



ALASKA ECONOMIC **TRENDS**

JULY 2015

THE COST OF LIVING IN ALASKA

ALASKA ECONOMIC TRENDS

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ALASKA'S COST of LIVING

Still a spendy place, but prices
didn't rise as fast in 2014

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By NEAL FRIED

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DEVELOPMENT**

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ON THE COVER:
Two Alaskan teenagers watch a humpback whale surface near Cape Fanshaw. Photo by Sam Dapcevich

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Alaska Hire, high quality of living are our focus



By Heidi Drygas
Commissioner



Follow the Alaska Department of Labor and Workforce Development on Facebook (facebook.com/alaskalabor) and Twitter (twitter.com/alaskalabor) for the latest news about jobs, workplace safety, and workforce development.

According to the old expression, in Alaska there's almost winter, winter, still winter, and road construction. Summer is here, and Alaskans are hard at work on highway projects, building construction, resource development, commercial fishing, and other occupations. At the Department of Labor, we're working to create even more job opportunities for Alaskans.

Governor Walker and I recently announced an important Alaska Hire determination, which requires that at least 90 percent of jobs on state-funded projects go to Alaska residents. At a time of shrinking capital budgets and declining oil sector employment, it is more important than ever that our limited tax dollars be invested efficiently and create economic opportunities for Alaskans.

Of course, cost savings go hand in hand with smart investments. The governor recently signed an Administrative Order consolidating two of our divisions, Business Partnerships and Employment Security, into one unified Division of Employment and Training Services. Our own Department of Labor employees proposed this consolidation, and I'm very grateful for their suggestion. The consolidation will save an estimated \$600,000 annually without requiring layoffs. In fact, we anticipate it will improve services by reducing administrative overhead and by allowing us to invest more of our very limited budget in workforce development grants.

Saving money shouldn't mean sacrificing services. For example, I'm proud of our Wage and Hour staff, who recently earned headlines for their efforts to increase awareness of Alaskans' labor rights. We are expanding multilingual labor rights materials, meeting with community groups, and engaging with nonprofit partners to crack down on labor trafficking. Our department plays an essential role in our community's safety and quality of life, and as the state seeks cost savings we must not impair the important work department employees do on a daily basis.

During periods of budget cuts, many of us ask: "What is the government doing, why is it doing it, are there things we shouldn't

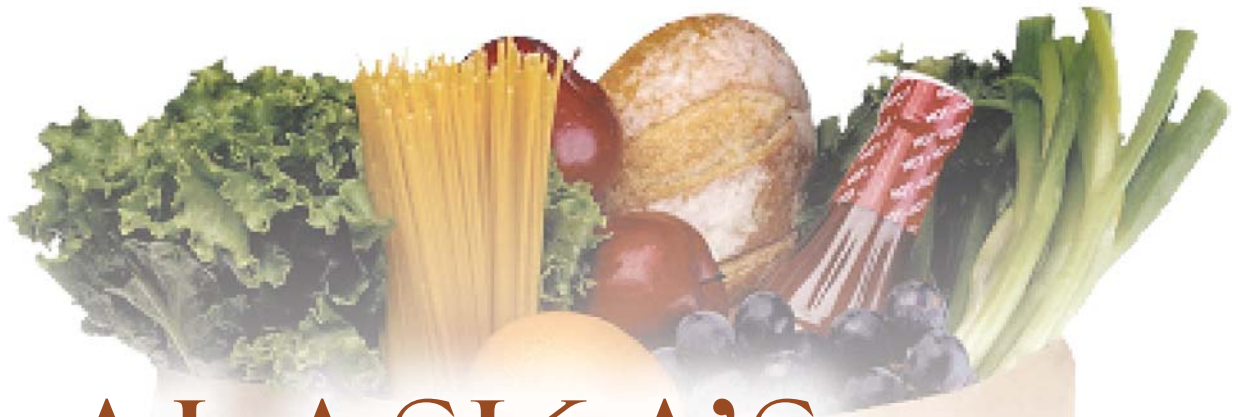
be doing, and are there things we could do better?" In considering these questions, I begin with the assumption that the state's focus should be economic prosperity and security for Alaskans. July *Trends* considers how complicated this subject is by examining cost of living data for different consumer goods in different communities.

We know that some things are more expensive up here, but I actually think the data paint an optimistic picture. From an economic perspective, we're competing for talent with other cities like Seattle and New York. We don't want talented Alaskans to leave their jobs here because quality of life or wages are better in the Lower 48. As this month's *Trends* shows, Alaska is very competitive in terms of consumer prices in the context of Alaskans' wages. It's much more affordable to live in Alaska cities than in New York, for example, and the wages-to-price-of-goods ratio is comparable to many other cities with high quality of life. Quality of life is important too: good luck catching king salmon in Manhattan!

In previous *Trends*, we've looked at Alaskans' high median wages, and what factors — such as education and labor union membership — can sustain high wages. We've also taken a look at what other factors make Alaska attractive, such as our public school system, our trails and outdoor opportunities, and our tolerant communities. Our high wages and outstanding quality of life aren't just good for Alaska families — they're good for our state's economy.

We should remain focused on ensuring Alaska is a great place to live, work, and play (thanks to the Anchorage Economic Development Corporation for popularizing that concept). That means sustaining high wages, using Alaska Hire to maximize job opportunities for Alaskans, and looking for ways to save money within the department. And, critically, it means achieving our department's mission of workforce development, safety, and labor law enforcement.

