

The Cost of Living

2018 and early 2019

By NEAL FRIED

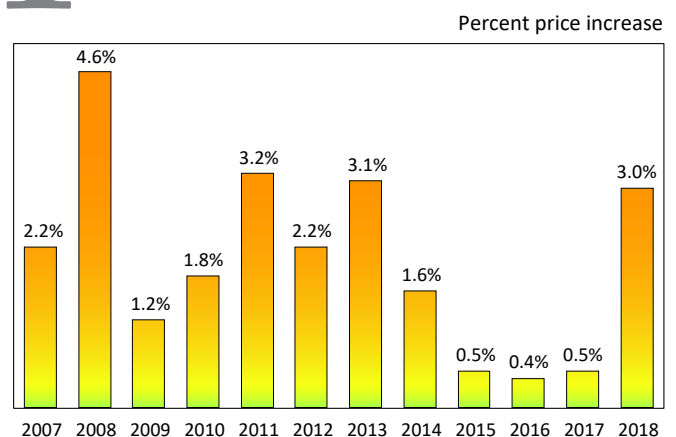
Until 2018, the story on price increases had been the same for three years straight. The state's single consumer price index registered inflation of 0.5 percent or less each year from 2015 through 2017, which was the lowest period for inflation in Alaska's history. (See Exhibit 1.) This was largely due to the weak housing market tied to Alaska's recession, which began in late 2015.

Then in 2018, consumer prices jumped 3 percent, which was the highest inflation rate in five years and the first time in three years that Alaska's costs increased faster than the nation's. (For more on the Consumer Price Index for Urban Alaska, see the sidebars on pages 5 and 7.)

One of the biggest contributors to 2018's increase was medical care, which has run much higher than the overall index for years. Transportation and energy cost increases were major factors as well. (See Exhibit 2.)

1 Prices Jumped 3% in 2018

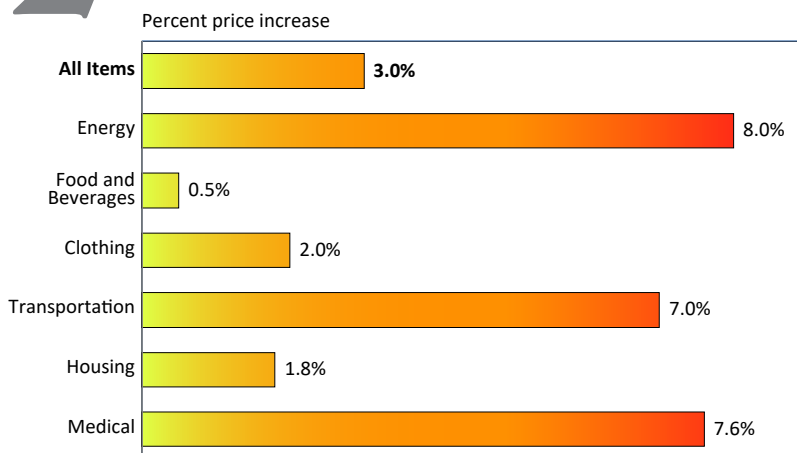
URBAN ALASKA, YEARLY INFLATION, 2007-18



Source: U.S. Department of Labor, Bureau of Labor Statistics, Consumer Price Index for Urban Alaska

2 Medical, Energy Rise Most

URBAN ALASKA, INFLATION BY CATEGORY, 2017-18



Source: U.S. Department of Labor, Bureau of Labor Statistics, Consumer Price Index for Urban Alaska

Early 2019 data hint at a repeat of 2018

While 2019's total inflation rate won't be released until January 2020, updates from February and April hint at more of the same this year.

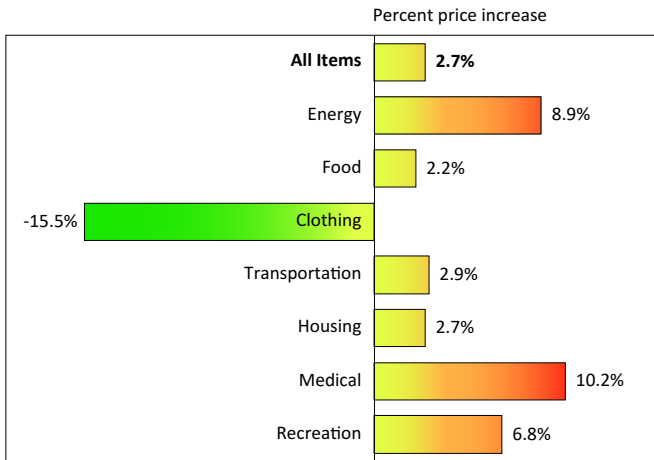
February's inflation rate was 2.5 percent relative to February 2018, and for April it was 2.7 percent. (See Exhibit 3.)

