

Measuring Alaska's Cost of Living

by John Boucher

How expensive is it to live in Alaska? How much has Alaska's cost of living increased? These are two of the most frequently asked questions of the Alaska Department of Labor's Research and Analysis section. In answer to these questions, this article provides some of the latest cost of living measurements available for Alaska and explains the uses and limitations of these data.

A measure of inflation or cost differentials?

Two types of cost of living measurements are available for Alaska. If you are interested in how prices have changed in a particular place, commonly referred to as the inflation rate, you should use the Consumer Price Index (CPI). If you're interested in cost differences between two places—"Is it more expensive to live in Fairbanks than Seattle?"—then a cost-of-living measurement like the American Chamber of Commerce Researchers Association (ACCRA) index or the Runzheimer International study would best suit your needs.

Be aware of the method and the market basket

Since it is too expensive to price every item available to purchase, cost-of-living surveys track prices of a sample of items from common expenditure categories (such as housing expenses, medical expenses, food expenses, etc.). This sample of items is called the survey's market basket. Most surveys gear their market baskets toward a "typical" consumer.

When using a cost-of-living survey, it's a good idea to know what the survey's market basket is, and whose buying habits the survey simulates. All surveys give a list of the items in the market basket and define the type of consumer(s) the market basket represents. For example, the Consumer Price

Index for All Urban Consumers (CPI-U) is designed to represent consumption patterns of 80% of all urban consumers in the nation. The other surveys in this article have a narrower focus.

The CPI—the nation's inflation measure

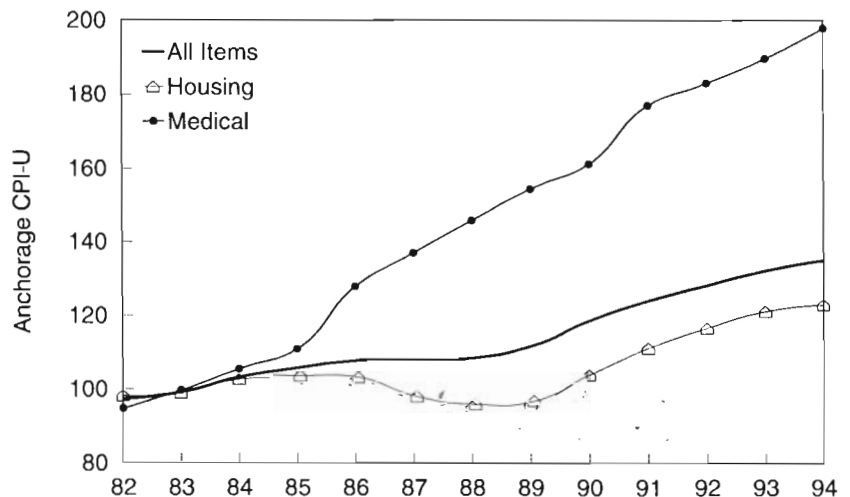
The majority of requests for Alaska's cost-of-living ask about the inflation rate. The Consumer Price Index (CPI) is a national survey designed to answer questions about price changes. CPI information is often used to adjust rents, wages or other monetary payments for the effects of inflation.

To produce the CPI, the U.S. Department of Labor's Bureau of Labor Statistics (BLS) gathers prices in 85 metropolitan areas throughout the country. Anchorage is the only city in Alaska surveyed; consequently, the Anchorage CPI is the only "Alaskan"

John Boucher is a labor economist with the Research & Analysis Section, Administrative Services Division, Alaska Department of Labor. He is located in Juneau.

Figure • 1

Anchorage Medical Costs Outpace Housing Costs



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

T a b l e • 1

**Consumer Price Index—All Urban Consumers (CPI-U)
U.S. City Average—All Items & Anchorage,
Alaska—All Items Annual Averages, 1960-1994**

| Year | U.S. Average | Percent Change from Prev. Yr. | Anchorage Average | Percent Change from Prev. Yr. |
|--------------|-----------------|--|----------------------|--|
| 1960 | 29.6 | | 34.0 | |
| 1961 | 29.9 | 1.0 | 34.5 | 1.5 |
| 1962 | 30.2 | 1.0 | 34.7 | 0.6 |
| 1963 | 30.6 | 1.3 | 34.8 | 0.3 |
| 1964 | 31.0 | 1.3 | 35.0 | 0.6 |
| 1965 | 31.5 | 1.6 | 35.3 | 0.9 |
| 1966 | 32.4 | 2.9 | 36.3 | 2.8 |
| 1967 | 33.4 | 3.1 | 37.2 | 2.5 |
| 1968 | 34.8 | 4.2 | 38.1 | 2.4 |
| 1969 | 36.7 | 5.5 | 39.6 | 3.9 |
| 1970 | 38.8 | 5.7 | 41.1 | 3.8 |
| 1971 | 40.5 | 4.4 | 42.3 | 2.9 |
| 1972 | 41.8 | 3.2 | 43.4 | 2.6 |
| 1973 | 44.4 | 6.2 | 45.3 | 4.4 |
| 1974 | 49.3 | 11.0 | 50.2 | 10.8 |
| 1975 | 53.8 | 9.1 | 57.1 | 13.7 |
| 1976 | 56.9 | 5.8 | 61.5 | 7.7 |
| 1977 | 60.6 | 6.5 | 65.6 | 6.7 |
| 1978 | 65.2 | 7.6 | 70.2 | 7.0 |
| 1979 | 72.6 | 11.3 | 77.6 | 10.5 |
| 1980 | 82.4 | 13.5 | 85.5 | 10.2 |
| 1981 | 90.9 | 10.3 | 92.4 | 8.1 |
| 1982 | 96.5 | 6.2 | 97.4 | 5.4 |
| 1983 | 99.6 | 3.2 | 99.2 | 1.8 |
| 1984 | 103.9 | 4.3 | 103.3 | 4.1 |
| 1985 | 107.6 | 3.6 | 105.8 | 2.4 |
| 1986 | 109.6 | 1.9 | 107.8 | 1.9 |
| 1987 | 113.6 | 3.6 | 108.2 | 0.4 |
| 1988 | 118.3 | 4.1 | 108.6 | 0.4 |
| 1989 | 124.0 | 4.8 | 111.7 | 2.9 |
| 1990 | 130.7 | 5.4 | 118.6 | 6.2 |
| 1991 | 136.2 | 4.2 | 124.0 | 4.6 |
| 1992 | 140.3 | 3.0 | 128.2 | 3.4 |
| 1993 | 144.5 | 3.0 | 132.2 | 3.1 |
| 1994 | 148.2 | 2.6 | 135.0 | 2.1 |
| 2nd half '89 | 125.3 | 4.7 | 112.5 | 3.3 |
| 2nd half '90 | 132.6 | 5.8 | 120.4 | 7.0 |
| 2nd half '91 | 137.2 | 3.5 | 124.7 | 3.6 |
| 2nd half '92 | 141.4 | 3.1 | 129.1 | 3.5 |
| 2nd half '93 | 145.3 | 2.8 | 132.8 | 2.9 |
| 2nd half '94 | 149.3 | 2.8 | 135.8 | 2.3 |

Notes: 1982-84=100. CPIs not seasonally adjusted.

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

inflation measure. Unfortunately, Anchorage's inflation rate may not reflect price changes in every area of the state. In general, however, Anchorage price trends reflect changes in the cost-of-living for most Alaskans. If the Anchorage CPI doesn't adequately measure inflation in your area, you can choose a different area to measure inflation. Some users prefer to use Seattle's CPI, for example. But as a matter of practice, most Alaskan users prefer to use the Anchorage CPI rather than another area's CPI.

