ALASKA ECONOMIC TRENDS

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The Cost of Living in Alaska

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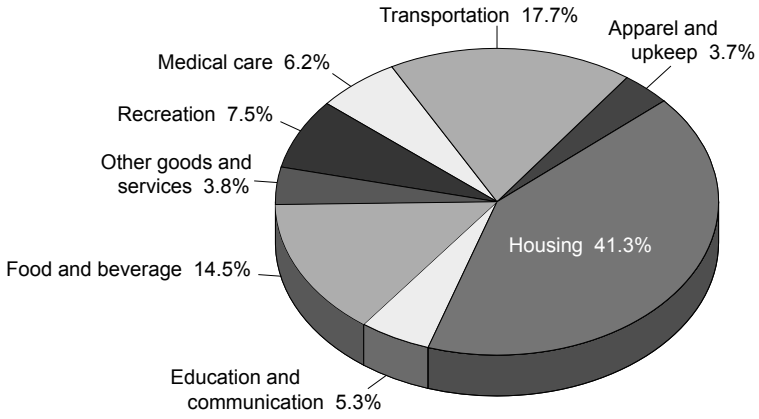
The Cost of Living in Alaska

By Neal Fried,
Economist

Alaskans love to talk about it

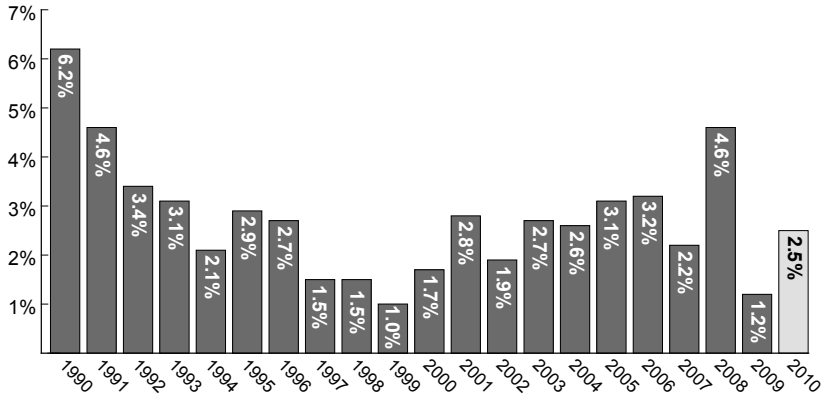
Alaska's cost of living is frequently a topic of casual conversation and sometimes a cause for heated debates. For many years, a great deal of myth and lore has surrounded the idea of how much things cost in the Last Frontier. Cost of living information ranks among the most requested economic data. It's also a story that is in constant flux, making up-to-date information vitally important. This article attempts to corral cost of living information from a variety of sources into one place.

1 Largest Slice of the Pie is Housing
CPI weighting, December 2009



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

2 Inflation remains moderate in 2010
Changes in Anchoarge CPI-U, 1990 to 2010[1]



[1] The CPI for 2010 is the percent increase in the index from the first half of 2009 to the first half of 2010. All of the other percentages are annual averages for 1990-2009.
Source: U.S. Department of Labor, Bureau of Labor Statistics

Different ways to measure the cost of living

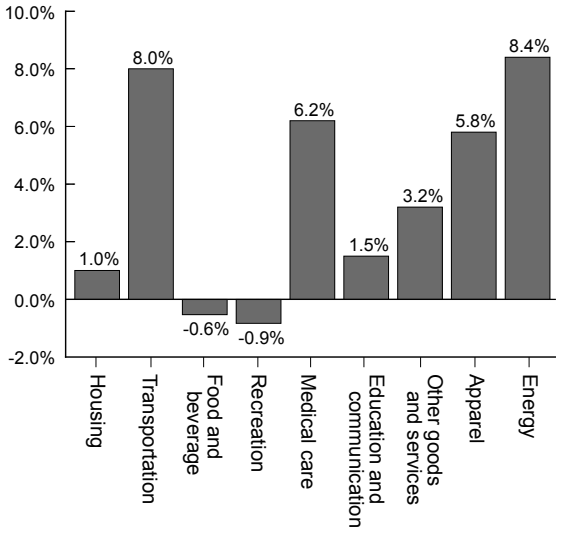
There are two very different cost of living measures that help answer two different questions.

One measure observes the change in the cost of living from one time period to another for a specific geographic place. It is popularly referred to as the inflation rate and is measured by the Consumer Price Index, commonly known as the CPI.[1] Workers, unions, employers and others pay close attention to the CPI. Bargaining agreements and other wage rate negotiations often incorporate an adjustment for inflation. However, the CPI also plays a role in long-term real estate rental contracts, child support payments and budgeting. Most Alaskans are affected when the Permanent Fund Corporation uses the CPI to inflation proof the fund. When trying to determine a change in the cost of living, the CPI needs to be used.

The other type of cost of living measure addresses cost differences between two places. For example, is it more expensive to live in Fairbanks than Palmer? Differentials result from comparing costs of living among different communities in Alaska and other places around the country. These studies assume a certain consumption pattern and investigate how much more or less it costs to maintain a specific standard of living.

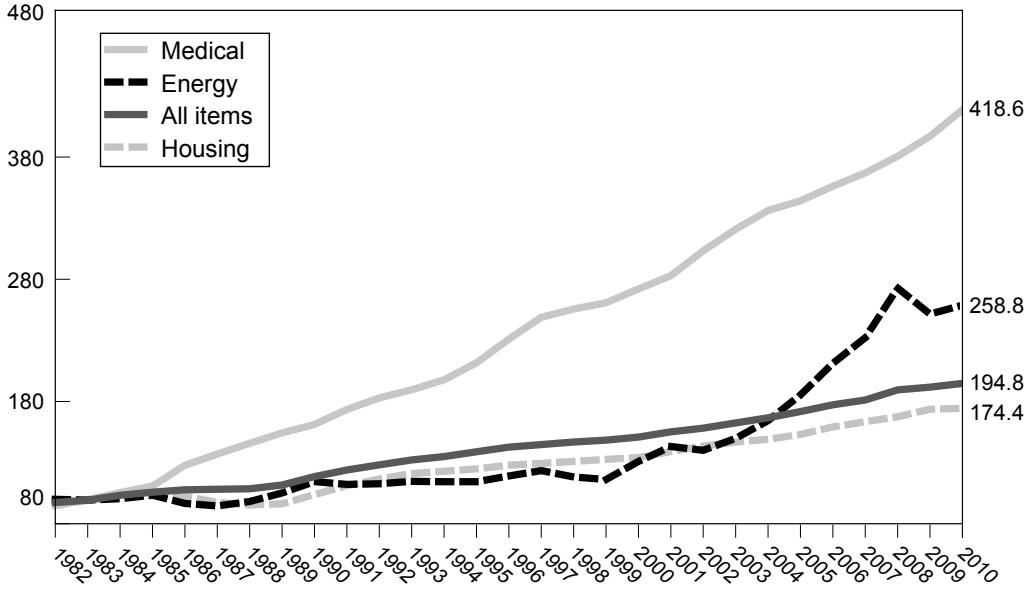
[1] All references to the CPI refer to the CPI-U.

3 Behind the 2.5 Percent Increase
Increase by major CPI components, 2010[1]



[1] The CPI for 2010 is the percent increase in the index from the first half of 2009 to the first half of 2010.
Source: U.S. Department of Labor, Bureau of Labor Statistics

4 Medical In its Own League
Selected components of Anchorage CPI, 1982-2010[1]



[1]The CPI for 2010 is the percent increase in the index from the first half of 2009 to the first half of 2010. All of the other percentages are annual averages for 1982-2009.
Source: U.S. Department of Labor, Bureau of Labor Statistics

Some examples of these measures include the following: McDowell Group's Alaska Geographic Differential Study, Runzheimer's Living Cost Index, Cooperative Extension Service's Food Cost Survey, and Alaska Housing Finance Corporation's Survey of Mortgage Lending Activity.

Treat these indicators with care

All measures of the cost of living have shortcomings. It's far from a perfect science and some measures are much better than others. No two consumers spend their money alike; no index exists that accurately captures all the differences. For example, the average household in Kotzebue may spend its income quite differently than the average household in Haines, and the differences could be even more dramatic when compared to a household in Washington D.C.

Also, consumers' spending habits are continuously in flux. Technology keeps advancing, tastes change and people react differently to changes in consumer prices. In spite of these difficulties, most of the cost of living indexes measure prices from a sample of goods and services believed to best mimic the average consumer or a specific group of consumers. This list of items is often referred to as a market basket. Items such as housing, food, transportation, medical and entertainment are included in these baskets. Some indexes go to great lengths to construct these market baskets while others are very simple.

How fast are prices rising?

The U.S. Department of Labor, Bureau of Labor Statistics produces the Anchorage Consumer Price Index, which is probably the most important cost of living index in Alaska. Anchorage is one of 27 urban areas where the bureau tracks changes in consumer prices. The Anchorage CPI is often treated as the de facto statewide inflation measure.[2]

The Bureau of Labor Statistics goes to great lengths and expense to produce the CPI. It con-

[2] Anchorage is in a group of 13 metropolitan areas for which data are published every six months and is the only city in Alaska for which a CPI rate is calculated by the Bureau of Labor Statistics.

ducts elaborate surveys of consumers' spending habits to examine the market basket of goods and determine the location specific weights of the goods. (See Exhibit 1.)