How housing has such a big effect on inflation

Housing has a major influence on the total index because it has such a large weight, meaning it's the largest expenditure for the average household. (See Exhibit 4.) It's also one of the components that gives an area's index its local identity, as housing markets

3 A Peek Into 2019's Costs

INFLATION, APR 2018 TO APR 2019



Source: U.S. Department of Labor, Bureau of Labor Statistics, Consumer Price Index for Urban Alaska

Alaska's sole inflation index changed slightly in 2018

For nearly 60 years and with few methodological changes, the Anchorage Consumer Price Index was the go-to CPI for Alaskans. In 2018, the U.S. Bureau of Labor Statistics rebranded it as the CPI for Urban Alaska and altered its geography, but in effect, the change was in name only. The two iterations are so close that the new index can be matched with the old to calculate changes in the CPI back to 1960.

In theory, the new index represents the Matanuska-Susitna, Fairbanks North Star, Juneau, and Ketchikan boroughs and the Municipality of Anchorage, but the sample comes solely from Anchorage and Mat-Su, which for all practical purposes are a single economy.

The CPI only measures price changes in a single place over time and can't be used to compare costs between places. For more on the two main ways to measure the cost of living, see the sidebar on page 7.

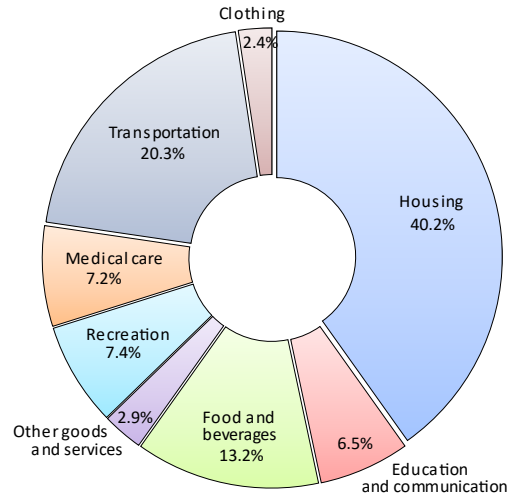
differ so much around the country.

National and international trends dictate prices for most other goods and services in the CPI. For example, price changes for energy, food, clothing, insurance, and transportation are usually responses to national or global market conditions.

Contrasting Anchorage and Seattle illustrates how housing can sway an area's inflation rate. Seattle's housing market was red hot between 2015 and 2018 while An-

4 How We Spend Our Money

BY CATEGORY, URBAN ALASKA, DEC 2018



Source: U.S. Department of Labor, Bureau of Labor Statistics, Consumer Price Index for Urban Alaska

chorage's was stagnant, and for that period the Urban Alaska CPI's housing component rose 3 percent while Seattle's jumped 15.8 percent. As a result, the inflation rates for that period were 4 percent for Alaska and 8.7 percent for Seattle.

Nothing matches health care's rise, and energy is most volatile

Medical care, on the other hand, is a small component of the index but its meteoric rise is worth noting. (See Exhibit 5.) Between 2010 and 2018, Alaska's overall index increased 15.6 percent, and health care costs rose 38 percent. No other CPI component has come close, and price increases have been larger for Alaska than the U.S. in most years.

Energy prices are the most volatile component of the index, so they too can play a major role in its year-to-year changes. In 2015, Alaska's energy index fell 10.3 percent, and in 2018, it grew 8 percent.

Inflation can also show whether that house was a good deal

In general, the CPI only shows change in costs in a single area over time (see the sidebar on page 7), but it's also useful for calculating change in the value of the dollar. For example, in 2010, the average single-family home on the Kenai Peninsula cost \$229,000 in 2010 dollars, and the same house cost \$278,575 in 2018. So was the house a better deal back then? The answer is yes

5

Urban Alaska and U.S. Metro Inflation

BY TYPE OF EXPENDITURE, 2008 TO 2018

ALL ITEMS		
Year	Urban AK % chg from previous yr	U.S. % chg from previous yr
2008	4.6%	3.8%
2009	1.2%	-0.4%
2010	1.8%	1.6%
2011	3.2%	3.2%
2012	2.2%	2.1%
2013	3.1%	1.5%
2014	1.6%	1.6%
2015	0.5%	0.1%
2016	0.4%	1.3%
2017	0.5%	2.1%
2018	3.0%	2.4%

ALL ITEMS MINUS HOUSING		
Year	Urban AK % chg from previous yr	U.S. % chg from previous yr
2008	5.5%	4.5%
2009	0.6%	-1.0%
2010	1.5%	2.6%
2011	3.4%	4.0%
2012	1.7%	2.0%
2013	3.0%	1.1%
2014	1.0%	1.1%
2015	-0.3%	-1.3%
2016	0.3%	0.2%
2017	1.1%	1.6%
2018	3.7%	2.1%

HOUSING		
Year	Urban AK % chg from previous yr	U.S. % chg from previous yr
2008	2.5%	3.2%
2009	3.7%	0.4%
2010	0.9%	-0.4%
2011	2.9%	1.3%
2012	2.7%	1.6%
2013	3.1%	2.1%
2014	2.7%	2.6%
2015	2.4%	2.1%
2016	0.9%	2.5%
2017	0.3%	3.0%
2018	1.8%	2.9%