From an official standpoint, the Bureau of Labor Statistics recommends using the national CPI-U (U.S. City average) to adjust for the effects of inflation. BLS recommends this because the smaller size of the local area samples make them more prone to measurement errors. When you compare the Anchorage and the U.S. City CPIs since 1960, inflation has been significantly lower in Anchorage during the last 30 years than it has been in the rest of the nation. (See Table 1.) This is predominantly due to the difference in the rate of inflation for housing costs in Anchorage compared to the other areas in the CPI survey.

Housing market key to Anchorage inflation rate

Analyzing inflation rates among expenditure categories can help clarify how different parts of the market basket affect the overall CPI. (See Table 2.) For example, since the early 1980s medical care costs have risen more rapidly than has the overall Anchorage CPI, while housing costs have tended to lag behind the overall rate of inflation. (See Figure 1.)

While medical care costs have shot up in recent years, overall inflation has not followed. That's because of the relative weight medical care expenditures are given in the consumer's overall budget. Each commodity group is given a weight—its contribution to the overall cost-of-living. Medical care costs, for example, accounted for 5.5% of the total cost-of-living in the December 1994 index. Housing costs, on the other hand, accounted for 39.6% of the Anchorage CPI during the same period. (See Figure 2.)

Selected Components of the CPI-U
U.S. City Average & Anchorage, Alaska—1983-1994 Annual Averages

| ALL ITEMS LESS SHELTER | | | | | HOUSING | | | |
|------------------------|--------------|--------------------------|-------------------|--------------------------|--------------|--------------------------|-------------------|--------------------------|
| Year | U.S. Average | Pct. Chg. from Prev. Yr. | Anchorage Average | Pct. Chg. from Prev. Yr. | U.S. Average | Pct. Chg. from Prev. Yr. | Anchorage Average | Pct. Chg. from Prev. Yr. |
| 1983 | 99.8 | 3.7 | 99.9 | 3.7 | 99.5 | 2.7 | 99.0 | 0.8 |
| 1984 | 103.9 | 4.1 | 103.8 | 3.9 | 103.6 | 4.1 | 102.7 | 3.7 |
| 1985 | 107.0 | 3.0 | 107.5 | 3.6 | 107.7 | 4.0 | 103.0 | 0.3 |
| 1986 | 108.0 | 0.9 | 111.2 | 3.4 | 110.9 | 3.0 | 102.6 | -0.4 |
| 1987 | 111.6 | 3.3 | 115.1 | 3.5 | 114.2 | 3.0 | 97.5 | -5.0 |
| 1988 | 115.9 | 3.9 | 117.8 | 2.3 | 118.5 | 3.8 | 95.4 | -2.2 |
| 1989 | 121.6 | 4.9 | 122.3 | 3.8 | 123.0 | 3.8 | 96.3 | 0.9 |
| 1990 | 128.2 | 5.4 | 128.0 | 4.7 | 128.5 | 4.5 | 103.9 | 7.9 |
| 1991 | 133.5 | 4.1 | 131.9 | 3.0 | 133.6 | 4.0 | 111.2 | 7.0 |
| 1992 | 137.3 | 2.8 | 134.6 | 2.0 | 137.5 | 2.9 | 116.6 | 4.9 |
| 1993 | 141.4 | 3.0 | 137.9 | 2.5 | 141.2 | 2.7 | 121.1 | 3.9 |
| 1994 | 144.8 | 2.4 | 140.3 | 1.7 | 144.8 | 2.5 | 122.9 | 1.5 |

| TRANSPORTATION | | | | | FOOD & BEVERAGES | | | |
|----------------|--------------|--------------------------|-------------------|--------------------------|------------------|--------------------------|-------------------|--------------------------|
| Year | U.S. Average | Pct. Chg. from Prev. Yr. | Anchorage Average | Pct. Chg. from Prev. Yr. | U.S. Average | Pct. Chg. from Prev. Yr. | Anchorage Average | Pct. Chg. from Prev. Yr. |
| 1983 | 99.3 | 2.4 | 98.5 | 1.8 | 99.5 | 2.3 | 99.7 | 2.6 |
| 1984 | 103.7 | 4.4 | 104.6 | 6.2 | 103.2 | 3.7 | 103.2 | 3.5 |
| 1985 | 106.4 | 2.6 | 108.2 | 3.4 | 105.6 | 2.3 | 106.2 | 2.9 |
| 1986 | 102.3 | -3.9 | 107.8 | -0.4 | 109.1 | 3.3 | 110.8 | 4.3 |
| 1987 | 105.4 | 3.0 | 111.3 | 3.2 | 113.5 | 4.0 | 113.1 | 2.1 |
| 1988 | 108.7 | 3.1 | 113.0 | 1.5 | 118.2 | 4.1 | 113.8 | 0.6 |
| 1989 | 114.1 | 5.0 | 116.7 | 3.3 | 124.9 | 5.7 | 117.2 | 3.0 |
| 1990 | 120.5 | 5.6 | 120.7 | 3.4 | 132.1 | 5.8 | 123.7 | 5.5 |
| 1991 | 123.8 | 2.7 | 121.7 | 0.8 | 136.8 | 3.6 | 127.7 | 3.2 |
| 1992 | 126.5 | 2.2 | 123.3 | 1.3 | 138.7 | 1.4 | 130.3 | 2.0 |
| 1993 | 130.4 | 3.1 | 128.8 | 4.5 | 141.6 | 2.1 | 131.2 | 0.7 |
| 1994 | 134.3 | 3.0 | 136.9 | 6.3 | 144.9 | 2.3 | 131.9 | 0.5 |

| MEDICAL CARE | | | | | APPAREL & UPKEEP | | | |
|--------------|--------------|--------------------------|-------------------|--------------------------|------------------|--------------------------|-------------------|--------------------------|
| Year | U.S. Average | Pct. Chg. from Prev. Yr. | Anchorage Average | Pct. Chg. from Prev. Yr. | U.S. Average | Pct. Chg. from Prev. Yr. | Anchorage Average | Pct. Chg. from Prev. Yr. |
| 1983 | 100.6 | 8.8 | 99.7 | 5.2 | 100.2 | 2.5 | 101.6 | 5.2 |
| 1984 | 106.8 | 6.2 | 105.5 | 5.8 | 102.1 | 1.9 | 101.7 | 0.1 |
| 1985 | 113.5 | 6.3 | 110.9 | 5.1 | 105.0 | 2.8 | 105.8 | 4.0 |
| 1986 | 122.0 | 7.5 | 127.8 | 15.2 | 105.9 | 0.9 | 109.0 | 3.0 |
| 1987 | 130.1 | 6.6 | 137.0 | 7.2 | 110.6 | 4.4 | 116.6 | 7.0 |
| 1988 | 138.6 | 6.5 | 145.8 | 6.4 | 115.4 | 4.3 | 119.1 | 2.1 |
| 1989 | 149.3 | 7.7 | 154.4 | 5.9 | 118.6 | 2.8 | 125.0 | 5.0 |
| 1990 | 162.8 | 9.0 | 161.2 | 4.4 | 124.1 | 4.6 | 127.7 | 2.2 |
| 1991 | 177.0 | 8.7 | 173.5 | 7.6 | 128.7 | 3.7 | 126.6 | -0.9 |
| 1992 | 190.1 | 7.4 | 183.0 | 5.5 | 131.9 | 2.5 | 130.2 | 2.8 |
| 1993 | 201.4 | 5.9 | 189.6 | 3.6 | 133.7 | 1.4 | 131.2 | 0.8 |
| 1994 | 211.0 | 4.8 | 197.8 | 4.3 | 133.4 | -0.2 | 128.9 | -1.8 |

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

T a b l e • 3

Cost of Food for a Week in 19 Alaskan Communities—December 1994

| Community | Cost of Food, One Week | Pct. of Anchorage |
|------------|------------------------|-------------------|
| Anchorage | \$91.01 | 100 |
| Bethel | 135.19 | 149 |
| Cordova | 125.93 | 138 |
| Delta | 117.12 | 129 |
| Dillingham | 154.31 | 170 |
| Fairbanks | 90.32 | 99 |
| Galena | 158.49 | 174 |
| Homer | 117.44 | 129 |
| Juneau | 103.56 | 114 |
| Kenai | 100.55 | 110 |
| Ketchikan | 99.45 | 109 |
| MatSu | 109.61 | 120 |
| McGrath | 140.43 | 154 |
| Nome | 146.57 | 161 |
| Petersburg | 107.00 | 118 |
| Seward | 120.09 | 132 |
| Sitka | 110.01 | 121 |
| Tanana | 187.20 | 206 |
| Tok | 130.49 | 143 |

Notes: Costs are for a family of four with elementary school children. Sales tax included in food cost.