The Bureau of Labor Statistics produces two price indexes. The Consumer Price Index for Wage and Clerical Workers is known as the CPI-W, and the Consumer Price Index for All Urban Consumer is called the CPI-U. The CPI-W consumer coverage is derived from a significantly smaller consumer group. The CPI-U is the most prominent measure and is used more frequently than any other measure that observes price changes on a national or local scale. All references to the CPI in this article refer to the CPI-U.

The Anchorage CPI is produced twice each year for the periods of January to June and July to December. Information for the latter of the two periods is released in February of the following year; next, the annual average index is calculated. The annual CPI figure is the rate most often observed as the measure of Alaska's inflation.

There is a national CPI and also separate indexes for 27 metropolitan areas around the country. The CPI should not be used to compare costs between different locations. The CPI only measures changes in prices for an individual geographic location.

Geographic Cost Differentials by Area
Alaska, 2008

5

Anchorage	**1.00**
Mat-Su	0.95
Glennallen Region	0.97
Parks/Elliott/Steese Highways	1.00
Kenai Peninsula	1.01
Southeast Small Communities	1.02
Fairbanks	1.03
Delta Junction/Tok Region	1.04
Southeast Mid-Size Communities	1.05
Prince William Sound	1.08
Ketchikan/Sitka	1.09
Juneau	1.11
Kodiak	1.12
Roadless Interior	1.31
Southwest Small Communities	1.44
Arctic Region	1.48
Bethel/Dillingham	1.49
Aleutian Region	1.50

Source: The McDowell Group

Geographic Cost Differentials
By Alaska communities, 2008

6

Anchorage	**1.00**
Homer	1.01
Ketchikan	1.04
Petersburg	1.05
Valdez	1.08
Cordova	1.13
Sitka	1.17
Dillingham	1.37
Nome	1.39
Barrow	1.50
Bethel	1.53
Unalaska/Dutch Harbor	1.58
Kotzebue	1.61

Note: Anchorage was used as the base city and assigned a value of 1.00 from which comparisons of the other areas could be made. For example, Mat-Su's index number of 0.95 means that living costs there are 95 percent as high as Anchorage's; the Aleutian region's 1.50 index number means costs there are 150 percent as high as in Anchorage.

Source: The McDowell Group

Inflation increases some in 2010

From the first half of 2009 to the first half 2010, Anchorage's inflation rate was 2.5 percent. (See Exhibit 2.) Rising prices for gasoline and health care explain much of the increase. Gasoline prices peaked in 2008, came down in 2009, and increased again by 31 percent between the first half of 2009 and the first half of 2010. During the same time period, health care costs grew by 6.2 percent. (See Exhibit 3.)

Most consumers spend the largest share of their consumption dollars on housing. (See Exhibit 1.) As a result, housing has a powerful influence on the overall index. Housing also gives the CPI its local flavor because local market forces exert influence on housing prices. In contrast to housing, the cost of most others goods and services is largely influenced by national or international trends.

During most of the past decade, housing markets in Anchorage were not radically different from those in the nation as a whole. However, over the past three years, there was some divergence in that trend. In the first half of 2010, Anchorage's CPI housing component increased by 1 percent, while the nation's housing prices declined by 0.6 percent.

Health care remains an outlier

Health care by itself is not a large enough category to influence the Anchorage CPI very much,

7 Alaska Cities More Expensive for Professional Households

ACCRA[1] Cost of Living Index, selected cities, 2009

	Items Index Costs	Grocery Items	Housing	Utilities	Transportation	Health Care	Miscellaneous Goods and Services
Anchorage, AK	124.6	129.3	137.0	101.9	118.2	127.6	120.5
Fairbanks, AK	134.2	123.9	150.2	159.4	126.5	144.3	117.7
Juneau, AK	125.9	130.4	134.8	130.8	125.7	142.2	112.5
Kodiak, AK	125.5	145.0	121.9	127.5	140.5	128.7	114.4
West							
Portland, OR	116.5	115.5	128.7	93.4	112.5	108.6	115.6
Honolulu, HI	166.3	157.6	248.8	139.9	128.1	117.6	123.8
San Francisco, CA	162.9	118.6	273.0	92.4	112.6	118.6	127.5
Reno, NV	105.9	107.2	112.3	97.2	108.7	105.5	101.4
Seattle, WA	123.3	112.0	151.2	83.1	117.4	121.8	117.7
Spokane, WA	93.1	93.7	83.1	84.7	106.4	106.7	97.8
Tacoma, WA	107.6	107.5	116.5	83.5	108.1	117.0	105.7
Bellingham, WA	112.4	110.0	133.2	85.8	115.9	114.5	101.4
Boise, ID	95.0	94.4	83.4	100.8	103.4	103.3	99.7
Bozeman, MT	104.4	108.3	109.3	94.5	96.1	100.9	105.0
Laramie, WY	97.9	105.7	102.9	86.6	89.1	94.7	97.3
Southwest/Mountain							
Cedar City, UT	90.9	100.2	82.4	79.7	95.7	82.6	97.6
Phoenix, AZ	98.4	105.6	94.6	88.5	101.3	97.7	100.9
Denver, CO	102.9	101.4	107.4	99.3	94.3	105.3	103.4
Dallas, TX	92.1	96.1	71.2	107.9	99.3	104.2	100.2
Midland, TX	91.4	90.9	85.3	96.9	92.2	98.9	94.3
Midwest							
Fargo, ND/Moorehead, MN	92.4	101.9	84.0	81.3	96.8	102.5	96.7
Cleveland, OH	99.6	109.3	88.6	113.5	101.3	100.5	100.6
Chicago, IL	113.2	104.4	131.5	114.3	115.4	110.3	99.3
Southeast							
Orlando, FL	98.4	98.1	87.5	103.9	104.4	95.7	104.7
Mobile, AL	92.3	102.7	80.1	107.3	92.0	84.7	95.5
Atlanta, GA	94.2	100.6	88.6	82.5	97.7	103.7	97.8
Atlantic/New England							
New York City - Manhattan	217.2	145.9	399.5	156.8	128.3	130.7	144.2
Boston, MA	130.9	117.0	146.7	156.6	100.7	127.5	125.9
Philadelphia, PA	123.9	123.3	141.9	129.2	104.3	109.6	115.2

Note: Index numbers represent a comparison to the average for all cities for which ACCRA volunteers collected data. These numbers are based on 2009 annual data.

[1] The ACCRA Cost of Living Index was originally produced by the American Chamber of Commerce Researchers Association. It's now produced by The Council for Community and Economic Research. The focus of the index, which has been published since 1968, is on professional and managerial households with incomes in the top 20 percent for the area.

Source: The Council For Community And Economic Research

but its meteoric rise has caught people's attention. (See Exhibit 4.) No other component of the Anchorage CPI has come close to matching the increase in health care prices. During the past decade, health care costs in Anchorage have grown by 53.9 percent versus 29.1 percent for the overall index.

The intrastate cost of living standard

In 2008, the State of Alaska contracted with the McDowell Group to complete the Alaska Geographic Differential Study. (See Exhibits 5 and 6.) The purpose of this study was to help determine appropriate pay rates for state employees living in different parts of Alaska. However, the study is also useful to individuals, businesses and a variety of organizations.[3]

Currently, this study provides the most comprehensive data that exist for Alaska. It's a good source of data for broad overall comparisons of costs between communities and for more detailed comparisons of the costs of food, clothing, housing, transportation, health care and other expenses. The study is a few years old, but there is little reason to believe that cost of living differentials would have shifted.

ACCRA – a comparison of 300 U.S. cities

Four times per year and once annually, the Council for Community and Economic Research publishes the results of its cost of living survey for over 300 U.S. cities. The survey is known as the ACCRA Cost of Living Index.[4] It examines costs for 57 consumer items which are grouped into the following categories: groceries, housing, utilities, transportation, health care, and miscellaneous goods and services. The survey is based on a consumption pattern for a professional or executive household in the top income quartile. Consumption patterns differ around the country but ACCRA does not take this into account. Nor does it measure taxation where Alaska has a clear advantage.

[3] The full study is available at: http://doa.alaska.gov/gds/home.html

[4] The ACCRA Cost of Living Index was originally produced by the American Chamber of Commerce Researchers Association, which gave the index its acronym. It's now produced by The Council for Community and Economic Research.

