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THE COST OF LIVING IN ALASKA

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The COST of LIVING

Prices didn't rise as fast in 2015,
mostly due to falling energy costs

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By NEAL FRIED

THE MONTH IN NUMBERS

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ON THE COVER: Bill Cope (right) and a butcher shop employee pose in 20th Century Market in downtown Juneau around 1950. The market is also shown in the banner on page 4. Photos courtesy of the estate of Violet Cope

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Our cost of living is partly due to demand to live here



Heidi Drygas
Commissioner

Cost-of-living information always receives a great deal of attention in the news media: How high are prices for milk, fuel, housing, and health care?

Yes, Alaska has higher prices than the average community in America. We also have higher wages, better job opportunities, and quality of life.

Too often, we forget there's a correlation between places people want to live and high costs of living. Nearly all places that are desirable — Alaska, Hawaii, or cities like Seattle, Portland, or New York — have higher-than-average costs of living. That's no accident. An attractive place to live will have a tighter housing market and stronger demand for goods and services. While we should certainly take steps to reduce the cost of living in Alaska, we should also recognize that our costs are at least partly a byproduct of demand to live in our great state.

When we consider Alaska's cost of living compared to other desirable places, many of our costs are similar. Housing and transportation costs in Anchorage are actually more affordable than in Honolulu, New York, Seattle, Portland, San Francisco, or Los Angeles. Even accounting for the relatively high prices in Alaska's more remote communities, our state is a more affordable place to live than Hawaii, New York, or California. Keep in mind that costs of living may be low in other states, but that doesn't necessarily mean people want to live there.

I look at these costs through a lens of economic competitiveness. We want to retain and attract highly skilled workers who will continue improving the pro-

ductivity of Alaska's workforce. To accomplish that goal, Alaska must remain a great place to live and work. That means we need to sustain good jobs with strong benefit packages, while continuing to improve our communities' amenities.

No other state in America can compete with Alaska's outdoor recreation, and that's a major part of our economic competitiveness. Our low commute times, socioeconomic mobility, reasonable work/life balance, and inclusive communities help recruit and retain skilled workers. It's a self-fulfilling principle: If Alaska is a great place to live, then our economy will remain strong.

That doesn't mean we can't reduce the cost of living in Alaska. My department is focusing workforce development investments on the health care sector to improve the quality of care while controlling costs. Alaska is the most challenging place in America to reach this objective, but we can make a positive impact, especially because we have outstanding leadership at the Department of Health and Social Services. Our investments in behavioral health training, care coordination, and registered apprenticeships for Alaskans are part of the solution to reduce costs through wellness while reducing the need to import expensive, temporary out-of-state health care workers.

Alaska has always been a more expensive place to live than the average city in America. But we're a better place to live. Our economy will remain strong as long as we sustain what works: good jobs, economic opportunity, and a high quality of life.



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

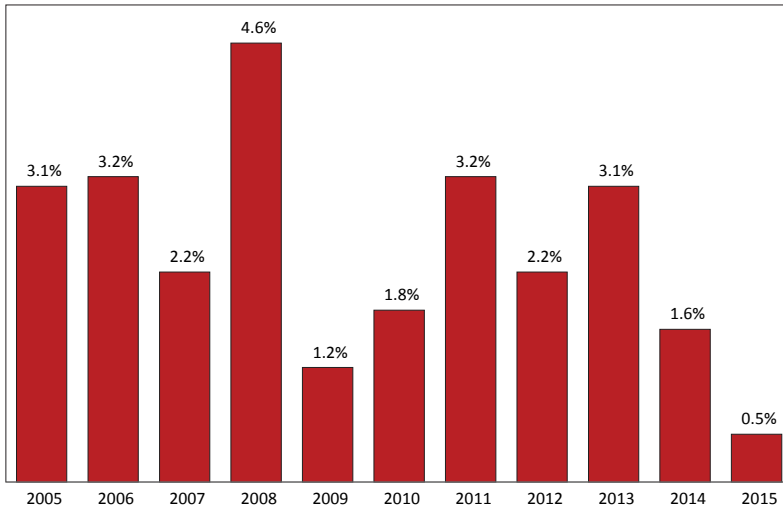


THE COST OF LIVING

Prices didn't rise as fast in 2015, mostly due to falling energy costs

1 Inflation Rate Hits Historic Low

ANCHORAGE CONSUMER PRICE INDEX, 2005 TO 2015



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

By **NEAL FRIED**

The biggest news for our living costs over the past year has been the continuing decline in energy prices. In Anchorage, which is the only place in the state where inflation is measured, energy prices fell by 10.3 percent in 2015, the single largest annual decline since 2009. Gasoline prices alone fell nearly 25 percent.

Lower energy prices are heavily tied to other categories, particularly transportation, which fell by nearly 7 percent. Because transportation has such a large “weight” in the index — which means it’s a significant expenditure for most households — these changes have a powerful effect on the overall inflation rate. (See exhibits 1 through 3.)

Anchorage’s inflation came out to

2 An Even Bigger Drop for Energy

ANCHORAGE CPI FOR ENERGY, 2005 TO 2015



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

just half a percent — the lowest recorded in 27 years.

