

SUMMARY: EXPANDING JOB OPPORTUNITIES FOR ALASKA NATIVES

Alaska's Native people need more jobs. In 1994, the Alaska Natives Commission reported that "acute and chronic" unemployment throughout Alaska's Native communities was undermining Native society. The situation has not improved in the past several years, and it could worsen. The number of working-age Natives is growing much faster than the number of new jobs. Also, recent welfare reforms require welfare recipients to either get jobs or at least do some "work activity"—which means that more Alaska Natives will be looking for work.

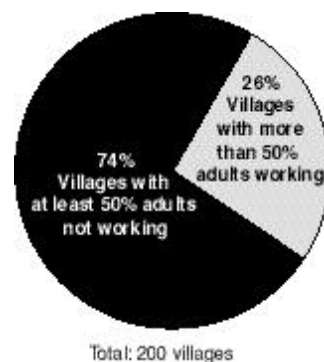
The Alaska Federation of Natives wants to find ways of reducing the high unemployment among Alaska Natives. As part of that effort, it contracted with the Institute of Social and Economic Research at the University of Alaska Anchorage to describe current employment among Alaska Natives and to look for ways of expanding job opportunities.

This is an interim report, and it has some limits. First, information on employment by race is hard to get and hard to verify. The best information on Alaska Native employment is from the 1990 federal census. We used that 1990 census information and other data to put together what we consider a reasonable picture of Native employment. Clearly the federal census in the year 2000 will supply more current information. Also, we had limited time and money to collect information on the many public and private programs targeting Native hire. We were not able to learn about all programs, and in some cases we had to rely on just one or two people to tell us about specific programs. Despite its limits, we hope this report can contribute to increasing job opportunities for Alaska Natives. Here we first summarize current Native employment and employment trends. Then we describe what seem to be promising approaches for increasing Native employment.

Current Native Employment and Employment Trends

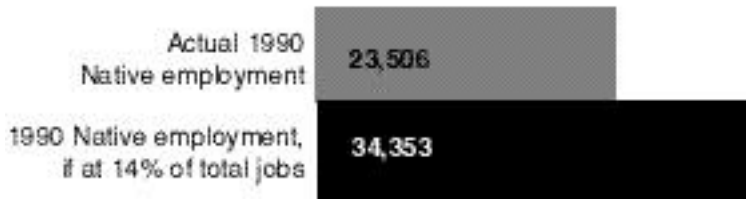
A majority of adults in most Alaska Native villages were without jobs in 1990—and there's no reason to assume the situation is substantially better in 1998.

Not everyone without a job wants wage work, for various reasons—but these figures indicate the level of unemployment in Native communities. Because unemployment is so high in Alaska's Native communities, residents of 148 of the roughly 200 Native villages will likely be exempt from the new 5-year limit on receiving welfare benefits. They will, however, still have to make some efforts to move into the job market and do some community service or other "work activities." And Native welfare recipients in places that are not exempt will need jobs within the next few years.



Interim Report

Thousands more Natives would have jobs, if Native workers made up the same proportion of total workers as they do of the adult population.



In 1990, Native adults made up 14 percent of Alaska’s working-age population but fell nearly 11,000 jobs short of holding 14 percent of total jobs in Alaska. This doesn’t necessarily mean that 11,000 Native adults who wanted work were unemployed. Some chose to be out of the work force—to do subsistence activities, stay at home with children, or for other reasons. But it is a rough measure of Native under-representation in the work force.

The number of Natives who want to work has been growing much faster than the overall Native population, and that trend is expected to continue.



The sharp projected growth in the number of Natives wanting jobs will be due to both substantial growth in the number of young adult Natives over the next decade and a continuing increase in the share of Natives choosing to work.

Interim Report

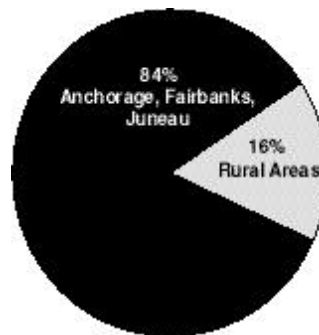
Job growth in Alaska over the past decade was only half as fast as in earlier times. It's projected to be even slower in the coming years.



