

Alaska's Community Development Quota Groups

Six groups allocate fish and revenues to 65 western villages

By **CAROLINE SCHULTZ**

Alaska's abundant resources have long been the primary agent of economic development in the state, and fair allocation of the revenue, particularly from public resources, is a continual challenge.

Fisheries are among the most difficult common good to allocate because of the lack of property rights associated with bodies of water. Management strategies for fisheries vary by species, location, season, and fishermen's intentions and means.

Congress enacted the Community Development Quota program to help distribute and manage these resources. The CDQ program allocates a percentage of all

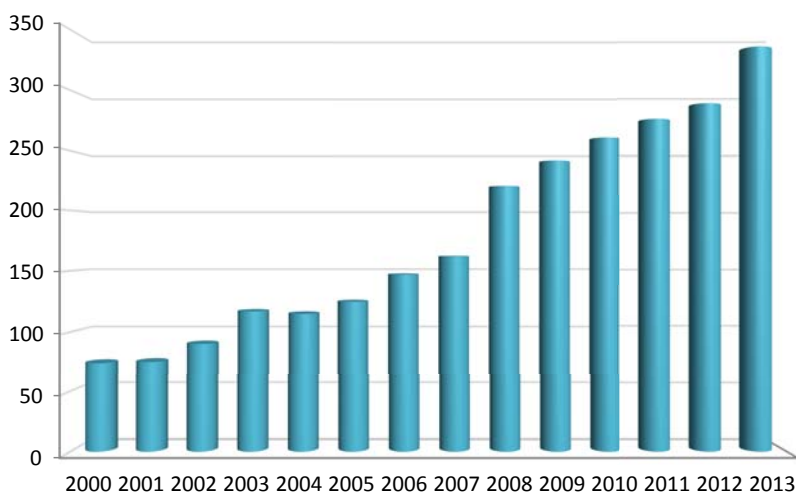
federally managed Bering Sea and Aleutian Islands, or BSAI, harvest quotas to nonprofit organizations representing eligible coastal communities. These nonprofits are called CDQ groups. BSAI species include, among others, certain species of groundfish, halibut, and crab.

The program allows villages to participate and invest in BSAI fisheries in the Bering Sea and Aleutian Islands, with the goals of alleviating poverty and achieving sustainable and diversified local economies in western Alaska.

Sixty-five western Alaska villages are eligible, based on proximity to the coast and historic involvement in BSAI fisheries. Six corporations represent the villages, managing and administering the allocations and using

1 CDQ Employment on a Steady Rise

AVERAGE MONTHLY JOBS, ALASKA, 2000 TO 2013



Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

the revenue to fund economic development and provide jobs.

CDQ villages are among the most economically disadvantaged in the state, with chronically high unemployment and impediments to traditional economic development including remoteness, sub-standard infrastructure, and extremely high costs.

In the 22 years since their inception, the CDQ groups have become powerful players in the heavily industrialized commercial BSAI fisheries. Initially, the CDQ groups partnered with non-CDQ harvesters by leasing their allocation to vessels and processors. Now, some of the CDQ groups own their own catcher vessels, factory trawlers, and on-shore processing facilities. Although law allocates about 10 percent of the total harvest quota to CDQ groups, they control an estimated 40 percent of the pollock trawl fleet in the Bering Sea.

According to their 2013 financial statements, the six corporations earned \$318 million in gross revenue from a variety of sources that included fishing, processing, quota royalties, program revenue, and investment income. The corporations' combined net assets amounted to \$899 million in 2013.

The CDQ groups take different approaches to economic development, tailoring their programs and investments to the needs of their communities. These include direct employment, investment in subsidiaries, scholarships, community grants, training, scientific research, and infrastructure.

The economic impact of CDQ groups goes beyond jobs

The six CDQ groups are among the biggest private sector employers in western Alaska, with average monthly employment of 336 in 2013. (See Exhibit 1.)

CDQ employment is highly seasonal; in 2013, summer employment peaked at 767 in July, up from a low of 157 in January. This seasonal pattern is largely the result of summer employment programs for young workers as well as normal summer economic activity brought on by better weather and more daylight.

For the most part, the CDQ groups don't directly employ fish harvesters and processors, which are instead managed by subsidiaries and joint ventures. CDQ subsidiaries generate an additional 1,000-plus jobs in the region.

