

ALASKA ECONOMIC TRENDS



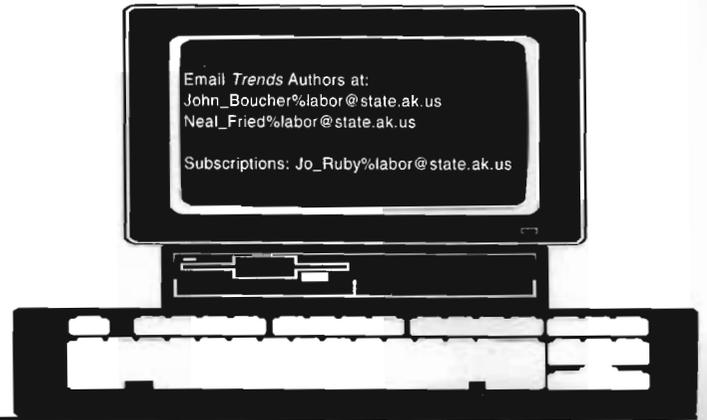
June
1995

MEASURING ALASKA'S COST OF LIVING

ECONOMY CONTINUES TO
EXPAND—SLOWLY

ALASKA DEPARTMENT OF LABOR • TONY KNOWLES, GOVERNOR

ALASKA ECONOMIC TRENDS



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Measuring Alaska's Cost of Living

by John Boucher

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

A measure of inflation or cost differentials?

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

Be aware of the method and the market basket

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

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

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

The CPI—the nation's inflation measure

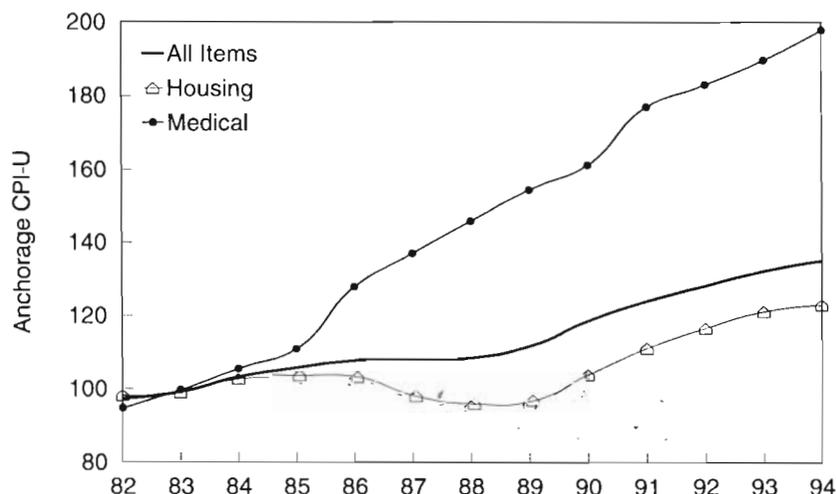
The majority of requests for Alaska's cost-of-living ask about the inflation rate. The Consumer Price Index (CPI) is a national survey designed to answer questions about price changes. CPI information is often used to adjust rents, wages or other monetary payments for the effects of inflation.