Slow job growth coupled with fast growth in the number of Natives wanting to work could translate into worsening Native unemployment. The number of Alaska Natives looking for work is projected to grow about 4 percent annually in the coming years, compared with 2 percent annual growth in jobs.

The Native work force will likely become more urbanized over time, since most new jobs will be in urban areas. A third of Native workers already live in urban areas.

Location of New Jobs,
1996-2015



The fastest job growth will be in support industries like retail trade. It's difficult for small places to create such support jobs, because dollars don't stay long in small communities.

\$15 in new community income = \$1 for local wages in a support job

The example above shows that it takes a tremendous amount of new income entering a community to create a new local job in trade or services. That's because so little of every dollar in new purchasing power stays in small communities. Most leaks out—for goods and services from outside the community and for other costs, leaving little for paying local wages.

Interim Report

In some rural places, there are not enough jobs to go around—even if Alaska Natives held all the existing jobs, and even if they worked less than full-time.

We can think of this situation as a “job deficit.” By looking at the total number of jobs in an area, and making some assumptions how much time Native adults need for subsistence activities, we estimated that in the rural parts of the Bethel, Wade Hampton, Dillingham, Lake and Peninsula, Nome, and Northwest Arctic Borough census areas, the available Native manpower exceeds the number of work hours available.

Promising Approaches to Increasing Native Hire

The picture we’ve presented of Native employment so far is sobering: existing high unemployment; large numbers of young Natives moving into the labor force; slow job growth; concentration of jobs in urban areas; limited capacity of small villages to generate jobs; and lack of enough jobs to go around in some rural areas, even if Natives held all the available jobs.

Yet we also found a number of promising approaches to increasing Native hire. We talked with more than 150 knowledgeable people in government and private industry. We collected reports, memoranda, statutes, labor agreements, and many other documents that helped us understand what kinds of programs and policies have been most effective for increasing Native hire. We also examined how some new approaches might create more job opportunities for the growing number of Natives looking for work. Limits on time and money prevented us from collecting information on all existing programs and from talking to all the people involved in trying to create more Native employment. But we learned enough to discuss some promising approaches. We can divide those approaches into broad categories:

- *Expanding federal regulations and programs*
- *Modifying state policies*
- *Increasing local control*
- *Rewarding managers who hire Alaska Natives*
- *Negotiating and monitoring Native hire agreements with industry and unions*
- *Focusing on activities where Alaska Natives may have comparative advantages*
- *Improving education and training for Alaska Natives*

Expanding Federal Regulations and Programs

Local-hire authority for federal agencies produces jobs for Alaska Natives.

Most federal agencies in Alaska can hire only through the national competitive process. But the National Park service, the Fish and Wildlife Service, and the Bureau of Land Management have authority to limit certain job openings to just local residents, if those jobs require some special local knowledge. The other 15 federal agencies in Alaska don't have local hire authority. Since the federal government is one of Alaska's largest employers, giving local-hire authority to more federal agencies in Alaska would at least give Alaska Natives a better chance at some federal jobs.

The Community Development Quota program may be a model for bringing a share of the income from other natural resources into Native communities.

Coastal communities are apparently benefiting from the federal Community Development Quota (CDQ) program, which reserves a share of the pollock, halibut, and sablefish quotas for 56 coastal villages in western Alaska. The Alaska Department of Community and Regional Affairs reports that in 1997 employment in the half-dozen CDQ associations in western Alaska totaled 1,286 (including very brief seasonal jobs), with wages totaling nearly \$8 million. It's possible that similar programs to reserve a share of oil, timber, or other harvestable resources for Native communities could help create jobs and income.

Native-hire provisions in federal agreements are more likely to be enforced when they include realistic penalties for failure to hire Natives.