The opposite for natural gas

The drop in energy prices had little effect on the cost of heating most homes in Anchorage because most of them are heated by natural gas, for which prices are regulated by the Alaska Regulatory Commission.

Piped gas prices for homes in Anchorage increased by 7 percent in 2015, while in the mostly unregulated U.S. overall, piped gas prices fell by 12 percent, effectively pushing national inflation rates even lower than Anchorage's. The nation's overall rate of inflation for 2015 was 0.1 percent, the second lowest rate since 1960.

Medical costs still soaring

Costs in some other categories increased, such as housing prices, which rose 2.4 percent in 2015. (See Exhibit 5.) The 10-year average is 2.0 percent. Housing is the category with the largest weight, eating up 44 percent of the average household's expenditures.

Medical care costs increased the most, though. No other category has come close to matching its rising prices, year in and year out, since the 1980s. (See Exhibit 6.)

How we compare to other places

There are two ways to measure the cost of living. One way is to look at price changes in a single place over time, as this article has done so far. For this purpose, our only source is the Anchorage Consumer Price Index.

The other way is to look at the differences between places at a single point in time. This method, which uses a variety of sources, can answer a question like, "Is it more expensive to live in Kodiak, Juneau, or Seattle?" The sidebar on page 9 explains these methods in more detail.

Comparing Alaska's cities

To compare costs between places, the Council for Community and Economic Research, or C2ER, surveys more than 250 cities and publishes a cost of living index each quarter plus an annual report. In Alaska, it covers Anchorage, Fairbanks, Juneau, and Kodiak.

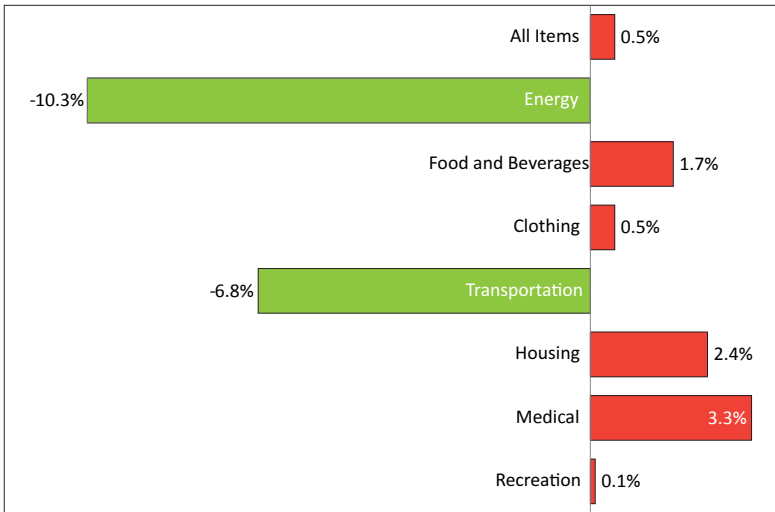
The study examines costs for 59 specific consumer items and classifies survey results in cost categories such as groceries, housing, utilities, transportation, health care, and miscellaneous goods and services.

Anchorage costs on par with Helsinki, Adelaide

Expatica.com produces cost-of-living indexes for around the world. According to their data, Anchorage is the 48th most expensive city in the world, sandwiched between Adelaide, Australia and Helsinki, Finland.

3 Cost Changes for Select Items

ANCHORAGE CPI, 2015



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

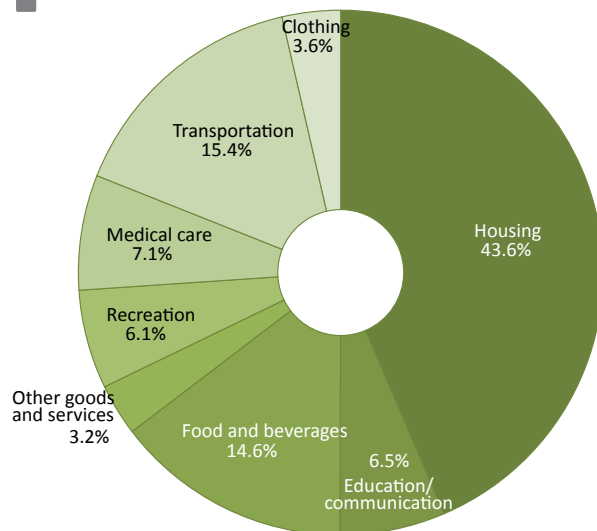
Is there really an 'average consumer'?

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

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

4 How We Spend Our Money

ALASKA, 2015



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

The average U.S. city is set at an index value of 100.

For this survey, C2ER designed a consumption pattern styled after a professional and executive household in the top income quartile. The weights are different from the CPI and have much less detail, and state and local taxes are excluded. That's a potentially major omission, as Alaska has been identified as the state with the lowest state and local tax burden.

As in past years, first quarter 2016 data confirm that the costs of living in Anchorage, Fairbanks, Juneau, and Kodiak are well above the national average. Anchorage's cost index weighed in at 131.3, or 31.3 percent above the national average, Fairbanks registered 132.8, Kodiak was at 136.0, and Juneau came in at 131.2. (See Exhibit 7.)