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

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Figure • 1

Anchorage Medical Costs Outpace Housing Costs



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

T a b l e • 1

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

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

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

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

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

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

Housing market key to Anchorage inflation rate

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

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

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

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

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

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

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

T a b l e • 3

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

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

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

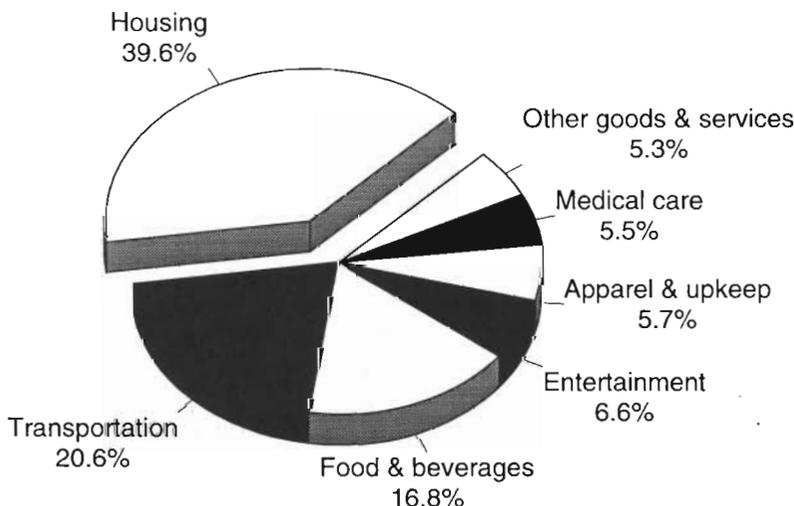
Source: "Cost of Food at Home for a Week," December 1994.
University of Alaska Cooperative Extension Service
U.S. Dept. of Agriculture and SEA Grant Cooperating.

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

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

F i g u r e • 2

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



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

CPI measures inflation—not costs between locations

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

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

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

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

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

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

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

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

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

Notes: Family of four with elementary school children.

Sales tax included in food prices.

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

- Data unavailable.

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

T a b l e • 5

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

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

National Ranking of Alaska Cities by Category

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

Food costs are higher in rural Alaska

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

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

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

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

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

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

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

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

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

Table • 7

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

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

Notes: n/a - Not available.

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

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

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

ACCRA places Alaskan cities among most expensive

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

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

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

Runzheimer International Living Cost Standards December 1994

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

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

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

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

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

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

ACCRA points to a smaller difference in housing costs

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

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

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

Runzheimer study shows smaller cost-of-living differential

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

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

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

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

Lower taxes contribute to lower living costs

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

1995 Runzheimer report indicates narrowing cost differences

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

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

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

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

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

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

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

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

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

Construction costs somewhat follow other surveys

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

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

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

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

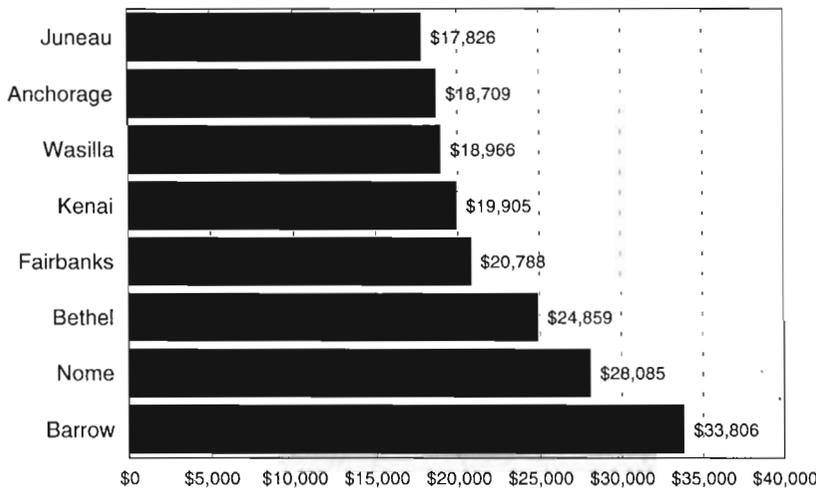
Next decide on the suitability of different surveys—some surveys look at subsets of the total cost-of-living package, such as the Cost of Food at Home survey or the AHFC construction cost survey. Some surveys might look at a population unlike the one being studied. The ACCRA survey's mid-management family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

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

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

Figure • 3

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



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

Economy Continues to Expand—Slowly

by Neal Fried

In 1994 employment in Alaska grew by 2.8%, representing the strongest showing in four years. Then the economy began to slow. The rate of employment growth during the first quarter of 1995 fell to 1.8%, the weakest rate of growth in three years. The end of the retail boom and losses in Alaska's oil patch (mining) are primarily responsible for this slower trend. Nevertheless, there were 3,000 more jobs in March of 1995 than in March of 1994. (See Table 1.) Most of this increase came from the services industry.