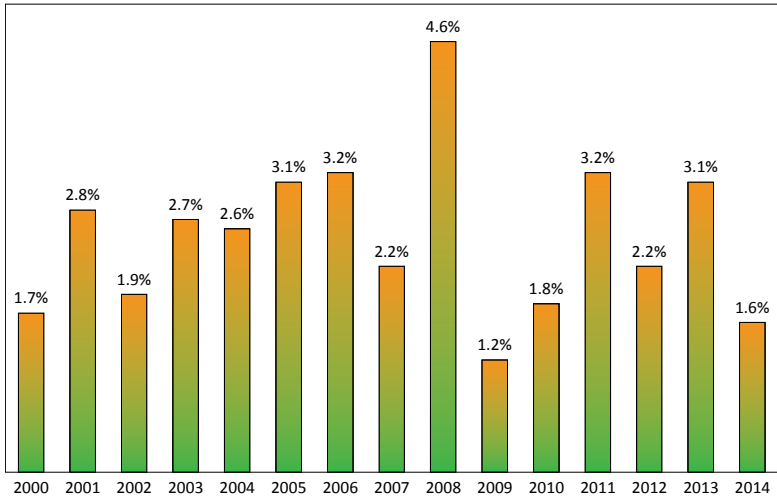
We're going to keep looking for opportunities to identify efficiencies. But we're going to remain focused on more jobs and good jobs for Alaskans, with the goal of sustaining the quality of life that's only possible in Alaska.



ALASKA'S COST OF LIVING

Still a spendy place, but prices didn't rise as fast in 2014

1 Inflation Was Relatively Low in 2014 ANCHORAGE, 2000 TO 2014



Source: U.S. Bureau of Labor Statistics

By **NEAL FRIED**

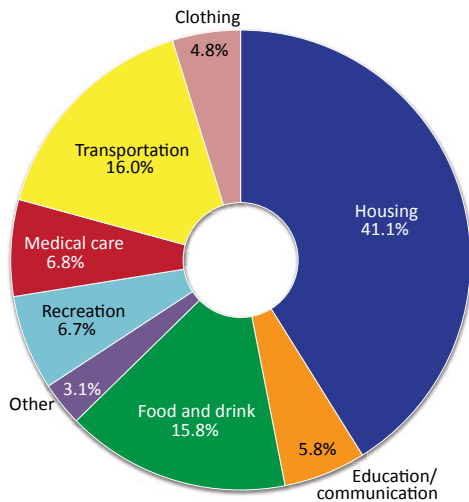
The cost of living in Alaska has been a topic of lore and fascination since the state's beginnings. During the gold rush days, writers lamented the often astronomical expense of goods in the territory compared to the rest of the nation — for example, a pound of canned butter during the Klondike Gold Rush was \$5, or about \$142 in today's dollars.

As decades passed, this fixation moderated somewhat as cost-of-living differences narrowed for Alaska's larger communities. But living costs remain one of the most persistent economic challenges in rural Alaska, and the cost of living still ranks among the most requested economic information for Alaskans.

There are two ways to measure the cost of living. One is to exam-

2 How We Spend Our Money

ANCHORAGE CPI, 2014



Source: U.S. Bureau of Labor Statistics

ine the differences between places at a single point in time, which can answer a question like, “Is it more expensive to live in Kodiak, Juneau, or Seattle?” The other way is to look at price changes in a single place over time. The sidebar on this page explains these methods in more detail.

How fast prices are changing

The only reliable way to compare costs from year to year in Alaska is to track inflation in Anchorage. Although costs in Anchorage don’t represent many Alaska communities, it’s the only Alaska city with its own Consumer Price Index, so it’s often considered the de facto measure of inflation for the state. In most cases, though, price changes in Anchorage don’t differ radically from most Alaska communities.

Overall, 2014 registered the second-smallest increase in prices in a decade, falling to 1.6 percent from 3.1 percent the year before. (See Exhibit 1.) Transportation costs fell slightly, which kept a larger overall cost increase at bay when combined with a moderate rise in housing costs.

Although there’s a national CPI as well as CPIs for 27 metropolitan areas, these indexes can’t be used to compare costs between cities. For example, the 2014 average index for Anchorage was 215.8 and the national index was 236.7, but that doesn’t mean the national cost of living is higher; it just means national prices have increased a bit faster than Anchorage prices since the early 1980s.

Two ways to measure the cost of living

1. In a single place over time (inflation)

Anchorage is one of 27 cities — and the smallest — where the U.S. Bureau of Labor Statistics tracks changes in consumer prices. Because it’s the only CPI in Alaska, it’s treated as the de facto statewide measure of inflation. Although there’s a CPI for the U.S. and for a number of its cities, these indexes cannot be used to compare costs between locations.

BLS goes to great lengths and expense to produce the CPI through elaborate surveys of consumer spending habits. These surveys look at a “market basket” of items, to which BLS assigns location-specific weights. A market basket, used in most cost-of-living indexes, is a sample of goods and services believed to best mimic the average consumer or a specific group of consumers and the CPI basket includes housing, food, transportation, medical care, and entertainment.

The inflation rate, or how much prices have gone up in a year, is used to adjust the value of the dollar over time. Workers, unions, employers, and many others pay close attention to 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. Most Alaskans are affected when the Permanent Fund Corporation uses the CPI to inflation-proof the fund, and nearly all senior citizens are affected when Social Security payments are adjusted each year using the CPI.

The Anchorage CPI is produced twice each year, for January to June and July to December. Information for the latter period and the annual average come out in January of the following year.