Housing in Alaska cities wasn't the only component to drive up overall local consumer costs. Expenditures in all categories were above

the U.S. city standard. Fairbanks' utility index of 222.9 was still the highest in the nation. Honolulu, Hawaii, was a close second at 212.3.

Alaska was the only state where all cities' indexes were above 130, but their values had plenty of company. Back in 2000, when the C2ER surveyed more than 300 cities, only five had higher costs of living than the Alaska cities. Today, that number has nearly tripled; 14 other U.S. cities had higher costs than any of the Alaska cities surveyed. Most were concentrated in California and the boroughs of New York City. The one closest to Alaska was Seattle, with a cost index of 149.4.

Unlike Alaska, nearly all of the other high cost cities were metropolitan areas with populations considerably larger than the entire state of Alaska. Manhattan topped the list at 227.0. In contrast, the lowest-cost city was McAllen, Texas, at 76.9.

Alaska as the 4th most expensive state

Many products are spinoffs from C2ER's data. For example, each year the Missouri Economic Research and Information Center publishes a cost-of-living series by state, which averages the indexes of the participating cities to compute a statewide index. They apply no weight for the size of the city.

In Alaska's case, they came up with 133.5 for 2015, making it the fourth-most expensive state in the nation. (See Exhibit 8.) That's based only on the index values for Anchorage, Juneau, Kodiak, and Fairbanks, which combined represent about 60 percent of the state's population. Although that's not a perfect measure, it can be useful in some cases.

The Quarter Pounder Index, another spinoff, looks at the highest and lowest prices around the country for the McDonald's sandwich. As it has been in the past, Alaska's burgers are among the spendiest. (See Exhibit 9.)

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Inflation in Anchorage and the U.S.

BY TYPE OF EXPENDITURE, 2005 TO 2015

ALL ITEMS			ALL ITEMS MINUS HOUSING		
Year	Anchorage % chg from previous yr	U.S. % chg from previous yr	Year	Anchorage % chg from previous yr	U.S. % chg from previous yr
2005	3.1%	3.4%	2005	3.4%	3.8%
2006	3.2%	3.2%	2006	3.0%	3.1%
2007	2.2%	2.8%	2007	2.6%	2.5%
2008	4.6%	3.8%	2008	5.5%	4.5%
2009	1.2%	-0.4%	2009	0.6%	-1.0%
2010	1.8%	1.6%	2010	1.5%	2.6%
2011	3.2%	3.2%	2011	3.4%	4.0%
2012	2.2%	2.1%	2012	1.7%	2.0%
2013	3.1%	1.5%	2013	3.0%	1.1%
2014	1.6%	1.6%	2014	1.0%	1.1%
2015	0.5%	0.1%	2015	-0.3%	-1.3%

HOUSING			TRANSPORTATION		
Year	Anchorage % chg from previous yr	U.S. % chg from previous yr	Year	Anchorage % chg from previous yr	U.S. % chg from previous yr
2005	2.7%	3.3%	2005	5.5%	6.6%
2006	4.0%	3.8%	2006	4.0%	4.0%
2007	2.7%	3.1%	2007	1.2%	2.1%
2008	2.5%	2.2%	2008	10.5%	5.9%
2009	3.7%	0.4%	2009	-4.8%	-8.3%
2010	0.9%	-0.4%	2010	4.4%	7.9%
2011	2.9%	1.3%	2011	4.7%	9.8%
2012	2.7%	1.6%	2012	2.0%	2.3%
2013	3.1%	2.1%	2013	7.0%	-
2014	2.7%	2.6%	2014	-0.6%	-0.7%
2015	2.4%	2.1%	2015	-6.8%	-7.8%

FOOD AND BEVERAGES			MEDICAL CARE*		
Year	Anchorage % chg from previous yr	U.S. % chg from previous yr	Year	Anchorage % chg from previous yr	U.S. % chg from previous yr
2005	2.5%	2.5%	2005	-	4.2%
2006	1.8%	2.4%	2006	3.5%	4.0%
2007	4.6%	3.9%	2007	3.0%	4.4%
2008	4.4%	5.4%	2008	3.7%	3.7%
2009	-0.2%	1.9%	2009	4.3%	3.2%
2010	-0.2%	0.8%	2010	5.7%	3.4%
2011	3.6%	3.6%	2011	5.3%	3.0%
2012	2.4%	2.6%	2012	4.3%	3.6%
2013	0.4%	1.4%	2013	3.2%	2.5%
2014	1.3%	2.3%	2014	3.2%	2.4%
2015	1.7%	1.8%	2015	3.3%	2.6%

