

Economic Outcomes for Indigenous Peoples in the United States Following the Great Recession

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TAKEAWAYS

Longstanding inequalities experienced by Indigenous peoples in the United States were exacerbated by the economic fallout of the Great Recession.

American Indian and Alaskan Native (AIAN) and Native Hawaiian and Pacific Islander (NHPI) communities saw economic opportunities recover more slowly and less robustly throughout the extended recession recovery period compared to non-Hispanic white populations.

Food service sector workers fared relatively well during the recession's recovery compared to other "working class" job sectors such as janitorial services and construction trades.

While economic impacts on tribal communities were similar to those during the Great Recession, public health impacts related to the ongoing COVID-19 pandemic have been devastating.



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While nearly every social and economic sector of the United States was negatively affected by the Great Recession (2008–2011), widespread recovery also occurred in subsequent years. Even before the Great Recession, however, American Indian and Alaska Native (AIAN) and Native Hawaiian and Pacific Islander (NHPI) peoples were economically disadvantaged compared to their non-Hispanic White (NHW) counterparts. Analysis of available data shows that, like other minoritized communities, AIAN and NHPI communities often saw more severe impacts during the downturn, and slower, less robust recoveries after.¹ AIAN and NHPI groups are smaller in size than other U.S. American minority groups—creating data analysis limitations due to sample size—but measures based on earnings and labor force participation do prove useful for assessing social and economic status over time and by region.

The Unique Status of Indigenous Peoples in the United States and its Territories

Any discussion of AIAN and NHPI peoples must be prefaced by the political and social contexts in which they live. As a distinct political class of sovereign nations within a nation, some (but not all) Indigenous communities maintain self-governing status with the authority to act independently of geographically proximate state and local governments.² This also entails the responsibility of tribal governments to provide and maintain many services and infrastructure typically under the purview of state and local authorities. These responsibilities include, for example, educational and health systems, criminal justice and law enforcement, ecological management, and a variety of permitting and other administrative functions.³ A significant difference for tribal governments, however, is their inability to raise revenue through taxation. As such, funding for services and infrastructure must come through other channels. These constraints played a role in the experience of and recovery from the Great Recession, and in some ways are even more significant in the current COVID-19 pandemic.

In the absence of tax revenue, federally recognized tribal communities rely heavily on income generated by tribal enterprises.⁴ While casinos account for a significant portion of that income nationwide, many tribal governments have also invested heavily in tourism, including hotel and leisure ventures.⁵ It is vital to note that most employees in tribal enterprises, and the salaries and benefits that are provided to them, are actually non-tribal citizens. Prior to the onset of the COVID-19 pandemic, of the 1.1 million jobs supporting tribal community economies, about 915,000 (83%) were held by non-tribal citizens.⁶ That translates to \$40.2 billion in worker income to non-tribal employees compared to about \$9.3 billion to tribal citizens.

Issues of Indigenous peoples' status in relation to local, state, and federal governmental bodies is not only complicated, but varies by group. For instance, Native Hawaiians do not have government-to-government relations with the U.S. federal government because the Kingdom of Hawaii was annexed

without a treaty agreement. Similarly, Pacific Islanders living in territories like Guam or American Samoa are U.S. citizens, but as a group do not have formal governmental relations. Pacific Islanders from other nations who live in the United States will be counted as Pacific Islanders demographically but, if they are not U.S. citizens, will not have access to many services provided for other members of their ethnic group.

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How Indigenous People in the United States Fared Before, During, and After the Great Recession

Indigenous peoples in the United States share a well-documented history of deep economic inequality compared to other racial and ethnic groups—particularly NHWs. The Great Recession’s impact on AIAN and NHPI individuals was significant, and recovery was slower than for their NHW counterparts. Using data from the American Communities Survey from 2007 to 2018, I find that AIAN and NHPI individuals fared worse than NHWs in several areas, including total personal income, employment levels, and educational attainment. However, it is important to note that the socio-economic status of AIAN and NHPI people varies widely, and NHPI individuals often fare worse than American Indians and Alaskan Natives.