TRANSPORTATION		
Year	Urban AK % chg from previous yr	U.S. % chg from previous yr
2008	10.5%	5.9%
2009	-4.8%	-8.3%
2010	4.4%	7.9%
2011	4.7%	9.8%
2012	2.0%	2.3%
2013	7.0%	—
2014	-0.6%	-0.7%
2015	-6.8%	-7.8%
2016	-1.7%	-2.1%
2017	2.4%	3.4%
2018	7.0%	4.5%

FOOD AND BEVERAGES		
Year	Urban AK % chg from previous yr	U.S. % chg from previous yr
2008	4.4%	5.4%
2009	-0.2%	1.9%
2010	-0.2%	0.8%
2011	3.6%	3.6%
2012	2.4%	2.6%
2013	0.4%	1.4%
2014	1.3%	2.3%
2015	1.7%	1.8%
2016	-0.7%	0.3%
2017	-0.05%	0.9%
2018	0.5%	1.4%

MEDICAL CARE		
Year	Urban AK % chg from previous yr	U.S. % chg from previous yr
2008	3.7%	3.7%
2009	4.3%	3.2%
2010	5.7%	3.4%
2011	5.3%	3.0%
2012	4.3%	3.7%
2013	3.2%	2.5%
2014	3.2%	2.4%
2015	3.3%	2.6%
2016	4.5%	3.8%
2017	1.5%	2.5%
2018	7.6%	2.0%

CLOTHING		
Year	Urban AK % chg from previous yr	U.S. % chg from previous yr
2008	6.1%	-0.1%
2009	3.6%	1.0%
2010	3.0%	-0.5%
2011	2.2%	2.2%
2012	4.3%	3.4%
2013	4.8%	0.9%
2014	1.5%	0.1%
2015	0.5%	-1.3%
2016	2.6%	0.1%
2017	0.3%	-0.3%
2018	2.0%	0.03%

ENERGY		
Year	Urban AK % chg from previous yr	U.S. % chg from previous yr
2008	17.5%	13.9%
2009	-7.8%	-18.4%
2010	3.5%	9.5%
2011	10.8%	15.4%
2012	1.1%	0.9%
2013	-2.7%	-0.7%
2014	2.4%	-0.3%
2015	-10.3%	-16.7%
2016	-5.8%	-6.6%
2017	12.3%	7.9%
2018	8.0%	7.5%

Source: U.S. Department of Labor, Bureau of Labor Statistics

Calculating consumer price index changes

Changes in an index are usually expressed as percent changes rather than index points, because index points are affected by the level of the index in relation to its base period. The following example shows how to compute changes in index points and percentages.

Index point change

CPI for Urban Alaska 2018.....225.545
 Minus CPI for 2017.....218.873
 Equals index point change.....6.7

Percent change

Index point difference.....6.7
 Divided by 2017 index.....218.873
 Times 100 equals % chg.....3.0%

— but just barely. In 2018 dollars, that \$229,000 house in 2010 would have cost \$264,675.

Try our inflation calculator at:
live.laborstats.alaska.gov/cpi/calc.cfm

A major source for comparing places

Although the consumer price index can't compare costs between places, a range of other data sources are available for those comparisons, and the rest of this article will focus on that approach to the cost of living.

The Council for Community and Economic Research, or C2ER, publishes the results of a detailed cost of living survey for more than 250 U.S. cities each quarter and annually. C2ER bases this survey on the consumption pattern of a professional executive household in the top income quartile.

Besides the CPI, it's probably the most popular and widely used cost of living measure. Many other cost of living indexes derive their data from the C2ER, whether they cite it or not.

This detailed survey tracks costs for 60

Two ways to measure the cost of living

1. In a single place over time (inflation)

Alaska has a single measure to track inflation, or how much prices have gone up: the Consumer Price Index for Urban Alaska.

Although there's a national consumer price index and CPIs for 32 cities and larger areas around the country, these only track costs over time in a single area and can't be used to compare costs between areas. For example, 2018's index for Urban Alaska was 225.545, and the national index was 251.107. This doesn't mean the cost of living in the U.S. was higher; it just means prices have increased a bit faster in the nation as a whole since the early 1980s than they have in Alaska cities. (See the sidebar on page 5 for more details on the Consumer Price Index for Urban Alaska and its recent changes.)

The U.S. Bureau of Labor Statistics goes to great lengths to produce the CPI through elaborate surveys of consumer spending habits. These surveys cover a "market basket" of common items, to which BLS assigns location-specific weights to determine consumers' spending habits, as shown in Exhibit 4. The categories include housing, food, transportation, medical care, and entertainment.

For example, it shows average Alaskan consumers spend 40 percent of their consumption dollars on housing and 20 percent on transportation. In most categories, Alaska's weights differ only slightly from the national values, but recreation is an exception. The average national consumer spends 5.1 percent on recreation, and the average Alaskan spends 7.4 percent.