CLOTHING			ENERGY		
Year	Anchorage % chg from previous yr	U.S. % chg from previous yr	Year	Anchorage % chg from previous yr	U.S. % chg from previous yr
2005	-2.1%	-0.1%	2005	12.8%	17.0%
2006	4.6%	0	2006	13.9%	11.2%
2007	-2.8%	-0.4%	2007	9.9%	5.5%
2008	6.1%	-0.1%	2008	17.5%	13.9%
2009	3.6%	1.0%	2009	-7.8%	-18.4%
2010	3.0%	-0.5%	2010	3.5%	9.5%
2011	2.2%	2.2%	2011	10.8%	15.4%
2012	4.3%	3.4%	2012	1.1%	0.9%
2013	4.8%	0.9%	2013	-2.7%	-0.7%
2014	1.5%	0.1%	2014	2.4%	-0.3%
2015	0.5%	-1.3%	2015	-10.3%	-16.7%

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

What Some Common Items Might Cost You

Pound of Bananas



Anchorage	89¢
Fairbanks	89¢
Juneau	92¢
Kodiak	\$1.05

U.S. Average
59¢

Pound of Ground Beef



U.S. Average
\$4.48

Anchorage	\$4.92
Fairbanks	\$5.02
Juneau	\$5.40
Kodiak	\$6.32

Whole Milk, half gallon



U.S. Average
\$2.25

Anchorage	\$2.46
Fairbanks	\$2.37
Juneau	\$2.35
Kodiak	\$3.04

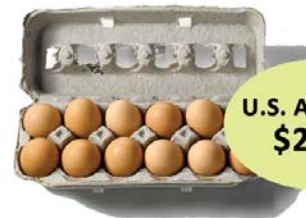
Orange Juice 59-64 oz.



U.S. Average
\$3.57

Anchorage	\$4.65
Fairbanks	\$4.23
Juneau	\$4.63
Kodiak	\$5.07

Dozen Eggs



U.S. Average
\$2.26

Anchorage	\$2.44
Fairbanks	\$2.44
Juneau	\$2.34
Kodiak	\$2.49

Health Care Exams

U.S. Average

Doctor
\$105.53

Veterinarian
\$48.89

Dentist
\$88.91

Anchorage	\$174.00	\$61.60	\$129.39
Fairbanks	\$173.50	\$45.50	\$145.91
Juneau	\$175.33	\$53.96	\$150.36
Kodiak	\$170.56	\$76.00	\$121.78



Source: The Council For Community And Economic Research

\$372,009 for a house in Juneau

In 2015, the state capital was the most expensive city for buying a single-family home, a spot that Juneau has traded back and forth with Anchorage over the years. (See Exhibit 10.) Four places in the state had an average sales price nearly \$100,000 less than Anchorage and Juneau.

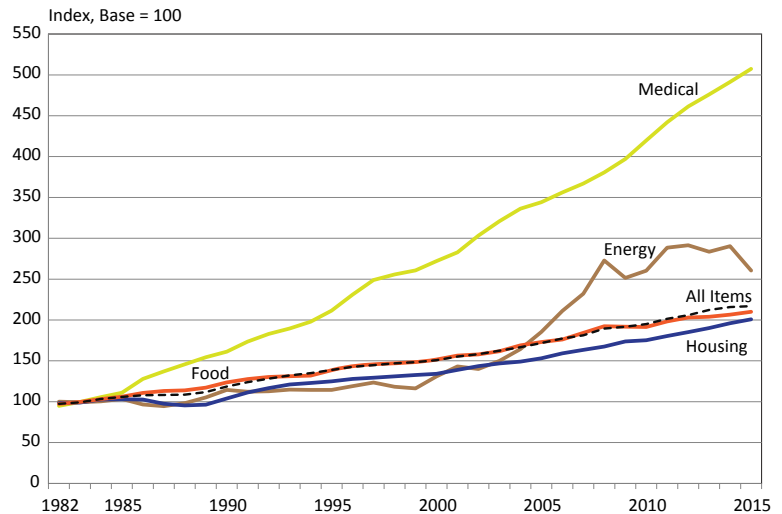
When it comes to renting, Kodiak Island Borough had the most expensive average two-bedroom apartment, at \$1,434 per month in 2015. (See Exhibit 11.)

Exhibits 10 and 11 show an obvious relationship between purchasing and rental costs, where an area with high costs in one will usually be expensive in the other as well. Kodiak was the exception to that rule, though. One theory is that

6

Medical Care On a Long, Steep Climb

ANCHORAGE CPI, 1982 TO 2015



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

Two ways to measure the cost of living

1. In a single place over time (inflation)

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

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

The inflation rate, or how much prices have gone up in a year, is used to adjust the value of the dollar over time. Workers, unions, employers, and many others pay close attention to the CPI because bargaining agreements and other wage rate negotiations often incorporate an adjustment for inflation. The CPI also plays a role in long-term real es-

tate rental contracts, annual adjustments to the state's minimum wage, child support payments, and budgeting. Most Alaskans are affected when the Permanent Fund Corporation uses the CPI to inflation-proof the fund, and nearly all senior citizens are affected when Social Security payments are adjusted each year using the CPI.