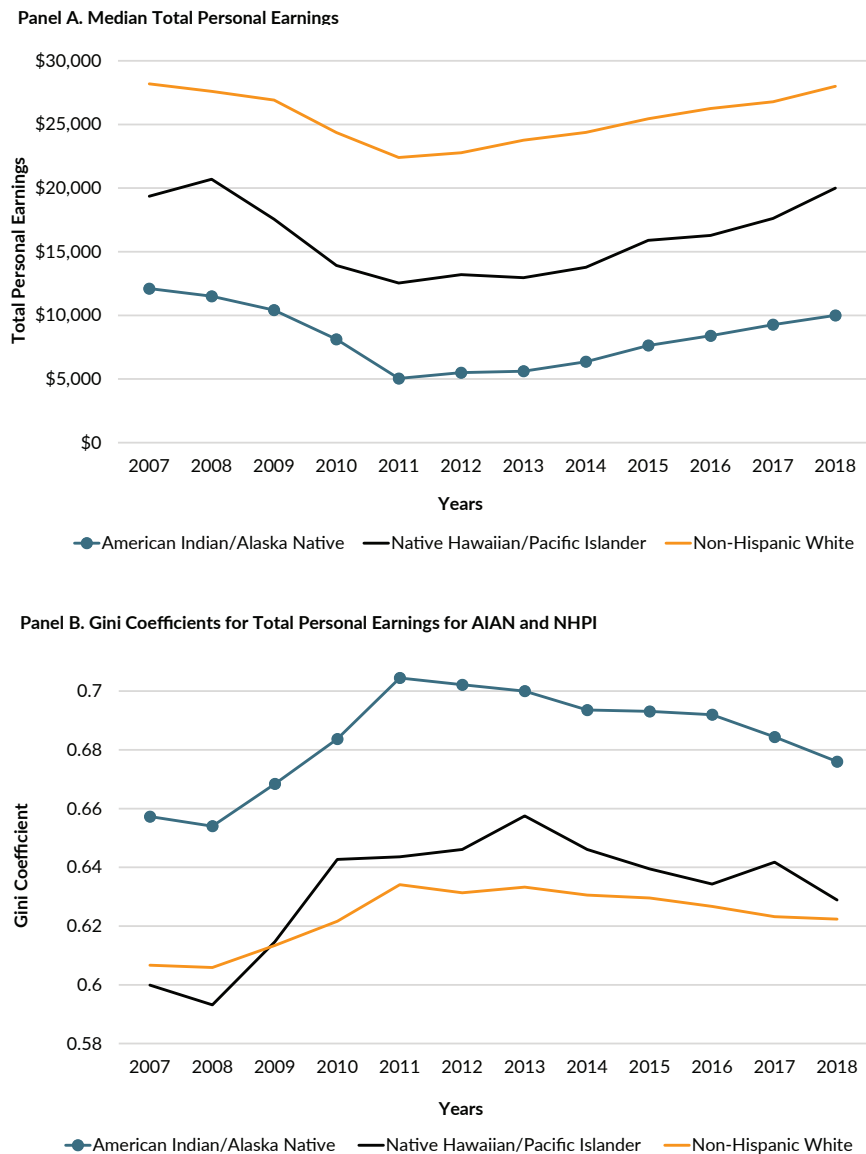
Demographics and Personal Income

In order to focus on working-age adults, I used American Community Survey data via IPUMS to gather information about 15- to 64-year-olds in each year ranging from 2007 to 2018. Overall, AIAN and NHPI individuals in this sample were slightly younger than the NHW comparison group and all were roughly the same ratio of male and female. Marital status rates were 37 percent for AIAN and 42 percent for NHPIs compared to 52 percent for NHWs.

To assess total personal income, all sources of income per year were converted to 2018-dollar values. While income among NHPI populations averaged about \$30,000 annually, AIANs earned a little less on average, about \$26,000 per year. By comparison, NHWs averaged about \$46,000 annually. Considering only personal earnings, which are limited to wages or income from a person’s business or farm, those figures average to about \$28,000, \$22,000, and \$41,000, respectively. Median earnings and their respective Gini coefficients (a common measure of inequality) are shown in Figure 1.

I measured educational attainment as either earning a high school degree or not. About 54 percent of the NHW sample had a high school diploma, compared to 42 percent for the NHPI sample and 39 percent for those in the AIAN group. Keep in mind the sample population age group, in total, includes several cohorts below typical high school graduating age. Employment levels between the three groups varied significantly as well. About 62 percent of NHPIs were employed and 53 percent among AIANs compared to nearly 70 percent of NHWs in this sample.

Figure 1. Median Earnings and Gini Coefficients



Note: All dollar values are inflated to 2018 dollars using Bureau of Labor Statistics CPI-Urban Index for June.

Given these differences in employment levels and income and earnings, it is not surprising that poverty rates among the three groups also differ. The AIAN sample was at 236 percent of the federal poverty level, on average, while NHPIs fared better at 283 percent, but were still eclipsed by the NHW sample that averaged 338 percent.

