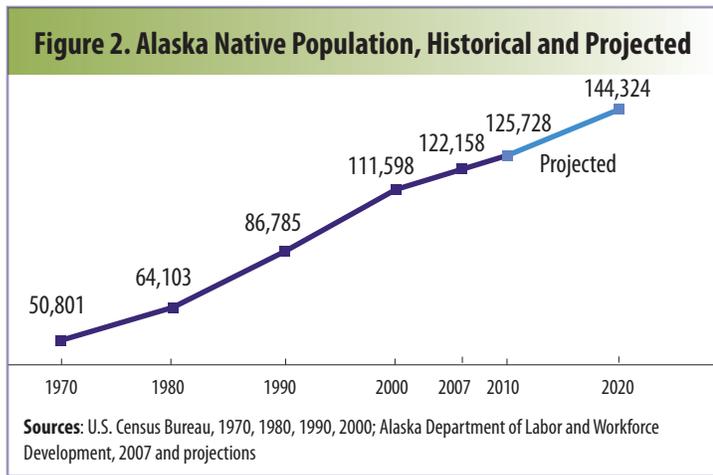
Alaska's economy has grown tremendously since 1970, fueled mostly by oil development but also by increased federal spending for its many military and civilian activities in the state. Alaska Natives have benefited from that growth in various ways, but on all economic measures they still lag behind other Alaskans and other Americans.

Alaska Natives are far less likely to live below the poverty line and much more likely to have jobs and high-school degrees today. Alaska Native women in particular have moved into the labor force in the past several decades. In 1970 just over one-quarter of adult Native women had jobs; by 2000 that figure was approaching half.

But as Figure 2 shows, the Alaska Native population has more than doubled since 1970. So keep in mind that when we're talking about percentage changes, a specific percentage in 2007 represents many more people or households than it did in 1970.

Figure 3 shows the numbers. For example, the number of Alaska Natives 16 and older—the potential labor force—nearly tripled between 1970 and 2007. So when we talk about changes in the percentage of Alaska Natives in the labor force, the larger percentage in the labor force today also represents a very big increase in the number of people of working age.

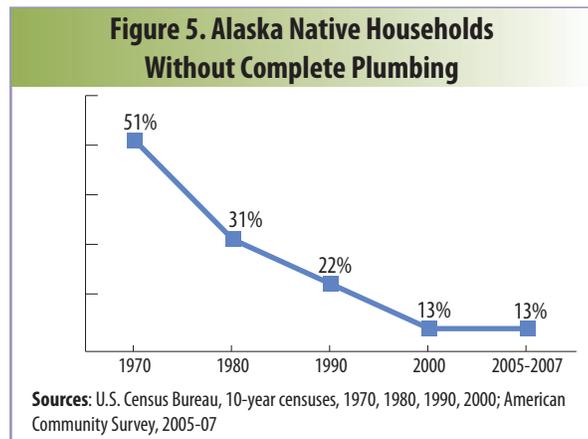
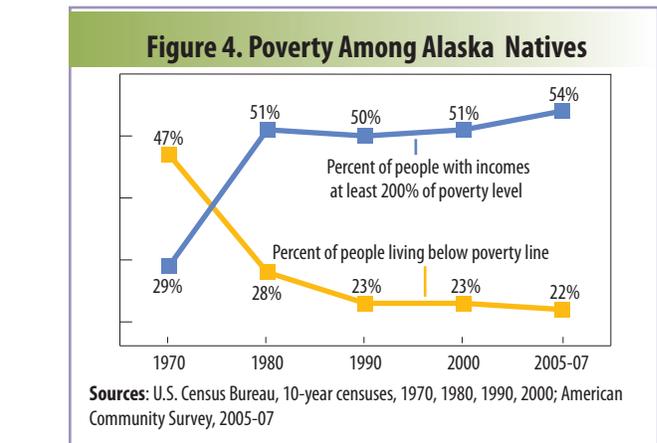
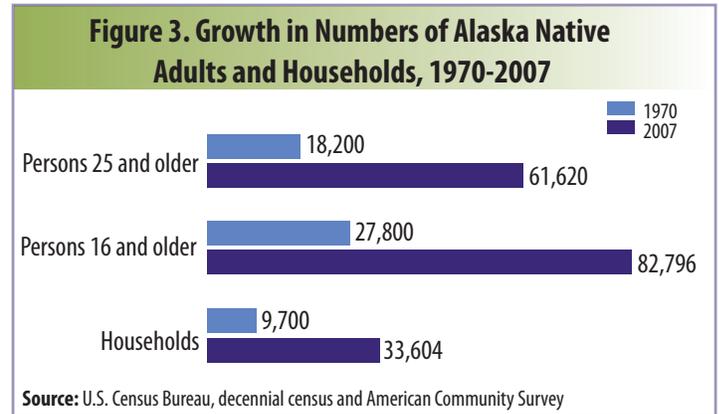
So how have some of the main measures of economic conditions among Alaska Natives changed since 1970?



