

Appendix B: Summary Background

Land of the Midnight Sun

Located in the heart of Interior Alaska and covering over 7,000 square miles of the Tanana Valley, the Fairbanks North Star Borough (FNSB) is the second largest borough in Alaska with 97,159 residents spread across two cities. The City of Fairbanks has 31,535 residents, and North Pole has 2,117; the remainder of the population reside in unincorporated communities.

FNSB is the economic hub of the Interior with healthcare, jobs, education, and retail services drawing in residents from over 40 communities.

FNSB's strategic arctic location includes two military installations, presenting opportunities for the FNSB to continue to grow as a hub for arctic economic activity and military operations. The FNSB is the northern terminus of the Alaska Railroad, with talks of a potential Yukon connection. The Richardson, Parks, Steese, and Elliot Highways connect the FNSB to Valdez, Prudhoe Bay, Anchorage, Canada, and the contiguous United States. The FNSB's location along transpolar air routes creates an opportunity for the FNSB to be a hub for international air transportation, military operations, and emerging arctic infrastructure and opening arctic trade routes (Figure 1).

Figure 1. Alaska's Arctic Position



Source: NASA's Jet Propulsion Laboratory, California Institute of Technology

Indigenous peoples have lived in Interior Alaska for thousands of years. Fairbanks is located on the ancestral lands of the Tanana, part of the broader traditional territories of Alaska's Athabascan Indians.¹ In many Interior Alaska communities, traditional subsistence hunting and fishing practices continue today, including the harvesting and sharing of fish, game, and other resources. These wild resource harvests are essential for social, cultural, and economic wellbeing.² Today Tribes, Village Corporations, and Alaska Native Corporations play an important role in the regional economy. Regional and Village Corporations serve their shareholders through dividends, workforce training, charitable contributions, and cultural activities; they also create regional development, employment, and investment for the broader community. Federally recognized Tribes are also critical economic development partners, with unique access to resources and the capability to lead and support regional economic development initiatives.

¹ Krauss, Michael, Gary Holton, Jim Kerr, and Colin T. West. 2011. Indigenous Peoples and Languages of Alaska. Fairbanks and Anchorage: Alaska Native Language Center and UAA Institute of Social and Economic Research. Online: <https://www.uaf.edu/anla/map>

² Tanana Chiefs Conference: Comprehensive Economic Development Strategy, 2016.

Figure 2. Weather Extremes in the FNSB, 2020



Source: Alaska Public Land Information Center & National Oceanic and Atmospheric Administration National Centers for Environmental Information. NOTE: "Day" is the time between sunrise and sunset, though for 70 days in the summer, Fairbanks experiences constant "civil twilight" or "useable daylight." Average temperatures are based on 2010-2020 timeframe.

Much like the rest of Interior Alaska, the FNSB climate is marked by hot summers and cold winters, with large swings in daylight and temperature due to the FNSB's northern location. Summer months average 55 degrees, with highs up to the mid-90s and lows down to the lower 30s. Winter months average around 1.5 degrees, with highs up to 45 degrees and lows as cold as 65 below zero³ (Figure 2).

Even with these chilling temperatures the Interior has a healthy winter visitor market, with most coming to see the aurora borealis (northern lights). Other local draws include the Chena River, which drains into the Tanana River south of the City of Fairbanks. The Chatanika, Chena, and Salcha River drainages define the area to the north, east, and west of the urban centers. Overall, most of the land within Interior Alaska is undeveloped, with expansive networks of mountains, rivers, and lakes.

The COVID-19 Pandemic

The COVID-19 pandemic reached Alaska in March 2020. In addition to its negative health impacts, COVID-19 brought economic uncertainty and disruption. To support residents the FNSB disseminated Coronavirus Aid, Relief, and Economic Security (CARES) Act funding to small businesses and large healthcare institutions. \$54,510 was given out for personal protection equipment grants for businesses, \$5,591,401 was given out to small businesses, and \$15,140,623 was given out to key health care businesses and organizations. Other relief programs bringing funds into the FNSB include the Paycheck Protection Program (PPP), Economic Injury Disaster Loans (EIDL), the American Rescue Plan Act (ARPA), and relief funds managed by the Cities of Fairbanks and North Pole.

Even with this federal assistance the FNSB economy was negatively impacted by the pandemic. The unemployment rate (not seasonally adjusted) hit a high in April 2020 of 12.4%. The pandemic closed and permanently impacted many local businesses. However, FNSB fared better than the state overall, with job losses of 6.5% between 2019 and 2020 compared with 8% for Alaska overall. Southeast Alaska was most heavily impacted by the pandemic, largely due to the loss of cruise visitors. Growth in military activity and mining both helped offset job losses in FNSB and lessen the impacts of the pandemic on the local economy.

In response to the pandemic, FNSB prepared a COVID-19 Economic Impact and Recovery Plan. The plan features an [interactive dashboard](#) for the public to stay up to date on information and resources for the economy. This CEDS continues to build from these past planning efforts to create a more resilient economy that is better able to recover from and withstand major disruptions and threats.

*Source for CARES Act Funds: 2020 FNSB Cares Dashboard. Alaska Department of Labor and Workforce Development, Research and Analysis Section.
Source for COVID-19 impacts on employment: Alaska Economic Trends, August 2021, Alaska Department of Labor & Workforce Development.*

³ Fairbanks Climate. Alaska Climate Research Center, Geophysical Institute of the University of Alaska. Available at <http://climate.gi.alaska.edu/history/fairbanks>

Demographic and Economic Profile

This section identifies compelling data and trends that help broadly define the FNSB's people and economy. It also includes comparative data highlighting similarities and differences with Alaska's three other most populous regions. The Strengths, Weaknesses, Opportunities, and Threats (SWOT) Analysis, Situational Assessment, and sector-specific chapters will include industry-specific trends and other information.

Population

Key Takeaways: FNSB experienced rapid growth between 1950 and 2000 (300% increase) and was ranked as one of the fastest growing cities in the nation in 2009. Population change is flat between 2010 and 2020, compared to 3% growth statewide over the same time.