Low-Income Households Come Closer to Average

Runzheimer Plan of Living Cost Standards, February 2008[1]

8

	Total Costs	Percent of Standard City	Taxation	Percent of Standard City	Trans-portation	Percent of Standard City	Housing	Percent of Standard City	Miscella-neous Goods and Services	Percent of Standard City
Alaska Composite	$39,417	123.2%	$2,448	80.5%	$4,749	113.6%	$24,498	136.7%	$7,722	112.6%
Anchorage	$41,522	129.8%	$2,448	80.5%	$4,934	118.0%	$26,471	147.7%	$7,669	111.8%
Fairbanks	$35,112	109.7%	$2,448	80.5%	$4,714	112.8%	$20,351	113.6%	$7,599	110.8%
Juneau	$41,616	130.1%	$2,448	80.5%	$4,599	110.0%	$26,672	148.9%	$7,897	115.1%
West										
Bellingham, Wash.	$35,414	110.7%	$2,448	80.5%	$4,514	108.0%	$20,994	117.2%	$7,458	108.7%
Bend, Ore.	$38,237	119.5%	$2,723	89.5%	$4,205	100.6%	$24,635	137.5%	$6,674	97.3%
Honolulu	$57,071	178.3%	$2,448	80.5%	$5,240	125.4%	$40,689	227.1%	$8,694	126.7%
Lancaster, Calif.	$37,149	116.1%	$2,448	80.5%	$4,865	116.4%	$21,686	121.0%	$8,150	118.8%
Los Angeles, Calif.	$62,636	195.7%	$2,448	80.5%	$6,132	146.7%	$45,824	255.7%	$8,232	120.0%
Reno, Nev.	$37,879	118.4%	$2,448	80.5%	$4,632	110.8%	$23,380	130.5%	$7,419	108.1%
Southwest/Mountain										
El Paso, Texas	$29,894	93.4%	$2,448	80.5%	$4,377	104.7%	$16,443	91.8%	$6,626	96.6%
Fort Collins, Colo.	$31,446	98.3%	$2,736	89.9%	$4,507	107.8%	$17,645	98.5%	$6,558	95.6%
Lake Havasu City, Ariz.	$34,868	109.0%	$2,610	85.8%	$4,479	107.2%	$20,667	115.3%	$7,112	103.7%
Pinehurst, Idaho	$27,367	85.5%	$2,674	87.9%	$4,182	100.0%	$14,356	80.1%	$6,155	89.7%
Salt Lake City, Utah	$32,033	100.1%	$2,808	92.3%	$4,442	106.3%	$18,294	102.1%	$6,489	94.6%
Midwest										
Highland, Mich.	$34,043	106.4%	$2,448	80.5%	$5,394	129.0%	$19,118	106.7%	$7,083	103.3%
Rapid City, S.D.	$26,398	82.5%	$2,448	80.5%	$4,182	100.0%	$13,607	75.9%	$6,161	89.8%
Shawnee, Okla.	$24,988	78.1%	$3,181	104.6%	$4,414	105.6%	$10,960	61.2%	$6,433	93.8%
Verndale, Minn.	$30,176	94.3%	$2,448	80.5%	$4,605	110.2%	$16,416	91.6%	$6,707	97.8%
Southeast										
Augusta, Ga.	$24,178	75.6%	$3,033	99.7%	$4,650	111.2%	$10,175	56.8%	$6,320	92.1%
Columbia, S.C.	$26,042	81.4%	$2,625	86.3%	$4,280	102.4%	$12,747	71.1%	$6,390	93.1%
Cape Coral, Fla.	$38,415	120.0%	$2,448	80.5%	$4,554	108.9%	$24,508	136.8%	$6,905	100.7%
Hessmer, La.	$26,616	83.2%	$3,036	99.8%	$4,869	116.5%	$12,057	67.3%	$6,654	97.0%
Atlantic/New England										
Fairfax, Va.	$44,941	140.4%	$2,603	85.6%	$4,645	111.1%	$30,162	168.3%	$7,531	109.8%
New York	$55,946	174.8%	$2,463	81.0%	$5,441	130.2%	$39,278	219.2%	$8,764	127.8%
Egg Harbor City, N.J.	$45,423	141.9%	$2,743	90.2%	$5,272	126.1%	$30,547	170.5%	$6,861	100.0%

Note: This exhibit shows how much more or less it would cost for a family of four to live in different cities while maintaining the same standard of living.
[1] This article is based on Runzheimer data released in February 2008; new data are scheduled for release in late 2010.
Source: Runzheimer International, Runzheimer's Living Cost Index*, February 2008*

The respective cost to live in Anchorage, Juneau, Fairbanks and Kodiak is well above the national average. According to the 2009 ACCRA data, Anchorage cost of living is 24.6 percent higher, Fairbanks is 34.2 percent higher, Juneau is 25.9 percent higher and Kodiak is 25.5 percent more expensive. (See Exhibit 7.)

Housing in Alaskan cities is not the only component that drove up overall consumer costs. Consumer expenditures in all categories were above the U.S. city standard.

A bit of caution for the Fairbanks index is in order, as the number for housing appears too high. All other sources of housing data show that Fairbanks housing costs are lower than in Anchorage, Juneau or Kodiak.[5] Therefore, the differential would be smaller.

Runzheimer's provides a different sample of costs than ACCRA

The Runzheimer Plan of Living Cost Standards compares living costs at the other end of the income spectrum. This index is designed to show how much more or less it would cost for a family of four to live in different cities while maintaining the same standard of living. (See Exhibit 8.)

[5] The sources include the McDowell Group's Alaska Geographic Differential Study, Runzheimer's Index and the Alaska Housing Finance Corporation's Survey of Mortgage Lending Activity.

9 Rural Alaskans Pay More
Food, fuel, and lumber cost, March 2010

	Food at Home for a Week[1]	One Gallon Heating Oil	One Gallon Gasoline	One Gallon Propane	Lumber 2x4x8
Anchorage	$123.89	$3.28	$3.33	$4.60	$2.77
Bethel	$251.75	$4.62	$5.37	$7.84	$5.99
Cordova	$206.10	$3.56	$3.97	$3.92	$3.88
Delta Junction	$166.97	$3.00	$3.48	$3.65	$2.95
Fairbanks	$128.00	$3.07	$3.29	$3.75	$3.12
Haines	$166.03	$3.19	$3.45	$3.62	$2.99
Homer	$170.51	$2.77	$3.70	$4.35	$3.24
Juneau	$135.99	$3.08	$3.11	$3.68	$2.88
Kenai-Soldotna	$148.69	$2.75	$3.65	$4.35	$2.95
Ketchikan	$150.47	$2.83	$3.13	$3.18	$2.09
King Salmon	$304.87	$3.87	$4.45	$6.23	$7.49
Kodiak	$188.60	$3.57	$3.60	$4.86	$3.52
Kotzebue	$271.55	$4.64	$6.54	$6.93	$11.00
Palmer - Wasilla	$129.78	$3.00	$3.34	$3.88	$2.79
Nome	$232.46	$4.38	$4.49	$5.70	$5.99
Portland, OR	$103.61	$3.17	$2.73	$2.85	$2.06
Sitka	$170.05	$2.69	$3.15	$3.50	$2.58
Valdez	$166.75	$3.28	$3.81	$3.85	$4.25

[1] The weekly cost for a family of four with children ages 6 to 11.
Source: University of Alaska Fairbanks, Cooperative Extension Service

10 Rural Alaska Pays Fuel Premium
Fuel price survey, January 2010

Selected Communities[1]	One Gallon Heating Oil	One Gallon Gasoline	Method of Transportation
Anvik	$4.50	$5.00	Barge
Arctic Village	$10.00	$10.00	Air
Atqasuk[2]	$1.40	$4.10	Barge/Air
Barrow[3]	–	$4.25	Barge
Chenega Bay	$6.00	$6.00	Barge
Delta Junction	$3.02	$3.62	Truck
Dillingham	$4.41	$4.64	Barge
Emmonak	$5.15	$6.07	Barge
Fairbanks	$3.07	$2.32	Refinery/Truck
Gambell	$5.10	$5.55	Barge
Homer	$2.88	$3.51	Barge/Truck
Hoonah	$3.54	$3.39	Barge
Hooper Bay	$6.56	$6.66	Barge
Huslia	$4.25	$5.00	Barge
Hughes	$8.55	$7.50	Air
Juneau	$3.18	$2.96	Barge
Kodiak	$3.23	$3.24	Barge
Kotzebue	$4.92	$5.18	Barge
Nelson Lagoon	$4.22	$4.58	Barge
Nenana	$3.29	$3.62	Truck
Nondalton	$5.80	$6.85	Air
Pelican	$4.60	$4.79	Barge
Petersburg	$3.11	$3.03	Barge
Port Lions	$4.05	$4.30	Barge
Russian Mission	$4.95	$5.99	Barge
Unalaska	$3.57	$3.31	Barge
Valdez	$3.10	$3.55	Refinery/Barge

[1] This is just a partial list of the 100 communities surveyed.
[2] The North Slope Borough subsidizes heating fuel.
[3] Barrow uses natural gas as a source of heat.
Source: Alaska Department of Commerce, Community and Economic Development, Current Community Conditions: Fuel Prices Across Alaska, January 2010 Update.

According to the Runzheimer Index, a household would need more than $41,000 to maintain the same standard of living in Anchorage or Juneau as it could with income of $32,000 in the standard U.S. city. Fairbanks' costs at this relatively low level of income would be considerably less – about $35,000.[6]

The one advantage Alaska households have over the standard U.S. city is a lower than average tax burden. In all the other Runzheimer categories, the Alaska cities are more expensive.

King Salmon's weekly food costs top $304

Four times a year, the University of Alaska Fairbanks Cooperative Extension Service posts its results from surveys of the cost of food at home for a week. The Food Cost Survey includes approximately 20 communities around Alaska and also Portland, Oregon. (See Exhibit 9.) The survey's food basket includes items that contain minimum levels of nutrition for an individual or family at the lowest possible cost. In addition, the survey includes information on utilities, fuel and lumber prices.

The survey has two strengths: it has been consistently produced for many years and covers a wide geographical area. Few other surveys in the state cover as many places. However, the survey is limited to food and energy costs, which are relatively small components of the cost of living.