All but one of the state's regions enjoyed employment growth in March. Growth in the state's services and retail sectors kept most of these regions' employment numbers in the black. Southeast led the pack in spite of negatives in the timber industry and public sector. Enough new retailers opened their doors or expanded in Southeast during the past year to keep total employment ahead of year-ago levels. Strong growth in Fairbanks' retail and services industries makes it the second runner up to Southeast. Southwest's numbers were boosted by both healthy bottomfish and crab harvests. Anchorage's public sector and oil patch were losing ground in March but growth in services and retail trade is keeping its employment figures ahead of year-ago levels. Big losses in the oil sector are responsible for the Northern region's weak showing. And Gulf Coast's lackluster performance is due to a mixture of small losses in construction and seafood processing, slightly offset by modest gains in retail trade and services.

industry. The lift in Alaska's health care industry's numbers can be attributed to a growing population, an aging population and a move away from hospitalizations.

According to the most recent Jinneman, Kennedy & Associates Hospitality Report, in 1994 Alaskan hotels realized the healthiest improvement in room sales in the Pacific Northwest at 12%. This comes as no surprise since the number of Alaska-bound visitors climbed over the one million mark in 1994. Many have the strong belief that these numbers will continue to mount. As testament to this belief two new hotels are slated for construction in Fairbanks in 1995 [see the May 1995 issue of *Alaska Economic Trends*]; a Juneau developer is looking at the possibility of building a hotel in the capital city; and Princess Tours recently announced it would begin to build a \$17 million, 160-room lodge near Talkeetna in Denali State Park. Augmenting these bigger additions to the hotel and lodging sector will be several new smaller lodges and bed and breakfast establishments.

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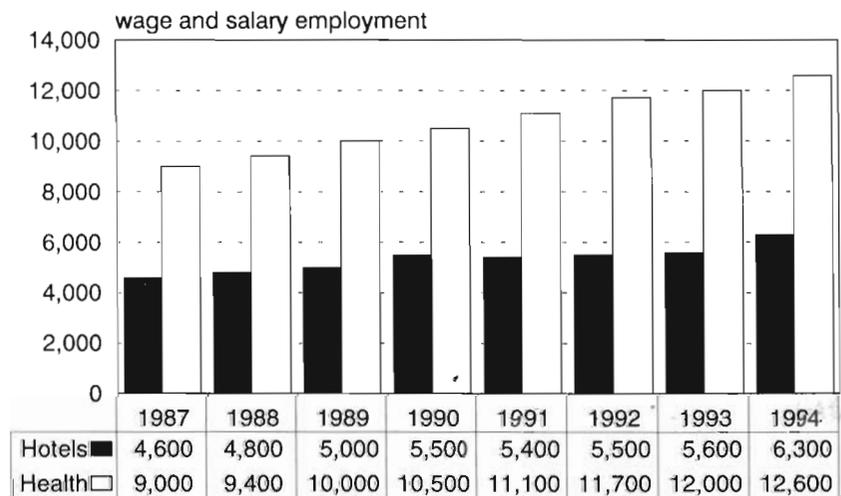
Health services and hotels lead the way

Services, Alaska's biggest private sector employer, has 2,200 more jobs than a year ago. Health services leads this employment growth with hotels close behind. (See Figure 1.)

Most of the growth in health care services came in the non-hospital segment of the

Figure • 1

Hotels and Health Care: Two Catalysts for Services Growth



Source: Alaska Department of Labor, Research & Analysis Section.