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

2. Differences between places

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

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

7

How Alaska Cities Compare to Other U.S. Cities

INDEX FOR PROFESSIONAL HOUSEHOLDS, 1ST QUARTER 2016

Region and City	Total Index	Groceries	Housing	Utilities	Transportation	Health Care	Misc.
Anchorage	131.3	128.5	153.1	100.0	116.5	139.2	127.6
Fairbanks	132.8	123.1	119.3	222.9	132.9	148.4	117.9
Juneau	131.2	128.7	142.9	126.7	158.8	149.2	111.9
Kodiak	136.0	149.8	144.7	147.0	154.7	137.6	113.0
West							
Portland, OR	130.6	122.6	170.1	80.5	116.2	112.0	123.2
Honolulu, HI	192.8	167.3	312.2	212.3	137.4	110.1	124.8
San Francisco, CA	177.5	129.1	317.6	107.8	142.2	118.8	119.0
Los Angeles/Long Beach	145.5	109.1	227.4	105.4	144.3	110.1	107.9
Las Vegas, NV	106.5	106.3	106.2	97.1	124.7	104.7	103.8
Reno, NV	105.0	100.0	96.9	93.6	123.2	105.8	111.3
Seattle, WA	149.4	128.3	181.4	121.0	162.7	126.7	138.0
Spokane, WA	100.1	94.6	89.2	98.9	113.3	113.6	105.6
Tacoma, WA	103.8	102.0	88.6	108.4	113.0	116.2	111.2
Boise, ID	92.5	91.1	81.5	83.7	110.4	105.1	97.4
Bozeman, MT	101.6	100.9	108.8	93.3	98.1	105.6	99.1
Southwest/Mountain							
Salt Lake, UT	94.6	97.8	94.2	78.7	109.0	91.9	94.1
Phoenix, AZ	96.8	94.1	98.2	95.3	102.6	96.0	95.2
Denver, CO	109.3	106.4	130.7	91.7	99.6	106.5	101.5
Colorado Springs	92.6	94.3	95.0	73.9	95.5	103.8	93.3
Dallas, TX	97.9	114.6	78.4	98.8	100.4	105.5	105.8
Houston, TX	97.5	87.1	99.8	104.0	91.2	92.7	100.6
Midwest							
Cleveland, OH	99.4	113.1	88.1	93.1	107.8	100.3	102.4
Chicago, IL	118.9	111.5	148.2	101.6	114.2	100.8	106.4
Minneapolis, MN	104.4	104.8	106.1	97.1	94.9	105.4	108.1
Southeast							
Fort Lauderdale, FL	116.1	107.9	144.6	99.4	109.3	95.4	105.4
Miami, FL	114.1	109.3	132.8	99.4	110.9	101.2	107.4
Birmingham, AL	87.7	95.0	78.1	100.0	91.4	85.3	88.3
Atlanta, GA	99.6	104.3	92.3	98.2	102.2	105.4	102.8
Atlantic/New England							
New York City: Manhattan, NY	227.0	127.8	452.7	129.3	143.9	115.4	148.2
Boston, MA	151.1	108.3	198.9	162.7	111.6	134.1	139.6
Philadelphia, PA	117.9	116.0	129.4	125.3	113.4	106.3	109.6
U.S. Average	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: The Council For Community And Economic Research

8 10 Spendiest States 2015

State	Index
U.S.	100.0
1 Hawaii	168.6
2 New York	135.6
3 California	134.3
4 Alaska	133.5
5 Connecticut	131.8
6 Massachusetts	130.4
7 Oregon	129.5
8 New Jersey	125.6
9 Vermont	123.8
10 Rhode Island	123.3

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

Kodiak's higher rental rates are explained by its large Coast Guard population, which receives relatively generous housing allowances.

Sandpoint tops food costs

Four times a year, the University of Alaska Fairbanks Cooperative Extension Service posts results from its surveys for the cost of food at home for a week. This food cost survey includes approximately 20 communities around Alaska as well as Portland, Ore., for comparison. (See Exhibit 12.)

The survey's food basket includes items with minimum levels of nutrition for an individual or family at the lowest possible cost. It has been continuously published since 1984, so

9 Priciest Quarter Pounders 1ST QUARTER 2016



U.S. Average: \$3.98

Lowest Price: \$2.50



Source: The Council for Community and Economic Research

10 Average Home Prices ALASKA BY AREA, 4TH QUARTER 2015

Juneau, City and Borough	\$372,009
Anchorage, Municipality	\$365,545
Statewide	\$308,687
Kodiak Island Borough	\$300,111
Matanuska-Susitna Borough	\$270,604
Ketchikan Gateway Borough	\$269,915
Rest of state	\$263,253
Kenai Peninsula Borough	\$251,484
Fairbanks North Star Borough	\$243,166

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

Calculating index changes

Movements of the indexes from one period to another are usually expressed as percent changes rather than index points, because index points are affected by the level of the index in relation to its base period. The following example shows how index points and percent changes are computed.

Index point change

Anchorage CPI, 2015.....	216.9
Less CPI for previous period, Anchorage 2014.....	215.8
Equals index point change.....	1.1

Percent change

Index point difference.....	1.1
Divided by the previous index.....	215.8
Equals.....	0.005
Results multiplied by 100.....	0.005 x 100
Equals percent change, Anchorage CPI 2015.....	0.5%

How much would \$1,000 in 2000 buy in 2015?