The survey also assumes that the market baskets consist of identical items in all of the communities, but the buying habits of residents in different places may vary dramatically. Many items that can be purchased in urban Alaska are not available in rural communities.

Recently, the study included cost calculations for grocery items ordered by mail from urban merchants, a common practice in rural Alaska. However, grocery items carried on the plane as baggage and items that were traded or bartered

[6] This article uses Runzheimer data released in February 2008; new data are scheduled for release in late 2010.

were not included. Moreover, the survey's list of food items ignores the possible substitution of store bought items with subsistence harvested meats, fowl, fish, berries and other products.

Gasoline prices $10.00 in Arctic Village

In 2005, the Alaska Department of Commerce, Community and Economic Development began a semiannual survey of fuel prices in 100 communities around the state. The survey started in response to rising fuel prices and the disproportionate affect on rural communities. Fuel prices are highest in remote communities that receive all of their fuel by air transportation. (See Exhibit 10.) Some examples of these communities include Arctic Village, Hughes and Nondalton. With few exceptions, smaller rural communities pay significantly higher fuel prices than larger urban areas of the state. Fuel prices in most communities changed little between 2009 and 2010.

Housing gets more affordable

Rent or mortgage costs are often the largest slice of a household's income, which makes this expense a good proxy for an area's cost of living. The Alaska Housing Finance Corporation contracts with the Alaska Department of Labor and Workforce Development to collect housing rental and mortgage data for boroughs and areas around the state. (See Exhibit 12 and 13.)[7]

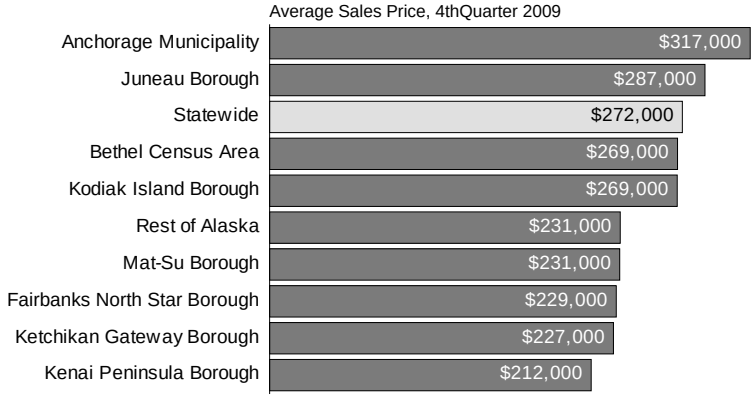
Like food and other items, the cost of housing varies dramatically. Supply of housing, vacancy rates, quality of housing, economic conditions of the local economy, building costs and local demographics are factors that explain some of the differences in housing costs.

Another useful measure of the cost of housing is the Alaska Affordability Index, which is calculated for selected areas in the state. (See Exhibit 13.) The index is a measure of the number of wage earners necessary to afford an average home. The index value indicates the number of earners[8] per residence that are necessary to

[7] See the AHFC Web Site: http://www.ahfc.state.ak.us/grants/housing_market_indicators.cfm

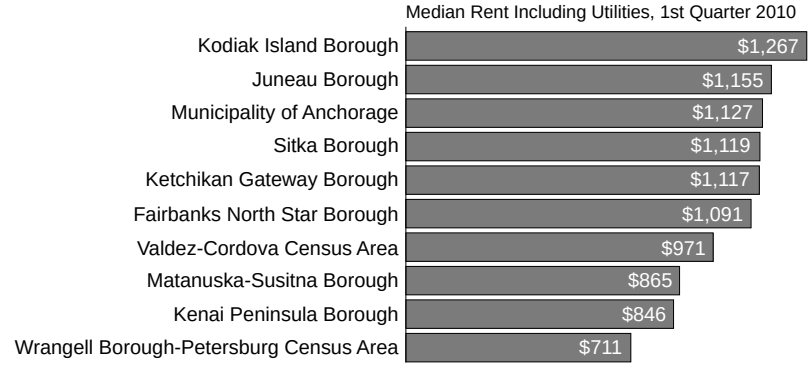
[8] Based on workers who earned average wages for their geographic location.

The Cost of Single-Family Homes 11
Highest in Anchorage lowest in Kenai



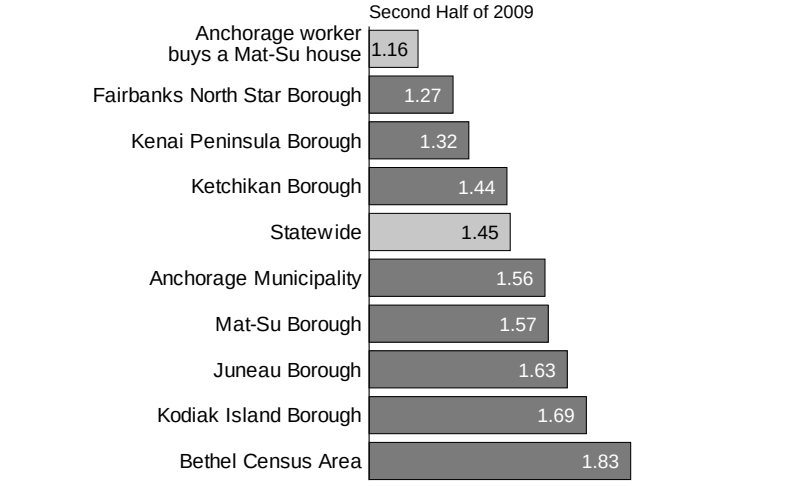
Alaska Department of Labor and Workforce Development, Research and Analysis Section and Alaska Housing Finance Corporation, Alaska Quarterly Survey of Mortgage Lending Activity

Rent for a Two-Bedroom Apartment 12
Costs are highest in Juneau and Anchorage



Sources: Alaska Department of Labor and Workforce Development, Research and Analysis Section; Alaska Housing Finance Corporation, 2010 Rental Market Survey

Where is Housing Most Affordable? 13
Wage earners needed to buy average house



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

14 Military Cost-Of-Living Allowance
OCONUS[1] Index, Alaska 2010

Location	Index
Anchorage	**126**
Barrow	152
Bethel	152
Clear Air Force Station	128
College	128
Cordova	138
Delta Junction	130
Fairbanks	128
Homer	132
Juneau	130
Kenai (includes Soldotna)	132
Ketchikan	142
King Salmon (includes Bristol Bay Borough)	132
Kodiak	132
Nome	152
Petersburg	142
Seward	130
Sitka	138
Spuce Cape	134
Tok	132
Unalaska	134
Valdez	138
Wainwright	152
Wasilla	124
Other	152

[1] OCONUS is an acronym for Outside the Continental U.S. Alaska is counted as an OCONUS location for purposes of the index.
Source: Department of Defense, effective date June 2010

qualify for a 30-year single-family home mortgage, with an average interest rate and 15 percent down payment. An increase in this index means that a family is less able to afford a home. During the first half of 2009, housing became noticeably more affordable – reaching the most affordable level since 1993. Higher wages, falling interest rates, and a softer housing market were all contributing factors in making housing more affordable over the past year.

The Mat-Su Borough has some of the lowest costs for housing but also lower average wages than Anchorage; as a result, purchasing a home there is actually no more affordable than in Anchorage. Many residents of Mat-Su commute to Anchorage to earn higher wages. In Juneau, annual earnings are above average but housing is less affordable because of higher purchase prices for single-family homes.

The military's cost-of-living index

The U.S. Department of Defense produces a cost of living index for all of its overseas locations which include Alaska, Afghanistan, Hawaii and other places. (See Exhibit 14.) Allowances paid to service members, stationed in high-cost areas, help them maintain the same purchasing power as they would have in the United States, when buying similar goods and services. The Department of Defense collects pricing data on approximately 120 goods. The index does not include housing which is handled through an allowance program.

Also, this cost-of-living adjustment is only calculated for spendable income and not total income. Spendable income is calculated by taking household income and subtracting housing expenses, taxes, savings, life insurance, gifts and contributions.

The strength of the index is its broad geographic coverage of 24 areas in Alaska. The highest prices were in Barrow, Bethel, Nome and Wainwright; and the lowest were in Wasilla, Anchorage, Fairbanks, Clear and College (within the Fairbanks North Star Borough). For the most part, the results line up with other data in this article.

The Federal government gives up on COLA[9]

For over four decades, most federal workers in Alaska received an additional 25 percent of tax-free dollars in their paychecks. It was the gold standard in the COLA world. After many years of study, litigation, and temporary changes the flat COLA adjustment is now history. Over the next three years, the federal government is moving to locality pay which has existed everywhere in the country except Alaska and Hawaii. This means that federal workers' compensation will not be based on the cost of living; instead, it will be adjusted to reflect what other workers in Alaska earn.

[9] Cost of Living Allowance

A Snapshot of Alaska's Housing Market

By Caroline Schultz, Economist

Housing market responds to crisis but looks relatively good

Alaska's housing market continues to outperform the dismal national housing market, but that's not saying much. The Alaska housing market has reflected the national housing bubble and subsequent crash in a typical Alaskan fashion – bucking some national trends and mirroring others. This snapshot of Alaska's housing market will examine how we are faring.

There's no denying it, the prognosis for the national housing market is uncertain. The home buyer's tax credit, an important catalyst for recent signs of recovery, has recently expired. But despite historically low interest rates, national housing indicators aren't yet pointing to a recovery.