2. Differences between places

The other way to assess the cost of living is to look at cost differences between places. For example, is it more expensive to live in Barrow or Fairbanks? A variety of studies and data sources this article uses compare the costs of living among Alaska communities and other places around the country.

These studies assume a certain consumption pattern and investigate how much more or less it might cost to maintain a specific standard of living elsewhere. Some of these data are more comprehensive than others, and because there can be several sources for the same areas, it’s important to weigh the strengths and weaknesses of the data sets, which each section of this article discusses for each source. Some may better suit a particular need, or in some cases it may work best to cobble together several sources.

3

Inflation in Anchorage and the U.S.

BY TYPE OF EXPENDITURE, 2004 TO 2014

ALL ITEMS		
Year	Anchorage % chg from previous yr	U.S. % chg from previous yr
2004	2.6%	2.7%
2005	3.1%	3.4%
2006	3.2%	3.2%
2007	2.2%	2.8%
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%

ALL ITEMS MINUS HOUSING		
Year	Anchorage % chg from previous yr	U.S. % chg from previous yr
2004	3.1%	2.7%
2005	3.4%	3.8%
2006	3.0%	3.1%
2007	2.6%	2.5%
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%

HOUSING		
Year	Anchorage % chg from previous yr	U.S. % chg from previous yr
2004	1.6%	2.5%
2005	2.7%	3.3%
2006	4.0%	3.8%
2007	2.7%	3.1%
2008	2.5%	2.2%
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%

TRANSPORTATION		
Year	Anchorage % chg from previous yr	U.S. % chg from previous yr
2004	2.8%	3.5%
2005	5.5%	6.6%
2006	4.0%	4.0%
2007	1.2%	2.1%
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%

FOOD AND BEVERAGES		
Year	Anchorage % chg from previous yr	U.S. % chg from previous yr
2004	4.4%	3.4%
2005	2.5%	2.5%
2006	1.8%	2.4%
2007	4.6%	3.9%
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%

MEDICAL CARE*		
Year	Anchorage % chg from previous yr	U.S. % chg from previous yr
2004	-	4.4%
2005	-	4.2%
2006	3.5%	4.0%
2007	3.0%	4.4%
2008	3.7%	3.7%
2009	4.3%	3.2%
2010	5.7%	3.4%
2011	5.3%	3.0%
2012	4.3%	3.6%
2013	3.2%	2.5%
2014	3.2%	2.4%

CLOTHING		
Year	Anchorage % chg from previous yr	U.S. % chg from previous yr
2004	0.6%	-0.4%
2005	-2.1%	-0.1%
2006	4.6%	0
2007	-2.8%	-0.4%
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%

ENERGY		
Year	Anchorage % chg from previous yr	U.S. % chg from previous yr
2004	9.7%	10.9%
2005	12.85	17.0%
2006	13.9%	11.2%
2007	9.9%	5.5%
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%

*No index was created for Anchorage medical care costs in 2004 and 2005.
Source: U.S. Bureau of Labor Statistics

The heavyweight is housing

For the Consumer Price Index, the U.S. Bureau of Labor Statistics conducts elaborate surveys of Anchorage consumers' spending habits to understand what people buy and what percentage of their income they spend on goods and services.

Anchorage residents spend the most by far on housing, at more than 40 percent of their income. (See Exhibit 2.) This means housing has the largest "weight" in the index and tends to give cities' CPIs their local flavor. In contrast, national or international trends dictate trends for most other goods and services. Price changes for gasoline, food, clothing, insurance, transportation, health care, and recreation are usually responses to national and global market conditions.

Between 2007 and 2012, Anchorage's CPI housing component increased by 13.3 percent, while the nation's housing prices went up 6.3 percent. In 2010, the nation's housing costs fell and Anchorage's increased by nearly 1 percent.

These numbers reflected the difference between the tough national housing market during the past decade's recession and Anchorage's relatively healthy economy. With the rebound in the national economy, the two housing indexes have been similar for the past two years, and in 2014 they were nearly identical. (See Exhibit 3.)

Energy costs volatile

Heating is included in the housing category, and because energy prices are the most volatile part of the index, they can also play a big role in year-to-year changes in the overall index.

One caveat for Anchorage is that unlike most people outside Southcentral, its residents use mainly natural gas to heat their homes. Unlike the prices of heating oil and gasoline, which closely track with the price of crude oil, what

Is there really an ‘average consumer’?

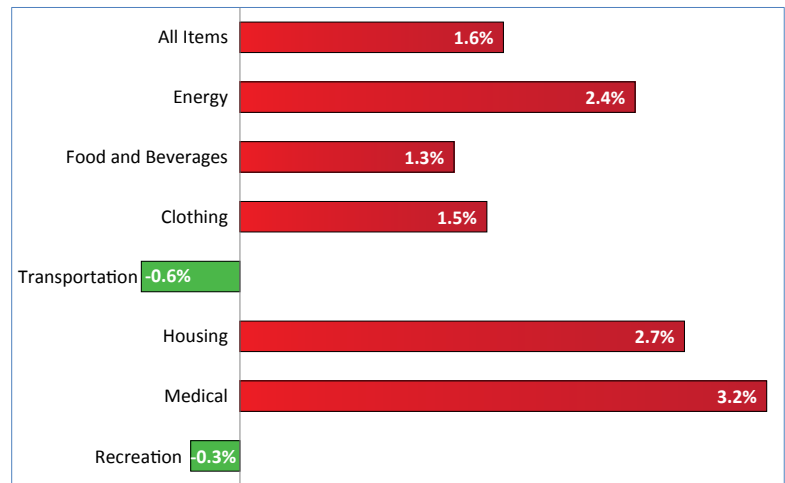
All cost-of-living measures have their shortcomings, because no two consumers spend their money alike, nor does any index accurately capture all the differences. For example, the average household in Nome may spend money differently from the average household in Sitka, and they may differ even more dramatically from a family in Los Angeles. An index may or may not take these differences into account, depending on how sophisticated it is.

