Successful recruitment can be a daunting task. Hiring managers often have difficulty finding the right candidate to fill a position, and they sometimes find that skilled applicants are sparse. Hiring also has multiple steps, and because the process is so involved, it can be easy to overlook the more subtle aspects of evaluating applicants.

When advertising a position, recruiters must first determine the minimum qualifications necessary, then ensure the written job description fully and accurately describes the work and the requirements. The next step is sifting through the applicant pool to find people whose skills and experience meet industry standards as well as the demands of the job.

Confirming an applicant meets the minimum qualifications is the first marker in the recruitment process. The second is determining whether the candidate has the skills and abilities necessary to perform the work. That should include the complementary “soft skills” that make someone the right fit for the workplace as well as the work.

Soft skills are the characteristics and behaviors that determine how well we navigate our work environment and professional relationships. A person might be highly skilled, but lacking the ability to build rapport and trust at work can compromise performance as well as an organization’s culture.

Hiring managers should be diligent about checking references, especially when previous performance evaluations aren’t available. References can provide a detailed history of an applicant’s communication, teamwork, adaptability, work ethic, responsiveness to feedback and coaching, problem solving, and more — but interpreting the answers can be challenging if a hiring manager lacks experience or if references aren’t straightforward about a former employee’s negative work history.

Structuring detailed and open-ended questions helps ensure more valuable responses and can make it less necessary to search for hidden meaning, which can be easy to miss.

The following are examples of multi-layered questions that could help you determine how well an applicant accepts feedback:

“Could you please describe a time you gave this candidate feedback or coaching?”

“What specific concerns led to that discussion?”

“How did the employee respond?”

“What measures did this person take to improve?”

Following this line of questioning can help you determine not just the ability to accept criticism but the applicant’s capacity for introspection, attitude toward supervision, and approach to making necessary adjustments in behavior. The answers can reveal past struggles with performance or characteristics that could derail future success.

If you would like more information on finding the right candidate or need assistance with the recruitment process, the department’s Business Services Team in the Division of Employment and Training Services is ready to assist as well as provide a range of other employer services. To connect with the Business Services Team, call or visit your local Alaska Job Center.

Contact Dr. Tamika L. Ledbetter, Commissioner, at (907) 465-2700 or commissioner.labor@alaska.gov.

Follow the Alaska Department of Labor and Workforce Development on Twitter (twitter.com/alaskalabor) and Facebook (facebook.com/alaskalabor).
THE COST OF LIVING
2018 and early 2019

GAUGING ALASKA’s ECONOMY
The Cost of Living

2018 and early 2019

By NEAL FRIED

Until 2018, the story on price increases had been the same for three years straight. The state’s single consumer price index registered inflation of 0.5 percent or less each year from 2015 through 2017, which was the lowest period for inflation in Alaska’s history. (See Exhibit 1.) This was largely due to the weak housing market tied to Alaska’s recession, which began in late 2015.

Then in 2018, consumer prices jumped 3 percent, which was the highest inflation rate in five years and the first time in three years that Alaska’s costs increased faster than the nation’s. (For more on the Consumer Price Index for Urban Alaska, see the sidebars on pages 5 and 7.)

One of the biggest contributors to 2018’s increase was medical care, which has run much higher than the overall index for years. Transportation and energy cost increases were major factors as well. (See Exhibit 2.)

Early 2019 data hint at a repeat of 2018

While 2019’s total inflation rate won’t be released until January 2020, updates from February and April hint at more of the same this year.

February’s inflation rate was 2.5 percent relative to February 2018, and for April it was 2.7 percent. (See Exhibit 3.)

How housing has such a big effect on inflation

Housing has a major influence on the total index because it has such a large weight, meaning it’s the largest expenditure for the average household. (See Exhibit 4.) It’s also one of the components that gives an area’s index its local identity, as housing markets
Alaska’s sole inflation index changed slightly in 2018

For nearly 60 years and with few methodological changes, the Anchorage Consumer Price Index was the go-to CPI for Alaskans. In 2018, the U.S. Bureau of Labor Statistics rebranded it as the CPI for Urban Alaska and altered its geography, but in effect, the change was in name only. The two iterations are so close that the new index can be matched with the old to calculate changes in the CPI back to 1960.

In theory, the new index represents the Matanuska-Susitna, Fairbanks North Star, Juneau, and Ketchikan boroughs and the Municipality of Anchorage, but the sample comes solely from Anchorage and Mat-Su, which for all practical purposes are a single economy.

The CPI only measures price changes in a single place over time and can’t be used to compare costs between places. For more on the two main ways to measure the cost of living, see the sidebar on page 7.

differ so much around the country.

National and international trends dictate prices for most other goods and services in the CPI. For example, price changes for energy, food, clothing, insurance, and transportation are usually responses to national or global market conditions.

Contrasting Anchorage and Seattle illustrates how housing can sway an area’s inflation rate. Seattle’s housing market was red hot between 2015 and 2018 while Anchorage’s was stagnant, and for that period the Urban Alaska CPI’s housing component rose 3 percent while Seattle’s jumped 15.8 percent. As a result, the inflation rates for that period were 4 percent for Alaska and 8.7 percent for Seattle.

Nothing matches health care’s rise, and energy is most volatile

Medical care, on the other hand, is a small component of the index but its meteoric rise is worth noting. (See Exhibit 5.) Between 2010 and 2018, Alaska’s overall index increased 15.6 percent, and health care costs rose 38 percent. No other CPI component has come close, and price increases have been larger for Alaska than the U.S. in most years.

Energy prices are the most volatile component of the index, so they too can play a major role in its year-to-year changes. In 2015, Alaska’s energy index fell 10.3 percent, and in 2018, it grew 8 percent.