Figure 3. FNSB Population Trends, 1930-2020

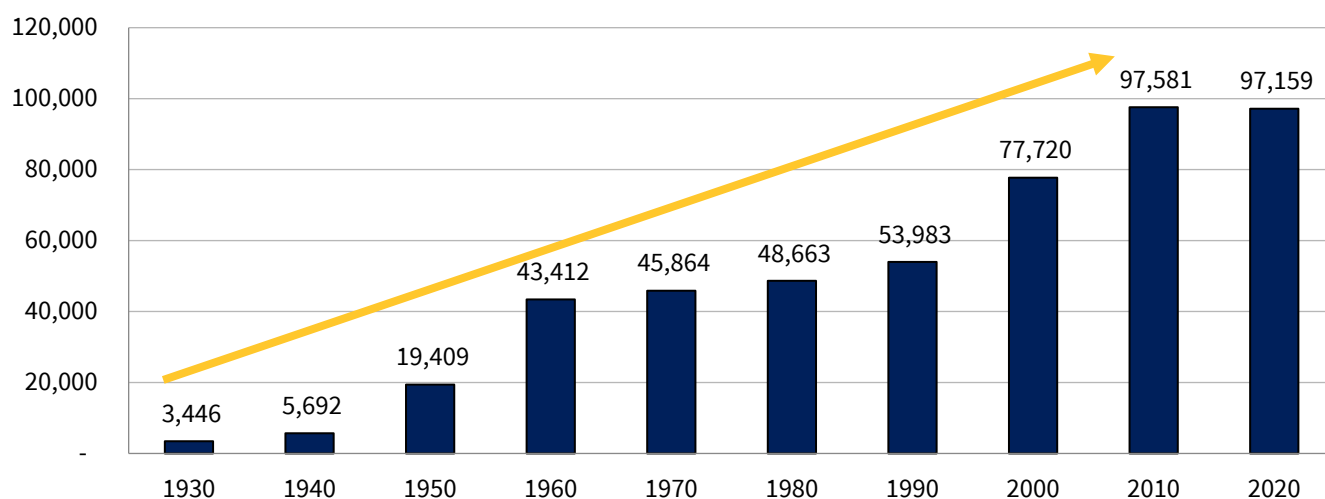
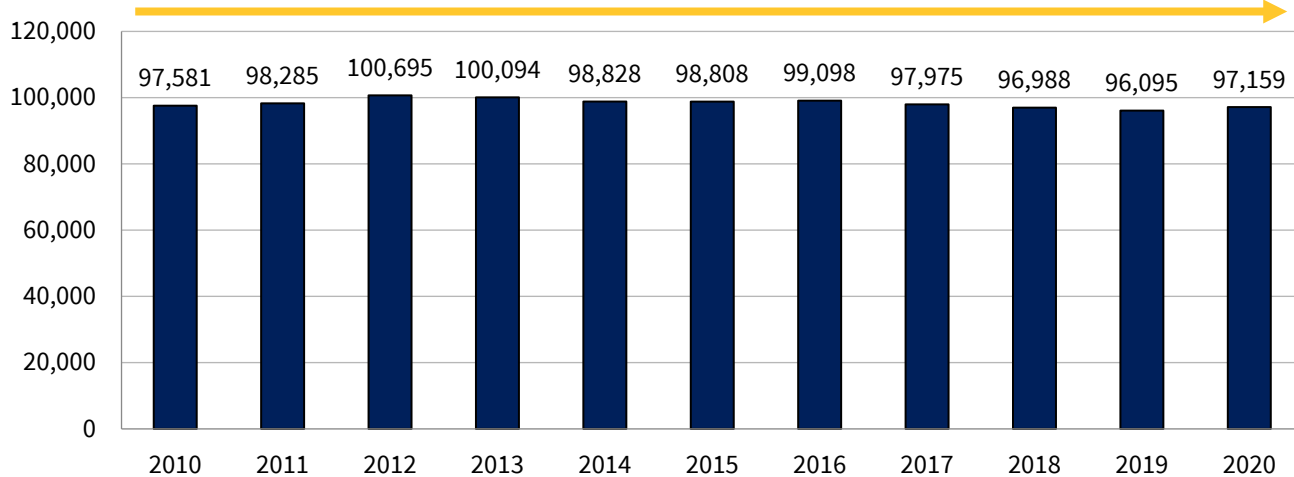


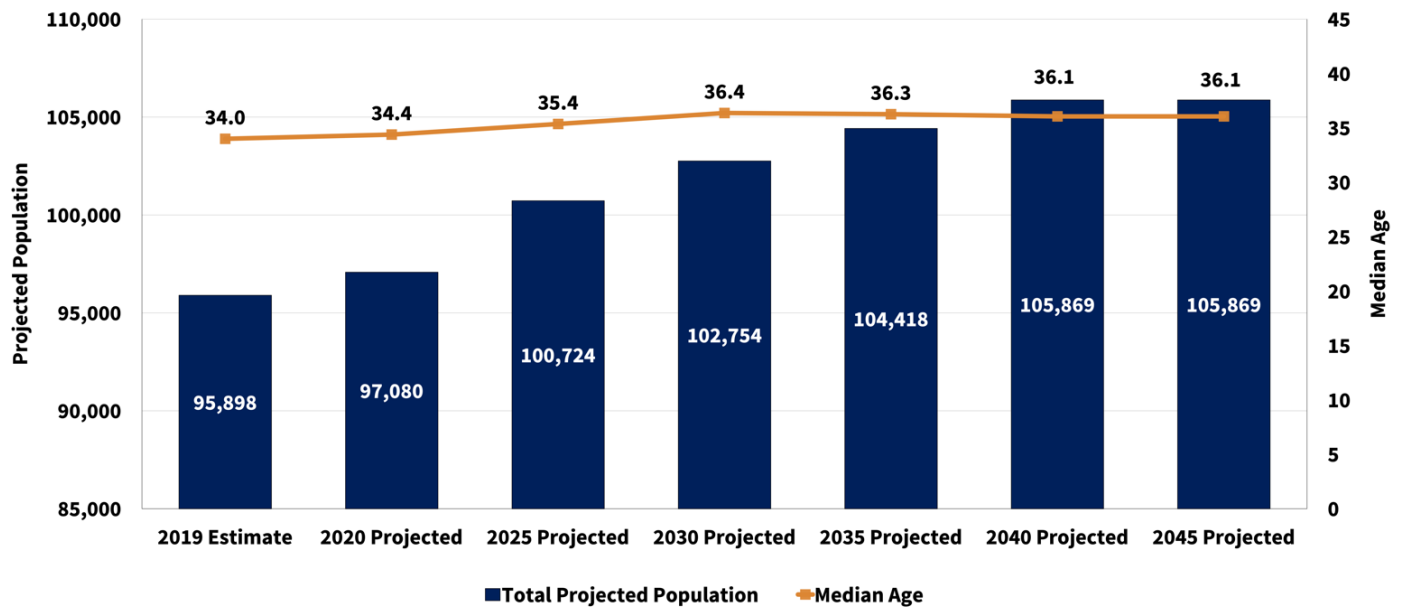
Figure 4. FNSB 10-Year Population Trends, 2010-2020



Source: 1930-2020 Alaska Department of Labor and Workforce Development, Research and Analysis section

Key Takeaway: Estimated projections for FNSB indicate a small increase, 10%, in population and median change, 2019 to 2045.

Figure 5. FNSB Projected Population and Median Age, 2019-2045



Source: 2019-2045 Alaska Department of Labor and Workforce Development, Research and Analysis section

Key Takeaways: Flat population growth obscures the dynamic changes in FNSB's population. High levels of gross migration (the total number of people moving in and out) from communities within and outside the state are due to high volume of military households and transient nature of key industries such as hospitality and mining.