Less Poverty

- *Poverty among Alaska Natives is less than half what it was in 1970.* But as Figure 4 shows, the big improvement was between 1970 and 1980, and the percentage of Alaska Native people living below the federal poverty line has stayed around 23% since 1990.

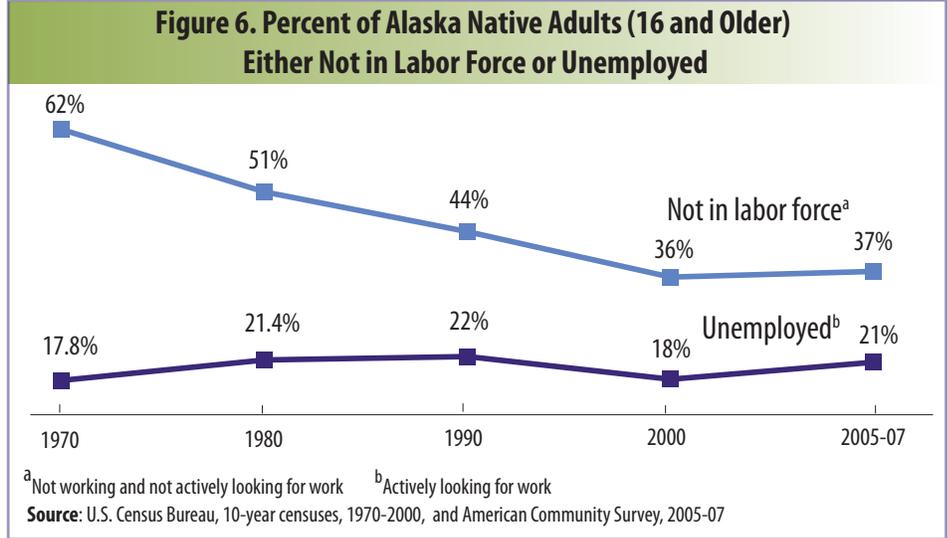
- *The share of Alaska Native households without plumbing has dropped from 51% in 1970 to 13% (Figure 5).* But there has been essentially no change since 2000. That's partly because the remaining villages without complete water and sewer systems require very expensive Arctic technologies, and the villages lack the economic resources to support ongoing operation and maintenance for such systems.



— **More People in Work Force, But More Unemployed** —

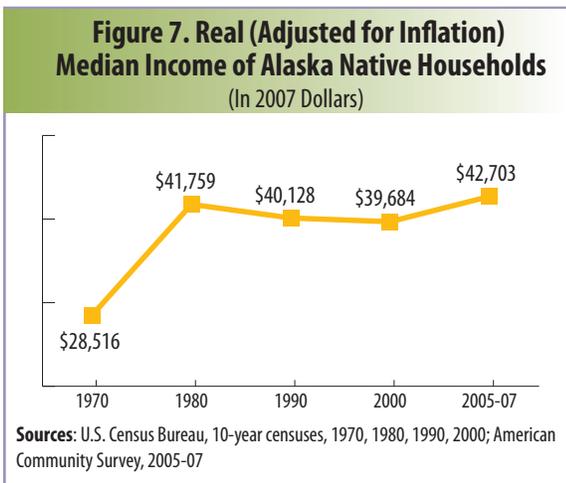
• *The percentage of Alaska Native adults not in the labor force has dropped from 62% to 37% since 1970 (Figure 6).* As we mentioned earlier, many more women have moved into the labor force. Also, the number of Alaska jobs multiplied, as oil development spurred economic growth. The regional and village business corporations created under terms of the 1971 Alaska Native Claims Settlement Act (ANCSA) also employ many Native (and non-Native) Alaskans. Non-profit Native corporations now also administer a number of federal health and social service programs for Alaska Natives. Those non-profits are major employers in rural communities.

• *Even as numbers of Alaska Natives with jobs grew, so did unemployment.* The recent unemployment rate is higher than it was in 1970. The number of jobs hasn't increased as fast as the labor force. A growing Native population means more and more people are looking for work. And some of those considered "not in the labor force" (because they aren't actively looking for work) would like to have jobs but aren't looking, because they live in small remote villages with few jobs.



— **Real Incomes Stagnant After Improvement** —

• *The real (adjusted for inflation) median income of Alaska Native households is 50% higher than in 1970 (Figure 7).* But virtually all the improvement was in the 1970s, and real household incomes have changed little since then. We don't know all the reasons for the improvement between 1970 and 1980. But one big reason was that thousands of Alaska Native women became wage earners: the number of Alaska Native women with jobs increased 150% in that decade. Construction of the trans-Alaska oil pipeline in the mid-1970s also contributed; close to 6,000 Alaska Natives were hired during construction.



Education Level Up

• *The share of Alaska Native adults who have at least a high-school education has jumped from 14% to 46% since 1970 (Figure 8).*

Before the 1970s, there were very few high schools in small Alaska Native communities, and those who wanted to attend high school generally had to leave their homes for boarding schools, hundreds or even thousands of miles away. But as a result of a court suit brought by a group of rural Alaska Natives in the 1970s, the state government built high schools in hundreds of remote villages.