Inflation can also show whether that house was a good deal

In general, the CPI only shows change in costs in a single area over time (see the sidebar on page 7), but it’s also useful for calculating change in the value of the dollar. For example, in 2010, the average single-family home on the Kenai Peninsula cost $229,000 in 2010 dollars, and the same house cost $278,575 in 2018. So was the house a better deal back then? The answer is yes.
Urban Alaska and U.S. Metro Inflation

BY TYPE OF EXPENDITURE, 2008 TO 2018

<table>
<thead>
<tr>
<th>Year</th>
<th>Urban AK % chg from previous yr</th>
<th>U.S. % chg from previous yr</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>4.6%</td>
<td>3.8%</td>
</tr>
<tr>
<td>2009</td>
<td>1.2%</td>
<td>-0.4%</td>
</tr>
<tr>
<td>2010</td>
<td>1.8%</td>
<td>1.6%</td>
</tr>
<tr>
<td>2011</td>
<td>3.2%</td>
<td>3.2%</td>
</tr>
<tr>
<td>2012</td>
<td>2.2%</td>
<td>2.1%</td>
</tr>
<tr>
<td>2013</td>
<td>3.1%</td>
<td>1.5%</td>
</tr>
<tr>
<td>2014</td>
<td>1.6%</td>
<td>1.6%</td>
</tr>
<tr>
<td>2015</td>
<td>0.5%</td>
<td>0.1%</td>
</tr>
<tr>
<td>2016</td>
<td>0.4%</td>
<td>1.3%</td>
</tr>
<tr>
<td>2017</td>
<td>0.5%</td>
<td>2.1%</td>
</tr>
<tr>
<td>2018</td>
<td>3.0%</td>
<td>2.4%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>Urban AK % chg from previous yr</th>
<th>U.S. % chg from previous yr</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>5.5%</td>
<td>4.5%</td>
</tr>
<tr>
<td>2009</td>
<td>0.6%</td>
<td>-1.0%</td>
</tr>
<tr>
<td>2010</td>
<td>1.5%</td>
<td>2.6%</td>
</tr>
<tr>
<td>2011</td>
<td>3.4%</td>
<td>4.0%</td>
</tr>
<tr>
<td>2012</td>
<td>1.7%</td>
<td>2.0%</td>
</tr>
<tr>
<td>2013</td>
<td>3.0%</td>
<td>1.1%</td>
</tr>
<tr>
<td>2014</td>
<td>1.0%</td>
<td>1.1%</td>
</tr>
<tr>
<td>2015</td>
<td>-0.3%</td>
<td>-1.3%</td>
</tr>
<tr>
<td>2016</td>
<td>0.3%</td>
<td>0.2%</td>
</tr>
<tr>
<td>2017</td>
<td>1.1%</td>
<td>1.6%</td>
</tr>
<tr>
<td>2018</td>
<td>3.7%</td>
<td>2.1%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>Urban AK % chg from previous yr</th>
<th>U.S. % chg from previous yr</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>3.0%</td>
<td>2.4%</td>
</tr>
</tbody>
</table>

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

Calculating consumer price index changes

Changes in an index 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 to compute changes in index points and percentages.

**Index point change**

CPI for Urban Alaska 2018.....225.545
Minus CPI for 2017..............218.873
Equals index point change........6.7

**Percent change**

Index point difference..............6.7
Divided by 2017 index.............218.873
Times 100 equals % chg...........3.0%

— but just barely. In 2018 dollars, that $229,000 house in 2010 would have cost $264,675.


A major source for comparing places

Although the consumer price index can’t compare costs between places, a range of other data sources are available for those comparisons, and the rest of this article will focus on that approach to the cost of living.

The Council for Community and Economic Research, or C2ER, publishes the results of a detailed cost of living survey for more than 250 U.S. cities each quarter and annually. C2ER bases this survey on the consumption pattern of a professional executive household in the top income quartile.

Besides the CPI, it’s probably the most popular and widely used cost of living measure. Many other cost of living indexes derive their data from the C2ER, whether they cite it or not.

This detailed survey tracks costs for 60
Two ways to measure the cost of living

1. In a single place over time (inflation)

Alaska has a single measure to track inflation, or how much prices have gone up: the Consumer Price Index for Urban Alaska.

Although there’s a national consumer price index and CPIs for 32 cities and larger areas around the country, these only track costs over time in a single area and can’t be used to compare costs between areas. For example, 2018’s index for Urban Alaska was 225.545, and the national index was 251.107. This doesn’t mean the cost of living in the U.S. was higher; it just means prices have increased a bit faster in the nation as a whole since the early 1980s than they have in Alaska cities. (See the sidebar on page 5 for more details on the Consumer Price Index for Urban Alaska and its recent changes.)

The U.S. Bureau of Labor Statistics goes to great lengths to produce the CPI through elaborate surveys of consumer spending habits. These surveys cover a “market basket” of common items, to which BLS assigns location-specific weights to determine consumers’ spending habits, as shown in Exhibit 4. The categories include housing, food, transportation, medical care, and entertainment.

For example, it shows average Alaskan consumers spend 40 percent of their consumption dollars on housing and 20 percent on transportation. In most categories, Alaska’s weights differ only slightly from the national values, but recreation is an exception. The average national consumer spends 5.1 percent on recreation, and the average Alaskan spends 7.4 percent.

The inflation rate is also used to adjust the value of the dollar over time. Workers, unions, and employers watch the CPI because bargaining agreements and other wage rate negotiations often incorporate an adjustment for inflation. The CPI also plays a role in long-term real estate rental contracts, annual adjustments to the state’s minimum wage, child support payments, and budgeting. The Alaska Permanent Fund Corporation uses the CPI to inflation-proof the fund, and senior citizens are affected nearly every year because Social Security payments are adjusted using the CPI.

BLS produces the CPI for Urban Alaska bimonthly (in February, April, June, August, October, and December) as well as annually and semiannually.

2. In different places at the same time

The other way to assess the cost of living is to compare costs between two or more places. For example, is it more expensive to live in Portland or Dillingham?