Alaskans avoided the worst of the housing bubble by keeping a lid on speculation and subprime lending. Average single-family home prices have been largely stable. Residential foreclosures are on the rise but aren't setting records. Mortgage lending activity peaked in late 2006 and has continued to decline since then. Much of the recent downturn in home sales was offset by a flurry of refinancing activity spurred by historically low interest rates.

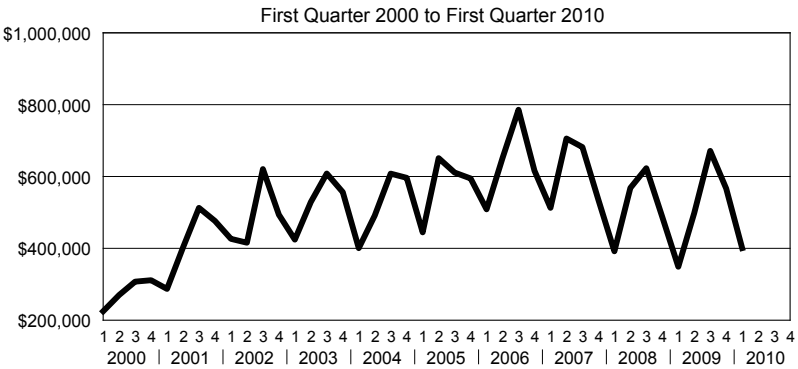
Meek mortgage lending activity

The Alaska Department of Labor and Workforce Development, under contract with the Alaska Housing Finance Corporation, conducts the Survey of Mortgage Lending Activity every quarter. Alaska's major private and public mortgage lenders provide data on the vast majority of mortgage lending activity in Alaska.

Mortgage lending activity for single-family homes and condos – the number of loans, the loan dollar volume and the total value of home sales – was up in the first quarter of 2010 compared to a year earlier. Although the direction is positive, this is not yet a cause for jubilation. The total loan volume for single-family homes and condos was $401 million in the first quarter of 2010, compared to $349 million in the first quarter of 2009. The first quarter of 2009 was the lowest on record since the first quarter of 2001, when such low dollar volumes for loans were the norm. (See Exhibit 1.)

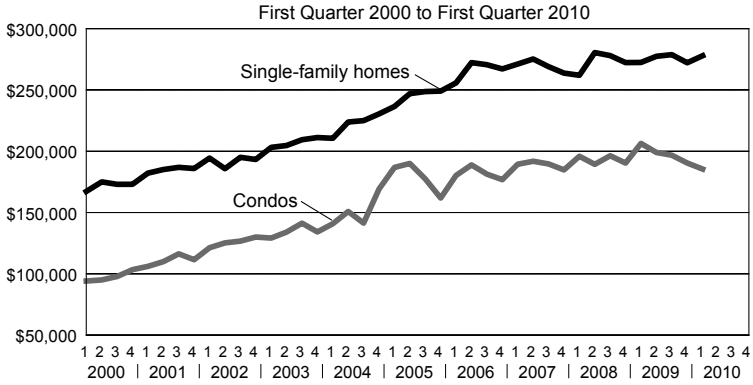
Lending activity in Alaska began its decline near the end of 2007, well before statewide employment growth turned negative. Year-to-year change in quarterly loan volume was negative for eight consecutive quarters – from the third quarter of 2007 through the second quarter of 2009. The third quarter of 2009 finally marked an end to the decline, outperforming the third quarter of 2008 by $48 million. Whether this rebound is the beginning of a long-term recovery

1 Single-Family Homes and Condos
Quarterly loan volume, Alaska



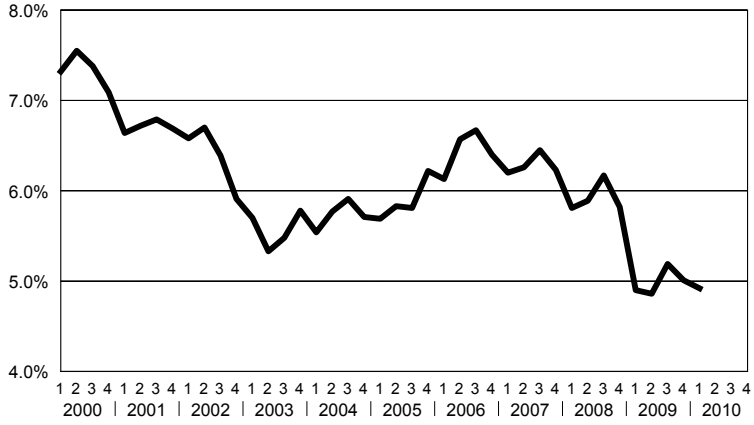
Note: Mortgage lenders are surveyed four times per year; 2010 data are only for the first quarter of the year.
Sources: Alaska Department of Labor and Workforce Development, Research and Analysis Section; and Alaska Housing Finance Corporation, Quarterly Survey of Mortgage Lending Activity

2 Single-Family Homes and Condos
Average sales price, Alaska



Note: Mortgage lenders are surveyed four times per year; 2010 data are only for the first quarter of the year.
Sources: Alaska Department of Labor and Workforce Development, Research and Analysis Section; and Alaska Housing Finance Corporation, Quarterly Survey of Mortgage Lending Activity

3 Mortgage Rates Stay Low
30-year fixed-rate mortgages,[1] Alaska



Note: Mortgage lenders are surveyed four times per year; 2010 data are only for the first quarter of the year.
[1] The 30-year mortgage rates are based on a weighted average.
Sources: Alaska Department of Labor and Workforce Development, Research and Analysis Section; and Alaska Housing Finance Corporation, Quarterly Survey of Mortgage Lending Activity

for loan volumes or just a short-term reprieve remains to be seen.

Lending activity was likely stimulated in the first quarter of 2010 by the impending expiration of the home buyer's tax credit. The program offered up to $8,000 in tax credit for home buyers who signed a contract before April 30 and closed on their purchase prior to June 30, 2010.[1] The tax credits may have nudged on-the-fence buyers into the home buying game or encouraged buyers planning to purchase later in the year to make their move earlier.

Despite the possible expiration of the tax credit, lending activity will likely continue to creep up from the first quarter of 2010 based on seasonality alone. Historically, first quarter lending activity is the weakest of the year, followed by the fourth quarter. Third quarter activity is typically the highest. This seasonal phenomenon is not isolated to Alaska. Home sales tend to occur in the summer months when moving is easier and homes are less obscured by snow and darkness. Home buyers with school-age children are more likely to move in the summer so as not to interrupt the school year, and summer weddings often precipitate a slew of home purchases. The greatest first quarter loan volume this decade was in 2007 at $512 million, paltry compared to the record high $786 million loan volume from the third quarter of 2006.

Home sales prices stay flat

Average sales prices for single-family homes and condominiums have remained remarkably stable considering the recent drop in mortgage activity. From the first quarter of 2000 to the first quarter of 2010, single-family home sales prices grew about 5 percent per year, and condo sales prices grew about 8 percent per year. (See Exhibit 2.)

We can split the decade into a period of accelerated growth and a period of almost no growth. During the feverish first period that extended from 2000 through 2006, single-family home sales prices grew an average of 8 percent each year. The tide turned in 2007. During the first quarter of 2007 through the first quarter of 2010, single-family home sales price growth had slowed to 1 percent per year.[2]

Condo sales prices exhibited a similar pattern. Prices increased by an average of 11 percent per year from 2000 through 2006 and an average of 2 percent per year from 2007 to the first quarter of 2010. Comparing the first and second parts of the decade shows that home sales prices in Alaska did react to the boom-and-bust cycle

[1] The deadline to close was recently extended until September 30, 2010 for buyers that had signed a contract before April 30, 2010.

[2] Home sales price growth is calculated by averaging the year-over-year change in price for each quarter during the period.

that ravaged the housing market in many states. Unlike those states that suffered most from the crash, Alaska's housing market responded with restraint.

Mortgage rates hit record lows

Mortgage rates are at a historic low, but other factors like a weak economy and tighter lending requirements have kept a damper on home sales. Low mortgage rates make borrowing cheaper, which in turn makes purchasing a home more affordable.

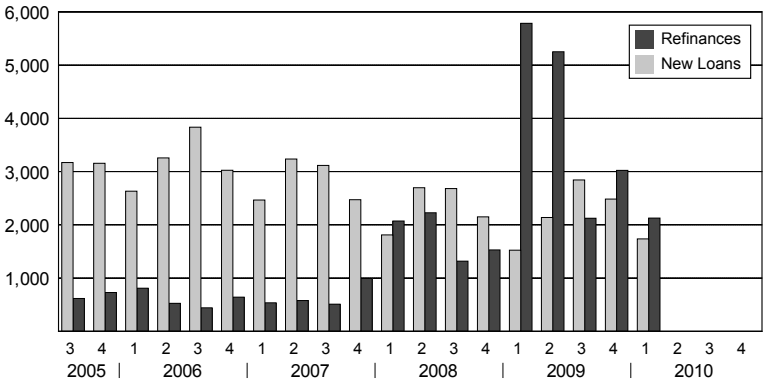
Refinancing activity skyrockets

Despite originating fewer new mortgages, lenders have stayed busy. Many homeowners responded to record-low mortgage rates by refinancing their existing mortgages, which can lead to major savings over the life of the loan. The Department of Labor has only collected single-family and condo mortgage refinance data since the third quarter of 2005, but longtime Alaska lenders agree that recent refinance activity is unprecedented.

