

The Cost of Living in Alaska

By John Boucher

Perhaps the question most often asked of Research and Analysis is how much does it cost to live in Alaska compared to my community? or its permutation how much more does it cost to live in Nome than in Anchorage (or Juneau or Kodiak)? The best answer to these questions in every case is that we don't know exact cost of living differentials. What we do know is that it costs more to live in Anchorage than in Seattle, that living costs are generally higher in Alaska's smaller cities than in Anchorage, and that rural Alaska's costs are probably the highest in the nation. Seldom though is the average inquirer satisfied with that answer and understandably so, especially when business and personal decisions hang in the balance. This article is Research and Analysis' annual attempt at answering some of the questions surrounding the cost of living in Alaska.

The inventory of data measuring cost of living differentials between different Alaskan locations and between Alaskan locations and lower 48 locations is scarce. Since our 1985 edition of this article, two additions have been made to available cost of living information and both help to shed light on the cost of living issue. The two additions were the American Chamber of Commerce Researchers Association's (ACCRA) quarterly cost of living index and the recently published study commissioned by the State of Alaska entitled *Alaska Geographic Differential Study, 1985*. The ACCRA index is particularly useful in determining living costs between Alaskan locations and lower 48 locales, while the *Alaska Geographic Differential Study, 1985* is designed to differentiate living costs between Alaskan locations.

ACCRA Index

Each quarter the American Chamber of Commerce Researchers Association gathers prices from more than 200 cities throughout the U.S. and compiles them into the *Inter-City Cost of Living Index*. All items are priced at the local level by Chamber of Commerce research personnel at specified times by standard methodology and then converted to an index number.

The ACCRA index measures relative price differences for consumer goods and services in the participating cities by comparing them to the national average of 100. The 59 items that are priced are limited so the ACCRA does not treat percentage differences between two index numbers as exact cost of living differentials. Differences of three index numbers (e.g. 104 versus 107) are considered to be insignificant and may not correctly show which city is more expensive to live in. If there is a difference of more than three index points it may be con-

sidered to represent a difference in cost of living between the two locations but the percentage difference should be considered only as an indication of the difference in the cost of living rather than an exact measure. It should be noted that the ACCRA index does not include state and local taxes which in any area are an integral part of the cost of living. ACCRA is aware of this omission, however because of the difficulty of measuring each area's total tax burden taxes are purposely omitted.

Table 1 is excerpted from the fourth quarter 1985 ACCRA index and compares Anchorage and Juneau to 21 other cities in the United States. Data on additional cities in the ACCRA survey is also available. The cities chosen are only a representative sample. With the exception of New York City, the two Alaskan locations were far and away the most expensive of the cities surveyed. In Anchorage, housing costs, health care costs, groceries and miscellaneous goods and services were significantly above the national average, while in Juneau nearly all of the indexes were at least 30% above the national average and health care costs were more than twice the national norm. It should be noted here that the Juneau index was compiled during the first quarter of 1986 by Research and Analysis staff using ACCRA's procedures for developing the index. It is therefore not strictly comparable to the other indexes presented but it does represent a reasonable facsimile of the other indexes. Table 2, with the exception of Juneau, is excerpted from actual price data gathered by ACCRA during the survey and represent the average price for the item during the fourth quarter. Both the index numbers and average prices are published in the *Inter-City Cost of Living Index*. The ACCRA quarterly survey is available directly to those who wish to subscribe at a yearly rate of \$75.00. Subscriptions may be ordered by writing to the following address:

Mrs. Alice Klein
ACCRA Project Treasurer
Louisville Chamber of Commerce
One Riverfront Plaza
Louisville, KY 40202

Data for individual cities represented in the survey is available from Research and Analysis, but wholesale duplication of the publication is strictly prohibited.

Alaska Geographic Differential Study, 1985

A comprehensive study of the State of Alaska's geographic pay differentials was commissioned in 1984, at the request of the Alaska Public Employees Association (APEA) and the Alaska Department of