Over the last year, FNSB has seen a net gain of residents coming from neighboring census areas and out of state, and a small net loss to both the Municipality of Anchorage and the Matanuska-Susitna Borough.

Table 1. Average Annual Migration Data by Region, 2015 to 2020

	2020 Population	In Migration	Out Migration	Net Migration	Net Migration as % of Population	Gross Migration (in and out combined)	Gross Migration as % of population
FNSB	97,159	6,962	8,361	-1,399	-1%	15,323	16%
Municipality of Anchorage	288,970	20,874	25,267	-4,393	-2%	46,141	16%
Kenai Peninsula Borough	58,934	4,365	4,356	9	0%	8,721	15%
Matanuska-Susitna Borough	107,305	9,096	8,455	641	1%	17,551	16%
Alaska	728,903	37,873	45,525	-7,652	-1%	83,398	11%

Source: 2015 to 2020 Alaska Department of Labor and Workforce Development, Research and Analysis section. Note: These data are in average annual amounts foreach 5-year period and are adjusted for births and deaths.

Table 2. Permanent Fund Dividend (PFD)-Based Migration between FNSB and Other Areas, 2019 to 2020

	2020 Origin Population	To Fairbanks (in)	From Fairbanks (out)	Net Migration	Gross Migration (in and out combined)	Net Migration as % of origin population	Gross Migration as % of origin population
Neighboring Census Areas (Yukon-Koyukuk, SE Fairbanks)	11,981	395	262	133	657	1%	5%
Municipality of Anchorage	288,970	425	531	-106	956	0%	0%
Kenai Peninsula Borough	58,934	105	113	-8	218	0%	0%
Matanuska-Susitna Borough	107,305	175	240	-65	415	0%	0%
Out of State		6,799	6,549	250	13,348	n/a	n/a

Source: 2019 to 2020 Alaska Department of Labor and Workforce Development, Research and Analysis section. Note: Outside of state data did not apply for PFD in Alaska (including births and deaths).

Figure 6. Population Distribution by Age for FNSB and Alaska

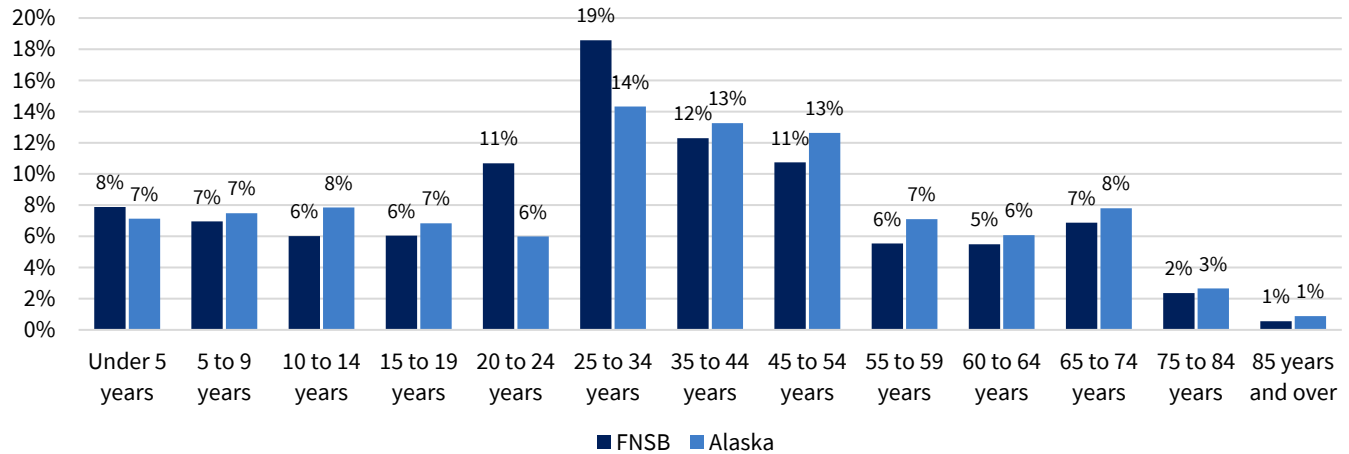
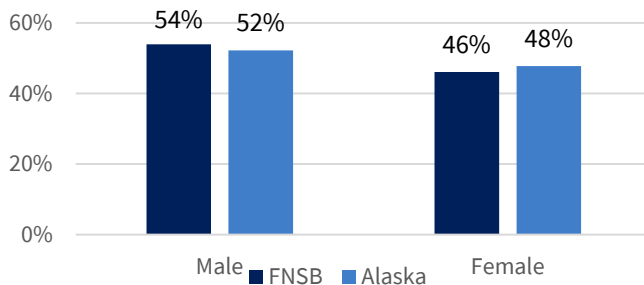


Figure 7. Population Distribution by Sex for FNSB and Alaska



Key Takeaways: FNSB has a similar gender breakdown to the state overall, with 54% male and 46% female. FNSB's population is slightly younger than the state, with 15% of the population 60 years and older compared with 17% for Alaska. FNSB also has more residents in the 20 to 24 and 25 to 34 age brackets.

Source: American Community Survey Five-Year Estimates 2014-2019 as reported by Alaska Department of Labor and Workforce Development, Research and Analysis section

Key Takeaways: FNSB is predominantly white, with 81% of the population identifying as white alone. This is higher than the state percent of 70%. The second highest racial group in FNSB is American Indian and Alaska Native with 9% of the population, smaller than the statewide percent of 16%.

Figure 9. FNSB Racial Distribution, 2019

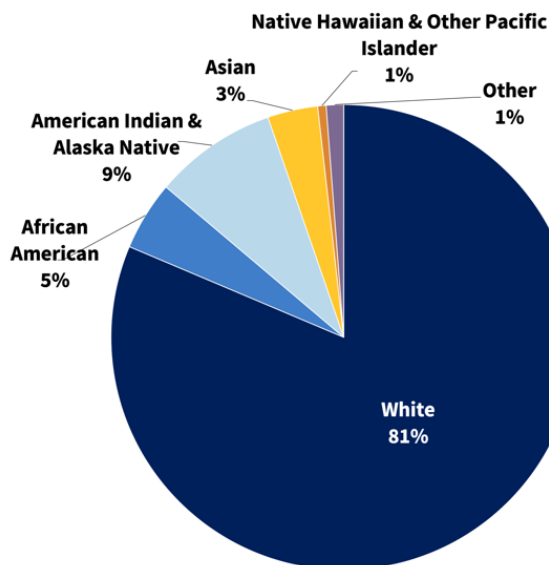
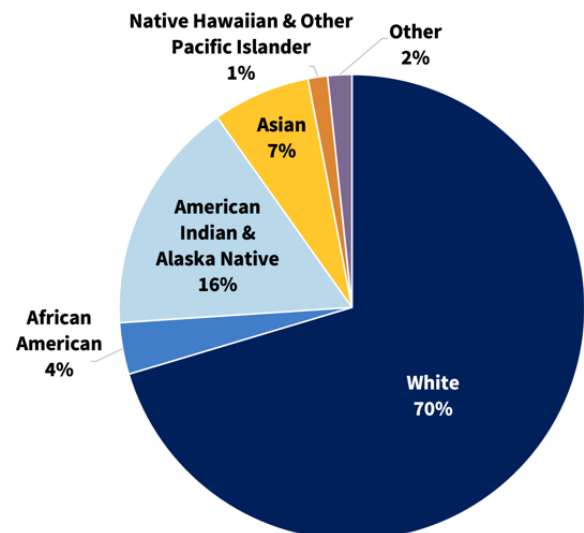