From the third quarter of 2005 through the fourth quarter of 2007, the average number of single-family and condo refinances per quarter was below 650. In the first quarter of 2008, interest rates dropped below 6 percent and the number of refinances doubled from the previous quarter – from 991 to 2,072. When interest rates slid below 5 percent in early 2009, refinances spiked again – from 1,529 in the fourth quarter of 2008 to a record 5,786 in the first quarter of 2009. (See Exhibit 4.)

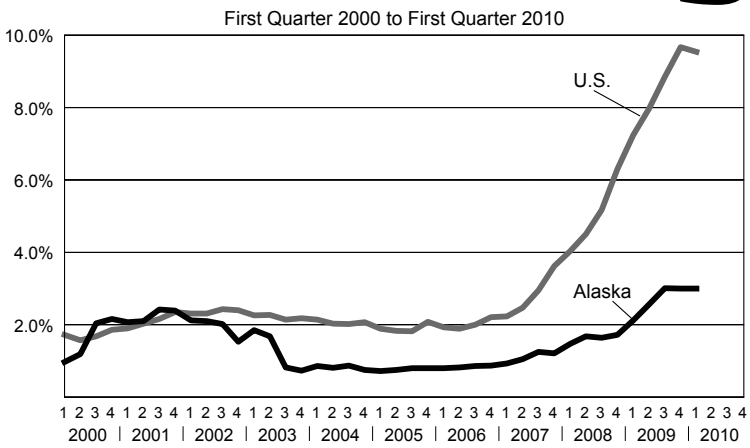
During the first quarter of 2009, the $1.4 billion in refinance loans dwarfed the $349 million in new mortgage loans. But refinance volumes of that magnitude aren't sustainable. In the first quarter of 2010, refinance loan volume just barely outpaced new loan volume – $461 million in refinances compared to $400 million in new loans. Refinance activity is expected to remain high as long as mortgage rates stay low, but it isn't likely to reach levels comparable to the first half of 2009 for some time. Most homeowners who would benefit have already refinanced.

Refinancing activity peaks in 2009 4
Single-family homes and condos, Alaska



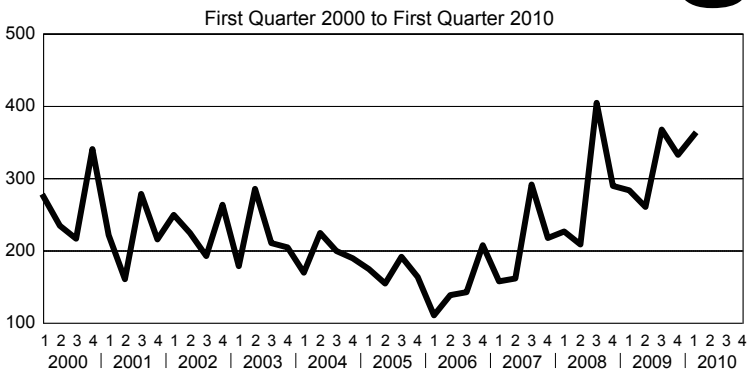
Note: Data are from the third quarter of 2005 to first quarter of 2010.
Sources: Alaska Department of Labor and Workforce Development, Research and Analysis Section; and Alaska Housing Finance Corporation

Seriously-Delinquent Mortgages[1] 5
Alaska and U.S., 2000 to 2010



[1] Percentage of mortgages 90+ days past due or in foreclosure.
Source: Mortgage Bankers Association, National Delinquency Survey

Residential Foreclosures Increasing 6
Alaska, 2000 to 2010



Source: Alaska Department of Natural Resources, Recorder's Office

Delinquencies and foreclosures

The collapse of the mortgage bubble left a flood of delinquencies and foreclosures that spread across the country, leaving empty homes and broken lives in its wake. Alaska escaped the worst of the crisis but has seen an increase in both mortgage delinquencies and foreclosures.

Alaska mortgage delinquencies stay low

Since 1979, the Mortgage Bankers Association has collected data from roughly 80 percent of mortgages nationwide in its National Delinquency Survey. The association reports the number of mortgages that are considered seriously-delinquent, meaning they are more than 90 days past due or in foreclosure.

Alaska has ranked near the bottom of all the states in terms of delinquency – a good ranking on a bad list. In the first quarter of 2010, the most recent quarter for which data are available, Alaska's seriously-delinquent rate of 3 percent was second lowest in the United States, outperformed only by North Dakota with a rate of 2.3 percent. (See Exhibit 7.) One reason that Alaska's seriously-delinquent rate is so low is that higher risk subprime and adjustable rate mortgages were less popular in Alaska than nationally.

Alaska's seriously-delinquent mortgage rate started creeping up in 2007 but leveled off at around 3 percent from the second quarter of 2009 through the first quarter of 2010. Since the first quarter of 2007, the national seriously-delinquent rate has grown at an average of more than one-half of a percentage point each quarter, peaking at 9.7 percent in the fourth quarter of 2009. Alaska's comparable rate peaked at 3.01 percent in the third quarter of 2009. (See Exhibit 5.)

Keeping a lid on residential foreclosures

The Department of Labor collects foreclosure data based on public records. During the first quarter of 2010, the most recent quarter for which data are available, there were 360 foreclosures in Alaska. Foreclosures have been on the rise in Alaska since the first quarter of 2006, when a favorable housing market kept strapped homeowners out of foreclosure. Since then, foreclosures have staggered upward, but their volatility makes clear trends hard to read. (See Exhibit 6.)

Foreclosures will likely continue to be higher than they were during the past 10 years, but it is possible that the worst is over. Much depends on the health of Alaska's economy. A growing economy could revive a sluggish housing market. Add in high oil and mineral prices and a steady influx of federal dollars, and Alaska's economy could be brightening.

Alaska's housing market has puttered along like a reliable old car – you wouldn't want to drive it to prom but it always starts. As long as the economy doesn't completely run out of gas, Alaska's housing market should have a lot more mileage left in it.

7 The Lowest and Highest Rates of Serious Delinquency
United States, first quarter 2010

10 Lowest Rates			10 Highest Rates		
Rank	State	Percent	Rank	State	Percent
1	North Dakota	2.33%	1	Florida	20.61%
2	**Alaska**	**3.00%**	2	Nevada	19.60%
3	South Dakota	3.49%	3	Arizona	12.81%
4	Wyoming	3.73%	4	California	12.14%
5	Montana	4.05%	5	Illinois	11.27%
6	Nebraska	4.17%	6	New Jersey	10.73%
7	Vermont	4.81%	7	Michigan	10.72%
8	Kansas	5.14%	8	Georgia	9.87%
9	Arkansas	5.39%	9	Ohio	9.49%
10	Iowa	5.40%	10	Rhode Island	9.23%

Note: The National Delinquency Survey is a nationwide survey of mortgage lenders, estimated to encompass over 80 percent of active mortgages.
Source: Mortgage Bankers Association, National Delinquency Survey

Employment Scene

By Neal Fried, Economist

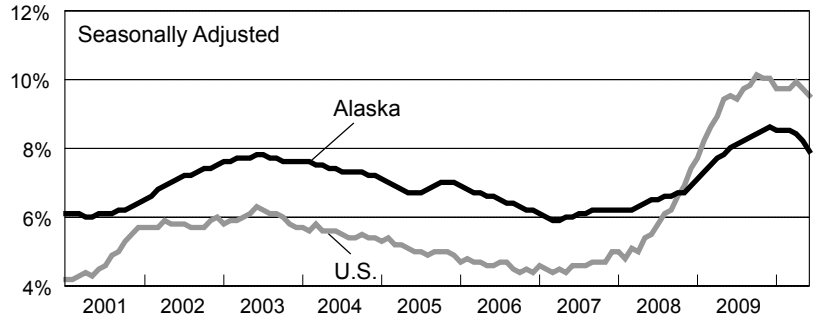
Unemployment rate at 7.9 percent in June

Alaska's seasonally adjusted unemployment rate for June fell slightly to 7.9 percent. May's preliminary rate was revised down one-tenth of a percentage point to 8.2 percent.

Alaska still looks good in comparison

The comparable national jobless rate for June was 9.5 percent, down from 9.7 percent in May. Alaska's unemployment rate fell below 8 percent for the first time in 13 months, and it was the 20th consecutive month that Alaska's rate was lower than the nation's.

1 Unemployment Rates, Alaska and U.S.
January 2001 to June 2010



2 Percent Change in Employment[1]
December 2008 to December 2009, Alaska

	Percent Change[2]		Percent Change[2]
Alaska	**-0.5**	Northwest Arctic Borough	3.7
U.S.	**-4.1**	Kodiak Island Borough	-0.4
Aleutians West Census Area	-5.4	Matanuska-Susitna Borough	2.7
Aleutians East Borough	-5.4	Nome Census Area	-1.9
Anchorage, Municipality	-0.3	North Slope Borough	-8.6
Bethel Census Area	5.0	Petersburg Census Area	9.2
Bristol Bay Borough	7.8	Prince of Wales-Hyder Census Area	1.9
Denali Borough	1.1	Sitka Borough	-2.9
Dillingham Census Area	-2.0	Skagway, Municipality	-3.7
Fairbanks North Star Borough	0.4	Southeast Fairbanks Census Area	2.1
Haines Borough	9.2	Valdez-Cordova Census Area	2.6
Juneau Borough	0.1	Wade Hampton Census Area	1.2
Kenai Peninsula Borough	-1.4	Wrangell Borough	-6.7
Ketchikan-Gateway Borough	-2.4	Yakutat Borough	-5.6
Lake and Peninsula Borough	-12.6	Yukon Koyukuk Census Area	1.2

[1] Excludes the self-employed, fishermen and other agricultural workers, and private household workers.
[2] This number represents the percentage of increase or decrease in employment as measured by QCEW records.