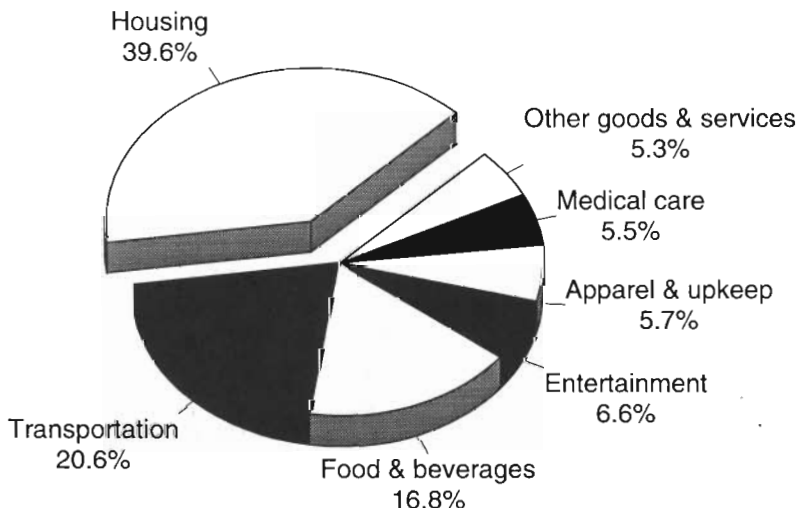
Source: "Cost of Food at Home for a Week," December 1994.
University of Alaska Cooperative Extension Service
U.S. Dept. of Agriculture and SEA Grant Cooperating.

The strong influence that housing costs have on the overall Anchorage CPI has been particularly noticeable the last ten years. From 1986 to 1988, falling housing costs offset increases in other components of the CPI, resulting in low inflation during these three years. The increase in inflation in Anchorage during the early 1990s was largely due to a tightening housing market. When the housing component jumped from a 0.9% increase in 1989 to a 7.9% increase in 1990, Anchorage inflation followed suit, going from a 2.9% to a 6.2% increase. From 1990 to 1993, a tighter housing market propelled Anchorage's inflation rate above the rest of the nation's. Recently, Anchorage's housing market has cooled off substantially and inflation has followed suit.

The housing component is unique in the CPI, especially in regard to homeownership costs. The CPI uses a method called *rental equivalency* which assumes that the consumer has just purchased or rented a home. To gauge housing expenditures, this method can have some shortcomings. In areas where housing prices and/or rents are changing rapidly, the inflation rate for the housing portion of the CPI could be exaggerated for homeowners who have a long-term fixed-rate mortgage. This is because their monthly house payments tend not to fluctuate to the extent that house prices and rents do. For this reason, the overall CPI figures can understate inflation for homeowners during periods of rapidly declining house prices. The opposite is true during a period of rapidly increasing house prices and rents. To measure inflation without the housing component, BLS publishes a special index which excludes housing-related costs—the All Items Less Shelter Index. (See Table 2.) When comparing the national All Items Less Shelter Index to the Anchorage All Items Less Shelter Index, there is a much smaller difference in the rate of inflation for Anchorage consumers over the long term than is indicated by comparing the All-Items indexes.

F i g u r e • 2

**Housing Nearly 40% of Anchorage CPI-U
Relative Importance of the Components of the Anchorage CPI-U, December 1994**



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

CPI measures inflation—not costs between locations

CPI users should be aware of a common misinterpretation of the CPI index. It occurs when users compare CPI numbers among

Cost of Food at Home for a Week in Eight Alaskan Cities, 1978-1994

| Month/ Year | Anch. | Fbks. | Pct. of Anch. | Juneau | Pct. of Anch. | Bethel | Pct. of Anch. | Nome | Pct. of Anch. | Kodiak | Pct. of Anch. | Kenai | Pct. of Anch. | Tok | Pct. of Anch. |
|----------------|---------|---------|---------------------|---------|---------------------|----------|---------------------|----------|---------------------|---------|---------------------|---------|---------------------|----------|---------------------|
| 9/78 | \$76.67 | \$84.15 | 109.8 | \$73.72 | 96.2 | \$114.05 | 148.8 | \$118.85 | 155.0 | - | - | \$82.48 | 107.6 | - | - |
| 9/79 | 82.18 | 89.39 | 108.8 | 74.88 | 91.1 | 129.16 | 157.2 | 128.67 | 156.6 | - | - | 100.41 | 122.2 | - | - |
| 9/80 | 88.44 | 90.54 | 102.4 | 85.92 | 97.2 | 130.87 | 148.0 | 131.14 | 148.3 | \$99.42 | 112.4 | 120.84 | 136.6 | \$108.82 | 123.0 |
| 9/81 | 86.69 | 98.47 | 113.6 | 93.95 | 108.4 | 138.66 | 159.9 | 150.27 | 173.3 | - | - | - | - | 114.80 | 132.4 |
| 9/82 | 77.30 | 92.09 | 119.1 | 99.98 | 129.3 | 125.50 | 162.4 | 149.04 | 192.8 | - | - | - | - | - | - |
| 9/83 | 81.66 | 83.79 | 102.6 | 88.62 | 108.5 | 128.30 | 157.1 | 130.14 | 159.4 | 104.94 | 128.5 | 86.98 | 106.5 | - | - |
| 9/84 | 84.22 | 91.26 | 108.4 | 91.66 | 108.8 | 136.54 | 162.1 | 142.07 | 168.7 | 115.97 | 137.7 | 87.97 | 104.5 | 121.66 | 144.5 |
| 9/85 | 89.06 | 90.08 | 101.1 | 106.61 | 119.7 | 138.13 | 155.1 | 152.41 | 171.1 | 108.17 | 121.5 | 91.47 | 102.7 | 116.19 | 130.5 |
| 9/86 | 87.25 | 90.61 | 103.9 | 87.65 | 100.5 | 137.96 | 158.1 | 142.04 | 162.8 | 105.49 | 120.9 | 92.78 | 106.3 | 124.18 | 142.3 |
| 9/87 | 88.90 | 85.12 | 95.7 | 88.24 | 99.3 | 140.81 | 158.4 | 147.96 | 166.4 | 104.39 | 117.4 | 96.95 | 109.1 | 117.51 | 132.2 |
| 9/88 | 90.99 | 94.74 | 104.1 | 92.95 | 102.2 | 137.57 | 151.2 | 147.69 | 162.3 | 116.68 | 128.2 | 95.53 | 105.0 | 119.69 | 131.5 |
| 9/89 | 93.80 | 94.33 | 100.6 | 96.73 | 103.1 | 140.65 | 149.9 | - | - | 124.61 | 132.8 | 104.20 | 111.1 | 139.43 | 148.6 |
| 9/90 | 98.73 | 103.49 | 104.8 | 100.86 | 102.2 | 146.92 | 148.8 | 155.48 | 157.5 | 154.55 | 156.5 | 103.21 | 104.5 | 131.03 | 132.7 |
| 9/91 | 102.84 | 114.65 | 111.5 | 104.21 | 101.3 | 152.49 | 148.3 | 150.29 | 146.1 | 127.96 | 124.4 | 111.88 | 111.0 | 143.45 | 139.5 |
| 9/92 | 100.46 | 92.31 | 91.9 | 102.62 | 102.2 | 142.51 | 141.9 | 158.08 | 157.4 | 124.61 | 124.0 | 109.60 | 108.8 | 132.94 | 132.3 |
| 9/93 | 97.89 | 93.42 | 95.4 | 103.70 | 105.9 | 147.84 | 151.0 | 145.94 | 149.1 | 125.19 | 127.9 | 111.61 | 110.8 | 136.96 | 139.9 |
| 9/94 | 91.32 | 94.96 | 104.0 | 104.09 | 114.0 | 133.47 | 146.2 | 140.22 | 153.5 | 123.99 | 135.8 | 105.51 | 104.7 | 140.78 | 139.7 |