The inflation rate is also used to adjust the value of the dollar over time. Workers, unions, and employers watch the

CPI because bargaining agreements and other wage rate negotiations often incorporate an adjustment for inflation. The CPI also plays a role in long-term real estate rental contracts, annual adjustments to the state's minimum wage, child support payments, and budgeting. The Alaska Permanent Fund Corporation uses the CPI to inflation-proof the fund, and senior citizens are affected nearly every year because Social Security payments are adjusted using the CPI.

BLS produces the CPI for Urban Alaska bimonthly (in February, April, June, August, October, and December) as well as annually and semiannually.

2. In different places at the same time

The other way to assess the cost of living is to compare costs between two or more places. For example, is it more expensive to live in Portland or Dillingham?

While measuring inflation has a single source, a range of sources are available for analyzing costs between areas. These sources have varying degrees of reliability and different methods, so it's important to take their strengths and weaknesses into account. Some sources rely on random private individuals to enter prices for various goods and services in their communities and then automatically generate a cost of living index, and others use rigorous, broad-based, and transparent statistical methods. A good solution is to use a multiple sources and look for consistent patterns.

Other sources that aren't even marketed as cost of living measures can shed light on price differences, too. One is the U.S. Census Bureau's annual American Community Survey, which includes the median value of a home and median gross rental cost data for every community in the country. Because of the small sample sizes and large margins of error for many communities, the five-year average is recommended when using the ACS.

specific items and services, called the "market basket," in categories such as groceries, housing, utilities, transportation, health care, and miscellaneous goods and services, and publishes the costs of the items as well as the broad categories. (See page 10 for a look at what common items cost in Alaska this year, as well as their average costs nationally and where they're highest and lowest.)

Alaska cities remain above average

The first quarter 2019 C2ER survey again showed that costs in Anchorage, Fairbanks, and Juneau remain well above the national average. Given an index value of 100 for the U.S. average, Anchorage's cost index weighed in at 127.4 points, or 27.4 percent higher. (See Exhibit 8.) Fairbanks came in at 128.0 and Juneau at 134.2.

Housing in Alaska drove up total costs, but it wasn't the only factor, as Alaska's consumer expenditures in all categories were higher than average, and some markedly so. Fairbanks' utility costs ranked highest in the nation among cities surveyed.

... but a growing list of cities in the Lower 48 eclipse our costs

Although Alaska cities have higher-than-average costs, they aren't among the most expensive overall anymore, and the list of cities whose costs have overtaken Alaska's continues to grow. In 2019, 16 urban areas' costs exceeded those in Juneau, which was Alaska's most expensive surveyed city, and 18 were higher than Fairbanks and Anchorage. (See exhibits 7 and 8.) In 2000,

6

How Alaska Cities' Costs Compare to Other U.S. Cities

1ST QUARTER 2019 INDEX FOR PROFESSIONAL HOUSEHOLDS, U.S. AVERAGE = 100

	Total Index	Groceries	Housing	Utilities	Transportation	Health Care	Misc.
Category's weight in total index	100.0%	13.40%	29.34%	8.94%	9.22%	4.26%	34.84%
U.S. average	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Region and City							
West							
Anchorage, AK	127.4	134.5	138.3	123.1	119.6	145.9	116.3
Fairbanks, AK	128.0	118.0	117.6	210.5	124.1	155.3	117.1
Juneau, AK	134.2	150.0	145.9	129.0	148.8	151.5	113.7
West							
Portland, OR	134.2	110.3	181.8	88.0	136.7	113.2	117.2
Honolulu, HI	192.9	169.3	318.6	172.7	148.6	116.8	122.4
San Francisco, CA	200.1	135.6	359.4	122.2	150.0	130.5	132.4
Los Angeles-Long Beach, CA	148.3	116.2	227.3	107.3	135.6	110.9	112.6
Reno, NV	112.3	119.6	124.1	82.1	129.1	110.0	103.0
Seattle, WA	159.4	128.6	225.7	107.9	143.6	130.0	136.4
Spokane, WA	100.1	98.2	98.1	94.3	114.0	114.5	98.6
Tacoma, WA	111.6	115.4	113.3	86.1	104.3	121.4	116.0
Boise, ID	97.1	92.8	95.6	82.6	110.8	105.1	99.0
Bozeman, MT	106.9	105.1	111.6	83.9	125.0	98.4	105.8
Laramie, WY	89.3	98.7	72.3	87.3	99.3	94.9	97.2
Salt Lake City, UT	105.2	110.5	105.7	87.9	110.5	104.5	105.9
Southwest/Mountain							
Phoenix, AZ	97.4	97.0	96.0	109.2	113.2	92.9	92.0
Denver, CO	111.1	98.6	137.0	83.6	102.0	102.6	104.5
Colorado Springs, CO	99.9	96.7	98.5	95.3	96.1	105.7	103.7
LOWEST → Harlingen, TX	74.7	83	59.1	97.4	81.2	85.5	75.8
Dallas, TX	106.7	101.9	112.8	107.9	93.5	105.2	106.7
Houston, TX	95.4	87.1	90.7	107.3	96.3	92.3	99.6
Midland, TX	102.7	93.0	88.7	105.0	112.8	99.4	115.4
Oklahoma City, OK	84.5	94.3	67.6	93.5	80.3	97.4	92.1
Midwest							
Cleveland, OH	95.7	106.4	81.7	96.9	92.3	104.2	103.0
Peoria, IL	91.8	90.0	74.2	94.1	108.0	97.2	101.7
Minneapolis, MN	106.3	104.1	100.7	96.6	105.6	105.2	114.8
Fargo-Moorhead, ND-MN	97.7	111.2	76.6	90.7	102.1	118.5	108.3
Southeast							
Alexandria, VA	142.6	115.5	223.5	97.3	103.2	92.4	113.0
Fort Lauderdale, FL	118.8	100.9	159.3	103.1	107.6	94.6	101.4
Miami, FL	115.7	111.7	139.9	103.1	106.6	98.6	104.7
Birmingham, AL	87.8	88.5	77.7	108.3	90.0	82.0	91.0
Atlanta, GA	102.3	101.8	104.2	85.7	100.6	107.0	105.1
New Orleans, LA	103.4	103.2	120.7	83.0	100.8	111.5	93.9
Atlantic/New England							
HIGHEST → New York City/Manhattan, NY	238.4	139.7	487.6	123.0	142.2	111.9	136.9
Boston, MA	153.5	110.5	227.2	119.6	121.4	117.0	129.6
Pittsburgh, PA	102.2	111.3	103.9	110.4	111.4	98.8	93.2
Hartford, CT	120.1	112.8	120.8	127.2	111.4	106.4	124.4