While measuring inflation has a single source, a range of sources are available for analyzing costs between areas. These sources have varying degrees of reliability and different methods, so it’s important to take their strengths and weaknesses into account. Some sources rely on random private individuals to enter prices for various goods and services in their communities and then automatically generate a cost of living index, and others use rigorous, broad-based, and transparent statistical methods. A good solution is to use a multiple sources and look for consistent patterns.

Other sources that aren’t even marketed as cost of living measures can shed light on price differences, too. One is the U.S. Census Bureau’s annual American Community Survey, which includes the median value of a home and median gross rental cost data for every community in the country. Because of the small sample sizes and large margins of error for many communities, the five-year average is recommended when using the ACS.

... but a growing list of cities in the Lower 48 eclipse our costs

Housing in Alaska drove up total costs, but it wasn’t the only factor, as Alaska’s consumer expenditures in all categories were higher than average, and some markedly so. Fairbanks’ utility costs ranked highest in the nation among cities surveyed.

Alaska cities remain above average

The first quarter 2019 C2ER survey again showed that costs in Anchorage, Fairbanks, and Juneau remain well above the national average. Given an index value of 100 for the U.S. average, Anchorage’s cost index weighed in at 127.4 points, or 27.4 percent higher. (See Exhibit 8.) Fairbanks came in at 128.0 and Juneau at 134.2.

... but a growing list of cities in the Lower 48 eclipse our costs

Although Alaska cities have higher-than-average costs, they aren’t among the most expensive overall anymore, and the list of cities whose costs have overtaken Alaska’s continues to grow. In 2019, 16 urban areas’ costs exceeded those in Juneau, which was Alaska’s most expensive surveyed city, and 18 were higher than Fairbanks and Anchorage. (See exhibits 7 and 8.) In 2000,
### How Alaska Cities’ Costs Compare to Other U.S. Cities

#### 1ST QUARTER 2019 INDEX FOR PROFESSIONAL HOUSEHOLDS, U.S. AVERAGE = 100

<table>
<thead>
<tr>
<th>Category's weight in total index</th>
<th>Total Index</th>
<th>Groceries</th>
<th>Housing</th>
<th>Utilities</th>
<th>Transportation</th>
<th>Health Care</th>
<th>Misc.</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. average</td>
<td>100.0%</td>
<td>13.40%</td>
<td>29.34%</td>
<td>8.94%</td>
<td>9.22%</td>
<td>4.26%</td>
<td>34.84%</td>
</tr>
</tbody>
</table>

#### Region and City

<table>
<thead>
<tr>
<th>Region and City</th>
<th>Anchorage, AK</th>
<th>Fairbanks, AK</th>
<th>Juneau, AK</th>
</tr>
</thead>
<tbody>
<tr>
<td>Anchorage, AK</td>
<td>127.4</td>
<td>128.0</td>
<td>134.2</td>
</tr>
<tr>
<td>Fairbanks, AK</td>
<td>134.5</td>
<td>118.0</td>
<td>150.0</td>
</tr>
<tr>
<td>Juneau, AK</td>
<td>138.3</td>
<td>117.6</td>
<td>145.9</td>
</tr>
</tbody>
</table>

#### West

<table>
<thead>
<tr>
<th>City</th>
<th>Total Index</th>
<th>Groceries</th>
<th>Housing</th>
<th>Utilities</th>
<th>Transportation</th>
<th>Health Care</th>
<th>Misc.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Portland, OR</td>
<td>134.2</td>
<td>110.3</td>
<td>181.8</td>
<td>88.0</td>
<td>136.7</td>
<td>113.2</td>
<td>117.2</td>
</tr>
<tr>
<td>Honolulu, HI</td>
<td>192.9</td>
<td>169.3</td>
<td>318.6</td>
<td>172.7</td>
<td>148.6</td>
<td>116.8</td>
<td>122.4</td>
</tr>
<tr>
<td>San Francisco, CA</td>
<td>200.1</td>
<td>135.6</td>
<td>359.4</td>
<td>122.2</td>
<td>150.0</td>
<td>130.5</td>
<td>132.4</td>
</tr>
<tr>
<td>Los Angeles-Long Beach, CA</td>
<td>148.3</td>
<td>116.2</td>
<td>227.3</td>
<td>107.3</td>
<td>135.6</td>
<td>110.9</td>
<td>112.6</td>
</tr>
<tr>
<td>Reno, NV</td>
<td>112.3</td>
<td>119.6</td>
<td>124.1</td>
<td>82.1</td>
<td>129.1</td>
<td>110.0</td>
<td>103.0</td>
</tr>
<tr>
<td>Seattle, WA</td>
<td>159.4</td>
<td>128.6</td>
<td>225.7</td>
<td>107.9</td>
<td>143.6</td>
<td>130.0</td>
<td>136.4</td>
</tr>
<tr>
<td>Spokane, WA</td>
<td>100.1</td>
<td>98.2</td>
<td>98.1</td>
<td>94.3</td>
<td>114.0</td>
<td>114.5</td>
<td>98.6</td>
</tr>
<tr>
<td>Tacoma, WA</td>
<td>111.6</td>
<td>115.4</td>
<td>113.3</td>
<td>86.1</td>
<td>104.3</td>
<td>121.4</td>
<td>116.0</td>
</tr>
<tr>
<td>Boise, ID</td>
<td>97.1</td>
<td>92.8</td>
<td>95.6</td>
<td>82.6</td>
<td>110.8</td>
<td>105.1</td>
<td>99.0</td>
</tr>
<tr>
<td>Bozeman, MT</td>
<td>106.9</td>
<td>105.1</td>
<td>111.6</td>
<td>83.9</td>
<td>125.0</td>
<td>98.4</td>
<td>105.8</td>
</tr>
<tr>
<td>Laramie, WY</td>
<td>89.3</td>
<td>98.7</td>
<td>72.3</td>
<td>87.3</td>
<td>99.3</td>
<td>94.9</td>
<td>97.2</td>
</tr>
<tr>
<td>Salt Lake City, UT</td>
<td>105.2</td>
<td>110.5</td>
<td>105.7</td>
<td>87.9</td>
<td>110.5</td>
<td>104.5</td>
<td>105.9</td>
</tr>
</tbody>
</table>