Table • 1

Nonagricultural Wage and Salary Employment by Place of Work

Alaska	p/	r/	Changes from			Municipality of Anchorage	p/	r/	Changes from		
	3/95	2/95	3/94	2/95	3/94		3/95	2/95	3/94	2/95	3/94
Total Nonag. Wage & Salary	252,700	251,300	249,700	1,400	3,000	Total Nonag. Wage & Salary	118,300	118,000	116,600	300	1,700
Goods-producing	36,300	35,900	37,300	400	-1,000	Goods-producing	10,600	10,300	10,400	300	200
Mining	9,300	9,400	10,400	-100	-1,100	Mining	3,000	3,000	3,500	0	-500
Construction	10,200	9,800	10,100	400	100	Construction	5,700	5,500	5,200	200	500
Manufacturing	16,800	16,700	16,800	100	0	Manufacturing	1,900	1,800	1,700	100	200
Durable Goods	2,400	2,200	2,700	200	-300	Service-producing	107,700	107,700	106,200	0	1,500
Lumber & Wood Products	1,700	1,500	2,000	200	-300	Transportation	12,100	12,200	12,000	-100	100
Nondurable Goods	14,400	14,500	14,100	-100	300	Air Transportation	4,500	4,500	4,400	0	100
Seafood Processing	11,100	11,200	11,000	-100	100	Communications	2,400	2,400	2,400	0	0
Pulp Mills	500	500	500	0	0	Trade	28,000	27,800	27,400	200	600
Service-producing	216,400	215,400	212,400	1,000	4,000	Wholesale Trade	6,000	6,000	5,900	0	100
Transportation	22,300	22,100	21,700	200	600	Retail Trade	22,000	21,800	21,500	200	500
Trucking & Warehousing	2,900	2,800	2,700	100	200	Gen. Merch. & Apparel	4,400	4,300	4,300	100	100
Water Transportation	1,800	1,800	1,700	0	100	Food Stores	3,200	3,300	3,200	-100	0
Air Transportation	7,200	7,100	7,000	100	200	Eating & Drinking Places	7,500	7,500	7,300	0	200
Communications	3,700	3,700	3,700	0	0	Finance-Ins. & Real Estate	7,200	7,300	7,200	-100	0
Trade	50,600	50,400	49,000	200	1,600	Services & Misc.	31,600	31,500	30,400	100	1,200
Wholesale Trade	8,000	8,000	7,900	0	100	Hotels & Lodging Places	2,600	2,700	2,300	-100	300
Retail Trade	42,600	42,400	41,100	200	1,500	Health Services	6,600	6,600	6,400	0	200
Gen. Merch. & Apparel	8,600	8,600	8,400	0	200	Government	28,800	28,900	29,200	-100	-400
Food Stores	7,000	7,000	6,800	0	200	Federal	10,800	10,800	11,200	0	-400
Eating & Drinking Places	13,800	13,700	13,200	100	600	State	8,500	8,500	8,400	0	100
Finance-Ins. & Real Estate	11,700	11,700	11,600	0	100	Local	9,500	9,600	9,600	-100	-100
Services & Misc.	57,300	56,800	55,100	500	2,200						
Hotels & Lodging Places	5,300	5,200	4,900	100	400						
Health Services	13,000	12,900	12,500	100	500						
Government	74,500	74,400	75,000	100	-500						
Federal	17,900	17,900	18,600	0	-700						
State	22,200	22,100	22,100	100	100						
Local	34,400	34,400	34,300	0	100						

Table • 2

Alaska Hours and Earnings for Selected Industries

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	p/	r/	3/94	p/	r/	3/94	p/	r/	3/94
	3/95	2/95	3/94	3/95	2/95	3/94	3/95	2/95	3/94
Mining	\$1,185.84	\$1,253.39	\$1,322.71	48.8	51.9	53.9	\$24.30	\$24.15	\$24.54
Construction	933.53	934.06	1063.55	40.1	39.9	44.8	23.28	23.41	23.74
Manufacturing	547.37	542.77	453.26	57.8	58.3	45.6	9.47	9.31	9.94
Seafood Processing	516.38	504.79	380.44	65.2	64.8	48.9	7.92	7.79	7.78
Trans., Comm. & Utilities	632.70	646.38	616.86	33.3	34.4	33.2	19.00	18.79	18.58
Trade	394.11	392.94	368.02	33.8	33.7	32.8	11.66	11.66	11.22
Wholesale	616.02	651.95	595.98	37.7	38.6	38.5	16.34	16.89	15.48
Retail	352.11	345.38	323.66	33.0	32.8	31.7	10.67	10.53	10.21
Finance-Ins. & R.E.	463.61	462.32	454.54	35.8	35.4	35.1	12.95	13.06	12.95

Notes to Tables 1-3:

Tables 1&2- Prepared in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics.