Source: The Council for Community and Economic Research

7 U.S. Cities With Higher Costs than Alaska's

1ST QUARTER 2019

Community	Index
U.S. average	100.0
New York (Manhattan), NY	238.4
San Francisco, CA	200.1
Honolulu, HI	192.9
New York (Brooklyn), NY	186.4
Seattle, WA	159.4
Washington, DC	158.4
Oakland, CA	158.2
Boston, MA	153.5
Orange County, CA	151.4
Arlington, VA	151.1
New York (Queens), NY	149.9
Los Angeles-Long Beach, CA	148.3
Bethesda-Gaithersburg-Frederick, MD	146.1
San Diego, CA	143.8
Alexandria, VA	142.6
Stamford, CT	142.2
Juneau, AK	134.2
Portland, OR	134.2
Morristown, NJ	128.8
Fairbanks, AK	128.0
Anchorage, AK	127.4
Bergen-Passaic, NJ	127.4

Source: The Council for Community and Economic Research

there were only six.

Most of the costliest cities have little in common with Anchorage, Fairbanks, and Juneau. These cities are among the nation's largest or are part of larger metropolitan areas, and their populations far exceed the entire state of Alaska.

In Alaska's case, distance from large national markets and the small population largely explain the higher cost of living, but housing costs are the driver in all of the other markets, where demand has become more and more extreme. Seattle is one example. As Exhibit 8 shows, Anchorage's cost of living was over 25 percent higher than Seattle's in 1996, but Seattle's costs have risen much faster since then. This year, Seattle's costs are over 30 percent higher than Anchorage's.

Manhattan, part of New York City, was the most expensive place in the nation in 2019, with an index value of 238.4 — well over double the U.S. average. Manhattan's housing differential was 487.6, meaning you would pay nearly quintuple the typical U.S. price for a home there.

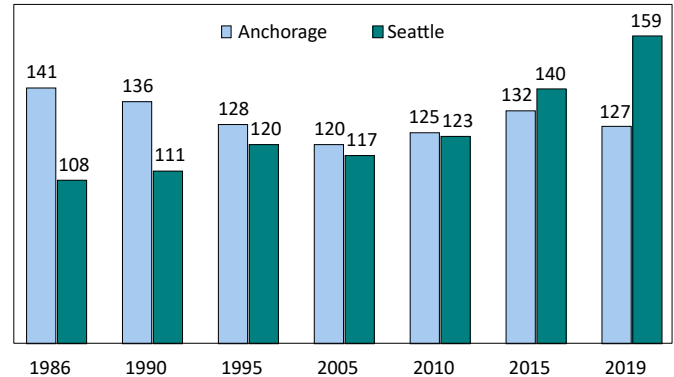
San Francisco, also notorious for its skyrocketing housing costs, followed at 200.1 overall.

A shortcoming of the C2ER is it doesn't address taxation,

8 Cost of Living in Seattle Soars Above Anchorage

1ST QUARTER 2019

U.S. average = 100



Source: The Council for Community and Economic Research

9 10 Highest-Cost States in 2018

State	Index
U.S. average	100.0
1 Hawaii	190.1
2 California	138.7
3 New York	135.7
4 Massachusetts	133.8
5 Maryland	131.3
6 Oregon	131.2
7 Alaska	130.6
8 Connecticut	128.8
9 Rhode Island	122.5
10 New Jersey	122.5

Sources: Missouri Economic Research and Information Center and The Council For Community And Economic Research

which is one area where Alaska would have a clear cost advantage as the only state without a personal income tax or a statewide sales tax. In 2018, Kiplinger listed Alaska as the most "tax friendly" state.

