

# Northwest Arctic Borough



by Holly Stinson

Once a summer trading post, Kotzebue now serves year-round as a regional economic center and is the headquarters for the Northwest Arctic Borough. The Northwest Arctic Borough is a relative newcomer as a government entity. The eleven communities within its boundaries have local governments older than the borough itself, which was incorporated in 1986. It is the second-largest borough in the state, surpassed in size only by the North Slope Borough.

The U.S. Census Bureau counted more than 6,000 people living in the Northwest region of Alaska in 1990. (See Table 4.) Even with a high birth rate, the Northwest Arctic Borough population has grown more slowly than Alaska as a whole. (See Figure 3.) This is because the region had much lower immigration rates over this time period than the state. The majority of the population is Inupiat Eskimo; Kotzebue has the third-highest population of Alaska Natives outside of Anchorage (behind Bethel and Barrow).

## Majority of jobs are in government and health care

Many of the region's residents practice a subsistence lifestyle; opportunities to earn income with a wage and salary job are limited. Figure 1 shows that 43% of all jobs are in the public sector. The largest employer is the Northwest Arctic Borough school district, with 400+ employees.

In the private sector, the largest employer is Maniilaq, the regional non-profit corporation which provides health and social services to the region. (See Table 2.) Maniilaq also operates the hospital in Kotzebue for the federal Indian Health Service. Construction began in the summer of 1992

Figure • 1

## Northwest Arctic Borough Employment by Industry

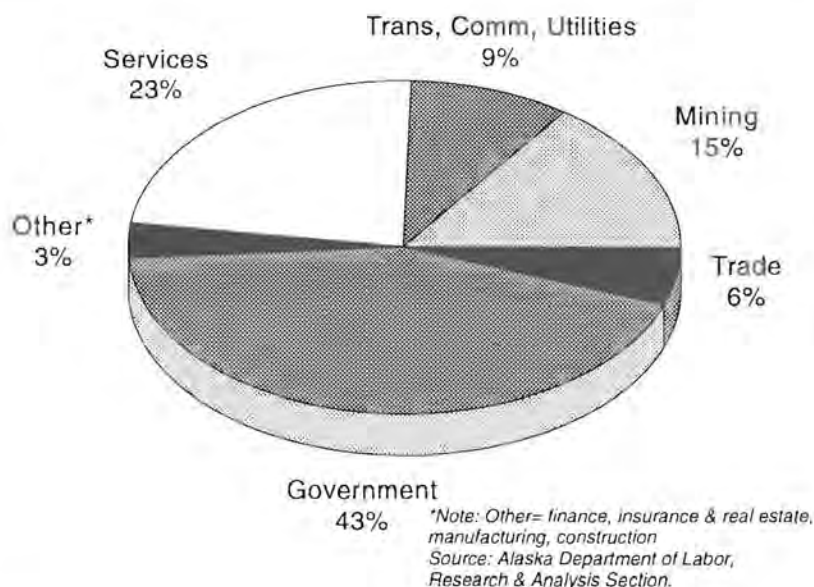
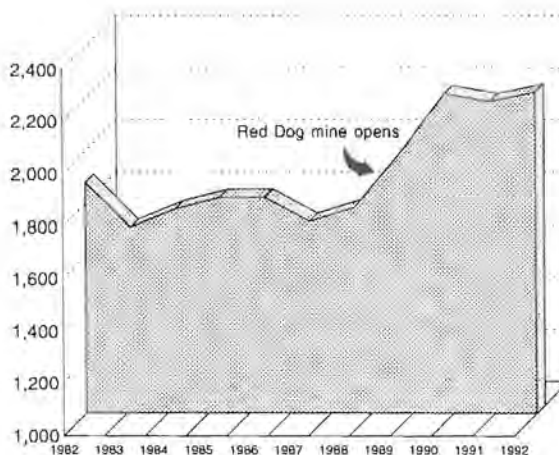