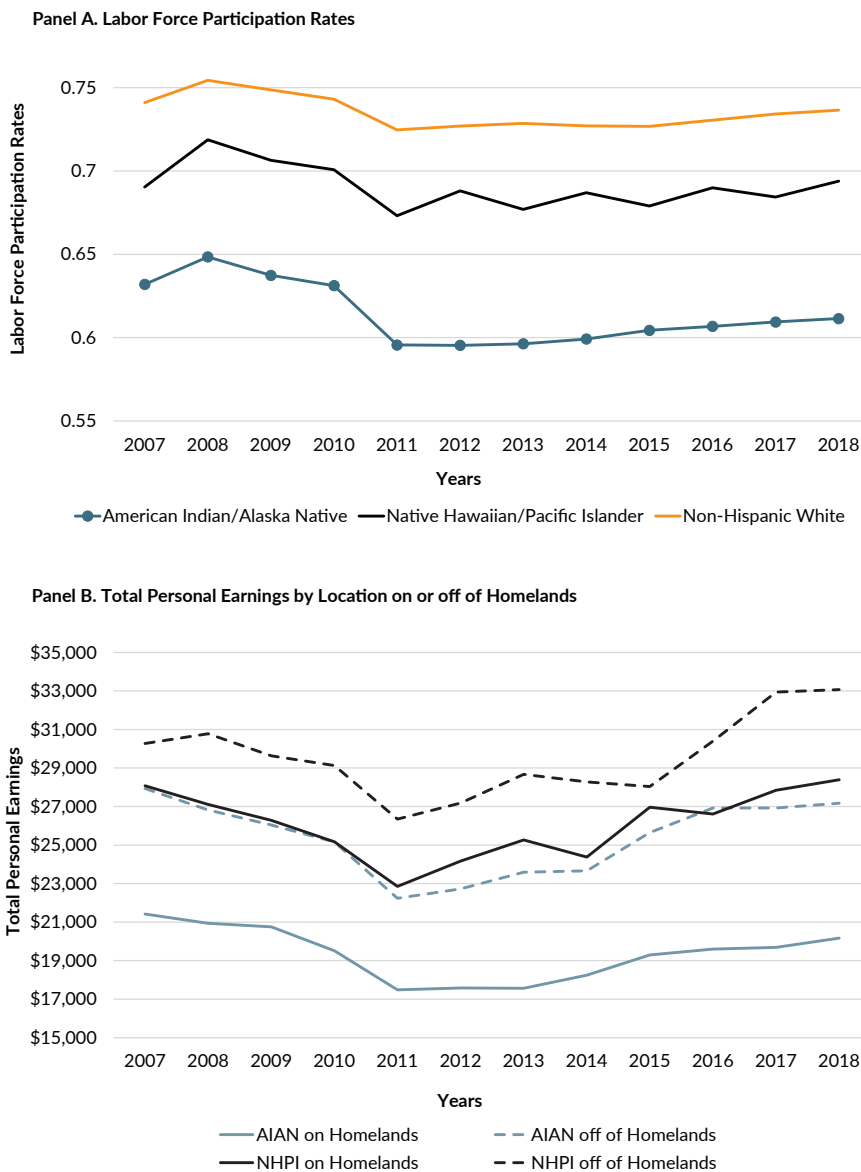
Examining Labor Force Participation and Earnings by Location

While it will be some time before we know the full impact of the COVID-19 pandemic on workforce participation across groups, reliable data exists regarding impacts of the Great Recession on employment rates. Comparing AIAN and NHPI samples to those of NHWs, all saw a decrease in labor force participation by 2011 compared to robust rates in 2007–2008. But again, those changes were not equal across groups nor by geography.

Such inequalities were even more stark for Indigenous peoples living on and off traditional homelands or reservation lands.

AIAN people living on reservation lands or in Native villages (herein called homelands) had the lowest overall earnings, with a consistent average of approximately \$20,000 annually (in 2018 dollars). That is compared with their AIAN counterparts living outside of their homelands who earned on average \$5,000 to \$7,000 more. This echoes data showing that Native Hawaiians living on homelands earned less than those living outside of those boundaries, as seen in Figure 2B. It is important to note, however, that those data may not tell the entire story. People living in communities that are either self-governing or have additional support systems in place may have access to income or non-financial assistance

Figure 2. Labor Force Participation and Median Earnings by Location



Note: All dollar values are inflated to 2018 dollars using Bureau of Labor Statistics CPI-Urban Index for June.

or opportunities (e.g., hunting, fishing, foraging, trapping, or farming) that will not show up as formal income. But it may also be the case that the data are reflecting fewer available employment and business opportunities.