#### Southwest/Mountain

<table>
<thead>
<tr>
<th>City</th>
<th>Total Index</th>
<th>Groceries</th>
<th>Housing</th>
<th>Utilities</th>
<th>Transportation</th>
<th>Health Care</th>
<th>Misc.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Phoenix, AZ</td>
<td>97.4</td>
<td>97.0</td>
<td>96.0</td>
<td>109.2</td>
<td>113.2</td>
<td>92.9</td>
<td>92.0</td>
</tr>
<tr>
<td>Denver, CO</td>
<td>111.1</td>
<td>98.6</td>
<td>137.0</td>
<td>83.6</td>
<td>102.0</td>
<td>102.6</td>
<td>104.5</td>
</tr>
<tr>
<td>Colorado Springs, CO</td>
<td>99.9</td>
<td>96.7</td>
<td>98.5</td>
<td>95.3</td>
<td>96.1</td>
<td>105.7</td>
<td>103.7</td>
</tr>
<tr>
<td>Harlingen, TX</td>
<td>74.7</td>
<td>83</td>
<td>59.1</td>
<td>97.4</td>
<td>81.2</td>
<td>85.5</td>
<td>75.8</td>
</tr>
<tr>
<td>Dallas, TX</td>
<td>106.7</td>
<td>101.9</td>
<td>112.8</td>
<td>107.9</td>
<td>93.5</td>
<td>105.2</td>
<td>106.7</td>
</tr>
<tr>
<td>Houston, TX</td>
<td>95.4</td>
<td>87.1</td>
<td>90.7</td>
<td>107.3</td>
<td>96.3</td>
<td>92.3</td>
<td>99.6</td>
</tr>
<tr>
<td>Midland, TX</td>
<td>102.7</td>
<td>93.0</td>
<td>88.7</td>
<td>105.0</td>
<td>112.8</td>
<td>99.4</td>
<td>115.4</td>
</tr>
<tr>
<td>Oklahoma City, OK</td>
<td>84.5</td>
<td>94.3</td>
<td>67.6</td>
<td>93.5</td>
<td>80.3</td>
<td>97.4</td>
<td>92.1</td>
</tr>
</tbody>
</table>

#### Midwest

<table>
<thead>
<tr>
<th>City</th>
<th>Total Index</th>
<th>Groceries</th>
<th>Housing</th>
<th>Utilities</th>
<th>Transportation</th>
<th>Health Care</th>
<th>Misc.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cleveland, OH</td>
<td>95.7</td>
<td>106.4</td>
<td>81.7</td>
<td>96.9</td>
<td>92.3</td>
<td>104.2</td>
<td>103.0</td>
</tr>
<tr>
<td>Peoria, IL</td>
<td>91.8</td>
<td>90.0</td>
<td>74.2</td>
<td>94.1</td>
<td>108.0</td>
<td>97.2</td>
<td>101.7</td>
</tr>
<tr>
<td>Minneapolis, MN</td>
<td>106.3</td>
<td>104.1</td>
<td>100.7</td>
<td>96.6</td>
<td>105.6</td>
<td>105.2</td>
<td>114.8</td>
</tr>
<tr>
<td>Fargo-Moorhead, ND-MN</td>
<td>97.7</td>
<td>111.2</td>
<td>76.6</td>
<td>90.7</td>
<td>102.1</td>
<td>118.5</td>
<td>108.3</td>
</tr>
</tbody>
</table>

#### Southeast

<table>
<thead>
<tr>
<th>City</th>
<th>Total Index</th>
<th>Groceries</th>
<th>Housing</th>
<th>Utilities</th>
<th>Transportation</th>
<th>Health Care</th>
<th>Misc.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alexandria, VA</td>
<td>142.6</td>
<td>115.5</td>
<td>223.5</td>
<td>97.3</td>
<td>103.2</td>
<td>92.4</td>
<td>113.0</td>
</tr>
<tr>
<td>Fort Lauderdale, FL</td>
<td>118.8</td>
<td>100.9</td>
<td>159.3</td>
<td>103.1</td>
<td>107.6</td>
<td>94.6</td>
<td>101.4</td>
</tr>
<tr>
<td>Miami, FL</td>
<td>115.7</td>
<td>111.7</td>
<td>139.9</td>
<td>103.1</td>
<td>106.6</td>
<td>98.6</td>
<td>104.7</td>
</tr>
<tr>
<td>Birmingham, AL</td>
<td>87.8</td>
<td>88.5</td>
<td>77.7</td>
<td>108.3</td>
<td>90.0</td>
<td>82.0</td>
<td>91.0</td>
</tr>
<tr>
<td>Atlanta, GA</td>
<td>102.3</td>
<td>101.8</td>
<td>104.2</td>
<td>85.7</td>
<td>100.6</td>
<td>107.0</td>
<td>105.1</td>
</tr>
<tr>
<td>New Orleans, LA</td>
<td>103.4</td>
<td>103.2</td>
<td>120.7</td>
<td>83.0</td>
<td>100.8</td>
<td>111.5</td>
<td>93.9</td>
</tr>
</tbody>
</table>