areas. For example, at 135.0 the annual average Anchorage CPI for 1994 is lower than the United States' average of 148.2. This does not mean that Anchorage has a lower cost-of-living than the rest of the United States. The CPI measures inflation, not costs. The lower Anchorage CPI for 1994 means that Anchorage prices have not risen as quickly as prices in the rest of the U.S. since the early 1980s. (The base period, or when the two indexes equaled 100, is 1982-84.)

Some place-to-place comparisons—each with different results

There are different studies available to compare living costs between places. Due primarily to methodology differences, each survey shows a different result when you compare living costs between locations.

One available cost-of-living measurement is the University of Alaska's Cost of Food at Home Study. It measures the cost to feed various size families in different locations in Alaska. The food basket provides a minimum level of nutrition to an individual or family at the lowest possible cost. The report

also contains comparative information on some utility and fuel costs. One of its strengths is wide geographic coverage of Alaska over a relatively long period of time. For many years, the Cost of Food at Home Study has provided a comparative measure for Alaskan locations that no other cost survey covers. Its primary weakness is that it only measures food and some utility costs. Food and utility costs alone can't provide a complete cost-of-living differential measurement.

Comparing living costs between Alaskan communities is complicated by several factors. Some goods and services available in urban areas are not readily available in rural areas. The buying habits of urban residents can vary dramatically from rural residents, which can confuse cost-of-living comparisons. The contributions of subsistence to a household food budget can also complicate cost-of-living comparisons. The Cost of Food survey assumes that all foods are purchased in the local community—none is acquired through subsistence means or from merchants outside of the community.

Notes: Family of four with elementary school children.

Sales tax included in food prices.

September 1979 data for Kenai not available. December 1979 data substituted.

- Data unavailable.

Source: "Cost of Food at Home for a Week," September 1978 to September 1994. University of Alaska Cooperative Extension Service, U.S. Dept of Agriculture and SEA Grant Cooperating.

**ACCRA Cost of Living Index
20 Highest Cost Urban Areas—Third Quarter 1994**

| City | All Items Index | Grocery Items | Housing | Utilities | Transport- ation | Health Care | Misc. Goods & Services |
|----------------------------|-----------------------|------------------|---------|-----------|---------------------|----------------|------------------------------|
| Kodiak, AK | 154.8 | 156.1 | 171.9 | 184.9 | 113.6 | 175.9 | 139.9 |
| Juneau, AK | 137.0 | 133.9 | 158.0 | 142.6 | 110.8 | 172.8 | 119.9 |
| Boston, MA | 136.9 | 113.8 | 173.8 | 177.2 | 111.8 | 145.8 | 110.4 |
| Santa Rosa, CA | 131.0 | 112.0 | 177.0 | 99.0 | 118.6 | 138.8 | 110.8 |
| Philadelphia, PA | 129.6 | 121.6 | 146.6 | 181.6 | 113.1 | 105.6 | 115.4 |
| Anchorage, AK | 128.5 | 120.9 | 142.9 | 102.1 | 112.2 | 164.7 | 124.1 |
| Fairbanks, AK | 128.1 | 128.7 | 129.2 | 132.5 | 108.0 | 178.9 | 122.1 |
| Hartford, CT | 125.0 | 117.7 | 144.6 | 111.6 | 119.3 | 140.3 | 114.0 |
| San Diego, CA | 124.8 | 110.6 | 170.9 | 72.4 | 131.5 | 122.6 | 103.9 |
| Los Angeles-Long Beach, CA | 121.1 | 110.3 | 147.9 | 91.0 | 106.8 | 145.5 | 110.4 |
| Santa Fe, NM | 120.9 | 99.9 | 161.1 | 111.5 | 111.1 | 114.4 | 102.8 |
| Poughkeepsie, NY | 120.5 | 112.3 | 138.9 | 137.3 | 98.5 | 126.7 | 109.8 |
| Palm Springs, CA | 117.8 | 111.3 | 122.4 | 113.1 | 106.2 | 147.3 | 116.0 |
| Glenwood Springs, CO | 115.2 | 101.4 | 139.1 | 107.6 | 103.6 | 105.3 | 108.5 |
| Iowa City-Coralville, IO | 114.8 | 99.7 | 148.7 | 110.0 | 105.4 | 97.4 | 100.3 |
| Hilton Head Island, SC | 113.8 | 99.4 | 144.7 | 86.2 | 97.3 | 97.1 | 108.7 |
| Boulder, CO | 113.2 | 102.9 | 148.9 | 93.3 | 98.4 | 106.4 | 98.1 |
| Fresno, CA | 112.2 | 109.7 | 115.9 | 101.9 | 117.1 | 124.4 | 109.3 |
| Wilmington, DE | 112.0 | 118.1 | 113.3 | 115.6 | 95.9 | 121.8 | 109.8 |
| Rochester, NY | 111.5 | 116.0 | 118.3 | 129.6 | 112.7 | 91.9 | 102.4 |

National Ranking of Alaska Cities by Category

| | | | | | | | |
|---------------|---|---|----|-----|----|---|---|
| Anchorage, AK | 6 | 5 | 12 | 123 | 17 | 4 | 2 |
| Fairbanks, AK | 7 | 3 | 23 | 9 | 33 | 1 | 3 |
| Juneau, AK | 2 | 2 | 7 | 6 | 23 | 3 | 4 |
| Kodiak, AK | 1 | 1 | 3 | 1 | 13 | 2 | 1 |

Source: American Chamber of Commerce Researchers Association, Urban Area Index Data, 3rd Quarter 1994 (301 Urban Areas surveyed).

Food costs are higher in rural Alaska

Table 3 shows the cost of food for a week for a family of four with elementary school children for 19 communities. The December 1994 figures show that Fairbanks had the lowest food costs of the areas surveyed. The survey has consistently shown that larger cities in Alaska have food costs which are fairly comparable to those in Anchorage.

Overall, food costs tend to have three tiers in Alaska. The largest urban areas have the lowest food costs. Smaller communities on a major distribution system like a road or the Alaska Marine Highway tend to have slightly higher costs than the urban areas. The Cost of Food at Home Study has consistently shown that the highest food costs are found

in isolated communities supplied primarily by air. In places such as Bethel and Nome, food costs are 50 to 75% higher than in Anchorage.