Among this AIAN sample, decreased earnings are more pronounced for those with a high school diploma than for those without; and AIAN earnings had not recovered their 2007 level of earnings by 2018. While there is still a loss for the NHPI group, it is not as significant as for the AIAN sample.

Educational Attainment and Occupation Affect Outcomes

NHPI and AIAN educational attainment rates lag behind NHWs for a variety of complex reasons. Regardless of educational attainment, there was a decrease in real earnings for workers in each of these groups following the Great Recession. Among this AIAN sample, decreased earnings are more pronounced for those with a high school diploma than for those without; and AIAN earnings had not recovered their 2007 level of earnings by 2018. While there is still a loss for the NHPI group, it is not as significant as for the AIAN sample. However, while both groups saw some recovery, those with a high school diploma returned to a level closer to their earnings prior to the Great Recession than those without a diploma.

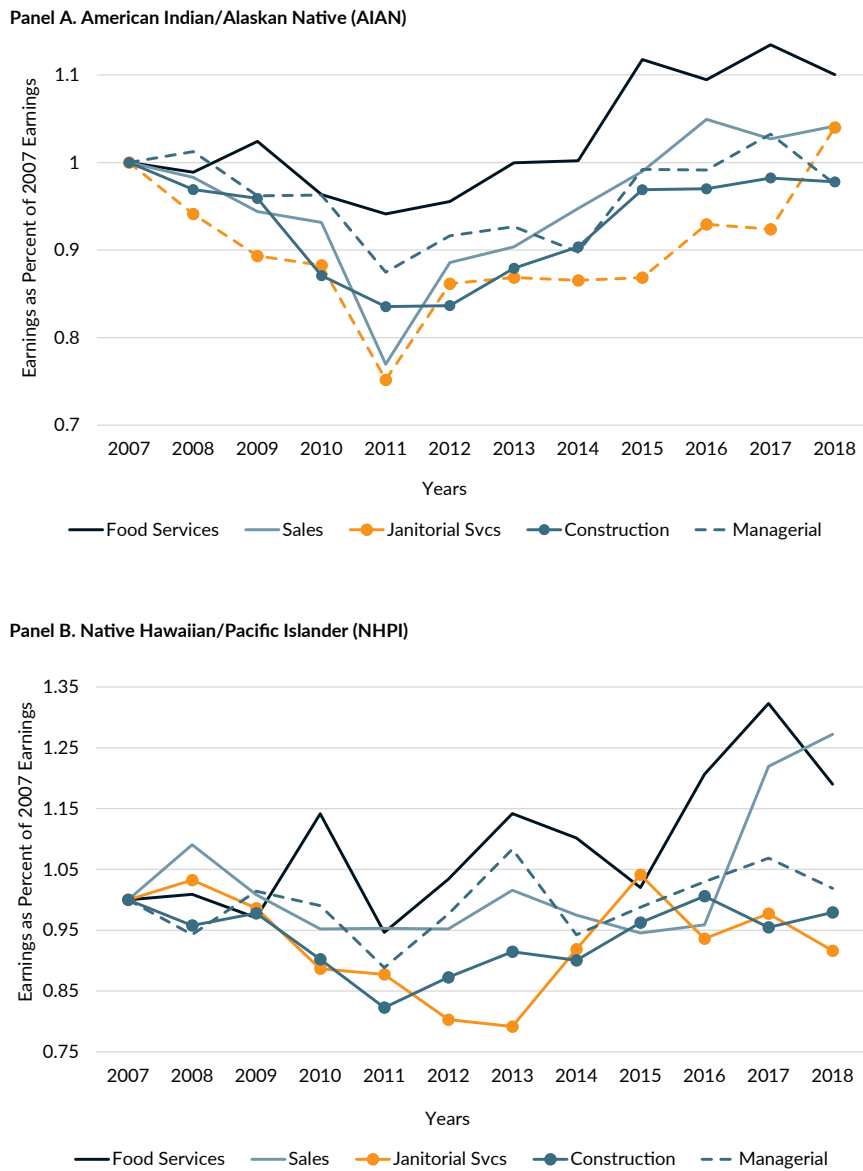
Looking at workers by ethnicity and occupation also sheds light on employment conditions during and after the Great Recession. For this analysis, I selected the traditionally blue-collar occupations of food service, retail sales, janitorial services, and construction, with managerial occupations as a useful comparison. As seen in Figure 3, all these sectors—including managerial—experienced a sharp dip around 2011. Particularly sharp drops in the retail and janitorial sectors occurred for AIAN workers in 2011. Food services, on the other hand, suffered the least decline and workers in this sector fared better by 2018 than in 2007. By comparison, those in the management saw a decline during the recession, but also a rebound towards the end of the data period.