In Anchorage, it would be worth \$1,437. To find how to take a dollar amount from some earlier year and make it current with today's dollar value, see labor.alaska.gov/research/cpi/inflationcalc.htm for an inflation calculator. The calculator can also deflate dollars to an earlier year's value.

it's a trove of historical price data.

According to the March 2016 study, a family of four paid the least for groceries in the Anchorage and Mat-Su areas. The highest costs tend to be in remote communities that are serviced by air most of the year and by barge. Sandpoint and Cordova are two examples.

Although it's intuitive that remote, off-the-road-system villages would have higher costs, groceries are also expensive in some small towns that lie on a major transportation system such as a highway or the ferry system. Examples include Haines, Ketchikan, and Delta Junction. But location isn't everything; the size of the market, the level of competition, and the proximity to a larger urban area are other major determinants.

Fuel highest in Arctic Village

Each year the Alaska Department of Commerce, Community, and Economic Development conducts a detailed semiannual survey of heating fuel and gasoline prices in 100 Alaska communities. (See Exhibit 13.)

Fuel prices are highest in remote communities off the road system. The most extreme example is Arctic Village, where heating fuel was \$12 a gallon and gasoline cost \$10 a gallon. In Arctic Village's case, the fuel is flown in.

For the communities surveyed, overall heating fuel and gasoline prices fell 18 percent and 13 percent respectively between January 2015 and January 2016.

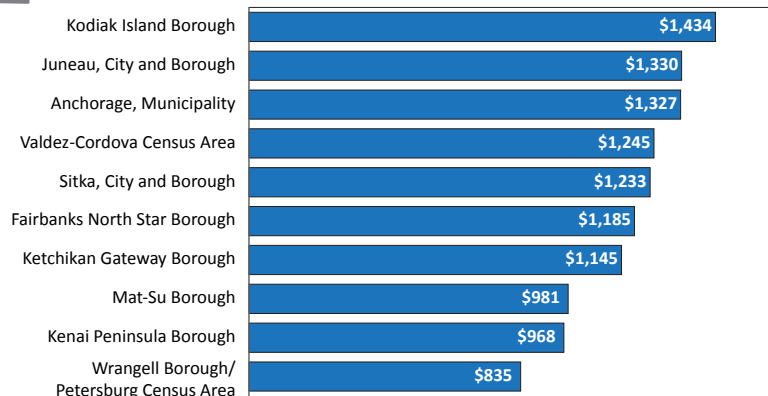
Alaska ranks highest for health insurance

When it comes to health care costs, Alaska typically ranks highest in the nation. In the C2ER survey of more than 250 cities, no other had higher medical costs than the four Alaska cities.

Exhibit 14 provides another look at the cost of health care in the form of insurance premiums through the Affordable Care Act. In this case, Alaska's premium was nearly double the national average.

11 Kodiak Has the Highest Rent

TWO BEDROOMS, 2015



Note: Includes the cost of utilities

Sources: Alaska Department of Labor and Workforce Development, Research and Analysis Section; and Alaska Housing and Finance Corporation, 2014 Rental Market Survey

12 A Week of Groceries

ALASKA, MARCH 2016

Community	Food at Home for a Week	Relative to Anchorage
Anchorage	\$170.40	1.00
Cordova	\$282.40	1.66
Delta	\$247.20	1.45
Fairbanks	\$190.30	1.12
Haines	\$240.20	1.41
Kenai	\$200.10	1.17
Ketchikan	\$216.70	1.27
Mat-Su	\$185.20	1.09
Portland, OR	\$160.50	0.94
Sandpoint	\$337.50	1.98
Sitka	\$231.40	1.36
U.S. average	\$149.20	0.88

Note: The weekly cost for a family of four with children ages 6 to 11

Source: University of Alaska Fairbanks, Cooperative Extension Service

The military's cost-of-living index

The Department of Defense produces a cost of living index called OCONUS for all of its overseas locations, including Alaska and Hawaii. (See Exhibit 15.) Its strengths are its broad geographic coverage, which included 25 areas in 2016, and the frequent updates.

The results mostly line up with other cost-of-living

13 Fuel in Rural Alaska

JANUARY 2016

Selected Communities ¹	Heating Fuel #1 Residential	Gas, Regular
Angoon	\$3.55	\$3.55
Arctic Village	\$12.00	\$10.00
Atka	\$6.85	\$7.65
Barrow	Natural Gas	\$6.50
Bethel	\$5.67	\$5.75
Chignik	\$3.25	\$4.38
Circle	\$2.45	\$3.70
Deering	\$4.89	\$5.15
Dillingham	\$3.57	\$4.75
Eagle	\$4.25	\$5.00
Fairbanks	\$2.32	\$2.67
Galena	\$6.21	\$6.81
Gambell	\$5.25	\$5.65
Golovin	\$5.00	\$5.00
Holy Cross	\$5.55	\$6.00
Homer	\$2.35	\$2.56
Hooper Bay	\$6.45	\$6.25
Huslia	\$6.50	\$5.75
Juneau	\$3.15	\$3.20
King Cove	\$3.37	\$4.51
Kokhanok	\$7.00	\$7.00
Kotzebue	\$3.16	\$6.09
Nenana	\$2.69	\$2.69
Noorvik	\$6.56	\$7.87
Nuiqsut	\$2.05	\$5.00
Nulato	\$4.45	\$5.40
Pelican	\$3.43	\$3.46
Pilot Station	\$7.32	\$5.25
Port Lions	\$3.45	\$3.75
Ruby	\$3.70	\$5.40
Sand Point	\$4.48	\$4.26
Unalaska	\$3.54	\$3.90
Wales	\$7.21	\$8.24
Wrangell	\$3.85	\$3.66