The urban/rural cost differential in the Cost of Food at Home Study presents an interesting contrast between Alaska and other areas of the United States. Other surveys show that in the Lower 48, large urban areas tend to have higher living costs, including food costs, than less populated areas. The opposite is true in Alaska. The cost of food and other basics such as fuel are higher in rural Alaskan communities than in the state's urban centers.

Another notable point about this survey is that the three-tier structure of food costs in

ACCRA Cost of Living Index for Selected Cities—Third Quarter 1994

| Region/City | All Items Index | Grocery Items | Housing | Utilities | Transport- ation | Health Care | Misc. Goods & Services |
|-----------------------------|-----------------------|------------------|---------|-----------|---------------------|----------------|------------------------------|
| West | | | | | | | |
| Anchorage, AK | 128.5 | 120.9 | 142.9 | 102.1 | 112.2 | 164.7 | 124.1 |
| Fairbanks, AK | 128.1 | 128.7 | 129.2 | 132.5 | 108.0 | 178.9 | 122.1 |
| Juneau, AK | 137.0 | 133.9 | 158.0 | 142.6 | 110.8 | 172.8 | 119.9 |
| Kodiak, AK | 154.8 | 156.1 | 171.9 | 184.9 | 113.6 | 175.9 | 139.9 |
| Boise, ID | 102.2 | 97.7 | 108.1 | 77.4 | 102.4 | 112.6 | 103.4 |
| Las Vegas, NV | 103.7 | 98.5 | 108.6 | 91.5 | 110.5 | 120.5 | 100.2 |
| Portland, OR | 107.9 | 100.0 | 124.9 | 72.7 | 109.9 | 124.2 | 102.4 |
| San Diego, CA | 124.8 | 110.6 | 170.9 | 72.4 | 131.5 | 122.6 | 103.9 |
| Tacoma, WA | 104.8 | 109.6 | 102.3 | 64.4 | 107.0 | 150.8 | 105.3 |
| Southwest/Mountain | | | | | | | |
| Dallas, TX | 102.0 | 98.1 | 93.8 | 124.0 | 103.2 | 113.8 | 103.0 |
| Denver, CO | 106.5 | 105.3 | 114.8 | 93.2 | 106.9 | 126.4 | 99.5 |
| Phoenix, AZ | 99.8 | 103.5 | 89.8 | 102.8 | 113.9 | 113.4 | 99.5 |
| Provo-Orem, UT | 99.1 | 95.0 | 111.4 | 81.3 | 106.9 | 99.4 | 92.9 |
| Santa Fe, NM | 120.9 | 99.9 | 161.6 | 111.5 | 111.1 | 114.4 | 102.8 |
| Midwest | | | | | | | |
| Columbus, OH | 102.7 | 102.5 | 93.3 | 130.7 | 110.8 | 88.9 | 104.4 |
| Lafayette, IN | 99.0 | 107.4 | 93.0 | 111.6 | 95.8 | 92.3 | 99.0 |
| Oklahoma City, OK | 92.5 | 93.0 | 79.2 | 105.4 | 95.3 | 98.3 | 98.6 |
| Omaha, NE | 92.2 | 94.4 | 86.7 | 96.2 | 109.5 | 86.4 | 91.3 |
| Southeast | | | | | | | |
| Atlanta, GA | 97.0 | 98.6 | 86.8 | 110.4 | 98.3 | 110.4 | 98.7 |
| Baton Rouge, LA | 101.5 | 97.8 | 96.8 | 127.3 | 102.9 | 93.5 | 102.0 |
| Birmingham, AL | 100.9 | 96.4 | 99.6 | 117.1 | 96.1 | 100.5 | 101.6 |
| Miami, FL | 106.8 | 98.0 | 106.1 | 122.7 | 114.5 | 127.2 | 101.9 |
| Raleigh, NC | 98.6 | 97.7 | 99.7 | 105.7 | 93.3 | 110.2 | 95.7 |
| Atlantic/New England | | | | | | | |
| Hartford, CT | 125.0 | 117.7 | 144.6 | 111.6 | 119.3 | 140.3 | 114.0 |
| Manchester, NH | 111.1 | 103.5 | 109.3 | 153.5 | 102.7 | 115.3 | 107.7 |
| Philadelphia, PA | 129.6 | 121.6 | 146.6 | 181.6 | 113.1 | 105.6 | 115.4 |
| Virginia Peninsula, VA | 94.2 | 94.9 | 84.5 | 111.7 | 99.3 | 103.0 | 95.0 |

Source: American Chamber of Commerce Researchers Association, Urban Area Index Data, 3rd Quarter 1994 (301 Urban Areas surveyed).