Employment for NHPI workers was more erratic and the trends less clear than for their AIAN peers. Workers in construction and janitorial services saw decreased earnings in 2011 to 2013, relative to 2007, but a noticeable recovery emerged by 2018. As was the case for the AIAN group, NHPIs working in food service weathered the Great Recession better than others in terms of not seeing a significant drop in earnings and, along with their peers in the retail sector, were doing much better by 2018.

Comparing the COVID-19 Pandemic to the Great Recession for Indigenous Peoples

While both the Great Recession and the COVID-19 pandemic created severe economic challenges for many ethnic/racial groups and workers in a wide range of occupations, significant differences exist in the severity of impacts across communities. Food service, for example, has been one sector most affected by the public health crisis of COVID-19, while in the Great Recession, food service workers fared better than their non-managerial counterparts. This is also true for retail workers. The Great Recession was driven in large

Figure 3. Total Personal Earnings by Selected Occupational Categories



Note: All dollar values are inflated to 2018 dollars using Bureau of Labor Statistics CPI-Urban Index for June.

part by financial crises emerging from the subprime housing markets, which significantly affected the construction sector. That element has not been part of the ongoing pandemic.

Looking specifically at how the COVID-19 pandemic has affected Indigenous peoples, a few factors stand out. The COVID-19 pandemic precipitated abrupt and lengthy closures of tribal hospitality enterprises such as casinos, hotels, and restaurants. Public health issues aside, this was a tremendous economic loss for individuals, families, communities, and tribal governments.

Indigenous peoples and other minoritized groups have been disproportionately infected by and dying from COVID-19 compared to non-Hispanic whites. The NHPI death rate

in California, for example, has been four times higher than it should be based solely on population figures,⁷ and the Navajo Nation experienced one of the highest per-capita infection rates in the country.⁸ One factor is their over-representation in occupations deemed “essential” during the pandemic, meaning that they were still working, often in close contact with coworkers and the public, before adequate protections were recognized or implemented.

In a research report from early in the pandemic, my co-authors and I examined what the onset of the COVID-19 pandemic looked like for Indigenous communities, and what factors were exacerbating the public health crisis.⁹ Longstanding economic and health disparities between Indigenous peoples and their NHW peers have contributed to higher infection, illness, and death rates. We found that the higher rate of reservation households lacking indoor plumbing—on average, 1 percent versus .4 percent for the United States as a whole, although the Navajo Nation is an extreme at 18 percent without indoor plumbing—was correlated to higher infection rates, likely due to limitations on handwashing and other hygiene activities. Interestingly, we found no connection between household overcrowding and higher infections rates.

English language proficiency introduces a risk factor that is nuanced in its implications. Overall, Indigenous households are English speaking at a higher rate than the overall U.S. population: 82 percent compared to 78 percent. But it is important to note, after English and Spanish, what other languages might be. In the general U.S. population, many secondary languages are spoken by thousands, or even millions, of individuals. Many governmental materials, including public health information, have been translated into those languages (e.g., Spanish, Mandarin, Arabic, Vietnamese, French, etc.). Within Indigenous households, despite many emergent Indigenous language revitalization efforts nationwide, speakers of traditional languages may only have dozens or hundreds of linguistic counterparts. As such, the likelihood is low that critical public health information is translated into these languages.

Finally, the varying status of tribal governments and Indigenous peoples in relation to the U.S. federal government had a tremendous impact on the reach and efficacy of pandemic relief funds and programs. In a series of policy briefs from May 2020, my co-authors and I made the case that the system of recognizing American Indian tribes and counting members—and the formula for distributing CARES Act COVID-19 relief funds—created severe inequalities in who received assistance and in what amounts.¹⁰ These funds were vital not just for individuals and families but also for tribal governments striving to provide critical social and medical services to community members.

With the Tribal Nations and the world still in the grips of the COVID-19 pandemic, the long-lasting ripple effects of this combined health and economic crisis continue to emerge. Where we stand today, it seems clear that the pandemic has exacerbated longstanding inequities between Indigenous peoples and their NHW counterparts. The questions to answer are: How well we will recover, and how long it will take? ■

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⁷This article is derived from Akee, R. (2021). The Great Recession and economic outcomes for Indigenous Peoples in the United States. *The ANNALS of the American Academy of Political and Social Science* 695(1), 143–157. <https://doi.org/10.1177/00027162211025476>

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