#### Atlantic/New England

<table>
<thead>
<tr>
<th>City</th>
<th>Total Index</th>
<th>Groceries</th>
<th>Housing</th>
<th>Utilities</th>
<th>Transportation</th>
<th>Health Care</th>
<th>Misc.</th>
</tr>
</thead>
<tbody>
<tr>
<td>New York City/Manhattan, NY</td>
<td>238.4</td>
<td>139.7</td>
<td>487.6</td>
<td>123.0</td>
<td>142.2</td>
<td>111.9</td>
<td>136.9</td>
</tr>
<tr>
<td>Boston, MA</td>
<td>153.5</td>
<td>110.5</td>
<td>227.2</td>
<td>119.6</td>
<td>121.4</td>
<td>117.0</td>
<td>129.6</td>
</tr>
<tr>
<td>Pittsburgh, PA</td>
<td>102.2</td>
<td>111.3</td>
<td>103.9</td>
<td>110.4</td>
<td>111.4</td>
<td>98.8</td>
<td>93.2</td>
</tr>
<tr>
<td>Hartford, CT</td>
<td>120.1</td>
<td>112.8</td>
<td>120.8</td>
<td>127.2</td>
<td>111.4</td>
<td>106.4</td>
<td>124.4</td>
</tr>
</tbody>
</table>

Source: The Council for Community and Economic Research
there were only six.

Most of the costliest cities have little in common with Anchorage, Fairbanks, and Juneau. These cities are among the nation’s largest or are part of larger metropolitan areas, and their populations far exceed the entire state of Alaska.

In Alaska’s case, distance from large national markets and the small population largely explain the higher cost of living, but housing costs are the driver in all of the other markets, where demand has become more and more extreme. Seattle is one example. As Exhibit 8 shows, Anchorage’s cost of living was over 25 percent higher than Seattle’s in 1996, but Seattle’s costs have risen much faster since then. This year, Seattle’s costs are over 30 percent higher than Anchorage’s.

Manhattan, part of New York City, was the most expensive place in the nation in 2019, with an index value of 238.4 — well over double the U.S. average. Manhattan’s housing differential was 487.6, meaning you would pay nearly quintuple the typical U.S. price for a home there.

San Francisco, also notorious for its skyrocketing housing costs, followed at 200.1 overall.

A shortcoming of the C2ER is it doesn’t address taxation, which is one area where Alaska would have a clear cost advantage as the only state without a personal income tax or a statewide sales tax. In 2018, Kiplinger listed Alaska as the most “tax friendly” state.

One C2ER spinoff is the cost-of-living-by-state series the Missouri Economic Research and Information Center publishes each year. It simply averages participating cities’ indexes to create a statewide index, without applying any weight for city size.

This rough calculation produced an index of 130.6 for Alaska in 2018, making it the seventh most expensive...
What Common Items and Services Cost in Early 2019

**CELL SERVICE**
- Anchorage: $179.40
- Fairbanks: $176.40
- Juneau: $186.60

**GROCERY STORE BREAD**
- Juneau, AK: $5.82
- U.S. Average: $3.40

**ICEBERG LETTUCE**
- Juneau, AK: $3.04
- U.S. Average: $1.55

**QUARTER POUNDER WITH CHEESE**
- Seattle, WA: $5.95
- U.S. Average: $4.28

**HAIRCUT AT BARBER**
- Seattle, WA: $34.38
- U.S. Average: $17.22

**SALON CUT AND STYLE**
- San Francisco, CA: $74.86
- U.S. Average: $38.29

**MEDIUM CHEESE PIZZA**
- Anchorage: $10.99
- Fairbanks: $11.99
- Juneau: $11.99
- U.S. Average: $10.31

**MARGARINE**
- Anchorage: $1.43
- Fairbanks: $1.47
- Juneau: $1.29
- U.S. Average: $1.10

Source: The Council for Community and Economic Research
state. (See Exhibit 9.) While this is based solely on Anchorage, Juneau, and Fairbanks, those communities represent 58 percent of the state’s population. State-level data should be used only generally, though. Consider, for example, how much costs differ in Seattle versus rural Washington.

Rent and house prices around the state

Because housing eats up such a large slice of a household’s income, it’s often used as a proxy for an area’s overall cost of living.

The Alaska Housing Finance Corporation contracts with the Alaska Department of Labor and Workforce Development to collect housing data around the state, which can vary dramatically. Supply, vacancy rates, home quality, local economic health, building costs, and area demographics are all factors. (See exhibits 10 and 11.)

We also calculate an affordability index for six areas in the state, which takes ability to pay into account as well as home prices. (See Exhibit 12.) The result is the number of average monthly paychecks necessary to afford a typical house.

In late 2018, Kodiak was the least affordable place to buy a home, followed by Ketchikan. The Fairbanks area was most affordable.

Adding wages to the equation can sometimes change the picture considerably. For example, as in the past, earning a higher average wage in Anchorage makes a home in the Matanuska-Susitna Borough more affordable. This is common, as 30 percent of working Mat-Su residents commute to Anchorage. Although Mat-Su’s housing prices are low, the area’s homes are less affordable for someone with a job in the borough because of its lower wages.

Alaska’s health care costs remain among the highest

Exhibit 13 shows one category of health care expenses in Alaska compared to others around the country: the monthly cost of health insurance through the public marketplace for a 40-year-old nonsmoker. Alaska’s monthly premium through the Affordable Care Act had been the highest by far in recent years, but premiums in Nebraska, Wyoming, and Iowa have pushed Alaska down to fourth place.