Consumer spending habits are also continuously in flux. Technology advances, tastes change, and people react differently to changes in prices.

4

Health Care Expenses Grew Most

ANCHORAGE CONSUMER PRICE INDEX, 2014



Source: U.S. Bureau of Labor Statistics

Anchorage consumers pay for natural gas is far more complex. As with many utilities, the State of Alaska regulates the price of natural gas used for heating. Though its cost can change dramatically, the time period can be quite different from that of oil.

No category matches health care’s rise

Although health care is a small component of the CPI, its meteoric rise is worth noting. (See Exhibit 4.) No other component has come close to matching the increases in health care costs, which went up 3.2 percent in 2014.

Alaska’s cities are spendy, but not the highest

Aside from the Consumer Price Index, the remainder of the indexes in this article compare costs between places. The most comprehensive source is the Council for Community and Economic Research, or C2ER, which publishes a detailed cost-of-living survey for more than 250 U.S. cities each quarter and annually based on a professional or executive household in the top income quartile. Besides the CPI, it’s probably the most widely used cost-of-living measure and the one many other indexes use for their own calculations. (An example is

Continued on page 10

Calculating index changes

Movements of the indexes from one period to another 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 index points and percent changes are computed.

Index Point Change

Anchorage CPI, 2014.....215.805
Less CPI for previous period, Anchorage 2013.....212.381
Equals index point change.....3.4

Percent Change

Index point difference.....3.4
Divided by the previous index.....212.381
Equals.....0.016
Results multiplied by 100.....0.016 x 100
Equals percent change, Anchorage CPI 2014.....1.6

How much would \$1,000 in 2000 buy in 2014?

In Anchorage, it would be worth \$1,430. To find how to take a dollar amount from some earlier year and make it current with today’s dollar value, see labor.alaska.gov/research/cpi/inflationcalc.htm for an inflation calculator. The calculator can also deflate dollars to an earlier year’s value.

5

Cities in Alaska More Expensive for Professional Households*

COUNCIL FOR COMMUNITY AND ECONOMIC RESEARCH INDEX, FIRST QUARTER 2015

Region and city	Total index	Groceries	Housing	Utilities	Transport.	Medical	Misc.
U.S. Average	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Alaska							
Anchorage	132.9	122.6	163.0	109.4	124.0	137.8	121.2
Fairbanks	138.6	122.6	123.0	245.3	138.0	147.9	123.8
Juneau	135.2	125.3	152.6	142.1	155.3	149.1	112.3
Kodiak	141.2	142.6	157.1	140.7	166.6	137.2	117.4
West							
Portland, OR	128.5	116.3	166.1	88.5	111.4	113.8	122.2
Honolulu, HI	190.4	154.3	305.2	216.5	153.0	110.3	122.3
San Francisco, CA	173.2	124.1	314.6	108.4	130.8	119.3	114.9
Los Angeles/Long Beach	136.9	106.3	209.1	111.9	119.9	109.2	105.2
Las Vegas, NV	107.7	112.6	107.7	91.7	115.8	105.6	107.8
Reno, NV	103.1	109.6	92.0	96.2	106.0	101.1	111.5
Seattle, WA	133.1	119.5	182.1	99.3	118.9	118.6	114.3
Spokane, WA	91.7	91.8	87.4	80.9	93.3	114.0	95.3
Tacoma, WA	103.2	95.1	90.6	108.8	106.8	121.7	112.0
Boise, ID	90.8	88.5	82.8	85.8	91.6	105.6	98.2
Bozeman, MT	102.1	101.0	113.1	85.8	93.5	105.6	100.9
Southwest/Mountain							
Salt Lake, UT	97.6	94.9	93.9	93.8	106.4	91.2	100.7
Phoenix, AZ	93.6	100.5	92.0	92.5	93.5	97.2	91.9
Denver, CO	107.7	99.5	127.3	93.1	97.7	106.0	102.8
Dallas, TX	97.1	107.2	72.9	103.5	89.6	104.4	113.7
Houston, TX	98.0	86.0	107.5	93.8	89.1	91.1	100.6
Midwest							
Cleveland, OH	101.5	107.4	95.7	100.2	96.5	114.1	104.5
Chicago, IL	114.6	107.5	135.8	103.7	111.6	100.0	105.9
Minneapolis, MN	107.1	105.3	113.8	92.6	100.8	102.9	109.8
Southeast							
Fort Lauderdale, FL	114.9	101.5	147.7	97.4	117.6	99.2	98.8
Miami, FL	112.6	106.7	128.1	97.4	116.5	104.0	106.2
Birmingham, AL	91.7	102.2	81.0	92.9	89.1	80.9	98.6
Atlanta, GA	101.6	106.8	98.7	91.2	109.2	103.3	102.2
Atlantic/New England							
New York City: Manhattan, NY	223.7	120.7	445.4	133.4	138.3	117.1	150.6
Boston, MA	140.3	108.2	178.8	156.1	116.1	124.3	127.1
Philadelphia, PA	120.6	116.5	134.2	120.7	116.9	99.0	114.9

*Comprises households with incomes in the top quartile

Note: Index numbers are a comparison to the average for all cities for which volunteers collected data.