Figure 9. Alaska Racial Distribution, 2019



Source: 2019 U.S. Census Bureau ACS 5-Year Estimates

Key Takeaways: Cost of living is ranked through a Cost of Living Index, where the same expenses are compared from one geographic area to another. The national average is benchmarked at 100 which looks at the average costs for all participating places in the six categories that comprise in the index: housing, utilities, grocery items, transportation, healthcare, and miscellaneous goods and services. With a Cost of Living Index score of 127.6, FNSB is approximately 28% higher than the national average. Utility costs are a major driver of cost of living in the FNSB.

Table 3. Cost of Living Comparisons, 2019 to 2021

Measure	Fairbanks North Star Borough	Municipality of Anchorage	Matanuska-Susitna Borough	Kenai Peninsula Borough
Cost of Living Index (2020)	127.6	124.4	n/a	n/a
% of Cost-Burdened Renter Homes (2019)	43%	44%	48%	39%
Average House Price (early 2020)	\$264,638	\$402,717	\$311,686	\$298,797
Cost of Gasoline (\$/gallon) (June 2021)	\$3.44	\$3.29	\$3.19	\$3.33
Cost of Natural Gas (\$/cubic foot) (July 2020)	\$0.93	\$0.83	\$0.83	\$0.83
Paychecks Needed to Afford a House (July 2020)	1.07	1.34	1.34	1.12

Sources:

Cost of Living Index: The Council for Community and Economic Research; Cost-Burdened Homes: U.S. Census Bureau American Community Survey (ACS) 5-Year Estimates

House Prices: Alaska Department of Labor and Workforce Development, Research and Analysis Section and the Alaska Housing Finance Corporation as reported in July 2020 Economic Trends Magazine

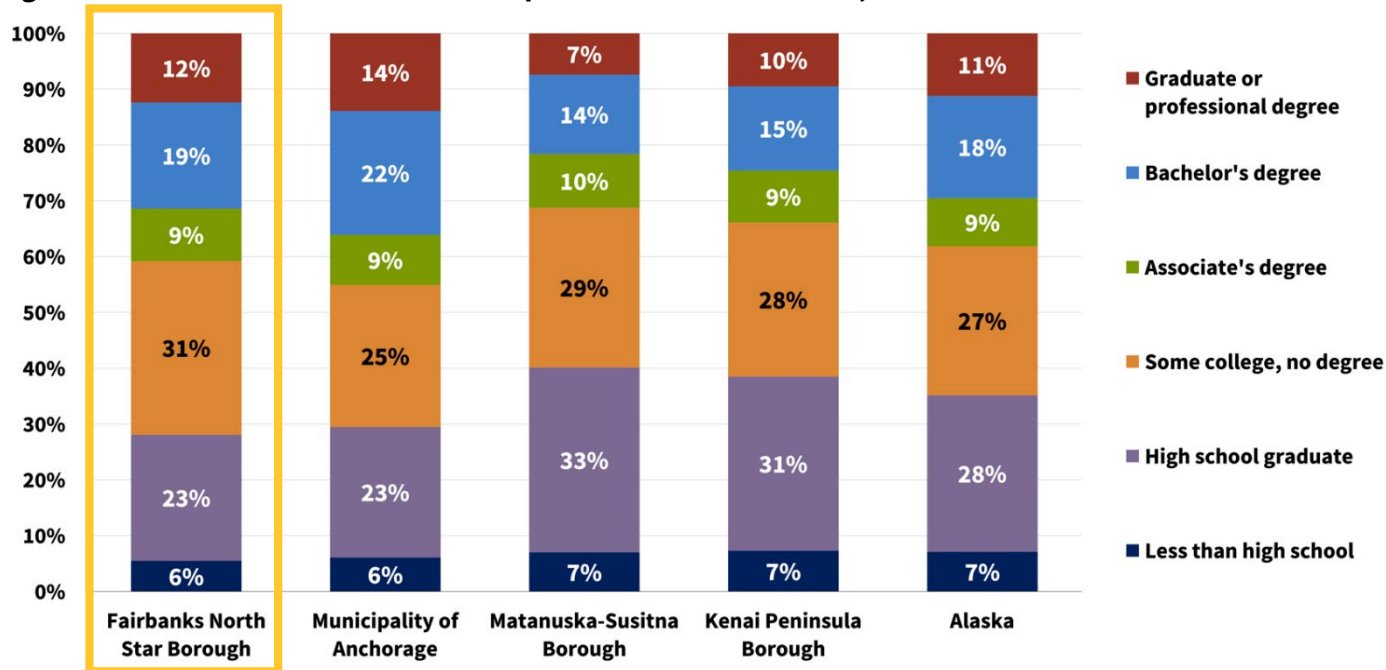
Energy Prices: American Automobile Association (AAA) Gas Prices, Interior Gas Utility, ENSTAR

Paycheck Data: Alaska Department of Labor and Workforce Development, Research and Analysis Section and the Alaska Housing Finance Corporation, Quarterly Survey of Mortgage Lending Activity as reported in the July 2020 Economic Trends Magazine