**Table 1
ACCRA INTER-CITY COST OF LIVING INDEX
FOURTH QUARTER 1985**

Region City, State	All-Items Index	Grocery Items	Housing	Utilities	Trans- portation	Health Care	Misc. Goods & Services
West							
ANCHORAGE, AK	139.4	138.9	178.7	92.3	113.6	178.4	130.2
JUNEAU, AK 1/	143.7	136.0	140.42/	148.6	118.4	233.8	138.7
Denver, CO	108.9	110.3	134.5	73.9	112.9	107.3	100.9
Portland, OR	103.9	107.9	99.1	68.8	117.0	134.9	101.8
San Diego, CA	116.5	97.8	164.5	81.8	108.1	140.5	102.7
Seattle, WA	107.1	110.5	108.2	51.7	118.2	129.4	114.8
Southwest							
Albuquerque, NM	103.3	109.4	113.6	76.7	103.5	109.8	99.6
Dallas, TX	112.5	107.7	120.2	121.9	111.7	115.1	106.0
Oklahoma City, OK	98.1	105.4	92.5	108.1	92.2	94.1	98.0
Phoenix, AZ	107.5	99.6	114.6	101.7	108.2	119.3	105.7
Midwest							
Columbus, OH	100.9	101.3	96.2	107.2	104.1	105.4	99.5
Indianapolis, IN	98.6	99.7	96.9	95.7	109.7	97.9	95.5
Quad Cities, IA-IL	93.0	91.8	93.4	95.9	107.2	102.2	90.8
St. Louis, MO	97.2	95.1	96.1	95.1	102.5	99.0	97.2
Southeast							
Atlanta, GA	107.7	97.9	119.2	129.0	101.0	101.8	101.3
Birmingham, AL	100.7	93.7	98.0	124.4	101.9	96.0	98.0
Louisville, KY	97.5	100.8	87.1	105.9	96.7	109.2	97.7
Miami, FL	111.7	102.3	114.6	124.2	104.8	121.5	110.9
Atlantic/New Eng.							
Baltimore, MD	104.7	103.4	113.0	95.5	106.0	104.0	102.2
Fall River, MA	104.5	99.1	113.1	124.5	89.9	101.3	100.6
Hartford, CT	112.2	106.2	129.1	121.7	100.3	105.3	106.5
New York, NY	142.5	107.7	190.7	186.7	119.1	159.7	113.4
Philadelphia, PA	116.0	111.9	116.5	150.6	107.1	125.7	106.8

1/ Juneau observations are for 1st Quarter 1986

2/ Juneau Housing index was not developed exactly according to ACCRA standards, which may account for the differential between the Anchorage and Juneau housing indexes.

Administration, Division of Labor Relations. The pay scale currently in place compensates employees for differences in living costs of Alaska communities based on a 1972 survey. The *Alaska Geographic Differential Study, 1985* was an attempt to update the cost of living information and then restructure the state's geographic pay differentials based upon the new information.

The *Alaska Geographic Differential Study, 1985* divided state em-

Table 2
 AVERAGE PRICE COMPARISON OF SELECTED ITEMS
 ACCRA INTER-CITY COST OF LIVING INDEX
 FOURTH QUARTER 1985

Region City, State	1 lb T-Bone Steak	1 lb Ground Beef	½ gal Whole Milk	10 lb Potatoes	1 lb Coffee	5 lb Sugar	2 BR Apartment Rent	House Purchase Price	Total Energy Costs	1 Party Telephone	1 gal Gas	Hospital Room	Office Visit Dentist
West													
ANCHORAGE, AK.	\$2.98	\$1.24	\$1.74	\$2.48	\$3.94	\$2.38	\$700	\$154,000	\$109.85	\$10.22	\$1.18	\$317.50	\$51.67
JUNEAU, AK. 1/	\$4.99	\$1.47	\$1.64	\$1.81	\$4.16	\$1.87	\$636	\$139,350	\$172.01	\$22.30	\$1.40	\$350.00	\$96.00
Denver, CO	\$3.74	\$1.19	\$1.29	\$1.36	\$2.64	\$1.88	\$412	\$120,720	\$84.82	\$11.73	\$1.17	\$220.00	\$33.40
Las Vegas, NV	\$3.09	\$1.03	\$1.05	\$1.25	\$2.45	\$1.49	\$409	\$92,720	\$90.36	\$7.48	\$1.18	\$209.00	\$28.20
San Diego, CA	\$2.51	\$1.06	\$1.00	\$1.06	\$2.46	\$1.48	\$695	\$133,600	\$95.97	\$10.85	\$1.22	\$266.75	\$44.00
Seattle, WA	\$3.66	\$1.19	\$1.14	\$0.72	\$2.98	\$2.06	\$428	\$90,000	\$51.99	\$16.77	\$1.24	\$241.00	\$35.00
Southwest													
Albuquerque, NM	\$3.70	\$1.36	\$1.17	\$1.66	\$2.89	\$1.89	\$402	\$98,630	\$89.17	\$13.91	\$1.16	\$221.60	\$35.10
Dallas, TX	\$3.78	\$1.38	\$1.23	\$1.50	\$2.63	\$1.84	\$516	\$97,326	\$146.24	\$12.20	\$1.13	\$193.50	\$36.33
Oklahoma City, OK	\$3.96	\$1.34	\$1.05	\$1.65	\$2.73	\$1.66	\$355	\$76,300	\$127.60	\$13.20	\$1.11	\$163.20	\$28.00
Phoenix, AZ	\$3.41	\$1.19	\$0.94	\$1.13	\$2.89	\$1.56	\$379	\$99,924	\$120.41	\$12.05	\$1.18	\$218.20	\$36.40