Source: The Council For Community And Economic Research

6

What Common Items Might Cost You

ALASKA CITIES VS. THE U.S. AVERAGE, 1ST QUARTER 2015

Pound of Bananas



Anchorage	88¢
Fairbanks	90¢
Juneau	97¢
Kodiak	\$1.26

U.S. Average
59¢

Pound of Ground Beef



U.S. Average
\$4.48

Anchorage	\$5.27
Fairbanks	\$5.71
Juneau	\$5.01
Kodiak	\$5.99

Whole Milk, half gallon



U.S. Average
\$2.36

Anchorage	\$2.37
Fairbanks	\$2.37
Juneau	\$2.52
Kodiak	\$2.69

Pound of Coffee



U.S. Average
\$4.49

Anchorage	\$5.87
Fairbanks	\$5.61
Juneau	\$5.85
Kodiak	\$6.09

Dozen Eggs



U.S. Average
\$2.10

Anchorage	\$2.71
Fairbanks	\$2.55
Juneau	\$2.28
Kodiak	\$2.94

Health Care Exams

U.S. Average

Doctor
\$105.03

Veterinarian
\$48.01

Dentist
\$88.70

Anchorage	\$169.40	\$59.05	\$127.80
Fairbanks	\$173.50	\$45.56	\$143.72
Juneau	\$172.75	\$62.75	\$151.00
Kodiak	\$167.50	\$76.00	\$122.67



Note: Grocery items are for the lowest-priced supermarket brand.
Source: The Council For Community And Economic Research

7 The 10 States With Highest Living Costs 2014

		Index
	U.S.	100.0
1	Hawaii	164.0
2	Connecticut	145.2
3	New York	133.3
4	Alaska	133.2
5	California	128.7
6	New Jersey	126.7
7	Oregon	125.1
8	Massachusetts	123.5
9	Rhode Island	122.4
10	Vermont	119.0

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

the “Quarter Pounder Index” in Exhibit 8.)

C2ER tracks and publishes costs for 59 items in grocery, housing, utility, transportation, health care, and miscellaneous categories, called the “market basket.” (See Exhibits 5 and 6.)

For the first quarter of 2015, Anchorage, Fairbanks, Juneau, and Kodiak prices remained well above the national average. The Anchorage index weighed in at 132.9, or 32.9 percent above the U.S. average of 100. Fairbanks registered 138.6, Juneau was 135.2, and Kodiak came in at 141.2.

Housing in Alaska wasn’t the only component that drove up total consumer costs, as all expenditures were above the U.S. average. For utility costs, Fairbanks ranked highest in the survey.

Still, 11 U.S. cities topped even Alaska’s most expensive city, which in early 2015 was Kodiak. Manhattan, part of New York City, was the most expensive at 223.7, followed by Honolulu, Hawaii, at 190.4. Other cities in New Jersey, New York, California, and Hawaii ranked higher than Alaska cities, and so did Washington, D.C. The C2ER also doesn’t address taxation, which is one area where Alaska’s cities would have a clear cost advantage over many others, as the state has no income tax and Anchorage and Fairbanks don’t have a sales tax.

Alaska named the fourth most expensive state

Each year, the Missouri Economic Research and Infor-

8 The Quarter Pounder Index

ALASKA BURGERS AMONG THE SPENDIEST, 2015



Source: The Council For Community And Economic Research, first quarter 2015

mation Center publishes a cost of living series by state, based on the C2ER indexes. Without taking city sizes into account, they simply average the participating city values to compute a statewide index.

Based only on Anchorage, Juneau, Kodiak, and Fairbanks, Alaska registered 133.2 for 2014, making it the fourth most expensive state. (See Exhibit 7.) This measure is limited because these communities represent just 60 percent of Alaska’s population, but the results can still be useful.

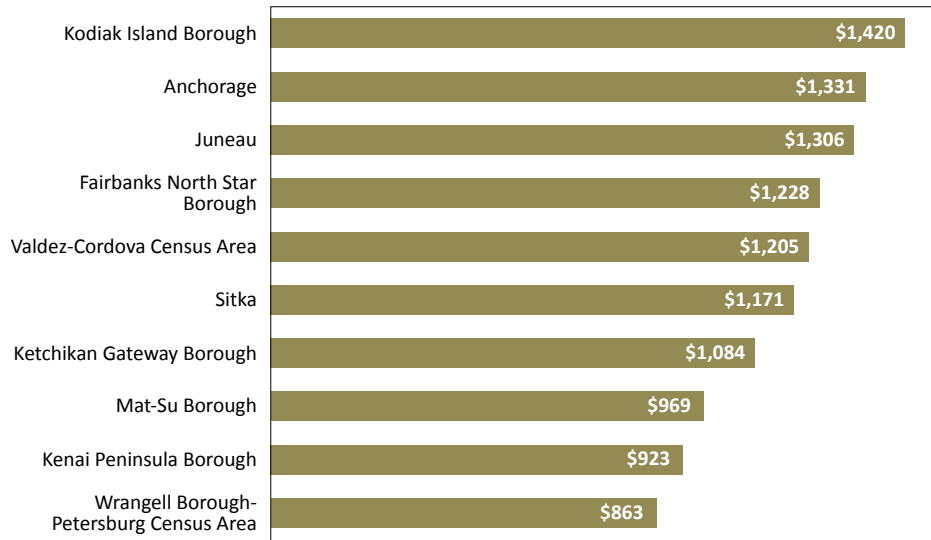
Housing varies widely around Alaska

Because housing gobbles up such a large slice of a household’s income, it’s sometimes used as a proxy for the 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. For a detailed analysis of Alaska’s housing costs, see the April 2014 issue of *Trends*.