Figure • 2

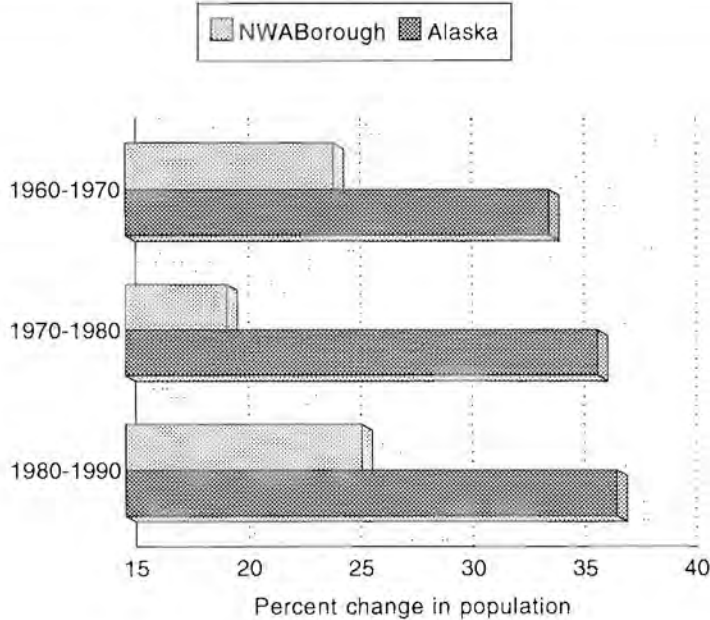
## Red Dog Mine Boosts Employment in Northwest Arctic Borough



Source: Alaska Department of Labor, Research & Analysis Section.

Figure • 3

### Slower Population Growth in Northwest Arctic Borough



Source: Alaska Department of Labor, Research & Analysis Section.

on a new \$46 million hospital, with completion scheduled for late 1994 or early 1995. The new hospital is the largest construction project ever undertaken in Kotzebue.

Another employer on the list of the eight largest is the Nullagvik Hotel in Kotzebue. It is a small part of the regional for-profit NANA Corporation. The entire corporation has about 1,000 jobs in Anchorage, the North Slope, and the Northwest Arctic Borough. NANA has promoted local tourism and estimates 9,400 tourists visited Kotzebue during the summer of 1992. In addition to the hotel NANA operates a museum and culture camp for tourists.

#### Red Dog mine boosts employment opportunities

The largest economic venture NANA has entered into locally, and indeed the largest economic venture ever for the region, is the Red Dog mine. This lead and zinc mine is located 70 miles north of Kotzebue. It is not only a

Table • 1

### Northwest Arctic Borough Wage and Salary Employment 1983-1992

	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992
<b>TOTAL</b>	1,710	1,779	1,822	1,823	1,732	1,785	1,991	2,220	2,190	2,226
<b>Mining</b>	*	*	*	*	*	40	115	266	328	336
<b>Construction</b>	*	*	*	*	*	*	*	*	*	*
<b>Manufacturing</b>	*	*	*	*	*	*	*	*	*	*
<b>Transportation, Comm, Util</b>	195	183	120	99	153	153	167	192	202	209
<b>Trade</b>	206	180	188	232	209	171	184	152	101	126
<b>Finance, Ins. &amp; Real Estate</b>	44	76	81	69	86	84	65	101	80	60
<b>Services &amp; Misc.</b>	258	237	254	280	340	354	413	438	472	516
<b>Government</b>	929	1,048	1,133	1,105	910	932	1,009	1,028	974	962
<b>Federal</b>	110	122	137	151	111	101	89	79	78	78
<b>State</b>	82	89	93	92	93	88	86	84	77	79
<b>Local</b>	737	837	903	862	705	744	834	865	819	805

\* Nondisclosable

Source: Alaska Department of Labor, Research & Analysis Section.

large project for the region, but the lead and zinc produced there now makes up a considerable proportion of production worldwide. The mine is owned by NANA and leased to Cominco, which owns and operates the mining and processing facilities. The mine was developed during 1987-1989 at a total cost of \$415 million. Today it is the second-largest private employer in the Northwest Arctic Borough. (See Table 2.) Cominco makes a concerted effort to hire locally; about 47% of the 300+ employees are NANA shareholders.