Midwest													
Columbus, OH	\$4.16	\$1.01	\$1.14	\$0.87	\$2.75	\$1.68	\$311	\$80,750	\$119.35	\$17.50	\$1.12	\$173.50	\$24.60
Indianapolis, IN	\$2.94	\$1.39	\$1.23	\$1.61	\$2.73	\$1.43	\$364	\$82,260	\$105.81	\$19.87	\$1.16	\$219.25	\$22.00
Quad-Cities, IA-IL	\$3.02	\$1.10	\$0.97	\$1.17	\$2.48	\$1.46	\$341	\$79,100	\$110.40	\$14.98	\$1.25	\$196.71	\$33.90
St. Louis, MO	\$3.40	\$1.25	\$1.12	\$1.31	\$2.54	\$1.26	\$381	\$62,040	\$113.14	\$10.64	\$1.20	\$173.00	\$26.00
Southeast													
Atlanta, GA	\$3.63	\$0.96	\$1.48	\$1.54	\$2.64	\$1.86	\$395	\$105,720	\$149.63	\$18.79	\$1.14	\$185.75	\$28.00
Birmingham, AL	\$3.55	\$1.43	\$1.19	\$1.46	\$2.56	\$1.33	\$333	\$86,000	\$136.16	\$25.20	\$1.15	\$179.80	\$25.25
Louisville, KY	\$4.13	\$1.27	\$1.29	\$1.07	\$2.41	\$1.55	\$339	\$72,800	\$119.94	\$18.70	\$1.13	\$214.20	\$27.00
Miami, FL	\$4.19	\$1.49	\$1.29	\$0.76	\$2.36	\$1.37	\$470	\$94,667	\$146.97	\$14.77	\$1.17	\$206.25	\$33.33
Atlantic/New Eng.													
Baltimore, MD	\$4.45	\$1.45	\$1.04	\$1.17	\$2.55	\$1.99	\$443	\$95,040	\$105.00	\$20.57	\$1.14	\$240.18	\$25.80
Fall River, MA	\$3.43	\$1.25	\$0.97	\$0.91	\$2.31	\$1.61	\$410	\$96,200	\$151.61	\$11.07	\$1.15	\$193.50	\$22.80
Hartford, CT	\$3.73	\$1.31	\$1.03	\$0.99	\$2.47	\$1.87	\$498	\$105,060	\$144.58	\$13.81	\$1.21	\$228.00	\$28.00
New York, NY	\$3.97	\$1.49	\$1.28	\$0.99	\$2.49	\$1.89	\$1,071	\$131,000	\$235.72	\$18.35	\$1.19	\$211.00	\$40.00
Philadelphia, PA	\$4.11	\$1.47	\$1.04	\$1.71	\$2.62	\$1.92	\$507	\$91,720	\$182.92	\$12.43	\$1.13	\$348.60	\$32.00
ALL CITIES MEAN 2/	\$3.58	\$1.19	\$1.15	\$1.24	\$2.60	\$1.59	\$364	\$85,166	\$115.73	\$14.85	\$1.17	\$187.47	\$28.87

1/ Juneau observations are for 1st Quarter 1986.

2/ All Cities refers to all 249 cities surveyed by ACCRA.

Table 3 Geographic Area Cost Differential 1985		Table 4 Cost of Food at Home for a Week Family of 4 with Elementary School Children		
Class District	Differential		Cost	% of Anchorage
Out of State		Anchorage	85.67	100%
Seattle	.86	Bethel	146.02	170%
Urban		Dillingham	139.30	163%
Palmer/Wasilla	.94	Fairbanks	91.72	107%
Anchorage (Base)	1.00	Homer	113.68	133%
Seward	1.00	Juneau	91.30	107%
Sitka	1.01	Kenai/Soldotna	91.15	106%
Kenai/Soldotna	1.01	Ketchikan	88.11	103%
Ketchikan	1.02	Kodiak	112.69	132%
Juneau	1.03	Kotzebue	136.51	159%
Fairbanks/Fort Yukon	1.03	Larsen Bay	137.43	160%
Intermediate		MatSu	87.49	102%
Icy Strait/Lynn Canal	1.05	McGrath	137.99	161%
Kodiak	1.06	Nome	146.81	171%
Cordova/Valdez	1.11	Sitka	96.42	113%
Remote/Rural		Tok	120.17	140%
Aleutian Islands	1.26	Western U.S.	84.20	98%
Wade Hampton	1.28	Southern U.S.	78.50	92%
Bristol Bay	1.29	Midwestern U.S.	77.30	90%
Yukon Kuskokwim	1.29	Northeastern U.S.	85.10	99%
Nome	1.33			
Bethel	1.39			
Barrow/Kotzebue	1.45			

Source: *Alaska Geographic Differential Study, 1985*, State of Alaska, Department of Administration, Division of Labor Relations. April 1985.