The C2ER’s health care component index also reflects Alaska’s high costs. (See Exhibit 6.) The three Alaska communities surveyed are the three highest ranked in the country, with costs hovering around 50 percent
Monthly Paychecks Necessary to Buy the Average House

**ALASKA, SECOND HALF OF 2018**

A monthly paycheck of $1.5 is necessary to buy the average house in Alaska. The chart shows the necessary monthly paychecks for various cities and regions:

- Anchorage: $1.5
- Fairbanks: $1.5
- Juneau: $1.6
- Ketchikan: $1.7
- Kodiak: $1.8
- Mat-Su: $1.4
- N. Star: $1.1
- Peninsula: $1.2

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

---

States’ Health Insurance Costs*

**PUBLIC, MONTHLY, 2019**

<table>
<thead>
<tr>
<th>State</th>
<th>Premium</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Nebraska</td>
<td>$821</td>
</tr>
<tr>
<td>2 Wyoming</td>
<td>$796</td>
</tr>
<tr>
<td>3 Iowa</td>
<td>$724</td>
</tr>
<tr>
<td>4 Alaska</td>
<td>$696</td>
</tr>
<tr>
<td>5 Oklahoma</td>
<td>$686</td>
</tr>
<tr>
<td>6 Delaware</td>
<td>$685</td>
</tr>
<tr>
<td>7 Vermont</td>
<td>$622</td>
</tr>
<tr>
<td>8 South Carolina</td>
<td>$603</td>
</tr>
<tr>
<td>9 New York</td>
<td>$587</td>
</tr>
<tr>
<td>10 Wisconsin</td>
<td>$563</td>
</tr>
</tbody>
</table>

U.S. average: $427

*Second lowest plan (silver tier) under Affordable Care Act for a 40-year-old nonsmoker, before tax credit*

*Source: Kaiser Family Foundation*

---

What Heating Fuel and Gasoline Cost in Alaska Villages

**JANUARY 2019 SURVEY**

<table>
<thead>
<tr>
<th>Community*</th>
<th>Heating fuel #1 residential, gal</th>
<th>Gasoline regular, gal</th>
<th>Community*</th>
<th>Heating fuel #1 residential, gal</th>
<th>Gasoline regular, gal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Akiak</td>
<td>$5.69</td>
<td>$5.55</td>
<td>Huslia</td>
<td>$6.25</td>
<td>$6.00</td>
</tr>
<tr>
<td>Angoon</td>
<td>$4.34</td>
<td>$4.55</td>
<td>Juneau</td>
<td>$3.39</td>
<td>$3.59</td>
</tr>
<tr>
<td>Arctic Village</td>
<td>$12.00</td>
<td>$10.00</td>
<td>King Cove</td>
<td>$3.33</td>
<td>$4.88</td>
</tr>
<tr>
<td>Atka</td>
<td>$6.85</td>
<td>$7.35</td>
<td>Kodiak</td>
<td>$3.23</td>
<td>$3.85</td>
</tr>
<tr>
<td>Bethel</td>
<td>$4.60</td>
<td>$4.61</td>
<td>Kokhanok</td>
<td>$7.24</td>
<td>$7.00</td>
</tr>
<tr>
<td>Chenega Bay</td>
<td>$5.90</td>
<td>$5.95</td>
<td>Kotzebue</td>
<td>$6.24</td>
<td>$6.03</td>
</tr>
<tr>
<td>Chignik</td>
<td>$3.94</td>
<td>$4.56</td>
<td>Mountain Village</td>
<td>$6.00</td>
<td>$5.96</td>
</tr>
<tr>
<td>Circle</td>
<td>$2.69</td>
<td>$3.34</td>
<td>Nenana</td>
<td>$3.14</td>
<td>$3.58</td>
</tr>
<tr>
<td>Deering</td>
<td>$3.35</td>
<td>$4.38</td>
<td>Noorvik</td>
<td>$5.64</td>
<td>$6.06</td>
</tr>
<tr>
<td>Dillingham</td>
<td>$3.86</td>
<td>$4.97</td>
<td>Nuiqsut</td>
<td>$2.30</td>
<td>$5.00</td>
</tr>
<tr>
<td>Eagle</td>
<td>$4.00</td>
<td>$4.50</td>
<td>Nulato</td>
<td>$4.80</td>
<td>$5.40</td>
</tr>
<tr>
<td>Emmonak</td>
<td>$6.60</td>
<td>$6.75</td>
<td>Pelican</td>
<td>$4.41</td>
<td>$4.07</td>
</tr>
<tr>
<td>Fairbanks</td>
<td>$2.66</td>
<td>$3.19</td>
<td>Pilot Station</td>
<td>$6.55</td>
<td>$6.55</td>
</tr>
<tr>
<td>Galena</td>
<td>$6.06</td>
<td>$6.23</td>
<td>Port Lions</td>
<td>$4.30</td>
<td>$4.51</td>
</tr>
<tr>
<td>Gambell</td>
<td>$4.58</td>
<td>$4.74</td>
<td>Ruby</td>
<td>$5.50</td>
<td>$6.50</td>
</tr>
<tr>
<td>Glennallen</td>
<td>$2.92</td>
<td>$3.15</td>
<td>Sand Point</td>
<td>$4.69</td>
<td>$3.54</td>
</tr>
<tr>
<td>Golovin</td>
<td>$3.70</td>
<td>$3.70</td>
<td>Shishmaref</td>
<td>$4.42</td>
<td>$4.52</td>
</tr>
<tr>
<td>Holy Cross</td>
<td>$6.05</td>
<td>$5.80</td>
<td>Unalaska</td>
<td>$3.59</td>
<td>$4.16</td>
</tr>
<tr>
<td>Homer</td>
<td>$3.12</td>
<td>$3.24</td>
<td>Utqiagvik*</td>
<td>—</td>
<td>$5.90</td>
</tr>
<tr>
<td>Hooper Bay</td>
<td>$5.72</td>
<td>$5.85</td>
<td>Wales</td>
<td>$6.44</td>
<td>$6.70</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Wrangell</td>
<td>$3.48</td>
<td>$3.87</td>
</tr>
</tbody>
</table>

*This is a partial list of the 100 communities surveyed. For all communities, see the publication cited below.

*Utqiagvik uses subsidized natural gas.*

*Source: Department of Commerce, Community, And Economic Development, Current Community Conditions: Fuel Prices Across Alaska, January 2019*
higher than the average city surveyed. At a distant fourth among the 250-plus cities surveyed was San Francisco, at about 31 percent above average.