Table • 7

Average Price for Selected Goods & Services in Selected U.S. Cities

| Region/City | 1 lb. Ground Beef | 1/2 gal. Whole Milk | 1 doz. Grade A Lg. Eggs | 1 lb. Coffee | 2 BR Apt. Rent (Unfurn. ex. utils.) | House Purchase Price | Total Energy Cost | 1 gal. Gas | Hospital Room | Office Visit Doctor | McDonald's Quarter pounder w/ cheese | Mens' Levi's 501/505 |
|---------------------------|-------------------------|---------------------------|-------------------------------|-----------------|--|----------------------------|-------------------------|---------------|------------------|---------------------------|---|----------------------------|
| West | | | | | | | | | | | | |
| Anchorage, AK | \$1.70 | \$2.18 | \$1.33 | \$2.91 | \$731 | \$172,928 | \$119 | \$1.17 | \$590 | \$65.20 | \$2.44 | \$31.54 |
| Fairbanks, AK | 1.80 | 2.03 | 1.46 | 2.81 | 754 | 150,000 | 156 | 1.22 | 456 | 72.25 | 2.30 | 34.56 |
| Juneau, AK | 2.05 | 1.96 | 0.98 | 3.48 | 1,033 | 182,300 | 171 | 1.29 | 390 | 55.20 | 2.60 | 37.32 |
| Kodiak, AK | 1.54 | 2.42 | 1.52 | 4.21 | 925 | 205,000 | 219 | 1.58 | 518 | 61.50 | 2.59 | 33.15 |
| Boise, ID | 1.49 | 1.51 | 0.75 | 2.64 | 685 | 124,000 | 85 | 1.22 | 393 | 46.80 | 1.94 | 33.38 |
| Las Vegas, NV | 1.22 | 1.53 | 1.26 | 2.39 | 610 | 131,500 | 108 | 1.28 | 303 | 46.00 | 1.59 | 31.57 |
| Portland, OR | 1.65 | 1.30 | 0.86 | 3.21 | 700 | 150,000 | 75 | 1.28 | 470 | 49.44 | 1.96 | 28.57 |
| San Diego, CA | 1.47 | 1.66 | 1.44 | 2.80 | 858 | 209,100 | 83 | 1.26 | 571 | 46.67 | 1.98 | 28.59 |
| Tacoma, WA | 1.81 | 1.56 | 0.89 | 3.43 | 550 | 124,000 | 68 | 1.17 | 443 | 57.00 | 1.89 | 38.19 |
| Southwest/Mountain | | | | | | | | | | | | |
| Dallas, TX | 1.54 | 1.35 | 0.82 | 2.09 | 635 | 106,795 | 145 | 1.09 | 387 | 48.90 | 1.96 | 30.74 |
| Denver, CO | 1.76 | 1.67 | 0.89 | 2.89 | 652 | 142,005 | 102 | 1.22 | 444 | 53.20 | 2.00 | 34.66 |
| Phoenix, AZ | 1.57 | 1.59 | 0.55 | 2.72 | 574 | 102,850 | 117 | 1.16 | 418 | 48.50 | 1.93 | 31.99 |
| Provo-Orem, UT | 1.11 | 1.36 | 0.67 | 2.81 | 512 | 138,000 | 89 | 1.14 | 397 | 41.33 | 1.99 | 28.99 |
| Santa Fe, NM | 1.01 | 1.43 | 0.73 | 3.42 | 717 | 205,500 | 126 | 1.23 | 305 | 43.25 | 1.99 | 29.49 |
| Midwest | | | | | | | | | | | | |
| Columbus, OH | 1.65 | 1.39 | 0.79 | 2.99 | 600 | 107,871 | 150 | 1.16 | 295 | 38.20 | 1.81 | 25.99 |
| Lafayette, IN | 1.42 | 1.50 | 0.67 | 3.26 | 489 | 113,002 | 121 | 1.08 | 380 | 41.50 | 1.70 | 33.39 |
| Oklahoma City, OK | 1.25 | 1.25 | 0.66 | 2.79 | 452 | 94,365 | 117 | 1.06 | 251 | 38.43 | 1.75 | 27.85 |
| Omaha, NE | 1.21 | 1.42 | 0.66 | 2.77 | 451 | 105,300 | 105 | 1.22 | 285 | 34.60 | 1.79 | 29.59 |
| Southeast | | | | | | | | | | | | |
| Atlanta, GA | 1.48 | 1.65 | 0.75 | 2.45 | 512 | 103,750 | 123 | 0.98 | 311 | 45.50 | 2.02 | 29.39 |
| Baton Rouge, LA | 1.78 | 1.49 | 0.64 | 2.65 | 486 | 118,767 | 146 | 1.06 | 346 | 40.50 | 1.75 | 29.66 |
| Birmingham, AL | 1.59 | 1.45 | 0.71 | 2.25 | 506 | 122,700 | 128 | 1.07 | 422 | 39.83 | 1.29 | 35.15 |
| Miami, FL | 1.67 | 1.63 | 0.74 | 2.27 | 701 | 121,829 | 142 | 1.24 | 423 | 63.00 | 1.98 | 26.59 |
| Raleigh, NC | 1.48 | 1.39 | 0.83 | 2.70 | 515 | 124,800 | 119 | 1.07 | 288 | 53.71 | 1.86 | 29.66 |
| Northeast/Atlantic | | | | | | | | | | | | |
| Hartford, CT | 1.68 | 1.36 | 0.95 | 2.43 | 698 | 181,000 | 128 | 1.27 | 550 | 56.67 | 1.95 | 35.85 |
| Manchester, NH | 1.45 | 1.26 | 0.85 | 3.19 | 597 | 132,300 | 180 | 1.08 | 436 | 45.50 | 2.09 | 30.99 |
| Philadelphia, PA | 1.99 | 1.32 | 1.09 | 2.60 | 716 | 185,990 | 221 | 1.12 | 451 | 37.50 | 1.94 | 36.74 |
| Virginia Peninsula, VA | 1.40 | 1.34 | 0.70 | 2.47 | 449 | 104,756 | 124 | 1.03 | 337 | 44.80 | 1.53 | 28.73 |
| ALL CITIES MEAN 1/ | 1.46 | 1.43 | 0.78 | 2.67 | 511 | 122,628 | 45 | 1.13 | 345 | 41.00 | 1.87 | 31.58 |

Notes: n/a - Not available.

1/ All cities mean is the arithmetic mean price of all 301 cities in the 3rd quarter 1994 survey.

Source: American Chamber of Commerce Researchers Association, Cost of Living Index, Average Price Data. (301 Urban Areas surveyed.) 3rd quarter 1994.

Alaska has not changed much during the last 15 years. Table 4 shows the difference in the cost of food between Anchorage and other Alaskan communities. It also shows the changes in costs over time within several communities in the study. One point to note is that some areas which have recently experienced a substantial increase in retail capacity, Kenai for example, are currently experiencing a lower food cost differential than previously reported.

ACCRA places Alaskan cities among most expensive

Another cost-of-living measure is provided by the American Chamber of Commerce Researchers Association (ACCRA). The AC-

CRA cost-of-living study compares costs for roughly 300 cities in the United States, including several in Alaska. The ACCRA study is intended to replicate the consumption patterns of a mid-management executive's household.

In the ACCRA study, a standardized list of 59 items is priced during a fixed period of time. The average price data for every urban area are then converted into an index number for each expenditure category. Because of the limited number of items priced, percentage differences between areas should not be treated as exact measures. Small differences should not be construed as significant, or even as a correct indication of which area is more expensive. Aside from the limited number of items priced, the ACCRA

Runzheimer International Living Cost Standards December 1994

| Region/City | Total Costs | Pct. of Std. City | Taxation | Pct. of Std. City | Transportation | Pct. of Std. City | Housing | Pct. of Std. City | Misc. Goods & Services, Other | Pct. of Std. City |
|-----------------------------|-------------|-------------------|----------|-------------------|----------------|-------------------|----------|-------------------|-------------------------------|-------------------|
| West | | | | | | | | | | |
| State of Alaska, Composite | \$34,889 | 109.0 | \$6,129 | 87.8 | \$3,571 | 113.3 | \$13,732 | 117.3 | 11,457 | 112.8 |
| Anchorage, AK | 33,987 | 106.2 | 6,104 | 87.4 | 3,636 | 115.3 | 12,953 | 110.7 | 11,294 | 111.2 |
| Fairbanks, AK | 34,124 | 106.6 | 6,117 | 87.6 | 3,600 | 114.2 | 12,895 | 110.2 | 11,512 | 113.3 |
| Juneau, AK | 36,556 | 114.2 | 6,167 | 88.3 | 3,477 | 110.3 | 15,347 | 131.1 | 11,565 | 113.9 |
| Boise, ID | 30,215 | 94.4 | 6,625 | 94.9 | 3,017 | 95.7 | 10,854 | 92.7 | 9,719 | 95.7 |
| Las Vegas, NV | 32,765 | 102.4 | 5,855 | 83.8 | 3,841 | 121.8 | 13,193 | 112.7 | 9,876 | 97.2 |
| Portland, OR | 33,568 | 104.9 | 7,053 | 101.0 | 3,179 | 100.8 | 13,191 | 112.7 | 10,145 | 99.9 |
| San Jose, CA | 42,103 | 131.6 | 6,374 | 91.3 | 4,090 | 129.7 | 21,110 | 180.3 | 10,529 | 103.7 |
| Seattle, WA | 34,546 | 108.0 | 6,606 | 94.6 | 3,525 | 111.8 | 14,261 | 121.8 | 10,154 | 100.0 |
| Southwest/Mountain | | | | | | | | | | |
| Dallas, TX | 31,031 | 97.0 | 7,127 | 102.1 | 3,566 | 113.1 | 10,357 | 88.5 | 9,981 | 98.3 |
| Denver, CO | 32,507 | 101.6 | 6,160 | 88.2 | 3,573 | 113.3 | 12,774 | 109.1 | 10,000 | 98.4 |
| Phoenix, AZ | 30,075 | 94.0 | 6,587 | 94.3 | 3,674 | 116.5 | 9,945 | 85.0 | 9,869 | 97.2 |
| Provo, UT | 31,668 | 99.0 | 6,744 | 96.6 | 3,181 | 100.9 | 12,262 | 104.7 | 9,501 | 93.5 |
| Santa Fe, NM | 34,414 | 107.5 | 5,600 | 80.2 | 3,286 | 104.2 | 15,477 | 132.2 | 10,051 | 98.9 |
| Midwest | | | | | | | | | | |
| Canton, OH | 30,054 | 93.9 | 7,461 | 106.8 | 2,984 | 94.6 | 9,748 | 83.3 | 9,861 | 97.1 |
| Lafayette, IN | 30,612 | 95.7 | 7,341 | 105.1 | 3,068 | 97.3 | 10,729 | 91.7 | 9,474 | 93.3 |
| Omaha, NE | 31,640 | 98.9 | 7,523 | 107.7 | 3,024 | 95.9 | 11,460 | 97.9 | 9,633 | 94.8 |
| Oklahoma City, OK | 28,702 | 89.7 | 7,103 | 101.7 | 3,160 | 100.2 | 8,491 | 72.5 | 9,948 | 97.9 |
| Southeast | | | | | | | | | | |
| Atlanta, GA | 31,620 | 98.8 | 7,024 | 100.6 | 3,272 | 103.8 | 11,315 | 96.7 | 10,009 | 98.5 |
| Baton Rouge, LA | 28,766 | 89.9 | 6,009 | 86.1 | 3,620 | 114.8 | 9,574 | 81.8 | 9,563 | 94.1 |
| Birmingham, AL | 30,915 | 96.6 | 6,815 | 97.6 | 3,020 | 95.8 | 11,489 | 98.1 | 9,591 | 94.4 |
| Miami, FL | 34,059 | 106.4 | 6,830 | 97.8 | 3,820 | 121.2 | 13,493 | 115.3 | 9,916 | 97.6 |
| Raleigh, NC | 32,096 | 100.3 | 7,451 | 106.7 | 2,941 | 93.3 | 12,086 | 103.2 | 9,618 | 94.7 |
| Atlantic/New England | | | | | | | | | | |
| Norfolk, VA | 31,008 | 96.9 | 7,231 | 103.6 | 3,082 | 97.7 | 10,740 | 91.7 | 9,955 | 98.0 |
| Philadelphia, PA | 37,192 | 116.2 | 8,535 | 122.2 | 3,718 | 117.9 | 14,351 | 122.6 | 10,588 | 104.2 |
| Portland, ME | 32,169 | 100.5 | 7,084 | 101.4 | 3,079 | 97.7 | 12,205 | 104.3 | 9,801 | 96.5 |
| Springfield, MA | 35,871 | 112.1 | 7,703 | 110.3 | 4,011 | 127.2 | 13,710 | 117.1 | 10,447 | 102.8 |
| STANDARD CITY, USA | 32,000 | -- | 6,983 | -- | 3,153 | -- | 11,706 | -- | 10,158 | -- |