Table 3- Prepared in part with funding from the Employment Security Division.

p/ denotes preliminary estimates.

r/ denotes revised estimates.

Government includes employees of public school systems and the University of Alaska.

Average hours and earnings estimates are based on data for full- and part-time production workers (manufacturing) and nonsupervisory workers (nonmanufacturing). Averages are for gross earnings and hours paid, including overtime pay and hours.

Benchmark: March 1993

Nonagricultural Wage and Salary Employment by Place of Work

Southeast Region	p/		Changes from		
	3/95	2/95	3/94	2/95	3/94
Total Nonag. Wage & Salary	32,750	32,400	31,800	350	950
Goods-producing	4,300	4,150	4,250	150	50
Mining	200	200	150	0	50
Construction	1,300	1,300	1,150	0	150
Manufacturing	2,800	2,650	2,950	150	-150
Durable Goods	1,250	1,100	1,500	150	-250
Lumber & Woods Products	1,150	1,000	1,450	150	-300
Nondurable Goods	1,550	1,550	1,450	0	100
Seafood Processing	800	800	750	0	50
Pulp Mills	500	500	500	0	0
Service-producing	28,450	28,250	27,550	200	900
Transportation	2,450	2,400	2,400	50	50
Trade	6,350	6,200	5,500	150	850
Wholesale Trade	500	500	500	0	0
Retail Trade	5,850	5,700	5,000	150	850
Finance-Ins. & Real Estate	1,400	1,400	1,300	0	100
Services & Misc.	6,000	5,950	5,700	50	300
Government	12,250	12,300	12,650	-50	-400
Federal	1,750	1,800	1,950	-50	-200
State	5,500	5,500	5,500	0	0
Local	5,000	5,000	5,200	0	-200

Anchorage/Mat-Su Region

Total Nonag. Wage & Salary	128,050	127,450	126,100	600	1,950
Goods-producing	11,100	10,900	11,150	200	-50
Mining	3,200	3,100	3,700	100	-500
Construction	5,950	5,900	5,650	50	300
Manufacturing	1,950	1,900	1,800	50	150
Service-producing	116,950	116,550	114,950	400	2,000
Transportation	13,050	13,000	12,800	50	250
Trade	30,450	30,200	29,950	250	500
Finance-Ins. & Real Estate	7,650	7,650	7,600	0	50
Services & Misc.	34,000	33,750	32,550	250	1,450
Government	31,800	31,950	32,050	-150	-250
Federal	10,850	10,950	11,300	-100	-450
State	9,300	9,300	9,150	0	150
Local	11,650	11,700	11,600	-50	50

Gulf Coast Region

Total Nonag. Wage & Salary	25,200	24,850	25,150	350	50
Goods-producing	6,550	6,400	6,750	150	-200
Mining	950	950	900	0	50
Construction	900	900	950	0	-50
Manufacturing	4,700	4,550	4,900	150	-200
Seafood Processing	3,500	3,450	3,650	50	-150
Service-producing	18,650	18,450	18,400	200	250
Transportation	2,100	2,050	2,100	50	0
Trade	4,400	4,350	4,250	50	150
Wholesale Trade	550	550	550	0	0
Retail Trade	3,850	3,800	3,700	50	150
Finance-Ins. & Real Estate	650	650	650	0	0
Services & Misc.	4,850	4,800	4,700	50	150
Government	6,650	6,600	6,700	50	-50
Federal	600	600	600	0	0
State	1,750	1,700	1,800	50	-50
Local	4,300	4,300	4,300	0	0