Alaska's unemployed workers filed for fewer unemployment insurance benefits during the month of June. Between May and June, the number of regular weeks claimed for benefits decreased from 95,793 to 63,362, a 32.5 percent reduction. This count of regular weeks claimed for benefits was lower than in June 2009 and nearly identical to June 2008 numbers.

The nation's nonfarm employment declined in June for the first time in six months. At this point, it is too early to tell whether the decline in nonfarm employment represents a slowdown for the nation's labor market.

Alaska's places are looking better than most

The U.S. Department Labor, Bureau of Labor Statistics recently released an employment report for 334 of the nation's largest counties. It compared December 2008 QCEW[1] employment to December 2009 QCEW employment. Employment declined in nearly all of the nation's largest counties and also in Anchorage - the only Alaska "county" ranked in the report. Anchorage ranked sixth best out of all places on the list with an employment decline of 0.3 percent versus a 4.1 percent average decline for the other U.S. counties. This report confirms how much better Alaska's job market is faring than most other places in the nation.

So how would the rest of Alaska's boroughs, municipalities and census areas stack up using the same measurement? The answer is pretty good. A year-to-year comparison shows that employment increased in 14 of 28 areas in Alaska. Of the remaining areas, eight lost a smaller percentage of jobs and six lost a higher percentage of jobs than the nation's average. (See Exhibit 2).

[1] Quarterly Census of Employment and Wages

3 Statewide Employment
Nonfarm wage and salary

Alaska	Preliminary 6/10	Revised 5/10	Revised 6/09	Year-Over-Year Change 6/09	90% Confidence Interval	
Total Nonfarm Wage and Salary[1]	342,400	325,200	338,200	4,200	-3,183	11,583
Goods-Producing[2]	53,800	44,800	50,300	3,500	616	6,384
Service-Providing[3]	288,600	280,400	287,900	700	–	–
Mining and Logging	17,600	16,600	15,800	1,800	1,007	2,593
Mining	17,200	16,300	15,500	1,700	–	–
Oil and Gas	12,000	12,200	13,300	-1,300	–	–
Construction	19,200	17,000	18,700	500	-2,083	3,083
Manufacturing	17,000	11,200	15,800	1,200	206	2,194
Seafood Processing	12,700	6,900	11,800	900	–	–
Trade, Transportation, Utilities	66,900	64,500	66,700	200	-2,172	2,572
Wholesale Trade	6,700	6,400	6,600	100	-456	656
Retail Trade	37,600	37,000	37,000	600	-1,428	2,628
Food and Beverage Stores	6,800	6,500	6,600	200	–	–
General Merchandise Stores	10,400	10,300	10,000	400	–	–
Transportation, Warehousing, Utilities	22,600	21,100	23,100	-500	-1,538	538
Air Transportation	6,100	5,700	6,300	-200	–	–
Truck Transportation	3,100	2,900	3,300	-200	–	–
Information	6,400	6,400	6,600	-200	-781	381
Telecommunications	4,300	4,200	4,300	0	–	–
Financial Activities	14,100	13,900	15,000	-900	-2,843	1,043
Professional and Business Services	25,200	24,800	27,500	-2,300	-4,093	-507
Educational[4] **and Health Services**	40,000	40,100	39,100	900	-368	2,168
Health Care	28,100	28,800	28,100	0	–	–
Leisure and Hospitality	37,500	33,300	36,500	1,000	-1,037	3,037
Accommodations	10,100	7,300	10,000	100	–	–
Food Services and Drinking Places	21,700	20,500	21,000	700	–	–
Other Services	11,100	11,100	11,600	-500	-3,676	2,676
Government	87,400	86,300	84,900	2,500	–	–
Federal Government[5]	19,400	18,800	18,100	1,300	–	–
State Government	25,500	25,000	24,700	800	–	–
State Government Education[6]	6,100	6,600	6,000	100	–	–
Local Government	42,500	42,500	42,100	400	–	–
Local Government Education[7]	23,100	24,000	22,400	700	–	–
Tribal Government	4,000	3,700	4,100	-100	–	–

5 Regional Employment
Nonfarm wage and salary

	Preliminary 6/10	Revised 5/10	Revised 6/09	Changes from 5/10	Changes from 6/09	Percent Change 5/10	Percent Change 6/09
Anch/Mat-Su	175,500	171,600	175,500	3,900	0	2.3%	0.0%
Anchorage	154,750	151,400	154,850	3,350	-100	2.2%	-0.1%
Gulf Coast	33,200	30,400	33,100	2,800	100	9.2%	0.3%
Interior	48,400	46,200	48,000	2,200	400	4.8%	0.8%
Fairbanks[8]	39,400	39,700	39,200	-300	200	-0.8%	0.5%
Northern	19,900	19,700	20,650	200	-750	1.0%	-3.6%
Southeast	38,300	36,400	39,600	1,900	-1,300	5.2%	-3.3%
Southwest	21,100	17,300	21,400	3,800	-300	22.0%	-1.4%

A dash indicates that confidence intervals aren't available at this level.

[1] Excludes the self-employed, fishermen and other agricultural workers, and private household workers; for estimates of fish harvesting employment, and other fisheries data, go to labor.alaska.gov/research/seafood/seafood.htm

[2] Goods-producing sectors include natural resources and mining, construction and manufacturing.

[3] Service-providing sectors include all others not listed as goods-producing sectors.

[4] Private education only

[5] Excludes uniformed military

[6] Includes the University of Alaska

[7] Includes public school systems

[8] Fairbanks North Star Borough

Sources for Exhibits 1, 2, 3 and 4: Alaska Department of Labor and Workforce Development, Research and Analysis Section; U.S. Department of Labor, Bureau of Labor Statistics

Sources for Exhibit 5: Alaska Department of Labor and Workforce Development, Research and Analysis Section; also the U.S. Department of Labor, Bureau of Labor Statistics, for Anchorage/Mat-Su and Fairbanks

4 Unemployment Rates
Borough and census area

	Prelim. 6/10	Revised 5/10	Revised 6/09
SEASONALLY ADJUSTED			
United States	**9.5**	**9.7**	**9.5**
Alaska Statewide	**7.9**	**8.2**	**8.0**
NOT SEASONALLY ADJUSTED			
United States	**9.6**	9.3	9.7
Alaska Statewide	**7.7**	**7.8**	**8.1**
Anchorage/Mat-Su Region	**7.2**	**7.2**	**7.6**
Anchorage Municipality	6.9	6.9	7.1
Mat-Su Borough	8.5	8.6	9.4
Gulf Coast Region	**8.1**	**8.6**	**8.6**
Kenai Peninsula Borough	8.8	9.3	9.2
Kodiak Island Borough	6.7	6.9	7.5
Valdez-Cordova Census Area	6.3	7.4	6.8
Interior Region	**7.3**	**7.4**	**8.1**
Denali Borough	4.0	5.7	3.9
Fairbanks North Star Borough	6.9	6.8	7.7
Southeast Fairbanks CA	9.0	9.5	9.6
Yukon-Koyukuk Census Area	13.9	14.8	15.0
Northern Region	**11.1**	**10.3**	**10.2**
Nome Census Area	15.5	13.7	14.4
North Slope Borough	5.8	5.3	5.1
Northwest Arctic Borough	14.3	14.5	13.8
Southeast Region	**6.9**	**7.1**	**7.1**
Haines Borough	6.7	7.8	7.6
Hoonah-Angoon Census Area[1]	10.9	12.6	9.6
Juneau Borough	5.8	5.8	6.2
Ketchikan Gateway Borough[1]	6.7	7.2	6.2
Prince of Wales-Outer Ketchikan CA[1]	13.7	14.1	14.3
Sitka Borough	6.2	6.1	6.4
Skagway Municipality[1]	2.7	2.5	6.7
Wrangell-Petersburg CA[1]	8.8	9.3	9.4
Yakutat Borough	8.8	9.3	9.4
Southwest Region	**12.4**	**13.9**	**13.0**
Aleutians East Borough	9.1	12.4	10.1
Aleutians West Census Area	6.6	11.4	7.8
Bethel Census Area	16.4	15.5	15.9
Bristol Bay Borough	2.0	4.0	2.2
Dillingham Census Area	10.1	11.1	11.3
Lake and Peninsula Borough	6.0	7.4	6.6
Wade Hampton Census Area	22.2	20.6	24.5

[1] Because of the creation of new boroughs, this borough or census area has been changed or no longer exists. Data for the Skagway Municipality and Hoonah-Angoon Census Area (previously Skagway-Hoonah-Angoon Census Area) became available in 2010. Data for the Wrangell Borough, and Petersburg and Prince of Wales-Hyder census areas will be available in 2011. Until then, data will continue to be published for the old areas.

Changes in Producing the Estimates

The U.S. Department of Labor's Bureau of Labor Statistics has implemented a change to the method used to produce statewide wage and salary employment estimates, which has resulted in increased monthly volatility in the wage and salary estimates for many states, including Alaska.