**Arctic Village tops heating fuel costs in 2019 at $12 per gallon**


In early 2019, as in past years, the communities with the highest fuel prices are those that depend on air transportation for their supplies. (See Exhibit 14.) With few exceptions, these smaller and more remote communities pay significantly higher fuel prices than the larger and more urban areas of the state.

Arctic Village has the most expensive gasoline and heating fuel this year, at $10 and $12 per gallon, respectively.

**Weekly groceries cost the most in Bethel, the least in Fairbanks**

Four times a year, the University of Alaska Fairbanks’ Cooperative Extension Service publishes the cost of food at home for a week for surveyed communities around the state. (See Exhibit 15.) This market basket includes items with minimum levels of nutrition at the lowest possible cost, based on the needs of a family of four with two children, ages 6 and 11.

Bethel topped the list in late 2018, with groceries costing well over double the U.S. average, at $396 per week. Fairbanks’ food cost roughly half of what it would have in Bethel, at $206, and was the lowest among surveyed Alaska communities.

**An example of how the military gauges cost of living by state**

The U.S. Department of Defense produces a number of cost-of-living indexes to adjust for their personnel and facilities around the country. One example is the index in Exhibit 16, which the U.S. Army Corps of Engineers uses to adjust for construction costs by state for military and civil works projects.

Alaska came in second for costs in April of 2018, after Hawaii, and Arkansas ranked last.

Neal Fried is an economist in Anchorage. Reach him at (907) 269-4861 or neal.fried@alaska.gov.
Gauging Alaska’s Economy

**Job Growth**

May 2019
Over-the-year percent change

- Post-'80s high [Mar ’90]: 6.6%
- 1.5% [U.S.]
- 0.3%
- Recession low, '80s -7.5% [Jan ’87]: -8.0%

**Unemployment Rate**

May 2019
Seasonally adjusted

- Alaska high during Great Recession [Apr 10]: 8.0%
- 6.4%
- Highest in '80s recession [Aug ’86]: 12.0%

**Wage Growth**

4th Quarter 2018
Over-the-year percent change

- Alaska high [Q3 ’81]: 22.0%
- 5.3%
- Alaska '80s low [Q1 ’87]: -17.0%
- 4.8% [U.S.]

- Alaska’s rate had been flat for 10 straight months at 6.5 percent before falling to 6.4 percent in May.
- Unemployment rates are complicated economic measures and generally less telling at the state level than job or wage growth as indicators of broad economic health.
- Wages increased for the fifth consecutive quarter, and the growth has accelerated.
- Fourth quarter 2018 wages grew faster in Alaska than they did for the U.S. as a whole. It was the first time in years one of the three main gauges showed stronger performance for Alaska than for the nation.

After revisions to 2018 data, the state has registered over-the-year job gains for eight straight months after losing jobs for the prior 36 months.

The gains are small but could signal the end of the state’s recession.

U.S. job growth remains strong and has been positive since 2010, with the strongest growth in 2015.
Gauging Alaska’s Economy

Initial Claims
Unemployment, week ending June 15, 2019†

- For a variety of reasons, initial claims are well below the 10-year average despite job losses.
- Four-week moving average ending with the specified week

GDP Growth
4th Quarter 2018
Over-the-year percent change

- Gross domestic product is the value of the goods and services a state produces. Alaska’s GDP has grown for the last nine quarters after declining for 15 out of the prior 16.

Personal Income Growth
4th Quarter 2018
Over-the-year percent change

- Personal income includes wages as well as transfer payments (such as Social Security, Medicaid, and the PFD) and investment income. Growth has resumed and is now well above the 10-year average.

Change in Home Prices
Single-family, 1st Qtr 2019
Over-the-year percent change

- Home prices include only those for which a commercial loan is used. This indicator tends to be volatile from quarter to quarter.

Foreclosure Rate
4th Quarter 2018

- Foreclosure rates remain very low, highlighting how different the state’s recent recession was from the ’80s recession when foreclosure rates exceeded 10 percent.

Population Growth
2017 to 2018

- The state’s population has remained mostly stable during the state’s recession, although 2018 was only the second year of small population declines since 1988.

Net Migration
2017 to 2018

- The state had net migration losses for the sixth consecutive year in 2018. Net migration is the number who moved to Alaska minus the number who left.
Unemployment Rates