Like food and fuel, housing can vary dramatically around the state based on supply, quality, vacancy rates, the local economy, building costs, and demographics. Rental and buying costs show some strong geographic similarities. (See exhibits 9 and 10.) For

9 Kodiak Has the Highest Rent

TWO-BEDROOM APARTMENTS, 2014



Note: Includes the cost of utilities
 Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

example, Anchorage, Kodiak, and Juneau rank high for both average rents and average home prices.

The department also establishes a housing affordability index for six areas. It takes housing prices into account and factors in the number of paychecks needed to buy one, using an area's average annual wage. (See Exhibit 11.)

Combining these factors shows that while the Matanuska-Susitna Borough has some of the lowest housing prices, purchasing a home there is less affordable for Mat-Su residents than for someone who works in Anchorage, where average wages are higher. Thirty percent of Mat-Su residents commute to Anchorage for work.

Building supplies, shipping factor in to housing affordability

The results of our yearly residential construction cost survey also help explain the differences in housing affordability around the state. The survey's market basket includes about 30 percent of the supplies necessary to build the average home in a variety of Alaska communities. Exhibit 12 shows the costs of buying those supplies locally versus purchasing them in Seattle and having them shipped.

10 Anchorage Houses Cost the Most

2014

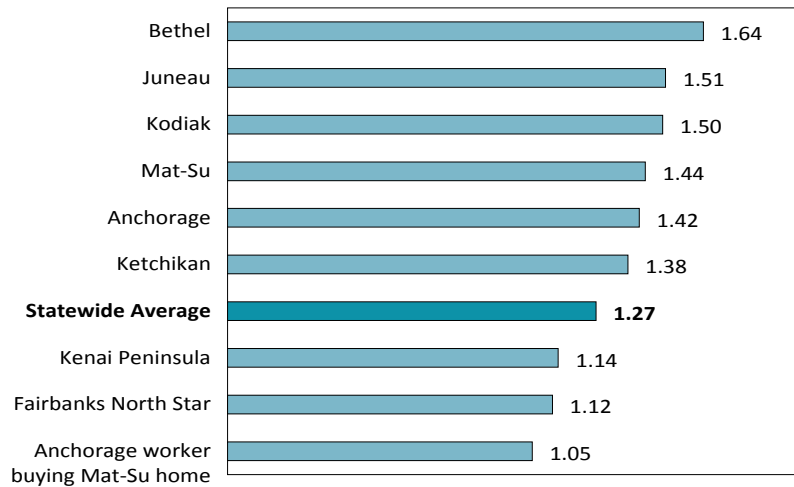
Anchorage	\$360,965
Juneau	\$352,614
Statewide Average	\$306,042
Kodiak Island	\$292,713
Bethel	\$281,324
Ketchikan Gateway	\$277,326
Mat-Su	\$256,295
Rest of State	\$254,187
Kenai Peninsula	\$246,948
Fairbanks North Star	\$245,657

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

11

Bethel Housing the Least Affordable

PAYCHECKS NECESSARY TO BUY AVERAGE HOUSE, 2014



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

12

The Cost of Buying, Shipping Supplies

HOME CONSTRUCTION, 2015

Ship supplies from Seattle		Buy supplies locally	
Kodiak	\$35,659	Kodiak	\$30,826
Fairbanks	\$35,226	Ketchikan	\$29,218
Kenai	\$35,124	Kenai	\$29,018
Wasilla	\$34,047	Juneau	\$27,766
Anchorage	\$33,433	Wasilla	\$27,604
Sitka	\$33,125	Fairbanks	\$26,971
Juneau	\$29,403	Sitka	\$26,235
Ketchikan	\$27,502	Anchorage	\$23,405

Notes: These prices are for a sample of about 30 percent of the supplies needed to build the average home.

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

Though goods might be cheaper in Seattle, shipping them to farther north communities makes it more cost-effective to buy locally, even though the local supplies cost more. On the other hand, for Ketchikan, Alaska's closest community to Seattle, it's more affordable to have supplies shipped in.

Our health insurance premiums the highest in U.S.

Exhibit 13 compares health care costs among states, and shows that in 2013, the most recent year available, the premium for family coverage in Alaska was 29 percent above the national average. This put Alaska in the top spot by a large margin. The state with the second-highest premiums, New York, came in at 1.09.

Alaska was No. 1 due to its higher hospital costs and margins, much higher physician reimbursements, and the higher costs of doing business in Alaska.

Rural areas usually pay more for groceries and fuel

The Alaska Department of Commerce, Community, and Economic Development's semiannual Alaska Fuel Price Report compares energy costs in 100 communities. The areas with the highest fuel prices were wholly dependent on air transportation for supplies. (See Exhibit 14.) With few exceptions, the smaller and more remote

13 Alaska Health Insurance Premiums Highest

BY STATE, 2013

U.S. Average = 1.00			
Alaska	1.29	Vermont	1.02
New York	1.09	Delaware	1.00
Massachusetts	1.09	Rhode Island	1.00
New Jersey	1.09	Florida	1.00
Washington, D.C.	1.08	Texas	1.00
Wyoming	1.07	United States	1.00
West Virginia	1.07	Pennsylvania	1.00
New Hampshire	1.06	Ohio	1.00
Illinois	1.06	Virginia	0.99
Connecticut	1.05	Oregon	0.99
California	1.04	Maryland	0.99
Wisconsin	1.04		
Colorado	1.04		
Maine	1.02		

Source: Kaiser Family Foundation

towns pay significantly more for energy than more urban areas.