Therefore, one should be cautious in interpreting any over-the-year or month-to-month change for these monthly estimates. The Quarterly Census of Employment and Wages series may be a better information source (labor.alaska.gov/qcew.htm).

For more current state and regional employment and unemployment data, visit our Web site: laborstats.alaska.gov

Click Bishop, Commissioner
Alaska Department of Labor and
Workforce Development

A Safety Minute

How and When to Use A Fire Extinguisher

Fires and burns are a leading cause of home injuries and deaths. Using a fire extinguisher to put out a small fire can save lives and property, but you have to know exactly what to do. If you are not sure or have never used an extinguisher, your safest choice is to get everyone out and call the fire department. If you want to use a fire extinguisher on a small fire, here are tips to know:

Before the Fire

- Only adults should use a fire extinguisher. Mount the extinguisher near an exit door, out of reach of children.
- Choose an extinguisher that will work on all types of fires. These are usually called “ABC” type extinguishers.
- Choose the largest extinguisher you can handle – bigger is better.
- Read all the directions. Know how to use an extinguisher. If possible, get training from your local fire department or workplace that will let you practice putting out a fire. Keep the instructions so you can review them from time to time.

Fighting a Small Fire

Make sure everyone else is leaving the home. Ask someone to call the fire department from outside. If the fire is small and not spreading, quickly get your extinguisher. Start with your back to the exit, making sure the fire does not block your escape route. Stand 6-8 feet away from the fire. Then, remember the word PASS:

- PULL the pin out to unlock the operating lever.
- AIM low: Point the extinguisher nozzle (or hose) at the base of the fire.
- SQUEEZE the handle to release the extinguishing agent. Be prepared! It will come out with force.
- SWEEP from side to side, moving carefully toward the fire. Keep the extinguisher aimed at the base of the fire, sweeping back and forth until all the flames are out. Watch the fire area. If the fire re-ignites, repeat the process.

Important: If the fire does not go out quickly, or if you feel at risk in any way, leave immediately and let the fire department handle it. Fighting a fire can be dangerous. Only adults who know how and when to use an extinguisher should ever try to put out a fire. Children should not use fire extinguishers.

Slide a Lid

- If you have a small pan fire on the stove, put on an oven mitt. Carefully slide a cookie sheet over the pan. A lid can also be used. This cuts off the oxygen and allows the fire to go down.
- Turn off the heat at the burner. Leave the pan covered and in place. Do not try to move it!
- Let the pan cool down before you take away the cookie sheet or lid.

Using a Fire Extinguishing Spray

- Do not use a regular “ABC” fire extinguisher if a pan on your stove catches on fire. These can spread the fire or tip the burning pan over. You can use a fire extinguishing spray on a pan fire. Make sure it is tested for use on grease and cooking oil fires.
- Stand back about 4 feet from the stove. Aim the spray can at the base of the flames and spray onto them.
- Spray until the flames go out and you have completely smothered the source of the fire.
- Turn off the heat at the burner. Leave the pan in place until it has completely cooled.

After a Fire

Even if you believe the fire is out, have the fire department inspect your home to look for hidden hot spots that could flare up later. These tips were provided by the Home Safety Council. www.homesafetycouncil.org

Employers are required to establish programs which include instructions for employees in the case of a fire. Further assistance regarding this and other workplace safety and health standards is available at the Alaska Department of Labor and Workforce Development’s Alaska Occupational Safety and Health Consultation and Training Section at (800) 656-4972.

Alaska Job Center Locations

Toll-free in Alaska (877) 724-2539

Anchorage Gambell
400 Gambell Street
Anchorage, AK 99501-2721
Phone: 269-6414
Fax: 269-6442

Anchorage Midtown
3301 Eagle Street, Suite 101
PO Box 107024
Anchorage, AK 99510-7024
Phone: 269-4800
Fax: 269-4825

Anchorage Muldoon
1251 Muldoon Road, Suite 111
Anchorage, AK 99504
Phone: 269-0000
Fax: 269-2032

Anchorage
Anchorage Youth Hiring Center
2650 E. Northern Lights Blvd
Relocatable #3
Anchorage, AK 99508
Phone: 334-2587
Fax: 334-2688

Anchorage
Cook Inlet Tribal Council
Alaska's People Career Center
3600 San Jeronimo Drive
Anchorage, AK 99508
Phone: 793-3300
Fax: 793-3392

Barrow
1078 Kiogak Street
PO Box 949
Barrow, AK 99723
Phone: 852-4111
Fax: 852-4122
Toll Free: 1-888-429-4111

Bristol Bay (Dillingham)
503 Wood River Road
PO Box 1149
Dillingham, AK 99576-1149
Phone: 842-5579
Fax: 842-5679
Toll Free: 1-800-478-5579

Eagle River
11723 Old Glenn Highway, Sp B-4
Eagle River, AK 99577-7749
Phone: 694-6904
Fax: 694-1490

Fairbanks
675 Seventh Avenue, Station D
Fairbanks, AK 99701-4531
Phone: 451-5967
Fax: 451-2919
TDD - 907-451-5901

Glennallen
Mile 186.5 Glenn Highway
PO Box 109
Glennallen, AK 99588-0109
Phone: 822-3350
Fax: 822-5526
Toll Free: 1-800-478-3304

Homer
3670 Lake Street, Suite 300
Homer, AK 99603-7655
Phone: 226-3040
Fax: 235-6143

Juneau
10002 Glacier Highway, Suite 100
Juneau, AK 99801-8569
Phone: 465-4562
Fax: 465-2984

Ketchikan
2030 Sea Level Drive, Suite 220
Ketchikan, AK 99901-6073
Phone: 225-3181
Fax: 247-0557

Kodiak
309 Center Street
Kodiak, AK 99615-6315
Phone: 486-3105
Fax: 486-4716
Toll Free: 1-800-478-3105

Kotzebue
333 Shore Avenue
PO Box 1209
Kotzebue, AK 99752-1209
Phone: 442-3280
Fax: 442-3920
Toll Free: 1-800-478-3280

Mat-Su
877 Commercial Drive
Wasilla, AK 99654-6937
Phone: 352-2500
Fax: 352-2522

Nome
214 Front Street, Suite 130
PO Box 161
Nome, AK 99762-0161
Phone: 443-2626, 443-2460
Fax: 443-2810
Toll Free: 1-800-478-2626

Peninsula (Kenai)
11312 Kenai Spur Highway, Suite 2
Kenai AK 99611
Phone: 283-2900
Fax: 283-3544

Seward
809 2nd Avenue
PO Box 1009
Seward, AK 99664-1009
Phone: 224-5276
Fax: 224-5277

Sitka
304 Lake Street, Room 101
Sitka, AK 99835-7563
Phone: 747-3423
Fax: 747-7579

Tok
State Office Building
PO Box 440
Tok, AK 99780-0440
Phone: 883-5629
Fax: 883-5628
Toll Free: 1-800-478-5629

Valdez
213 Meals Avenue, Room 22
PO Box 590
Valdez, AK 99686-0590
Phone: 835-4910
Fax: 835-3879

YK Delta (Bethel)
460 Ridgecrest Drive, Suite 112
PO Box 1607
Bethel, AK 99559-1607
Phone: 543-2210
Fax: 543-2099
Toll Free: 1-800-478-2210

More information is available on line at www.jobs.state.ak.us/offices/index.html

Employer Resources

Program Trains New workers for Jobs in the Mining Industry

The Entry-Level Underground Miner Training Program has prepared local workers for jobs at two mines near Juneau. The program is funded by the Alaska Department of Labor and Workforce Development in conjunction with the University of Alaska's Mining and Petroleum Training Service. This five week intensive course provided both classroom and hands-on training and prepared workers for entry-level jobs in the mining industry. The class has been offered twice and 22 of the 26 Alaskans who attended were offered jobs. The average salary in the mining industry is $83,000.

Hecla's Greens Creek Mine and Coeur Alaska's Kensington Gold Mine have both hired graduates from the program. The two companies actively participated in developing the curriculum for the training program. In addition, the companies provided Department of Labor program staff with a description of their ideal candidates by sharing their desired skills and qualifications for new employees.

During the recruitment process, Department of Labor staff reviewed applications, screened work histories and personal information, and assessed skills and interest. One major component of the screening process was to assess the candidates' ability to perform under working conditions that are unique to underground mining. Underground miners need to be comfortable performing hard labor in cold, wet conditions for long periods of time. Program staff also assessed candidates to make sure they were a good fit for the employer and interested in staying with the position as a career.

After the recruitment process, the mining companies interviewed the applicants and chose the top candidates to advance on to the training. Those participants who completed the course were prepared to work in a mine with applicable training, resumes, safety certifications and other necessary documentation.

The goal of this training program was to provide the employers with a group of capable workers seeking year-round, full-time employment. The program was created to fill vacant positions and not offered merely for the sake of training.

The link between local business and local workers can help employers to minimize the expense of hiring and training new workers. In addition, employers know that local workers are more like to stay employed with their companies, as locals are accustomed to the area, weather, lifestyle and cost of living.

For workers, the program provided a foot in the door to a high-paying career. For employers, it was time saved, money saved, and a way to streamline the hiring process. For the Department of Labor, it was just one example of another way we can connect job seekers with employers and provide training that is driven and developed by the needs of industry.