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Aleutian Pribilof Island Community Development Association

Akutan	Nelson Lagoon
Atka	Nikolski
False Pass	St. George

Bristol Bay Economic Development Corporation

Aleknagik	Naknek
Clarks Point	Pilot Point
Dillingham	Port Heiden
Egegik	Portage Creek
Ekuk	South Naknek
Ekwok	Togiak
King Salmon	Twin Hills
Levelock	Ugashik
Manokotak	

Central Bering Sea Fishermen's Association

St. Paul

Coastal Villages Region Fund

Chefornak	Napaskiak
Chevak	Newtok
Eek	Nightmute
Goodnews Bay	Oscarville
Hooper Bay	Platinum
Kipnuk	Quinhagak
Kongiganak	Scammon Bay
Kwigillingok	Toksook Bay
Mekoryuk	Tuntutuliak
Napakiak	Tununak

Norton Sound Economic Development Corporation

Brevig Mission	Savoonga
Elim	Shaktoolik
Gambell	Stebbins
Golovin	Teller
Koyuk	Unalakleet
Little Diomed	Wales
Nome	White Mountain
Saint Michael	

Yukon Delta Fisheries Development Association

Alakanuk	Kotlik
Emmonak	Mountain Village
Grayling	Nunam Iqua

Employer Resources

November is 'Hire a Veteran' month in Alaska

For many years, Alaska and the nation have honored veterans during the month of November. Veterans Day, observed on Nov. 11, is the anniversary of the World War I armistice that ended hostilities on the 11th hour of the 11th day of the 11th month of 1918.

Alaska also marks Hire a Veteran Month in November, beginning with a proclamation by the governor and led by the Alaska Department of Labor and Workforce Development. The department will host its annual Alaska Veterans' Job Fair on Friday, Nov. 7 from 10 a.m. to 3 p.m. at the University Center Mall, located at 3801 Old Seward Highway in Anchorage. More than 120 employers and 1,500 job seekers are expected.

The latest information from the Bureau of Labor Statistics

shows that Alaska is home to more than 73,000 veterans, the largest per capita veteran population in the nation. Additionally, many Alaska employers realize the benefits veterans can bring to their businesses by employing more than 42,000 veterans.

Employers who would like to hire veterans or learn how veterans can benefit a business should contact their nearest Alaska Job Center. To find the nearest job center, visit jobs.alaska.gov and click on "Alaska Job Centers" on the left, or call (877) 724-2539. For more information about the Veteran Employment and Training Program, visit jobs.alaska.gov/veterans/.

Employer Resources is written by the Employment Security Division of the Alaska Department of Labor and Workforce Development.

CDQ GROUPS

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The economic impact of CDQ groups goes beyond providing jobs in western Alaska. The corporations provide funding for local governments, tribal organizations, and schools. This gives these villages the ability to govern, provide basic services, and improve their living standards.

According to the 2011 Western Alaska Community Development Association report, the six CDQ groups provided nearly \$7.3 million for infrastructure projects and more than \$17.7 million for community benefit projects.

In 2011, CDQ groups granted more than 725 scholarships, worth \$2.1 million, and spent an additional \$780,000 on training and skill development.

The groups and their subsidiaries are also important taxpayers in incorporated communities and boroughs.

CDQ groups' challenges

Controversy often follows when property rights are assigned to a common good. CDQ groups are just some

of the players in the Bering Sea commercial fisheries and western Alaska communities, and some for-profit harvesters and processors in the western crab and groundfish fisheries think the nonprofits have too much quota and too much control over federal policies.

CDQ groups also disagree with each other about the fairness of the quotas based on population and historical ties to the fisheries. There are some concerns that the groups' incentives aren't always aligned with their region's best interests, such as the disputes over the impact of salmon bycatch in the pollock trawl fishery on weak salmon subsistence harvests on the Yukon River. Broader, long-term concerns for the Bering Sea fisheries include climate change, ocean acidification, and stock depletion.

The biggest challenge the CDQ groups face goes back to their mission to alleviate poverty and provide economic and social benefits to western Alaska, a region that's one of the most difficult in the country to develop. But the CDQ groups have created jobs and provided scholarships and training, and have invested in both public and private industry in the region.

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