
Section III: Results by Sample Block and Community

Sample Block and Community Selection

In order to determine how to distribute the overall HCS sample among all the communities that needed to be examined, communities with similar demographic and geographic characteristics were grouped together into sample blocks. Each sample block was allocated a sufficiently large sample size to allow the analysis to make meaningful comparisons between blocks. The largest communities (Anchorage, Fairbanks and Juneau) and the most populous boroughs (Mat-Su and Kenai Peninsula) formed their own sample blocks. Smaller communities that were similar in terms of location, access and/or size were grouped together. Combining smaller communities was necessary to insure statistically reliable survey sample sizes. Within each block, community-level samples were drawn so as to be proportional to community population.

Using sample blocks to determine sample distribution was deemed preferable to the 1985 method of sampling according to election districts because the blocks can be formulated to minimize grouping dissimilar communities, especially small rural communities with larger urban areas.

The Matanuska-Susitna Borough was treated as one sample block, with the exception of Talkeetna which was grouped with Parks/ Elliot /Steese Highways sample block. The most important reason for keeping Mat-Su largely intact as a sample block is the ease of access throughout the borough. In general, residents of any portion of the borough where state employees reside (other than Talkeetna) can work and shop in any other portion of the borough (or, for that matter, work and shop in Anchorage).

The Kenai Peninsula Borough was also treated as one sample block, recognizing that by calculating cost of living differentials by 1985 GDS districts would produce one differential for Seward alone and another differential for the remainder of the borough (collectively labeled “Kenai/Cook Inlet” in the 1985 study). A separate differential was originally calculated for Homer, but turned out to be essentially the same as the differential for the remainder of the Borough. Seldovia, which has air and water access only, might warrant its own differential. However, with only one state employee in the community in 2008, a separate analysis of the cost of living in that small community was not practical.

Though Southeast Alaska accounts for only about 10 percent of Alaska’s population, the region was divided into four sample blocks due to its high level of socioeconomic and geographic diversity. Juneau, as the region’s largest city and capital of Alaska, was its own sample block. Ketchikan and Sitka were grouped together because of their apparent similarities (though subsequent analysis indicted the two communities are dissimilar in terms of cost of living). Other communities in the region were divided among two sample blocks, with larger communities (Petersburg, Wrangell, Haines, etc.) in one and smaller communities (Hoonah, Yakutat, Skagway, etc.) in another. Four sample blocks in Southeast is warranted because the isolation of communities relative to one another (i.e., there is no road access between most communities), the existence of five borough governments in the region and two large census areas not within borough boundaries. The region also has highly variable local housing markets.

The Kodiak sample block includes only the community of Kodiak and therefore its differential does not necessarily represent remote communities within the borough.

The Prince William Sound sample block groups Valdez, Cordova and Whittier together. The study team recognized that Valdez, with highway access, and Cordova, with air and water access only, could have different cost of living differentials. However, survey sample sizes were sufficient to allow for analysis of each community alone.

Cost of living differentials were also calculated for 12 other individual communities. Each of these communities is included in one of the 18 sample blocks, but HCS sample sizes in these communities were large enough to allow for meaningful community-level cost of living analysis. Smaller communities were not analyzed in a similar fashion because small survey sample sizes would preclude meaningful estimates.

Sample Block and Community-Level Differentials

Geographic cost of living differentials for 2008 sample blocks and for larger communities are presented in the following table. The cost differential for Anchorage, the base community, is set at 1.00. Differentials for GPDs and other communities provide a measure of the cost of living relative to Anchorage. For example, Kodiak's differential of 1.12 means that the cost of living in Kodiak is about 12 percent higher than in Anchorage. Similarly, the Mat-Su differential of 0.95 means that the cost of living there is about 5 percent lower than in Anchorage.

Table III-1: Geographic Cost Differentials, 2008 Sample Blocks

Sample Block #	Sample Block	2008 Differential
1	Anchorage	1.00
2	Fairbanks	1.03
3	Parks/Elliott/Steese Highways	1.00
4	Glennallen Region	0.97
5	Delta Junction/Tok Region	1.04
6	Roadless Interior	1.31
7	Juneau	1.11
8	Ketchikan/Sitka	1.09
9	Southeast Mid-Size Communities	1.05
10	Southeast Small Communities	1.02
11	Mat-Su	0.95
12	Kenai Peninsula	1.01
13	Prince William Sound	1.08
14	Kodiak	1.12
15	Arctic Region	1.48
16	Bethel/Dillingham	1.49
17	Aleutian Region	1.50
18	Southwest Small Communities	1.44

In addition to the 18 sample blocks identified above, differentials also were calculated for 12 individual communities. These communities are included in one of the 18 sample blocks, but in combination with one or more other communities. HCS sample sizes in these communities were large enough (generally above 40 surveys) to allow for statistically meaningful community-level cost of living analysis.

This community-level analysis indicates that even among communities very similar in size, location, and access, there can be a difference in the cost of living. For example, Ketchikan and Sitka share many common geographic, economic, and demographic characteristics; combined, the Ketchikan/Sitka GDP has a cost differential of 1.08. However, analysis of Ketchikan and Sitka individually resulted in differentials of 1.03 and 1.16, respectively. The same situation is evident in the Prince William Sound sample block, where Valdez and Cordova have measurably different differentials.