Workforce

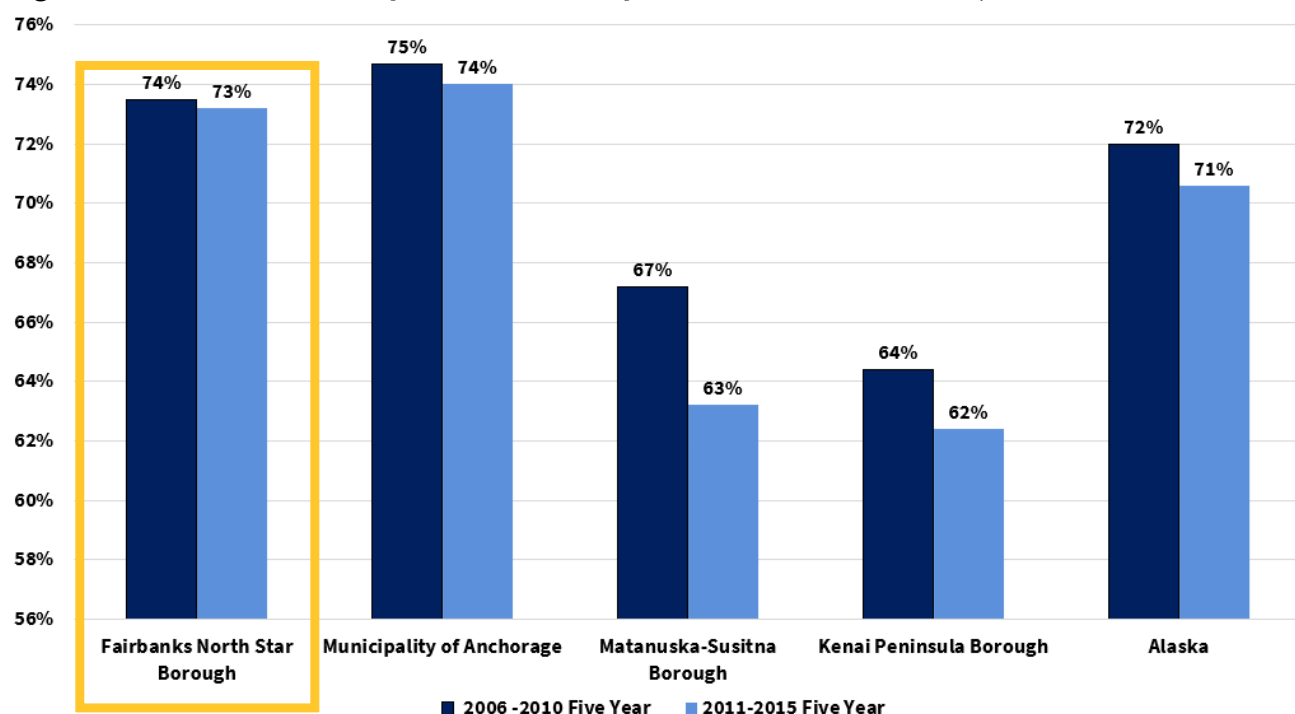
Key Takeaways: A combined 40% of FNSB residents age 25 or older have an Associate's degree or higher, higher than the Matanuska-Susitna Borough (31%) and Kenai Peninsula Borough (34%) but lower than Anchorage (45%). The statewide labor force participation rate is 72%, while FNSB is higher at 74%, closely matching Anchorage labor force participation trends over the past decade.

Figure 10. Educational Attainment for Population 25 Years or Older, 2019



Source: 2019 U.S. Census Bureau ACS 5-Year Estimates

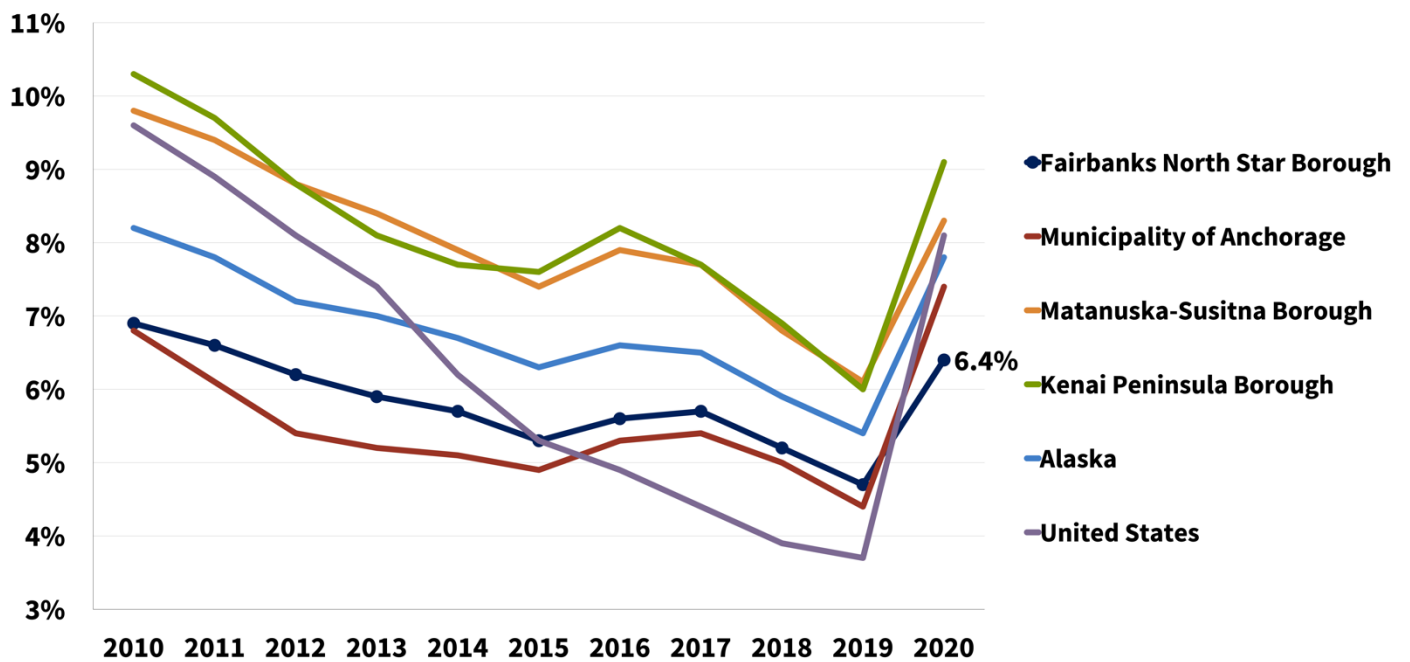
Figure 11. Labor Force Participation Rate for Population 16 Years and Older, 2006-2015



Source: 2006-2015 U.S. Census Bureau ACS 5-Year Estimates

Key Takeaways: Compared to other parts of Alaska, FNSB has relatively low unemployment rates. Unemployment for all regions increased in 2020, driven by pandemic-related job losses.