When the Red Dog mine opened, employment soared in the region. (See Figure 2.) Not only were stable, year-round mining jobs created, but the income earned from those jobs translated into increased demand for goods and services. Employment in the services sector grew by 46% in the last four years. (See Table 1.) In addition to mine employment, other private firms have employees at Red Dog who provide transportation and other services.

### Low income, high poverty

In spite of the ability to earn good wages at the Red Dog mine or in the public sector, per capita income is much lower than the state average for all communities in the Northwest Arctic Borough. (See Table 3.) One reason is the continuing reliance on subsistence. Most residents do not rely entirely on a cash economy. Another reason is there are few opportunities locally for wage and salary employment, especially on a year-round basis. Third, the borough has a relatively young population, with close to half the population under 18 years old. This means income is shared among a proportionately greater number of people too young to work for wages. (It should also be noted that Tables 3 and 4 contain income from 1989, before Red Dog operations were in full swing.)

Table • 2

### Northwest Arctic Borough's Eight Largest Private Employers

Rank	Firm	1992 Annual Avg. Employment
1	Maniilaq Association	360
2	Cominco Alaska Inc.	332
3	Hanson Trading Co.	99
4	Alaska Commercial (AC Co.)	47
5	Nullagvik Hotel	45
6	Baker Aviation	33
7	Arrow Transportation	32
8	Crowley Marine Services	22

Source: Alaska Department of Labor,  
Research & Analysis Section  
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Table • 3

### A Look at the Villages of the Northwest Arctic Borough

	1990 Population	<18 yrs Old	Share of Labor Force Unemployed	Per Capita Income
Ambler	311	51%	39.3%	\$7,189
Buckland	318	52%	12.2%	\$4,479
Deering	157	44%	6.7%	\$7,272
Kiana	385	48%	27.4%	\$8,632
Kivalina	317	46%	55.6%	\$4,968
Kobuk	69	54%	35.0%	\$5,413
Kotzebue	2,751	39%	13.1%	\$13,906
Noatak	333	40%	45.1%	\$7,089
Noorvik	531	46%	17.5%	\$7,324
Selawik	596	48%	31.3%	\$6,069
Shungnak	223	43%	14.0%	\$8,822
Northwest Arctic Borough	6,113	43%	20.3%	\$10,040
Alaska	550,043	31%	8.8%	\$17,610

Source: U.S. Dept. of Commerce,  
Bureau of the Census

T a b l e • 4

**A Snapshot of  
Northwest Arctic Borough  
Statistics from the 1990 Census**

Total population	6,113
Born in Alaska	86.6%
<b>AGE:</b> Under 5 years old	960
21 years & over	3,228
65 years & over	281
Median Age	22.9
<b>SEX:</b> Male	3,224
Female	2,889
<b>RACE:</b> White	13.8%
Black	0.2%
Asian/Pacific Is.	0.8%
Am. Indian	1.3%
Eskimo	83.7%
Aleut	0.2%
<b>EDUCATION (persons 25+ yrs old)</b>	
9th grade education	25.2%
High school graduate or higher	63.8%
Bachelor's degree or higher	11.9%
<b>INCOME</b>	<b>No. of households</b>
Less than \$5,000	92
\$5,000-\$9,999	118
\$10,000-\$24,999	374
\$25,000-\$49,999	519
\$50,000-\$74,999	217
\$75,000-\$99,999	155
\$100,000+	58
Median household income	\$33,313
Per capita income	\$10,040
Persons below poverty level	18.5%

Exacerbating the low incomes in the region is the fact that many living costs are high. Food costs are 50 to 100% higher than Anchorage. A 1985 study done for the State of Alaska found that the region's residents spent considerably more than Anchorage residents for energy and utilities, even though these commodities receive federal and state subsidies. On the flip side, some costs are lower. Because of public housing subsidies and the federal mandate to provide health care for Alaska Natives, total expenditures in the region for housing and medical care are relatively low.

*Trends* profiles are a new feature which will appear periodically in *Alaska Economic Trends*. For more information, contact  
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Source: U.S. Dept. of Commerce,  
Bureau of the Census