Source: Cost of Food at Home for a Week, University of Alaska, Cooperative Extension Service and United States Dept. of Agriculture.

employees into 20 different geographic regions, one of which is for out-of-state employees. The 19 in-state regions were chosen because that is the current way in which state employees are divided for the payment of their geographic differential. These boundaries coincide with the election districts in place in Alaska in 1961.

Since the study may affect a large block of state employees compensation, the study is under severe scrutiny by both the state and APEA. The accuracy of the study has yet to be officially confirmed, but it does represent the most recent comprehensive cost of living study that has been performed in the state. The study found that the state could be divided into three groups in terms of cost of living differences; urban, intermediate, and remote/rural.

Table 5
Cost of a "Big Mac" Meal
by Location for Alaska 1/

Location	Big Mac	Large Fries	Medium Drink	Total Meal
Adak	1.99	.99	.85	3.83
Anchorage	1.65	.85	.70	3.20
Eagle River	1.65	.85	.70	3.20
Fairbanks	1.79	.89	.75	3.43
Homer	1.81	.92	.74	3.47
Juneau	1.80	.95	.70	3.45
Ketchikan	1.80	.95	.70	3.45
Kodiak	1.80	.95	.75	3.50
Soldotna	1.76	.89	.71	3.36
Wasilla	1.65	.85	.70	3.20

1/ Prices Surveyed Week of April 7-11.

Table 6
Per Capita Personal Income
by Metropolitan Statistical Area
Including Fairbanks and Juneau
1983

West		Southeast	
ANCHORAGE, AK	19,188	Atlanta, GA	13,848
FAIRBANKS, AK	20,764	Birmingham, AL	11,446
JUNEAU, AK	21,253	Louisville, KY	12,309
Denver, CO	15,783	Miami, FL	13,249
Portland, OR	13,247		
San Diego, CA	13,474	Atlantic/New Eng.	
Seattle, WA	14,787	Baltimore, MD	13,563
		Fall River, MA	12,051
Southwest		Hartford, CT	15,925
Albuquerque, NM	12,305	New York, NY	15,076
Dallas, TX	15,861	Philadelphia, PA	13,746
Oklahoma City, OK	13,201		
Phoenix, AZ	13,199	United States	12,772
Midwest			
Columbus, OH	12,609		
Indianapolis, IN	12,997		
Quad-Cities, IA-IL	12,611		
St. Louis, MO	13,991		

Source: U.S. Department of Commerce
 Bureau of Economic Analysis, April 1986

Of the 19 election districts, Anchorage was considered the basis for comparison, and eight other election districts were found to have approximately the same living costs as Anchorage. Seven election districts were considered to have costs significantly higher than all other districts and three districts had somewhat higher costs than the urban districts but had significantly lower costs than the seven remote/rural districts. Table 3 breaks down the individual districts by category and differential. For further information about the *Alaska Geographic Differential Study, 1985* contact the Alaska Department of Administration, Division of Labor Relations.

Other Available Data

Other data sources are useful in comparing living costs both inside and outside of Alaska. *The Cost of Food at Home for a Week* is published by the University of Alaska Cooperative Extension Service and is funded by the U.S. Department of Agriculture. Table 4 presents the cost to feed a family of four in different Alaskan locales and in four different geographic regions of the U.S. The Alaska observations are for December 1985 and the U.S. observations are for January 1986. The Department of Labor's "Big Mac Meal Index" (Table 5) compares the cost of a McDonald's Big Mac, drink and fries for those Alaska communities with a McDonald's restaurant. Also presented is per capita personal income (Table 6) which compares 1984 per capita income among Metropolitan Statistical Area's included in the ACCRA index.

Summary

Data presented in this article is not intended to provide a comprehensive cost of living comparison either between Alaskan locations or between Alaska and the Lower 48. These data are meant to provide a reasonable idea about what costs could be incurred by locating in different parts of Alaska. Different lifestyles and the peculiarities of individual communities make it nearly impossible to obtain a definitive answer of the cost differentials pertinent to individuals, however; we hope these data provide assistance to individuals or business' evaluation of living cost differentials.