One of the best known Native-hire provisions in recent decades was drawn up as part of the federal government's right-of-way agreement with Alyeska Pipeline Service Company, which built and operates the trans-Alaska oil pipeline. The agreement called for 20 percent of Alyeska's work force to be Native. The Interior Department had the authority to shut down the pipeline if the operators failed to meet the Native hire provisions—but given the economic importance of North Slope oil, such a penalty was unrealistic at best. For 20 years Alyeska failed to meet Native hire requirements, and the lack of realistic sanctions may be partly responsible for that failure. In 1995, the agreement was re-negotiated. Smaller but more enforceable penalties at the outset might have been more effective. For instance, under a state local hire provision, the state government can withhold part of a contractor's money for failing to meet local hire requirements.

Modifying State Policies

Alaska Natives might benefit if the state government tightened its definition of who is a “local resident” under the local hire statute for public projects.

State law gives hiring preference for public construction projects to local residents, but anyone who lives in an area for 30 days is considered a local resident. Under such a liberal definition, workers could move to an area just to get specific jobs. Other agencies require longer residence. For instance, when the National Park Service hires rural residents under its local-hire authority, it typically requires one year’s residence.

Restoring matching state funding for the federal Rural Development Assistance program would help poor rural communities.

This federal program is one of the few that provides grants for projects to improve economic or social conditions in small rural places. Between 1989 and 1998 the program distributed \$12.6 million to Alaska communities, and federal and state officials consider it very effective. But the program has been hurt by the state legislature’s decision two years ago to cut matching state funding—leaving only \$165,000 in annual federal funds.

Rewarding Managers Who Meet Native Hiring Goals

Rewarding state and federal managers who meet or exceed Native hiring goals could boost Native hire.

The federal and state governments are major employers in Alaska. Alaska Natives make up only about 6.5 percent of the more than 13,000 state employees. We don’t know the overall percentage of Native workers among the federal government’s 10,000 civilian employees. We do know that the percentage of Native workers holding federal jobs varies considerably by agency, but that apparently in no agency do Native workers make up the same proportion as in the Alaska work force—about 14 percent. Although government agencies can’t recruit Alaska Natives at the expense of other groups, they can take a number of steps to make sure Alaska Natives know about jobs and to help them apply for jobs.

Private industry successfully uses cash awards as an incentive for managers who meet or exceed minority hiring targets. We believe rewarding federal and state managers who meet or exceed hiring goals or targets for Alaska Natives would also be an incentive.

Increasing Local Control

Native organizations and governments are using authority granted under federal law to increase local control over federal programs and projects—and thereby increasing Native hire.

Compacting authority: The Indian Health Service and the Bureau of Indian Affairs have authority to “compact” with Native organizations. Compacting means that a Native organization—like the Yukon Kuskowim Health Corporation—receives and directly administers federal program funds, with no government agency acting as a middleman. YKHC is the largest employer in its region, with about 4 percent of the regional population on its payroll. Many federal agencies do not currently have compacting authority. If they did—especially those like the National Park Service, with significant operations in rural areas—Native organizations would have more control over hiring.

Force accounting: Another way of leveraging local hire is through “force accounting” for construction of sanitation projects. Under force accounting, the federal government provides the materials and equipment and a government foreman oversees the job. But local governments can set wages, hours, and conditions of employment—thereby giving Native workers the flexibility to hold jobs but also take time for subsistence hunting and fishing. Force accounting is used on most but not all sanitation construction projects in Alaska, and most communities report being satisfied with it.

Negotiating and Monitoring Native Hire Agreements with Industry and Unions

Native organizations have promoted Native hire by collaborating with industry and unions. The most successful collaborations have also included monitoring of hiring to make sure industry and unions kept their promises.

We found several recent instances where Native organizations were able to negotiate significant Native hire, especially when they had some leverage—for instance, when federal contracts included Indian Preference hiring provisions or when a Native organization owned or controlled a resource. Among the most successful such collaborations we identified were between NANA regional corporation and the operators of the Red Dog mine and collaboration between the Cook Inlet Tribal Council and trade unions during construction of the Alaska Native Medical Center in Anchorage.