Interior Region	p/		Changes from:		
	3/95	2/95	3/94	2/95	3/94
Total Nonag. Wage & Salary	33,600	33,250	32,600	350	1,000
Goods-producing	2,350	2,250	2,350	100	0
Mining	700	700	750	0	-50
Construction	1,100	1,050	1,050	50	50
Manufacturing	550	500	550	50	0
Service-producing	31,250	31,000	30,250	250	1,000
Transportation	2,550	2,450	2,400	100	150
Trade	7,200	7,250	6,700	-50	500
Finance-Ins. & Real Estate	1,100	1,050	1,100	50	0
Services & Misc.	7,400	7,300	7,200	100	200
Government	13,000	12,950	12,850	50	150
Federal	3,600	3,600	3,600	0	0
State	4,850	4,850	4,800	0	50
Local	4,550	4,500	4,450	50	100

Fairbanks North Star Borough

Total Nonag. Wage & Salary	29,350	29,400	28,700	-50	650
Goods-producing	2,100	2,100	2,150	0	-50
Mining	600	600	650	0	-50
Construction	1,000	1,000	1,000	0	0
Manufacturing	500	500	500	0	0
Service-producing	27,250	27,300	26,550	-50	700
Transportation	2,100	2,100	1,950	0	150
Trucking & Warehousing	450	450	400	0	50
Air Transportation	650	650	550	0	100
Communications	250	250	250	0	0
Trade	6,700	6,750	6,300	-50	400
Wholesale Trade	750	800	750	-50	0
Retail Trade	5,950	5,950	5,550	0	400
Gen. Merch. & Apparel	1,200	1,200	1,150	0	50
Food Stores	700	700	700	0	0
Eating & Drinking Places	2,200	2,200	1,950	0	250
Finance-Ins. & Real Estate	1,000	1,000	1,000	0	0
Services & Misc.	7,000	6,950	6,750	50	250
Government	10,450	10,500	10,550	-50	-100
Federal	3,000	3,000	3,000	0	0
State	4,600	4,650	4,550	-50	50
Local	2,850	2,850	3,000	0	-150

Southwest Region

Total Nonag. Wage & Salary	18,800	19,000	18,500	-200	300
Goods-producing	7,050	7,250	6,800	-200	250
Seafood Processing	6,750	6,950	6,500	-200	250
Service-producing	11,750	11,750	11,700	0	50
Government	5,850	5,850	6,050	0	-200
Federal	800	800	950	0	-150
State	500	500	500	0	0
Local	4,550	4,550	4,600	0	-50

Northern Region

Total Nonag. Wage & Salary	14,800	14,750	15,550	50	-750
Goods-producing	4,900	5,000	6,050	-100	-1,150
Mining	4,300	4,450	4,900	-150	-600
Service-producing	9,900	9,750	9,500	150	400
Government	4,950	4,900	4,700	50	250
Federal	250	250	200	0	50
State	350	300	350	50	0
Local	4,350	4,350	4,150	0	200

Air transportation hits turbulence

One of Alaska's largest air carriers, MarkAir, closed down most of its operation in late April. In 1994 MarkAir was the state's 11th largest private sector employer, employing 941 workers. However, when MarkAir closed its doors they employed a work force of approximately 600. This shutdown is one of the largest job losses from a single employer in recent history. It is larger than *The Anchorage Times* closure when 400 workers lost their jobs and, depending on what time frame is used, it is arguably larger than the ARCO layoff of 750. From an employment standpoint, Anchorage will absorb the brunt of these losses; more than 80 percent of the jobs were based in Anchorage. There will be some backfilling of these jobs as other airlines move in to fill the void left by MarkAir. Since MarkAir's headquarters staff were based in Alaska, a significant net loss of employment is expected. These losses to Anchorage's work force could reduce the city's already lackluster 1995 employment growth rate to a nearly imperceptible level for the year.