Source: Runzheimer's Living Cost Index, December 1994.

index also does not take state and local taxes into account. This is in part due to the difficulty in reliably measuring an area's tax burden.

Four Alaskan cities are included in the most recently published ACCRA study (3rd quarter 1994)—Anchorage, Fairbanks, Juneau, and Kodiak. The 3rd Quarter 1994 ACCRA data show that the Alaskan cities are among the seven highest cost areas surveyed. (See Table 5). Fairbanks has the lowest index of the Alaskan cities in the ACCRA study; how-

ever, the difference between Anchorage, Fairbanks and Juneau was relatively small. According to the index, all three of these communities have a cost-of-living roughly 30% higher than the all cities' average.

The four Alaska cities in the ACCRA study were among the highest cost cities surveyed for several of the six major components of the ACCRA index. Kodiak had the highest index for groceries, utilities and other miscellaneous goods and services costs.

ACCRA points to a smaller difference in housing costs

Housing costs have always been thought of as exceptionally high in Alaska. Although they are high, the ACCRA housing index shows that some areas in the nation, particularly large urban areas, have comparable housing costs. Generally, the lowest rankings for Alaska's cities were in the ACCRA transportation index. The Anchorage utilities index was lower than one-third of the cities in the ACCRA study.

Comparative figures for Alaskan cities and other cities around the nation are presented in Tables 6 and 7. Table 6 shows the ACCRA cost-of-living indexes while Table 7 contains prices for some of the goods and services in the ACCRA study.

The ACCRA cost-of-living study is designed for spending patterns found in major American urban centers. The data collected in the survey attempt to match the items found in urban areas. This process tends to ignore spending patterns found in atypical areas. For example, the transportation costs in the ACCRA study include items such as bus fare, the price of a gallon of gasoline, and automobile wheel balancing. This is problematic for Alaskan communities because air transportation is a more common, and more expensive, mode of travel.

Runzheimer study shows smaller cost-of-living differential

A slightly different approach to calculating living cost differences between cities is taken in the Runzheimer Living Cost Standards survey. Runzheimer International, a private research firm contracted by the Alaska Department of Labor's Workers' Compensation Division (DOL), looked at the comparative income necessary to maintain a certain standard of living in different areas of the country. Runzheimer's approach takes into account certain elements left out of the ACCRA cost-of-living measure, such as an area's tax rates.

In the DOL Runzheimer study, a "base" family was created—two parents and two children. They own their home, a 1,500 square

foot single-family home with 3 bedrooms and 1.5 baths. They drive one automobile, a late model Ford Tempo, approximately 16,000 miles annually. This family has an income of \$32,000 in Standard City, a fictitious city which has costs close to the median of all the cities in the survey. The standard of living attainable in Standard City was then priced in each of the surveyed areas.

The DOL Runzheimer survey shows that Anchorage, Fairbanks and Juneau have a moderately higher cost-of-living than the other areas surveyed. The cost-of-living in these three Alaska locations ranges from 6.2% to 14.2% above Standard City. (See Table 8.) For comparison purposes, many of the cities which appear in the ACCRA data in Tables 6 and 7 are included in the Runzheimer data in Table 8.

Lower taxes contribute to lower living costs

The component indexes of the Alaskan cities in the Runzheimer study range from 10 to 20 percent above the average cost-of-living except the taxation component. The Runzheimer study indicates that the portion of income that goes to taxes in Alaska is about 12 to 13 percent below the average of the areas studied. This is the main reason why the Runzheimer index does not show Anchorage's, Fairbanks' and Juneau's living costs as high as the cost of purchasing goods and services would indicate. Another factor to remember is that Runzheimer does not take into account a program like Alaska's Permanent Fund Dividend. If every member of the fictitious Runzheimer family received an Alaska Permanent Fund check, that would add about \$3,700 to the household's pre-tax income. This amounts to a significant reduction in the overall tax burden on Alaskans.

1995 Runzheimer report indicates narrowing cost differences

In early 1995, under contract with the Alaska Department of Administration, Division of Personnel/Office of EEO (DOA), Runzheimer International performed a cost-of-living study for 19 locations in Alaska and Seattle. (See Table 9.) The study's purpose

Runzheimer International Living Cost Standards for 19 Alaskan Locations and Seattle January 1995