The cost of groceries for rural areas shows a similar pattern. Four times a year, the University of Alaska Fairbanks' Cooperative Extension Service publishes the results of its food cost surveys, which ask about the cost of food at home for a week for a family of four with children between the ages of 6 and 11. Its market basket includes items with minimum levels of nutrition at the lowest possible cost.

Dillingham and Nome topped the list for 2015, with grocery costs 198 percent and 160 percent higher than Anchorage, respectively. (See Exhibit 15.)

An older study is still the most comprehensive

Although the 2008 Alaska Geographic Differential Study that was released in 2009 seems dated, it remains the most comprehensive intrastate cost-of-living study in recent years and is likely to remain useful for many years to come, as it covers all areas of the state in detail and is still used to geographically adjust salary levels for state workers.

The entire report is available on the Department of Administration's Web site: <http://doa.alaska.gov/dop/gds/home.html>.

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14 Fuel Costs Per Gallon

RURAL AREAS HIGHEST, JAN 2015

	Heating Fuel, #1 Residential	Gasoline, Regular
Arctic Village	\$11.00	\$10.00
Wales	\$6.49	\$7.75
Galena	\$6.60	\$7.60
Alatna	\$7.00	\$7.50
Pilot Station	\$7.34	\$7.47
Holy Cross	\$7.15	\$7.35
Ruby	\$6.00	\$7.00
Deering	\$6.96	\$6.96
Hooper Bay	\$6.79	\$6.95
Dillingham	\$5.61	\$6.69
Bethel	\$6.68	\$6.68
Kotzebue	\$6.52	\$6.61
Nulato	\$5.55	\$6.10
Golovin	\$6.00	\$6.00
Huslia	\$7.00	\$6.00
Huslia	\$7.00	\$6.00
Chignik	\$4.39	\$5.22
Pelican	\$5.14	\$5.01
Eagle	\$5.00	\$5.00
Nuiqsut	Natural Gas	\$5.00
Angoon	\$5.10	\$4.99
Port Lions	\$5.05	\$4.85
Unalaska	\$4.68	\$4.80
Circle	\$3.69	\$4.75
King Cove	\$3.68	\$4.26
Juneau	\$4.05	\$3.88
Nenana	\$4.06	\$3.59
Homer	\$3.20	\$3.29
Fairbanks	\$3.05	\$3.07

Note: This is a partial list of the 100 communities surveyed.

Source: Department of Commerce, Community, and Economic Development, Current Community Conditions: Fuel Prices Across Alaska, January 2015 Update

15 Weekly Grocery Cost

FAMILY OF FOUR, BY TOWN, 2015

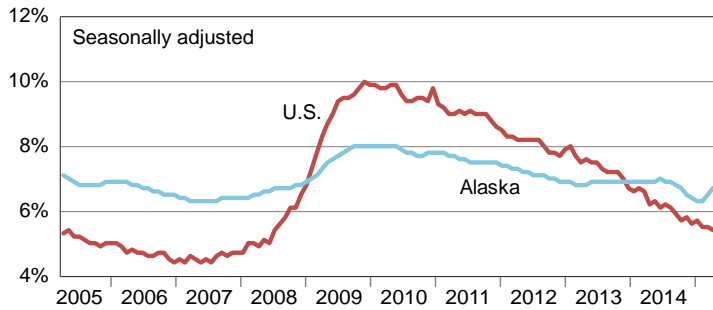
	Groceries for a week	Percent of Anchorage
Dillingham	\$355.14	198%
Nome	\$287.85	160%
Sitka	\$272.15	152%
Cordova	\$258.06	144%
Haines	\$226.54	126%
Delta	\$218.46	122%
Homer	\$217.31	121%
Kenai-Soldotna	\$199.93	111%
Ketchikan	\$194.15	108%
Anchorage	\$179.39	100%
Fairbanks	\$174.93	98%
Mat-Su	\$174.66	97%
Portland, OR	\$166.40	93%

Source: University of Alaska Fairbanks, Cooperative Extension Service

See "This Month in Trends History" on the next page for grocery prices in 1980 and 2000.

Employment Scene

1 Unemployment Rates JANUARY 2005 TO MAY 2015



Sources: Alaska Department of Labor and Workforce Development, Research and Analysis; and U.S. Bureau of Labor Statistics