Figure 12. Annual Unemployment Rates (not seasonally adjusted), 2010-2020

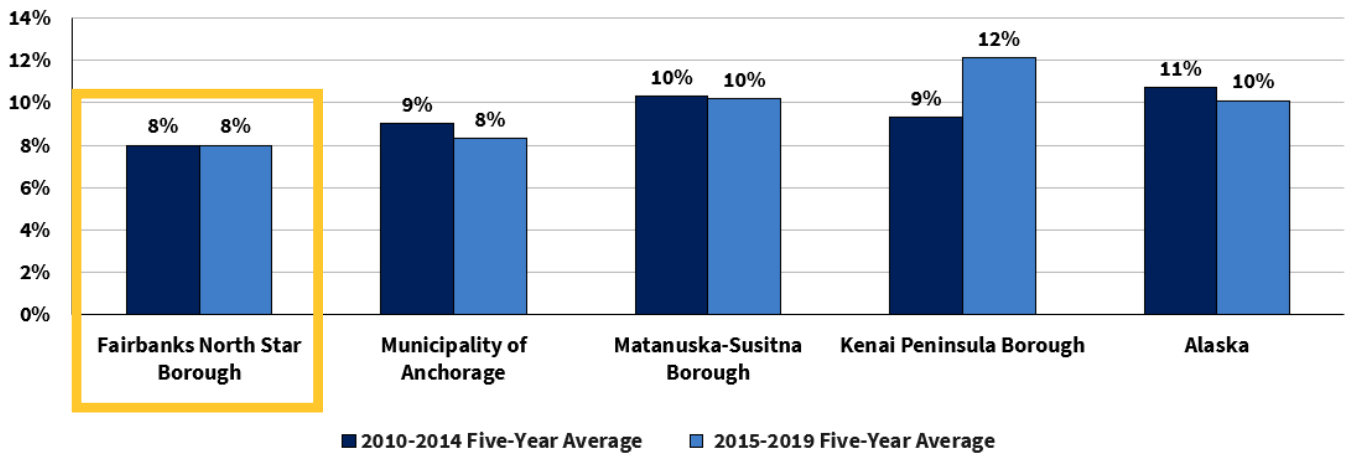


Source: 2010-2020 Alaska Department of Labor and Workforce Development, Research and Analysis section

Income and Poverty

Key Takeaways: Fewer residents in FNSB live below the poverty line compared with other comparative regions in Alaska. Based on a five-year average from 2015 to 2019, 8% of FNSB residents had an income below the poverty line, compared with 10% for Alaska. In the FNSB, this percentage remained unchanged from the previous five-year average.

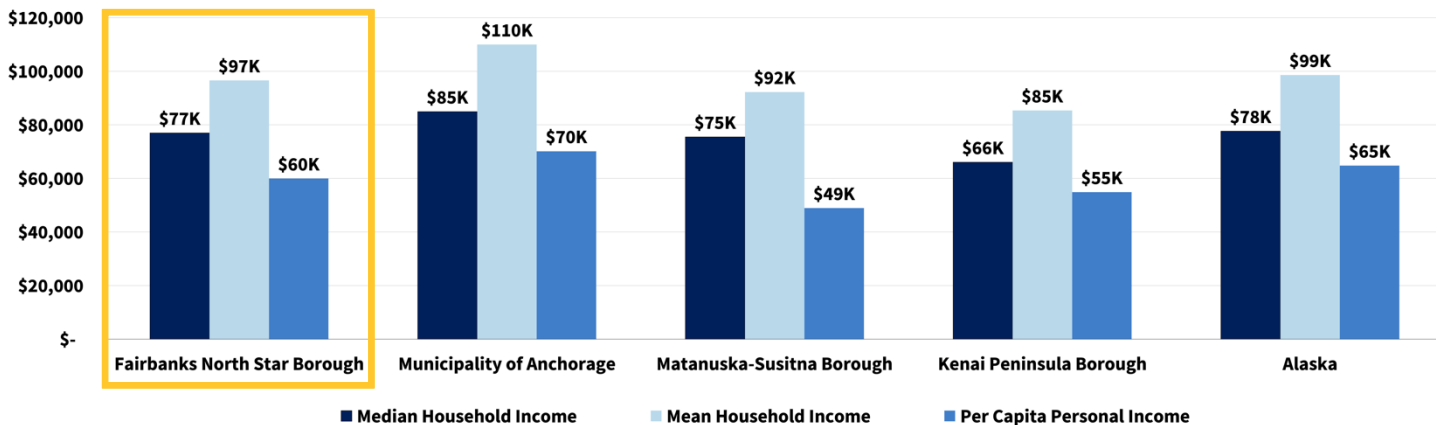
Figure 13. Percent Living Below the Poverty Level, 2010-2019



Source: 2010 & 2015 U.S. Census Bureau, ACS 5-Year: Comparative Economic Characteristics

Key Takeaways: Income in the FNSB is higher than the median, mean, and per capita income in Matanuska-Susitna and Kenai Peninsula Boroughs and lower than the Municipality of Anchorage and statewide.

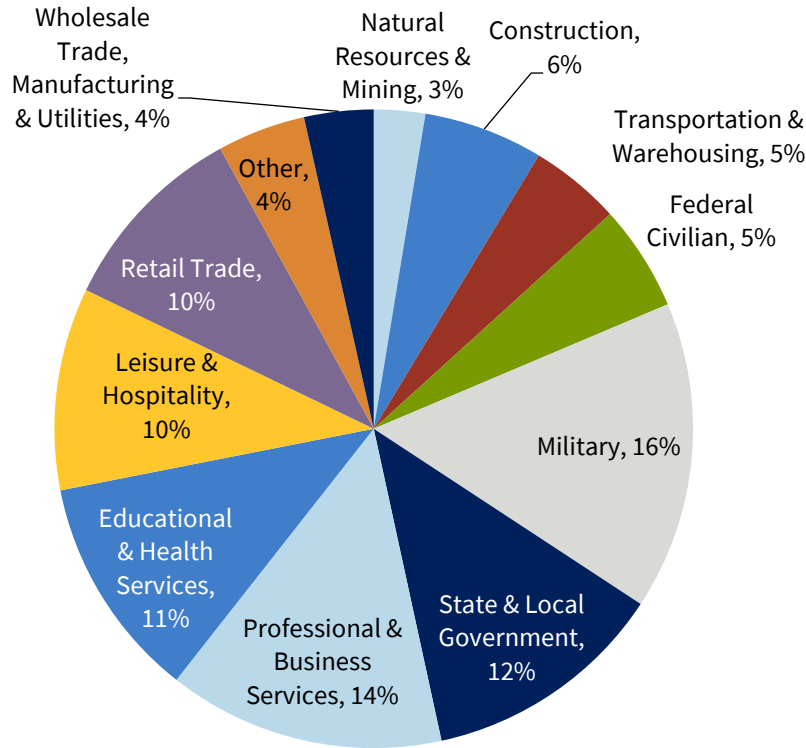
Figure 14. Household Mean, Median, and Per Capital Income by Area, 2019



Source: 2019 U.S. Census Bureau ACS 5-Year Estimates and Bureau of Economic Analysis