Alaska 7th most expensive, maybe

One C2ER spinoff is the cost-of-living-by-state series the Missouri Economic Research and Information Center publishes each year. It simply averages participating cities' indexes to create a statewide index, without applying any weight for city size.

This rough calculation produced an index of 130.6 for Alaska in 2018, making it the seventh most expensive

What Common Items and Services Cost in Early 2019



CELL SERVICE

Anchorage \$179.40
Fairbanks \$176.40
Juneau \$186.60

Chicago, IL: \$198.50

U.S. Average
\$179.21

Portland, OR: \$164.96



EYE EXAM

Anchorage \$195.67
Fairbanks \$256.00
Juneau \$232.00

Fairbanks, AK: \$256.00

U.S. Average
\$104.72

Columbia, SC: \$50.00

GROCERY STORE BREAD



Juneau, AK: \$5.82

U.S. Average
\$3.40

Champaign-Urbana, IL: \$1.73

Anchorage \$4.49
Fairbanks \$3.09
Juneau \$5.82

VET VISIT



Anchorage \$67.50
Fairbanks \$48.25
Juneau \$50.69

Martinsville-Henry County, VA: \$106.85

U.S. Average
\$52.17

Richmond, IN: \$21.00

ICEBERG LETTUCE



Juneau, AK: \$3.04

U.S. Average
\$1.55

San Marcos, TX: \$0.88

Anchorage \$2.23
Fairbanks \$2.29
Juneau \$3.04

QUARTER POUNDER WITH CHEESE



Anchorage \$4.95
Fairbanks \$5.49
Juneau \$5.39

Seattle, WA: \$5.95

U.S. Average
\$4.28

Charlottesville, VA: \$2.12

HAIRCUT AT BARBER

Seattle, WA: \$34.38

U.S. Average
\$17.22

Harlingen, TX: \$6.00

Anchorage \$24.60
Fairbanks \$14.48
Juneau \$21.33



SALON CUT AND STYLE

San Francisco, CA: \$74.86

U.S. Average
\$38.29

Kalamazoo, MI: \$16.55

\$55.75 Anchorage
\$50.25 Fairbanks
\$40.13 Juneau



MEDIUM CHEESE PIZZA

Anchorage \$10.99
Fairbanks \$11.99
Juneau \$11.99

San Juan, PR: \$14.00

U.S. Average
\$10.31

Moses Lake, WA: \$5.99



Queens, NY: \$2.81

U.S. Average
\$1.10

Temple, TX: \$0.84



MARGARINE

Anchorage \$1.43
Fairbanks \$1.47
Juneau \$1.29

Source: The Council for Community and Economic Research

state. (See Exhibit 9.) While this is based solely on Anchorage, Juneau, and Fairbanks, those communities represent 58 percent of the state's population. State-level data should be used only generally, though. Consider, for example, how much costs differ in Seattle versus rural Washington.

Rent and house prices around the state

Because housing eats up such a large slice of a household's income, it's often used as a proxy for an area's overall cost of living.

The Alaska Housing Finance Corporation contracts with the Alaska Department of Labor and Workforce Development to collect housing data around the state, which can vary dramatically. Supply, vacancy rates, home quality, local economic health, building costs, and area demographics are all factors. (See exhibits 10 and 11.)

We also calculate an affordability index for six areas in the state, which takes ability to pay into account as well as home prices. (See Exhibit 12.) The result is the number of average monthly paychecks necessary to afford a typical house.

In late 2018, Kodiak was the least affordable place to buy a home, followed by Ketchikan. The Fairbanks area was most affordable.

Adding wages to the equation can sometimes change the picture considerably. For example, as in the past, earning a higher average wage in Anchorage makes a home in the Matanuska-Susitna Borough more affordable. This is common, as 30 percent of working Mat-Su residents commute to Anchorage. Although Mat-Su's housing prices are low, the area's homes are less affordable for someone with a job in the borough because of its lower wages.

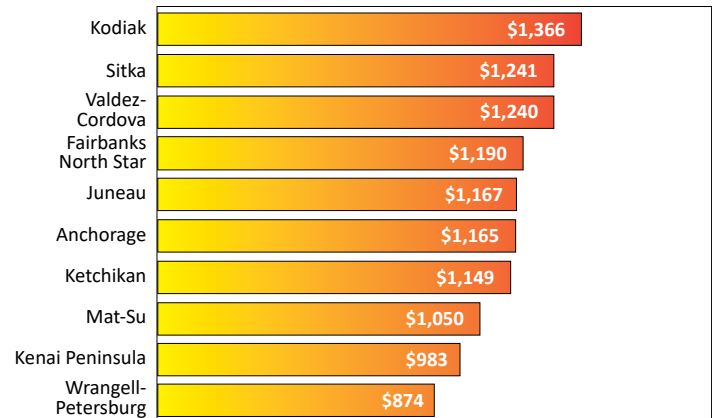
Alaska's health care costs remain among the highest