Percent change in jobs, May 2018 to May 2019

Regional, not seasonally adjusted

<table>
<thead>
<tr>
<th>Region</th>
<th>Prelim.</th>
<th>Revised</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States</td>
<td>3.6</td>
<td>3.6</td>
</tr>
<tr>
<td>Alaska</td>
<td>6.4</td>
<td>6.5</td>
</tr>
<tr>
<td>Interior Region</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Denali Borough</td>
<td>5.3</td>
<td>14.8</td>
</tr>
<tr>
<td>Fairbanks N Star Borough</td>
<td>5.5</td>
<td>5.8</td>
</tr>
<tr>
<td>Southeast Fairbanks Census</td>
<td>8.2</td>
<td>9.4</td>
</tr>
<tr>
<td>Yukon-Koyukuk Census Area</td>
<td>14.5</td>
<td>15.8</td>
</tr>
<tr>
<td>Northern Region</td>
<td>11.0</td>
<td>10.9</td>
</tr>
<tr>
<td>Nome Census Area</td>
<td>11.4</td>
<td>11.7</td>
</tr>
<tr>
<td>North Slope Borough</td>
<td>7.0</td>
<td>6.7</td>
</tr>
<tr>
<td>Northwest Arctic Borough</td>
<td>14.9</td>
<td>14.6</td>
</tr>
<tr>
<td>Anchorage/Mat-Su Region</td>
<td>5.6</td>
<td>5.6</td>
</tr>
<tr>
<td>Anchorage, Municipality</td>
<td>5.2</td>
<td>5.1</td>
</tr>
<tr>
<td>Mat-Su Borough</td>
<td>6.9</td>
<td>7.3</td>
</tr>
<tr>
<td>Southwest Region</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Aleutians East Borough</td>
<td>6.0</td>
<td>2.6</td>
</tr>
<tr>
<td>Aleutians West Census Area</td>
<td>5.9</td>
<td>2.9</td>
</tr>
<tr>
<td>Bethel Census Area</td>
<td>13.5</td>
<td>13.9</td>
</tr>
<tr>
<td>Bristol Bay Borough</td>
<td>4.1</td>
<td>7.7</td>
</tr>
<tr>
<td>Dillingham Census Area</td>
<td>9.0</td>
<td>8.9</td>
</tr>
<tr>
<td>Kusilvak Census Area</td>
<td>21.2</td>
<td>20.6</td>
</tr>
<tr>
<td>Lake and Peninsula Borough</td>
<td>9.8</td>
<td>12.1</td>
</tr>
<tr>
<td>Gulf Coast Region</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kenai Peninsula Borough</td>
<td>6.4</td>
<td>7.3</td>
</tr>
<tr>
<td>Kodiak Island Borough</td>
<td>5.4</td>
<td>5.1</td>
</tr>
<tr>
<td>Valdez-Cordova Census Area</td>
<td>7.1</td>
<td>8.6</td>
</tr>
<tr>
<td>Southeast Region</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Haines Borough</td>
<td>6.9</td>
<td>8.7</td>
</tr>
<tr>
<td>Hoonah-Angoon Census Area</td>
<td>8.2</td>
<td>14.0</td>
</tr>
<tr>
<td>Juneau, City and Borough</td>
<td>4.3</td>
<td>4.6</td>
</tr>
<tr>
<td>Ketchikan Gateway Borough</td>
<td>5.7</td>
<td>6.8</td>
</tr>
<tr>
<td>Petersburg Borough</td>
<td>8.6</td>
<td>9.2</td>
</tr>
<tr>
<td>Prince of Wales-Hyder Census</td>
<td>9.6</td>
<td>11.4</td>
</tr>
<tr>
<td>Sitka, City and Borough</td>
<td>4.2</td>
<td>4.2</td>
</tr>
<tr>
<td>Skagway, Municipality</td>
<td>4.0</td>
<td>11.9</td>
</tr>
<tr>
<td>Wrangell, City and Borough</td>
<td>6.7</td>
<td>7.6</td>
</tr>
<tr>
<td>Yakutat, City and Borough</td>
<td>6.4</td>
<td>6.0</td>
</tr>
</tbody>
</table>
How Alaska Ranks

Unemployment Rate¹

1st Vermont 2.1%

50th 6.4%

Job Growth²

1st Nevada 3.9%

50th Minnesota 0.1%

Job Growth, Private²

1st Nevada 3.9%

32nd Maine/ Minn 0.8%

Government Job Growth²

1st Nevada 2.5%

50th W. Virginia -5.2%

Professional and Business Services, Private²

1st Nevada 7.9%

28th Rhode Island 1.1%

Other Economic Indicators

Urban Alaska Consumer Price Index (CPI-U, base yr 1982=100)

Current: 227.992 2nd half 2018

Year ago: 219.131

Change: +4.0%

Commodity prices

- Crude oil, Alaska North Slope, * per barrel
  - Current: $70.30  May 2019
  - Year ago: $76.12
  - Change: -7.64%

- Natural gas, residential, per thousand cubic feet
  - Current: $10.39  March 2019
  - Year ago: $10.77
  - Change: -3.53%

- Gold, per oz. COMEX
  - Current: $1,410.00  6/26/2019
  - Year ago: $1,259.90
  - Change: +11.91%

- Silver, per oz. COMEX
  - Current: $15.31  6/26/2019
  - Year ago: $16.33
  - Change: -6.25%

- Copper, per lb. COMEX
  - Current: $2.72  6/26/2019
  - Year ago: $3.02
  - Change: -9.80%

- Zinc, per MT
  - Current: $2,543.00  6/25/2019
  - Year ago: $2,840.00
  - Change: -10.46%

- Lead, per lb.
  - Current: $0.87  6/26/2019
  - Year ago: $1.10
  - Change: -20.91%

Bankruptcies

- Business
  - Current: 9  Q1 2019
  - Year ago: 13
  - Change: -30.77%

- Personal
  - Current: 92  Q1 2019
  - Year ago: 88
  - Change: +4.55%

Unemployment insurance claims

- Initial filings
  - Current: 4,327  May 2019
  - Year ago: 4,756
  - Change: -9.02%

- Continued filings
  - Current: 29,108  May 2019
  - Year ago: 36,641
  - Change: -20.56%

- Claimant count
  - Current: 7,555  May 2019
  - Year ago: 9,504
  - Change: -20.51%

*Department of Revenue estimate

Sources for pages 14 through 17 include Alaska Department of Labor and Workforce Development, Research and Analysis Section; U.S. Bureau of Labor Statistics; U.S. Bureau of Economic Analysis; Kitco; U.S. Census Bureau; COMEX; Bloomberg; Infomine; Alaska Department of Revenue; and U.S. Courts, 9th Circuit.
Improve your staff’s ability to help patients impacted by opioids

Funding Available

To help incumbent workers, businesses, and others recognize and address the opioid public health emergency.

Assistance for training and support in the following professions:

- Behavioral Health
- Staff Clinical Aides
- Counselors
- Registered or Licensed Practical Nurses
- Certified Nursing Assistants

For more information, visit: labor.alaska.gov/wioa/iwtp.htm or email dol.iwt@alaska.gov
Please put NHE DWG in the subject line and cc: sandy.burgess@alaska.gov

A proud partner of the American Jobcenter network.

Alaska Department of Labor & Workforce Development.

Attribution Statement: This workforce product was funded by a grant awarded by the US Department of Labor Employment and Training Administration.

We are an equal opportunity employer/program. Auxiliary aids and services are available upon request to individuals with disabilities.