| City | Total Costs | Pct. of Std. City | Taxation | Pct. of Std. City | Trans- portation | Pct. of Std. City | Housing | Pct. of Std. City | Misc. Goods & Services, Other | Pct. of Std. City |
|---------------------------|----------------|-------------------------|----------|-------------------------|---------------------|-------------------------|---------|-------------------------|--|-------------------------|
| Anchorage | \$40,743 | 104.3 | \$7,993 | 84.5 | \$5,193 | 116.0 | \$8,898 | 113.2 | \$18,659 | 108.1 |
| Bethel | 46,665 | 119.5 | 9,057 | 95.7 | 5,555 | 124.1 | 12,528 | 159.4 | 19,525 | 113.2 |
| Dillingham | 44,959 | 115.1 | 7,703 | 81.4 | 5,528 | 123.5 | 11,900 | 151.4 | 19,828 | 114.9 |
| Dutch Harbor/Unalaska | 47,305 | 121.1 | 7,852 | 83.0 | 5,093 | 113.8 | 14,263 | 181.5 | 20,097 | 116.5 |
| Fairbanks | 41,755 | 106.9 | 7,987 | 84.4 | 5,187 | 115.9 | 9,643 | 122.7 | 18,938 | 109.8 |
| Haines | 40,401 | 103.5 | 8,104 | 85.6 | 5,143 | 114.9 | 7,549 | 96.1 | 19,605 | 113.6 |
| Juneau | 44,046 | 112.8 | 8,264 | 87.3 | 4,922 | 109.9 | 11,860 | 150.9 | 19,000 | 110.1 |
| Kenai | 39,461 | 101.0 | 8,060 | 85.2 | 5,006 | 111.8 | 7,732 | 98.4 | 18,663 | 108.2 |
| Ketchikan | 46,502 | 119.1 | 8,620 | 91.1 | 5,173 | 115.5 | 13,646 | 173.7 | 19,063 | 110.5 |
| Kodiak | 44,289 | 113.4 | 7,982 | 84.3 | 5,180 | 115.7 | 12,109 | 154.1 | 19,018 | 110.2 |
| Kotzebue | 45,204 | 115.8 | 8,241 | 87.1 | 5,970 | 133.3 | 11,472 | 146.0 | 19,521 | 113.1 |
| McGrath | 42,702 | 109.3 | 6,899 | 72.9 | 5,846 | 130.6 | 10,410 | 132.5 | 19,547 | 113.3 |
| Nome | 43,145 | 110.5 | 8,039 | 84.9 | 5,709 | 127.5 | 10,177 | 129.5 | 19,220 | 111.4 |
| Palmer | 42,568 | 109.0 | 8,465 | 89.4 | 4,872 | 108.8 | 10,246 | 130.4 | 18,985 | 110.0 |
| Petersburg | 43,506 | 111.4 | 8,153 | 86.1 | 5,150 | 115.0 | 10,808 | 137.5 | 19,395 | 112.4 |
| Seattle | 40,740 | 104.3 | 8,779 | 92.8 | 5,374 | 120.0 | 9,346 | 118.9 | 17,241 | 99.9 |
| Seward | 42,010 | 107.6 | 8,059 | 85.2 | 5,073 | 113.3 | 10,090 | 128.4 | 18,788 | 108.9 |
| Sitka | 44,570 | 114.1 | 7,615 | 80.5 | 5,113 | 114.2 | 12,358 | 157.3 | 19,484 | 112.9 |
| St. Mary's | 46,719 | 119.6 | 7,550 | 79.8 | 6,104 | 136.3 | 12,908 | 164.3 | 20,157 | 116.8 |
| Valdez | 44,541 | 114.1 | 8,334 | 88.1 | 5,026 | 112.3 | 12,008 | 152.8 | 19,173 | 111.1 |
| STANDARD CITY, USA | 39,053 | -- | 9,464 | -- | 4,477 | -- | 7,858 | -- | 17,254 | -- |

Source: Runzheimer's Living Cost Index, January 1995.

was to update the basis for the geographic pay differential system paid to employees of the State of Alaska.

The DOA Runzheimer study differed from the DOL Runzheimer study in several aspects. First, the "base" families are different in the two studies. In the DOA's Runzheimer study the four-person family earns \$40,740, they own their home, which is a 1,000 square foot single-family home with 3 bedrooms and 1 bath. They are a two-car family, driving a 1991 Chevrolet Lumina 14,000 miles annually and a second car 6,000 miles a year.

One weakness in taking the Runzheimer approach in remote Alaskan locations is that residents of these locations may not typically consume goods and services in the same pattern that a typical household would. For example, a family owning two cars driven 20,000 miles annually is typical in most places in the country. In many Alaskan locations the lack of a road system prohibits that kind

of transportation consumption. An aircraft, boat or snowmachine might be a more typical way of getting from one place to another.

The DOA Runzheimer study results indicated that the cost-of-living in most Alaskan locations has changed substantially since the last time a geographic differential study was performed in 1985. The DOA Runzheimer results also pointed to a narrower range of cost-of-living differentials than other surveys have indicated. While a 1985 Geographic Differential Study performed by the McDowell Group showed a cost-of-living differential of more than 30% between Anchorage and some Alaskan locations, the 1995 Runzheimer study showed the greatest differences to be around 15%. It should be kept in mind that this comparison is somewhat of an "apples to oranges" situation. The 1985 report priced a larger number of items in a greater number of areas and customized the market basket to each area studied.

Construction costs somewhat follow other surveys

In April of 1995, the Alaska Department of Labor's Research & Analysis Section conducted a survey of a market basket of construction materials. The survey, conducted for the Alaska Housing Finance Corporation, was intended to measure the cost of constructing a single-family residence at various locations in Alaska. The materials list price includes approximately 30% of the total dollar value of a list of materials needed to construct a model single-family residence.

The cost of construction materials at eight Alaskan locations was measured with some of the same patterns evident in other surveys showing in the results. (See Figure 3.) Like the other surveys, rural locations tended to have the highest costs. One notable difference about this survey is that Juneau showed the lowest cost for construction materials. No other survey showed Juneau to have the lowest costs for any items priced.

Summary: No one answer to cost-of-living question

When looking at cost-of-living information, first decide what type of comparison needs to be made. Are you interested in how prices have changed over time, or how costs differ between places? The answer narrows the field of appropriate cost-of-living surveys.

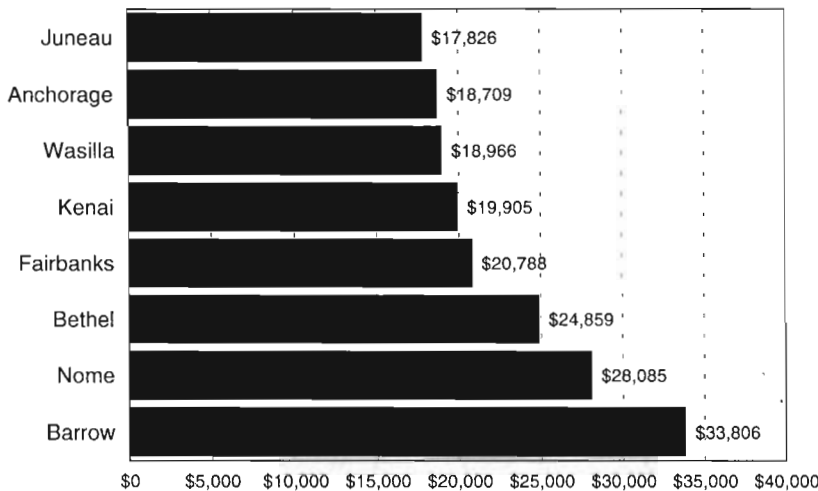
Next decide on the suitability of different surveys—some surveys look at subsets of the total cost-of-living package, such as the Cost of Food at Home survey or the AHFC construction cost survey. Some surveys might look at a population unlike the one being studied. The ACCRA survey's mid-management family does not reflect the cost-of-living for poverty income families.

In Alaska, particularly in smaller communities, survey choices are few. Only the Cost of Food at Home and the 1995 Runzheimer surveys include much more than the three largest Alaska cities. These surveys have their limitations in the scope or appropriateness of the goods priced. For this reason, users might be forced to use an index which only approximates cost-of-living differences.

Given their limitations, most cost-of-living indexes involve a compromise answer. Still, the indexes in this article provide baseline information to help answer these questions. When used with care, the information can help you compare how far your dollar will go.

Figure • 3

**Construction Materials Costs More in Rural Alaska
Selected Construction Materials
Costs (Alaskan Suppliers), April 1995**



Source: Alaska Housing Market Indicators 4th Quarter 1994, Alaska Housing Finance Corporation. Alaska Department of Labor, Research & Analysis Section.