¹This is just a partial list of the 100 communities surveyed.

Source: Alaska Department of Commerce, Community, And Economic Development, Current Community Conditions: Fuel Prices Across Alaska, January 2016 Update

numbers in this article, but a major difference is OCONUS doesn't include housing, because the military handles housing through an allowance program. Its cost-of-living adjustment is calculated on spendable income only and not total income. Spendable income is total income minus housing expenses, taxes, savings, life insurance, gifts, and contributions.

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14 Alaskans Pay Highest Health Insurance

PREMIUM, SILVER TIER, 2015

Alaska	\$583
Wyoming	\$456
Vermont	\$455
Wisconsin	\$373
Connecticut	\$372
Florida	\$369
New Jersey	\$360
Louisiana	\$359
Indiana	\$352
Massachusetts	\$345
United States	\$314

Note: Monthly premium for 40-year-old single nonsmoker under the Affordable Care Act

Source: National Conference of State Legislatures

15 Military Cost of Living

ALASKA TOWNS, 2016

Location	Index
Anchorage	128
Barrow	148
Bethel	150
Clear AFS	132
College	128
Cordova	132
Delta Junction	134
Eielson AFB (Fairbanks)	126
Fort Wainwright (Fairbanks)	128
Homer (includes Anchor Point)	134
Juneau	140
Kenai (includes Soldotna)	134
Ketchikan	136
King Salmon (incl Bristol Bay)	134
Kodiak	130
Nome	148
Petersburg	148
Seward	128
Sitka	142
Spuce Cape	132
Tok	132
Unalaska	132
Valdez	130
Wainwright	148
Wasilla	122
Other	148

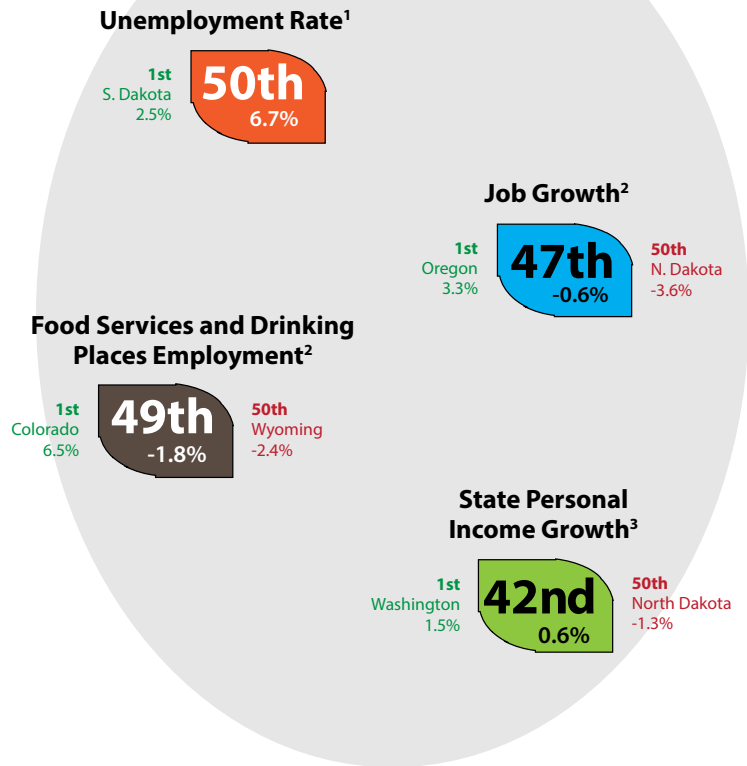
Source: Department of Defense, OCONUS effective date April 2016