Exhibit 13 shows one category of health care expenses

10

Kodiak, Sitka Rents Highest

MEDIAN ADJUSTED RENT, ALL UNIT TYPES, 2019



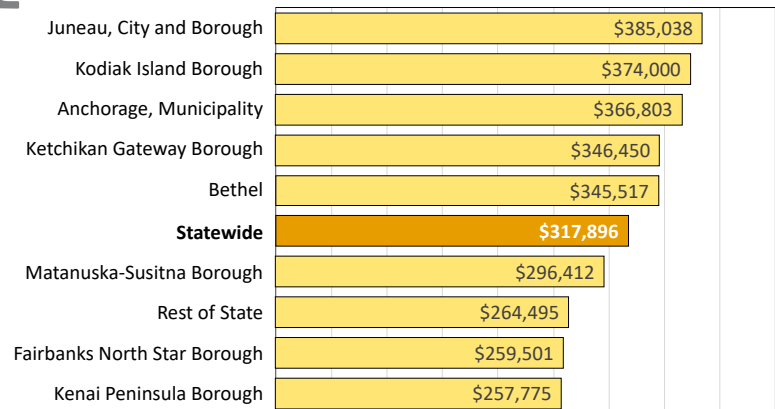
Notes: Adjusted rent includes the cost of all typical utilities.

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section and Alaska Housing and Finance Corporation, 2019 Rental Market Survey

11

Kenai Area Houses Cost the Least

2-BEDROOM AVERAGE SINGLE-FAMILY, 1ST QUARTER 2019



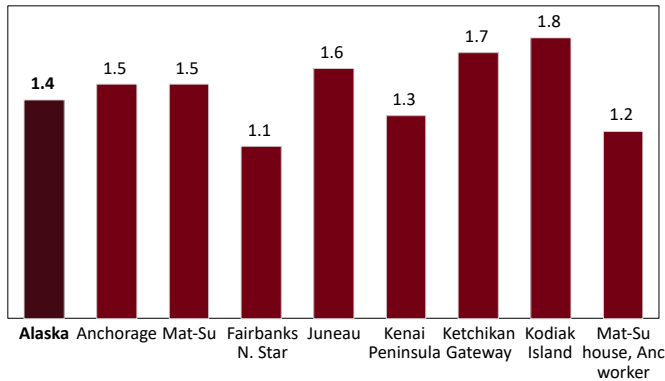
Sources: Alaska Department of Labor and Workforce Development, Research and Analysis Section; and Alaska Housing Finance Corporation

in Alaska compared to others around the country: the monthly cost of health insurance through the public marketplace for a 40-year-old nonsmoker. Alaska's monthly premium through the Affordable Care Act had been the highest by far in recent years, but premiums in Nebraska, Wyoming, and Iowa have pushed Alaska down to fourth place.

The C2ER's health care component index also reflects Alaska's high costs. (See Exhibit 6.) The three Alaska communities surveyed are the three highest ranked in the country, with costs hovering around 50 percent

12 Monthly Paychecks Necessary to Buy the Average House

ALASKA, SECOND HALF OF 2018



Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section and Alaska Housing Finance Corporation, Quarterly Survey of Mortgage Lending Activity

13 States' Health Insurance Costs*

PUBLIC, MONTHLY, 2019

State	Premium
1 Nebraska	\$821
2 Wyoming	\$796
3 Iowa	\$724
4 Alaska	\$696
5 Oklahoma	\$686
6 Delaware	\$685
7 Vermont	\$622
8 South Carolina	\$603
9 New York	\$587
10 Wisconsin	\$563
U.S. average	\$427

*Second lowest plan (silver tier) under Affordable Care Act for a 40-year-old nonsmoker, before tax credit