• *Despite the big increase in high-school graduation, the drop-out rate among Alaska Native students is still much higher than among all Alaska students or all students nationwide. In the 2005-06 school year, nearly 12% of Native students in grades 9 to 12 dropped out, compared with 8% among all Alaska students and about 4% nationwide.*

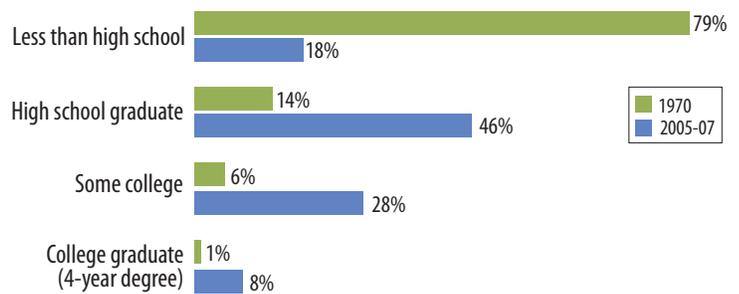
• *Alaska Natives are much more likely to go on to college now than in 1970. About 28% of Native adults have some college credit, compared with 6% in 1970. And 8% have earned 4-year degrees, compared with just 1% in 1970. The percentage of Native college graduates still falls far short of the U.S. average of 27%—but until recently, very few Natives had the chance to go to college.*

Test Scores Up But Big Gap with Non-Natives

• *Many more Alaska Native students are passing the High-School Graduation Qualifying Exam now than a few years ago. They are still less likely to pass than non-Natives, but the gap in scores has narrowed (Figure 9).*

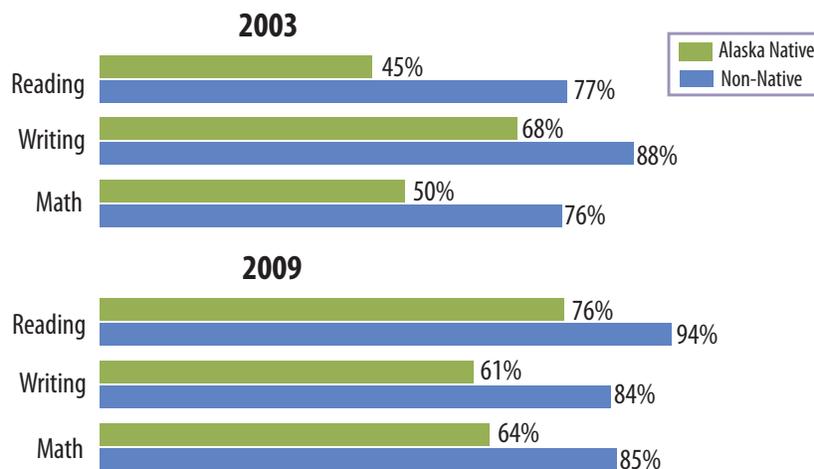
Between 2003 and 2009, the share of 10th-grade Native students passing the reading portion of the test increased from 45% to 76%, and the share passing the math section was up from 50% to 64%. The percentages of both Native and non-Native students passing the writing section of the test declined.

Figure 8. Educational Attainment Among Alaska Natives 25 and Older



Sources: U.S. Census Bureau, 10-year censuses, 1970, 1980, 1990, 2000; American Community Survey, 2005-07

Figure 9. Percent of Alaska Native and Non-Native 10th Graders Passing Alaska's High-School Graduation Qualifying Exam



Source: Alaska Department of Education and Early Development

ALASKA NATIVES OUTSIDE ALASKA

We estimate there are 20,000 to 25,000 Alaska Natives living outside the state. This is truly an estimate, because only limited information is available about them. We used U.S. census and American Community Survey information to make our estimate, counting households as Alaska Native if they had at least one member who was Alaska Native.

How do economic conditions among Alaska Natives outside the state compare with those of Alaska Natives in Alaska?

- *More have college degrees.* About 17% of those outside Alaska have college degrees, compared with 8% inside the state. We know that some Alaska Natives travel outside Alaska specifically to get more education, but there is no information on how many are attending colleges and universities and may later return to Alaska.
- *Median household incomes of Alaska Native households outside the state are similar* to those of households in Alaska.
- *The share of households with incomes below the poverty line is roughly the same* among those inside and outside Alaska—about one-quarter.

ENDNOTES

1. Specifically, we used the Integrated Public Use Microdata Series (IPUMS), Version 4, produced by the Minnesota Population Center. For census years 1970, 1980, 1990, and 2000, IPUMS is a 5% sample of individual data from the U.S. census. For non-census years, data come from the annual American Community Survey (ACS). Because ACS is a sample and uses different methods than the Alaska Department of Labor uses to estimate population, ACS population estimates are different from those of the Department of Labor. We think the department's total population estimates are more accurate than those of ACS, and we use the department's estimates in this note.

2. The Alaska Department of Education and Early Development generally publishes drop-out figures based on dropouts from grades 7 through 12, which are lower than the figures from the National Center for Education Statistics, which are based on dropouts from grades 9 through 12. We use the NCES figures here because they allow us to make a comparison with U.S. averages.

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