2 Unemployment Rates BOROUGHES AND CENSUS AREAS

	Prelim. 5/15	Revised 4/15	Revised 5/14
SEASONALLY ADJUSTED			
United States	5.5	5.4	6.3
Alaska Statewide	6.8	6.7	6.9
NOT SEASONALLY ADJUSTED			
United States	5.3	5.1	6.1
Alaska Statewide	6.6	7.0	6.8
Anchorage/Mat-Su Region	5.7	6.0	5.8
Municipality of Anchorage	5.1	5.3	5.2
Matanuska-Susitna Borough	7.9	8.5	7.9
Gulf Coast Region	7.3	8.1	7.2
Kenai Peninsula Borough	7.6	8.5	7.4
Kodiak Island Borough	5.5	4.8	5.7
Valdez-Cordova Census Area	8.2	10.5	8.4
Interior Region	6.2	6.8	6.8
Denali Borough	5.1	17.0	6.0
Fairbanks North Star Borough	5.3	5.6	5.7
Southeast Fairbanks Census Area	11.4	12.3	13.1
Yukon-Koyukuk Census Area	17.3	18.7	18.8
Northern Region	11.6	11.6	11.8
Nome Census Area	13.1	13.7	12.8
North Slope Borough	6.2	5.7	6.6
Northwest Arctic Borough	17.1	17.3	17.8
Southeast Region	6.1	7.2	6.5
Haines Borough	8.6	10.9	10.4
Hoonah-Angoon Census Area	13.4	17.9	11.9
Juneau, City and Borough	4.5	5.0	4.7
Ketchikan Gateway Borough	6.2	7.8	7.1
Petersburg Census Area	9.3	10.1	10.0
Prince of Wales-Hyder CA	12.6	13.4	12.5
Sitka, City and Borough	4.5	4.8	4.9
Skagway, Municipality	6.0	14.4	5.6
Wrangell, City and Borough	7.4	8.0	7.3
Yakutat, City and Borough	7.6	9.0	9.9
Southwest Region	13.9	12.2	14.6
Aleutians East Borough	5.8	2.8	7.1
Aleutians West Census Area	6.5	3.8	9.4
Bethel Census Area	16.4	16.5	16.5
Bristol Bay Borough	6.6	12.3	7.2
Dillingham Census Area	9.7	10.4	10.0
Lake and Peninsula Borough	12.7	15.8	14.3
Wade Hampton Census Area	25.7	26.2	24.8

Sources: Alaska Department of Labor and Workforce Development, Research and Analysis; and U.S. Bureau of Labor Statistics

This month in Trends history

Our June 2001 issue detailed what it would have cost to buy a week's worth of groceries in various Alaska communities in the past, including sales tax. Contrast these with the current grocery prices on the previous page of this issue.

Weekly Grocery Cost

FAMILY OF FOUR, 1980 AND 2000

	1980	2000
Anchorage	\$88.44	\$100.89
Fairbanks	\$90.54	\$100.63
Juneau	\$85.92	\$104.55
Bethel	\$130.87	\$162.63
Nome	\$131.14	\$157.40
Kodiak	\$99.42	\$133.89
Kenai	\$120.84	\$112.01

The Department of Labor and Workforce Development has published *Alaska Economic Trends* as far back as 1961 and other labor market summaries since the late 1940s. Historical *Trends* articles are available at labor.alaska.gov/trends as far back as 1978, and complete issues are available from 1994.

Employer Resources

Jobs subject to Alaska Hire preference as of July 1

Alaska Hire becomes effective when the state becomes a Zone of Underemployment as determined by the Commissioner of the Department of Labor and Workforce Development. In June 2015, Commissioner Heidi Drygas declared that the entire state is subject to Alaska Hire requirements. The declaration means Alaska residents must be given at least 90 percent employment preference over nonresidents in certain job classifications. Alaska Hire applies to publicly funded construction projects in 23 job classifications:

Boilermakers	Engineers and
Mechanics	Architects
Bricklayers	Sheet Metal Workers
Millwrights	Equipment Operators
Carpenters	Surveyors
Painters	Foremen and
Cement Masons	Supervisors
Pile-Driving	Truck Drivers
Occupations	Insulation Workers
Culinary Workers	Tug Boat Workers
Plumbers and	Ironworkers
Pipefitters	Welders
Electricians	Laborers
Roofers	

Alaska Hire preference is effective July 1, 2015, and remains in effect through June 30, 2017. The preference applies on a project-by-project, craft-by-craft, or occupational basis and must be met every work week by each contractor/subcontractor for projects with a bid submission deadline on or after July 1, 2015. If employers are unable to find a qualified Alaska resident, they must request a waiver from a regional Wage and Hour office prior to hiring a non-resident.

The department will work with the employer to post job advertisements in ALEXsys, the Alaska Labor Exchange System, and assist the employer in meeting Alaska Hire requirements by searching for and referring qualified Alaskan workers. Employers can call (907) 465-1805 for this assistance.

For more information about Alaska Hire or to notify Wage and Hour of the intent to file a waiver, call your local Wage and Hour office: Anchorage (907) 269-4900, Fairbanks (907) 451-2886, or Juneau (907) 465-4842; or visit <http://labor.alaska.gov/lss/home.htm>.

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

Safety Minute

How to avoid starting a wildfire during the summer

It's that time of year, when wildfires are in the news and people keep a close watch on the blazes' direction. It's a part of life in Alaska, and the losses are enormous and sometimes fatal.

According to Alaska Wildland Fire Information, there were 393 wildfires in 2014, and 339 of them were caused by humans. As a result, 233,529.5 acres were destroyed or damaged. Many times those losses included homes and other structures.

Unattended camp fires, barbecue grills, illegal fire-works, and nonpermitted burns can ignite a fire. Take the following steps this summer to ensure fire safety:

- When camping or grilling, always have a portable fire extinguisher or adequate water source.
- Get a burn permit from your local authorities before burning brush or other authorized materials.
- Heed posted fire hazard levels and abide by the safeguards indicated by those levels.
- When in doubt, call your local fire department for information.

Safety Minute is written by the Labor Standards and Safety Division of the Alaska Department of Labor and Workforce Development.