Alaska's unemployment rate keeps falling

On the good news front is Alaska's unemployment picture. In March Alaska's unemployment rate of 8.2% not only fell for the second month in a row, but this current rate also represents a big improvement over the year-ago rate of 9.0%. (See Table 4.) In fact, it is the lowest unemployment rate for any March since 1990. Unemployment rates fell in every region of the state.

The improved showing in the labor market should be good news for those hundreds of laid-off MarkAir employees. In addition, the fact that this happened just before the big summer hiring season could ease their transition back into the ranks of Alaska's employed labor force. These improved unemployment numbers, however, are not necessarily a testament to a "robust" job market. Many of the new employment opportunities are in the lower wage industries. The present national job picture is also partially responsible for Alaska's improved showing. The current strong U.S. job market has meant fewer job seekers are looking to the North Country for their next job; this takes some pressure off the local job market. However, it is too early to tell if this trend will

Table • 4

Unemployment Rates by Region & Census Area

	Percent Unemployed		
	p/ 3/95	r/ 2/95	3/94
Not Seasonally Adjusted			
United States	5.7	5.9	6.8
Alaska Statewide	8.2	8.9	9.0
Anch.-MatSu Region	6.7	7.2	7.4
Municipality of Anchorage	5.8	6.3	6.6
MatSu Borough	11.4	12.3	11.9
Gulf Coast Region	12.0	13.5	13.0
Kenai Peninsula Borough	14.6	16.7	15.3
Kodiak Island Borough	4.5	5.4	7.4
Valdez-Cordova	11.0	11.1	10.9
Interior Region	9.7	10.3	10.3
Denali Borough	14.5	15.1	18.1
Fairbanks North Star Bor.	8.8	9.3	9.4
Southeast Fairbanks	15.5	17.4	15.5
Yukon-Koyukuk	18.0	19.6	18.3
Northern Region	10.5	11.5	11.0
Nome	13.0	14.0	13.0
North Slope Borough	3.4	4.4	4.1
Northwest Arctic Borough	16.4	17.1	17.4
Southeast Region	9.0	10.5	10.9
Haines Borough	14.7	18.0	15.5
Juneau Borough	6.3	6.7	7.2
Ketchikan Gateway Borough	9.7	11.8	11.1
Prince of Wales-Outer Ketch.	13.7	17.9	16.9
Sitka Borough	6.4	8.4	12.7
Skagway-Hoonah-Angoon	14.3	15.8	16.1
Wrangell-Petersburg	13.8	14.6	13.9
Yakutat Borough	9.4	15.4	22.1
Southwest Region	6.7	7.0	6.4
Aleutians East Borough	1.5	2.1	1.9
Aleutians West	1.5	1.7	1.3
Bethel	9.5	9.6	8.2
Bristol Bay Borough	7.5	7.5	10.2
Dillingham	8.0	10.3	9.1
Lake & Peninsula Borough	10.1	8.3	8.2
Wade Hampton	13.1	12.9	12.8
Seasonally Adjusted			
United States	5.5	5.4	6.5
Alaska Statewide	7.2	7.3	8.3

p/ denotes preliminary estimates r/ denotes revised estimates
Benchmark: March 1994

- **Comparisons between different time periods are not as meaningful as other time series published by the Alaska Department of Labor.**
- **The official definition of unemployment currently in place excludes anyone who has made no attempt to find work in the four-week period up to and including the week that includes the 12th of each month. Most Alaska economists believe that Alaska's rural localities have proportionately more of these discouraged workers.**

Source: Alaska Department of Labor, Research & Analysis Section.

continue. The big job season is still ahead and the strength of this summer's activity will ultimately determine the health of the job market.

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Eagle River: Phone 694-6904/07

Tok: Phone 883-5629

Juneau: Phone 465-4562

Mat-Su: Phone 376-2407/08

Valdez: Phone 835-4910

Petersburg: Phone 772-3791

Fairbanks: Phone 451-2871

Kenai: Phone 283-4304/4377/4319

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Alaska Economic Regions

The mission of the Alaska Employment Service is to promote employment and economic stability by responding to the needs of employers and job seekers.