The Month in Numbers

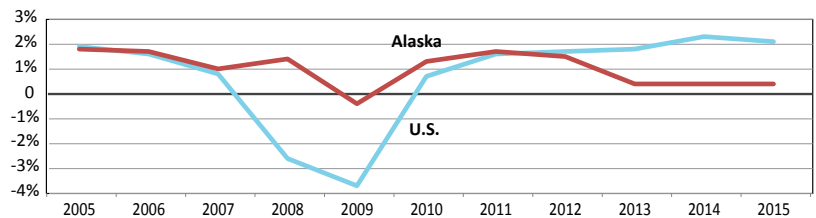
Unemployment Rates

	Prelim.	Revised	
SEASONALLY ADJUSTED	5/16	4/16	5/15
United States	4.7	5.0	5.5
Alaska Statewide	6.7	6.6	6.4
NOT SEASONALLY ADJUSTED			
United States	4.5	4.7	5.3
Alaska Statewide	6.6	6.9	6.3
Anchorage/Mat-Su Region			
Municipality of Anchorage	5.3	5.3	4.9
Matanuska-Susitna Borough	8.0	8.6	7.5
Gulf Coast Region			
Kenai Peninsula Borough	8.1	8.9	7.3
Kodiak Island Borough	4.7	4.7	5.1
Valdez-Cordova Census Area	7.8	10.0	7.7
Interior Region			
Denali Borough	5.4	16.9	5.2
Fairbanks North Star Borough	5.6	5.9	5.1
Southeast Fairbanks CA	10.1	11.1	10.3
Yukon-Koyukuk Census Area	16.4	17.2	16.8
Northern Region			
Nome Census Area	13.3	13.5	12.3
North Slope Borough	6.6	5.9	5.8
Northwest Arctic Borough	17.5	17.7	16.4
Southeast Region			
Haines Borough	9.6	11.8	8.6
Hoonah-Angoon Census Area	10.6	14.8	12.9
Juneau, City and Borough	4.2	4.4	4.2
Ketchikan Gateway Borough	6.1	7.1	5.9
Petersburg Borough	8.5	9.1	8.6
Prince of Wales-Hyder CA	11.4	12.4	12.1
Sitka, City and Borough	4.2	4.7	4.2
Skagway, Municipality	4.7	12.5	5.6
Wrangell, City and Borough	6.4	7.3	7.1
Yakutat, City and Borough	5.7	5.7	7.2
Southwest Region			
Aleutians East Borough	6.0	2.4	6.4
Aleutians West Census Area	5.3	3.5	6.5
Bethel Census Area	14.8	14.7	15.3
Bristol Bay Borough	6.5	11.0	6.7
Dillingham Census Area	10.2	10.9	10.0
Kusilvak Census Area	22.3	22.8	24.9
Lake and Peninsula Borough	12.7	17.2	12.4

How Alaska Ranks



Job Growth in Alaska and the Nation⁴



All data sources are U.S. Bureau of Labor Statistics and Alaska Department of Labor and Workforce Development, Research and Analysis Section, unless otherwise noted.

¹May 2016

²2016

³Fourth quarter 2015 to first quarter 2016; U.S. Bureau of Economic Analysis

⁴Annual average percent change

Safety Minute

Governor expands occupational accident reporting law

On May 17, Governor Walker signed Senate Bill 148 into law. The legislation brings Alaska's workplace accident reporting requirements in line with federal standards by requiring notice within eight hours of deaths or certain types of accidents or injuries. The new law is effective immediately.

Alaska employers must now report the following within eight hours of becoming aware of them:

- A fatality of one or more employees
- Overnight hospitalization of one or more employees
- Loss of an eye
- Amputation of a body part

"This new law will improve workplace safety in Alaska by ensuring timely investigations can be con-

ducted to identify the causes of accidents and how to avoid future occurrences," said Labor Commissioner Heidi Drygas.

Employers may report accidents in person or by telephone to Alaska Occupational Safety and Health offices in Anchorage, Juneau, or Fairbanks or by calling (800) 770-4940 or (800) 321-6742 (evenings, weekends, and holidays).

Employers may request cost-free assistance from the department's Consultation and Training Program to help ensure compliance with workplace safety and health standards without incurring enforcement penalties. For more information, contact (800) 656-4972.

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

Employer Resources

Job opportunities reduce recidivism, can benefit employers

As all employers know, finding good, qualified workers is essential to running a business. Statistics show that gainful employment of former convicts is one of the biggest factors in reducing recidivism. Employers may be reluctant to hire someone with a felony conviction because of the perceived risk. As a result, employers may miss out on workers who could make their businesses even more successful.

The Department of Labor and Workforce Development's Division of Employment and Training Services administers two programs designed to save employers money and alleviate fears of dishonesty.

Fidelity Bonding provides financial insurance against potential employee dishonesty. Often, an employer finds a candidate who is a perfect match for the job but has a felony conviction, so the employer is hesitant to make a job offer. Fidelity bonds, which the department provides at no charge, mitigate the financial risk. Bonds are usually issued in \$5,000 increments with no deductible, and bond insurance will

reimburse the employer for any loss due to employee theft of money or property. Between 2013 and 2015, the department issued 41 bonds to Alaska employers, worth \$205,000.

The Work Opportunity Tax Credit reduces the employer's federal income tax liability by giving employers a credit of up to \$2,400 for hiring a qualified ex-convict. If that person is also a qualified veteran, the tax credit can be as high as \$9,600. In the past three years, Alaska employers received 234 tax credits for a total of \$561,600, which is an average of \$187,200 in tax savings each year.

To learn more about saving money through Fidelity Bonding and WOTC, contact your nearest Alaska Job Center at (877) 724-2539. For more about these hiring incentives, visit the Business Connection site at <http://jobs.alaska.gov/employer.htm>.

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