Source: Kaiser Family Foundation

14 What Heating Fuel and Gasoline Cost in Alaska Villages

JANUARY 2019 SURVEY

Community ¹	Heating fuel #1 residential, gal	Gasoline regular, gal	Community ¹	Heating fuel #1 residential, gal	Gasoline regular, gal
Akiak	\$5.69	\$5.55	Huslia	\$6.25	\$6.00
Angoon	\$4.34	\$4.55	Juneau	\$3.39	\$3.59
Arctic Village	\$12.00	\$10.00	King Cove	\$3.33	\$4.88
Atka	\$6.85	\$7.35	Kodiak	\$3.23	\$3.85
Bethel	\$4.60	\$4.61	Kokhanok	\$7.24	\$7.00
Chenega Bay	\$5.90	\$5.95	Kotzebue	\$6.24	\$6.03
Chignik	\$3.94	\$4.56	Mountain Village	\$6.00	\$5.96
Circle	\$2.69	\$3.34	Nenana	\$3.14	\$3.58
Deering	\$3.35	\$4.38	Noorvik	\$5.64	\$6.06
Dillingham	\$3.86	\$4.97	Nuiqsut	\$2.30	\$5.00
Eagle	\$4.00	\$4.50	Nulato	\$4.80	\$5.40
Emmonak	\$6.60	\$6.75	Pelican	\$4.41	\$4.07
Fairbanks	\$2.66	\$3.19	Pilot Station	\$6.55	\$6.55
Galena	\$6.06	\$6.23	Port Lions	\$4.30	\$4.51
Gambell	\$4.58	\$4.74	Ruby	\$5.50	\$6.50
Glennallen	\$2.92	\$3.15	Sand Point	\$4.69	\$3.54
Golovin	\$3.70	\$3.70	Shishmaref	\$4.42	\$4.52
Holy Cross	\$6.05	\$5.80	Unalaska	\$3.59	\$4.16
Homer	\$3.12	\$3.24	Utqiagvik*	—	\$5.90
Hooper Bay	\$5.72	\$5.85	Wales	\$6.44	\$6.70
			Wrangell	\$3.48	\$3.87

¹This is a partial list of the 100 communities surveyed. For all communities, see the publication cited below.

*Utqiagvik uses subsidized natural gas.

Source: Department of Commerce, Community, and Economic Development, Current Community Conditions: Fuel Prices Across Alaska, January 2019

higher than the average city surveyed. At a distant fourth among the 250-plus cities surveyed was San Francisco, at about 31 percent above average.

Arctic Village tops heating fuel costs in 2019 at \$12 per gallon

The Alaska Department of Commerce, Community, and Economic Development produces the Alaska Fuel Price Report, a semiannual survey of fuel prices in 100 communities.

In early 2019, as in past years, the communities with the highest fuel prices are those that depend on air transportation for their supplies. (See Exhibit 14.) With few exceptions, these smaller and more remote communities pay significantly higher fuel prices than the larger and more urban areas of the state.

Arctic Village has the most expensive gasoline and heating fuel this year, at \$10 and \$12 per gallon, respectively.

Weekly groceries cost the most in Bethel, the least in Fairbanks

Four times a year, the University of Alaska Fairbanks' Cooperative Extension Service publishes the cost of food at home for a week for surveyed communities around the state. (See Exhibit 15.) This market basket includes items with minimum levels of nutrition at the lowest possible cost, based on the needs of a family of four with two children, ages 6 and 11.

Bethel topped the list in late 2018, with groceries costing well over double the U.S. average, at \$396 per week. Fairbanks' food cost roughly half of what it would have in Bethel, at \$206, and was the lowest among surveyed Alaska communities.

An example of how the military gauges cost of living by state

The U.S. Department of Defense produces a number of cost-of-living indexes to adjust for their personnel and facilities around the country. One example is the index in Exhibit 16, which the U.S. Army Corps of Engineers uses to adjust for construction costs by state for military and civil works projects.

Alaska came in second for costs in April of 2018, after Hawaii, and Arkansas ranked last.

Neal Fried is an economist in Anchorage. Reach him at (907) 269-4861 or neal.fried@alaska.gov.

15 Bethel Has The Most Expensive Groceries

COST PER WEEK, DEC 2018

Bethel	\$396	Anchorage	\$211
Cordova	\$303	Kenai	\$211
Sitka	\$274	Mat-Su Borough	\$210
Haines	\$262	Fairbanks	\$206
Delta	\$258	Portland, OR	\$175
Healy	\$230		
Ketchikan	\$223	U.S. average	\$149
Juneau	\$215		

Note: Represents groceries for a week for a family of four with two children, ages 6 and 11

Source: University of Alaska Fairbanks, Cooperative Extension Service

16 Army Corps of Engineers Cost Factors By State

CONSTRUCTION/HOUSING, APR 2018

U.S. average	1.00		
Hawaii	2.40	Washington, D.C.	1.02
Alaska	2.13	New Mexico	1.01
California	1.22	South Dakota	1.01
New Jersey	1.20	Colorado	1.00
Rhode Island	1.20	Iowa	1.00
Massachusetts	1.19	Maryland	1.00
Nevada	1.18	Missouri	1.00
Connecticut	1.12	Nebraska	0.97
New York	1.12	Arizona	0.96
North Dakota	1.12	Wyoming	0.96
Minnesota	1.11	Kansas	0.95
Oregon	1.11	Indiana	0.94
Delaware	1.10	Ohio	0.93
Pennsylvania	1.08	Tennessee	0.92
Wisconsin	1.08	South Carolina	0.91
Maine	1.07	Virginia	0.89
Washington	1.07	Alabama	0.87
Montana	1.06	Kentucky	0.87
Idaho	1.04	Oklahoma	0.87
Michigan	1.04	North Carolina	0.86
Utah	1.04	Florida	0.85
New Hampshire	1.03	Louisiana	0.85
Vermont	1.03	Georgia	0.84
West Virginia	1.03	Mississippi	0.83
Illinois	1.02	Texas	0.82
		Arkansas	0.79

Source: U.S. Army Corps of Engineers, April 2018