Industry Overview

Figure 15. FNSB Employment by Industry, 2019



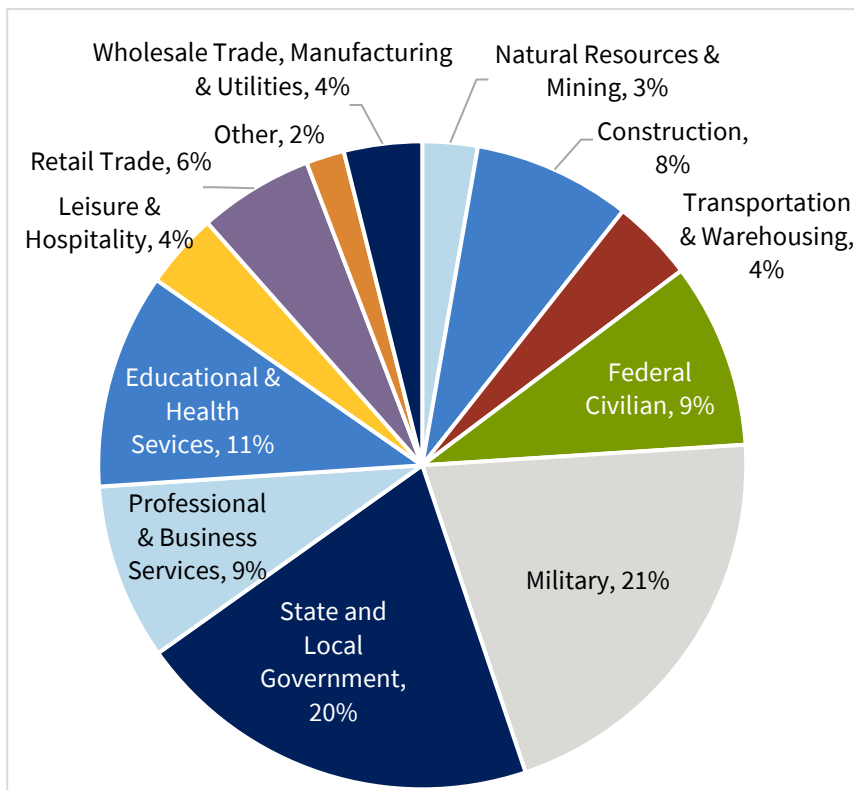
Source: 2019 Bureau of Economic Analysis

Key Takeaways: Overall the FNSB economy is diversified, with a relatively broad distribution of employment by industry. The military is the FNSB's largest employer, employing 16 percent of the workforce in 2019. While Alaska and the FNSB have a history of natural resource and extraction industries, there is a growing and diverse sector of small businesses.

Many military households remain in the FNSB after leaving active duty, and some open businesses. 12.2% of all small businesses in the FNSB are veteran-owned.*

*Source: 2012 U.S. Census Bureau

Figure 16. FNSB Wages by Industry, 2019

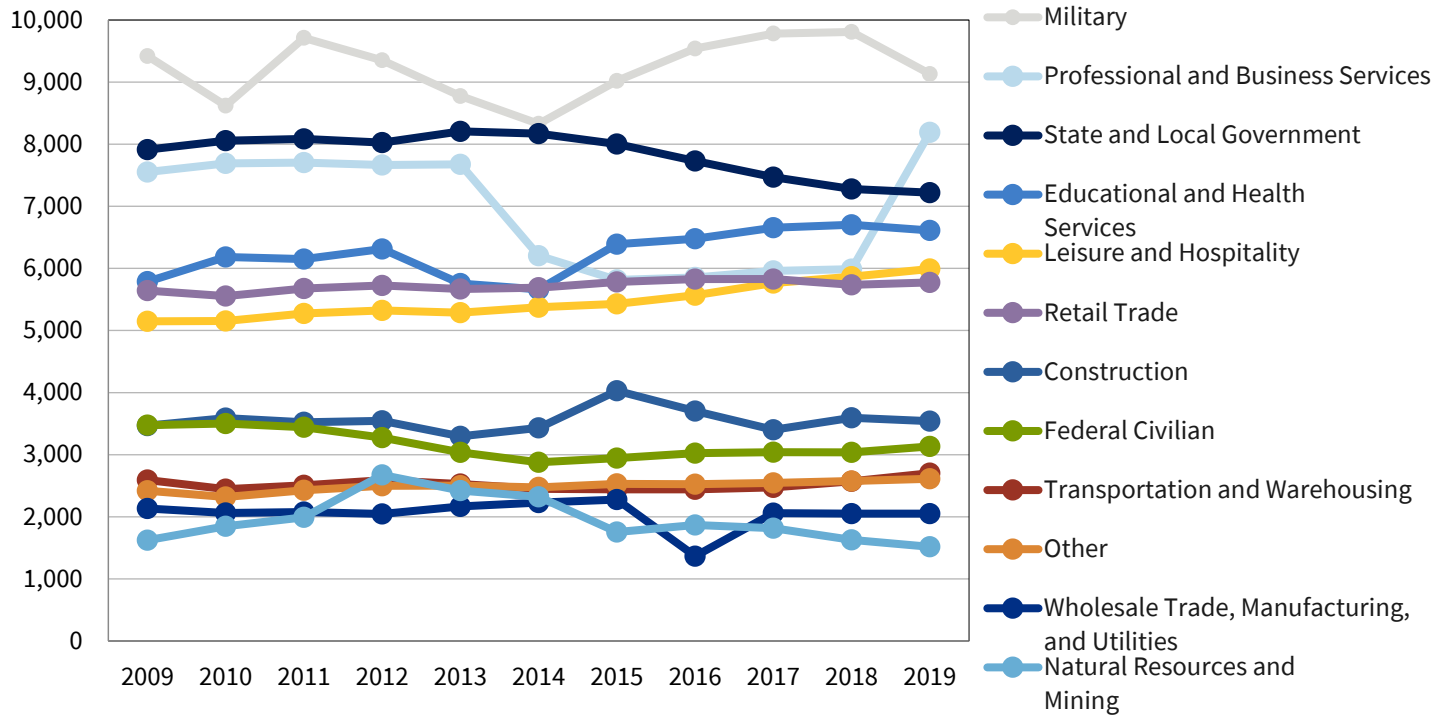


Source: 2019 Bureau of Economic Analysis

Key Takeaways: The distribution of wages by industry closely matches the distribution of employees in Figure 15. However, there are some industries that have a higher relative share of wages compared with employment, indicating these sectors pay out higher wages. Industries that have higher relative shares of wages include government jobs (state and local, military, federal civilian) and the construction sector.