Several elements seemed to make these and other collaborations work. Successful collaborations with industry involved: (1) negotiating Native hire procedures and targets *before* contracts were let; (2) creating trust with contractors; and (3) monitoring Native hire and making the results public.

Collaborations with unions can create project labor agreements that include special local hire preferences for Alaska communities not on the road system. Benefits for Native

workers who join unions can include, beyond the immediate job, free training, a pension plan, and the opportunity to be called for jobs outside their home villages.

Focusing on Activities Where Alaska Natives May Have Comparative Advantages

For some kinds of work, Alaska Natives may have advantages—because of their special knowledge of arctic conditions, their status under federal Indian law, or for other reasons.

A provision of federal law allows Native corporations and tribes to be sole-source contractors for some government services. Under that authority, the Bethel Native Corporation recently proposed to do work for the Department of Defense. The department was looking for a contractor to convert its hard-copy instruction manuals to electronic form. The department ultimately rejected the corporation's proposal, but the idea remains sound. There promises to be a lot of computer conversion work in the coming years—and Alaska Natives could do such work while living in remote places.

Alaska Natives also may have advantages as crew members working in arctic environments. Native firefighting crews have long demonstrated their skills, at least partly based on their knowledge of arctic conditions and ability to deal with those conditions. More recently, a number of Alaska Natives have attended training programs to learn how to manage hazardous wastes. Some Native organizations (like the Loudon village tribal council) have assembled crews of trained local residents for cleanup of oil spills or other hazardous wastes. Here again, Alaska Natives may have advantages in such work because of their knowledge of arctic conditions, their ability to work in extreme cold, and their resourcefulness in getting jobs done in remote places.

Rural tourism—especially “eco-tourism”—has already created some jobs in remote places, including the Pribilof Islands, Afognak Island, and northwest Alaska. Local residents certainly have the advantage of being the most knowledgeable about their own areas. But tourism is an unpredictable, seasonal industry that requires trained workers and local investment in facilities. Native communities and organizations need to carefully weigh the costs of establishing tourism ventures against the benefits.

Wildlife management may also increasingly offer job possibilities for Alaska Natives. Native groups are becoming partners in Alaska wildlife management under various federal laws. For example, the Marine Mammal Protection Act and the Migratory Bird Treaty allow federal agencies to develop cooperative management agreements with Alaska Native organizations. A number of such Native organizations—including the Eskimo Walrus Commission—have been established. Other organizations, including the Alaska Eskimo Whaling Commission, have gained direct congressional appropriations and other federal funds to conduct their own research.

These Native co-management organizations create jobs in rural places, but no employment figures are yet available. As time goes on and co-management increases, more jobs will be created. However, many jobs will require formal degrees in research and game management fields. Rural schools need to examine both instruction and curriculum, to make sure they are preparing Native students for success in college.

Focusing Education and Training on College and Job Skills

Some businesses and Native organizations are taking steps to provide the education and training Alaska Natives need to be more competitive in the job market.

In our interviews we repeatedly heard that many Alaska Natives need better preparation for both the job market and college. Evidence also suggests that Natives are being denied jobs and promotions because they lack formal education as well as necessary job skills and work habits. We found that some businesses and organizations are taking steps to help Native employees:

- Native corporations, oil companies, and others are successfully using mentorships, apprenticeships, and internships to improve job-specific knowledge and skills.
- Some Native organizations—including the Arctic Slope and NANA regional corporations—are encouraging formal education in their shareholders by awarding scholarships, paying for classes, and requiring certain levels of training among employees.

However, evidence suggests that rural schools are not currently providing Native students with the skills required for success either in the work place or in college.

The Alaska Federation of Natives and other Native organizations face a tough job in the years ahead, as more and more young Native men and women move into the work force. Yet, as we've seen, there are some approaches that could help create the jobs Alaska's Native people need. We hope this report helps in the very important effort to expand job opportunities for Alaska Natives.