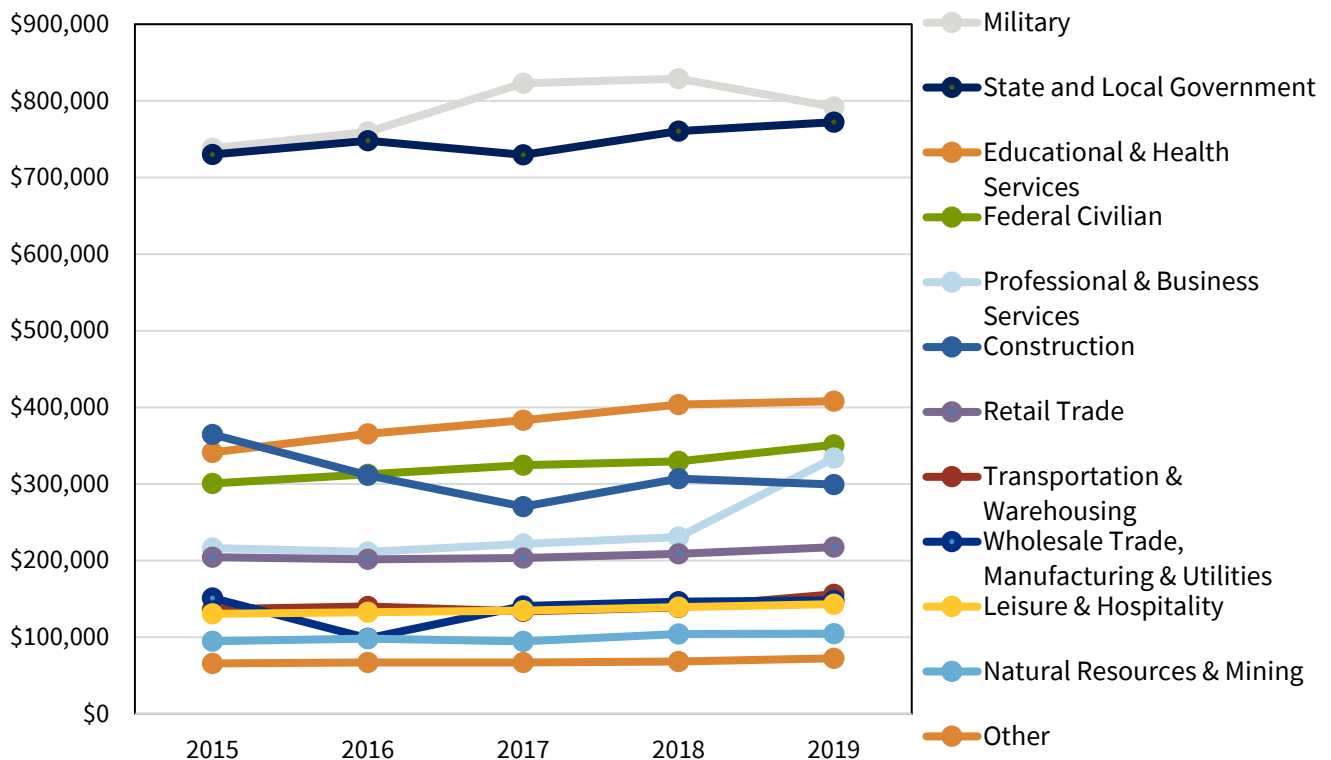
Industries that have a lower share of wages relative to the number of people employed include leisure and hospitality, professional and business services, and retail trade.

Figure 17. FNSB Employment by Industry, 2009 to 2019



Source: 2009-2019 Bureau of Economic Analysis

Figure 18. FNSB Wages by Industry, 2015 to 2019



Source: 2009-2019 Bureau of Economic Analysis

Table 4. FNSB Self-Employment Establishments and Receipts, 2018

Industry	Number of Nonemployer Establishments	Nonemployer Receipts (\$1,000)
Professional, scientific, and technical services	773	21,748
Other services (except public administration)	601	21,135
Retail trade	588	17,126
Real estate and rental and leasing	576	56,142
Construction	510	25,634
Arts, entertainment, and recreation	493	12,173
Transportation and warehousing	457	22,223
Administrative support and waste management and remediation services	450	10,369
Health care and social assistance	406	14,575
Educational services	239	3,195
Accommodation and food services	234	6,782
Agriculture, forestry, fishing and hunting	179	6,723
Manufacturing	146	3,445
Finance and insurance	137	5,710
Wholesale trade	81	4,052
Mining, quarrying, and oil and gas extraction	64	4,005
Information	54	1,136
Utilities	4	46
Total	5,992	236,219

Source: 2018 U.S. Census Bureau

Key Takeaways: The largest industry for self-employment in the FNSB by number of establishments is professional, scientific, and technical services with 773 establishments. The largest industry by total sales receipts is real estate and rental and leasing with \$56 million in total receipts.

There are 5,992 nonemployer establishments in the FNSB, compared to 57,391 establishments total in the state. Nonemployer data captures information for businesses with no employees; typically, these represent self-employed individuals.

Table 5. Self-Employment Establishments, 2018

Region	Total Nonemployer Establishments
Alaska	57,391
Municipality of Anchorage	20,976
Matanuska-Susitna Borough	7,656
Kenai Peninsula Borough	6,770
Fairbanks North Star Borough	5,992

Source: 2018 U.S. Census Bureau

Industry Spotlight: Highlights from key industries that may not stand out in the traditional categories identified previously in this chapter.



University of Alaska Fairbanks

- Flagship land-grant university
- Educates students across the Interior and State while conducting groundbreaking research
- Fosters public private partnerships to benefit the university and community



Kinross Fort Knox

- Alaska's largest producing gold mine
- Largest single property taxpayer in FNSB
- Located about 26 miles outside the City of Fairbanks, employs 645 employees, plus 124 on-site contractors



Alaska Native Organizations

- Interior Alaska is home to over 70 Alaska Native organizations
- Accounted for 1,541 direct jobs in 2016 in FNSB alone
- \$133 million was spent in FNSB by Interior Alaska Native organizations in 2016

Sources: "The Economic Benefits of Alaska's Mining Industry, Feb. 2021" & "Native Impact: The economic impact of Alaska Native organizations" Produced by Doyon, Limited, Tanana Chiefs Conference, Fairbanks Native Association, Interior Regional Housing Authority, and Denakkaanaaga, Inc 2018

Regional Comparisons

To determine how the FNSB is changing compared to similar Alaska and outside regions on key demographic and economic indicators, the project team selected three Alaska regions to use as economic comparisons.

Table 6. Comparison Regions At-A-Glance

	Fairbanks North Star Borough	Municipality of Anchorage	Matanuska-Susitna Borough	Kenai Peninsula Borough
Population (2019)	96,095	292,487	106,782	58,499
% Population Growth (2010 to 2020)	-0.4%	-1.0%	20.6%	6.4%
% Below Poverty Level (2019)	7.3%	7.6%	10.7%	11.3%
Median Household Income (2019)	\$76,992	\$84,928	\$75,493	\$66,064
% in Armed Forces (2019)	8.7%	3.7%	0.8%	0.3%
16+ % Employed (2019)	58.9%	64.6%	54.7%	54.2%
% with College Degree (2019)	40.8%	45.1%	31.2%	33.9%

Sources: Population: U.S. Census Data accessed via Alaska Department of Labor and Workforce Development, Research and Analysis Section and U.S. Census Bureau ACS 5-Year Estimates. Poverty, Median Household Income and Percent Employed: U.S. Census Bureau ACS 5-Year Estimates, 2015-2019

Data was also collected for three out of state comparative regions (Cascade County MT, El Paso County CO, Yakima County WA). These three regions were also included in the initial location quotient data compilation (see Appendix B). Ultimately this information did not yield relevant/informative results, so it is not included in the table above.