**Table III-2: Geographic Cost Differentials,
2008 Selected Communities**

Community	2008 Differential
Barrow	1.50
Bethel	1.53
Cordova	1.13
Dillingham	1.37
Homer	1.01
Ketchikan	1.04
Kotzebue	1.61
Nome	1.39
Petersburg	1.05
Sitka	1.17
Unalaska/Dutch Harbor	1.58
Valdez	1.08

The following table compares cost differentials for 2008 and 1985 for the districts as they were defined in 1985 (along election district boundaries). This comparison indicates that, since 1985, communities outside Alaska's Railbelt and off the Alaska road system have seen greater increases in living costs relative to Anchorage. The most remote districts have experienced the largest relative increases. The most populated areas outside of Anchorage (Mat-Su, the Kenai/Soldotna area, and Fairbanks) have differentials very similar to those identified in the 1985 study. Increases in other areas, such as Juneau and Sitka, are the result of rising housing costs.

See table next page.

Table III-3: 2008 Geographic Cost Differentials, with 1985 Comparisons

1985 District Number	1985 District Name	2008 Differential	1985 Differential	Change
1	Ketchikan/Prince of Wales	1.04	1.02	+0.02
2	Petersburg/Wrangell	1.04	0.98	+0.06
3	Sitka	1.17	1.01	+0.16
4	Juneau	1.11	1.03	+0.08
5	Icy Strait/Lynn Canal	1.06	1.05	+0.01
6	Cordova/Valdez	1.05	1.11	-0.06
7	Palmer/Wasilla	0.95	0.94	+0.01
8	Anchorage	1.00	1.00	0.00
9	Seward	1.03	1.00	+0.03
10	Kenai/Cook Inlet	1.01	1.01	0.00
11	Kodiak	1.12	1.06	+0.06
12	Aleutian Islands	1.49	1.26	+0.23
13	Bristol Bay	1.37	1.29	+0.08
14	Bethel	1.53	1.39	+0.14
15	Yukon/Kuskokwim	1.16	1.29	-0.13
16	Fairbanks/Fort Yukon	1.02	1.03	-0.01
17	Barrow/Kotzebue	1.55	1.45	+0.10
18	Nome	1.37	1.33	+0.04
19	Wade Hampton	1.48	1.26	+0.22

Record-high fuel prices in 2008 may be responsible for some of the increase in the cost of living in Alaska's more remote areas, relative to Anchorage. Rising fuel prices affect urban and rural households, but not necessarily to the same degree. An increase in gas prices from \$1.50 per gallon to \$3 per gallon in Anchorage may translate into a price increase in Bethel from \$3 per gallon to \$6 per gallon. The increase in Bethel takes a much bigger bite out of the household budget than does the increase in Anchorage. Sharp increases in 2008 in home heating oil would have especially disproportionate effects on small, remote communities. The study team tested the sensitivity of geographic cost differentials to lower fuel prices by measuring the effect of a one-third reduction in household expenditures on home heating fuel and fuel for vehicles, coupled with a hypothetical reduction in the fuel price differential of about 20 percent. The results of this test suggest that for regions with the largest differentials, a substantial reduction in fuel prices could result in differentials of 0.02 to 0.05 lower than measured in this study. This finding should be interpreted with caution, however, as much more detailed analysis would be required to definitively determine the effect of fuel prices lower (or higher) than those prevalent at the time of this study.

Discussion of Statistical Considerations

While the geographic cost differentials presented in this report suggest a high level of precision, it is important to acknowledge the uncertainty associated with any analysis based on survey research. In fact, there is some degree of uncertainty around each of the cost differentials, depending on sample size and the magnitude of the differential. For example, for Juneau, with its relatively low cost of living differential (1.11) and large sample size (300 households), the approximate standard error is relatively small and, thus, the precision of the estimate is relatively high. The 95 percent confidence interval extends from approximately 1.08 up to 1.14. In contrast, the 95 percent confidence interval for the Aleutians differential (1.50) is

relatively wide, extending from approximately 1.42 up to 1.58. This is due to the larger cost of living differential and smaller sample size (77 households) for the Aleutians sample block.

In addition to the statistical uncertainty attributable to sample size and statistical random error, the HCS and RPS research methodology is subject to inherent uncertainty from sources such as the following:

- The ability of survey respondents to answer questions about spending and income accurately.
- The degree to which the choice of items and services in the market basket accurately reflects people's overall spending patterns.
- The accuracy with which price data from a given retail outlet within a community reflects the proportion of purchases people make at that particular outlet or at those specific prices.

Using telephone survey research to measure household spending patterns is a challenging task due to the complexity of the issue and recall limitations. Some respondents will overestimate their spending on food (for example), while some respondents will underestimate. With a large enough sample size, however, the average will be an accurate representation of household spending on food.

The most important consideration is to avoid any data collection bias that systematically influences survey respondents from a particular community to overstate or understate some aspect of their spending *relative to Anchorage survey respondents*. For example, an accurate measure of household spending on food in a particular community is important, but not as important as making sure that whatever measure of food spending is found accurately reflects the difference compared to Anchorage household spending on food. In other words, accurate absolute values are not as important as accurate relative values.

Finally, in reviewing the detailed data tables presented in this and following sections of the report, readers may occasionally note values that appear to be outliers or in some way counterintuitive. In all cases, data used for the analysis has been reviewed and determined to be the most representative available within the limitations of the methodology employed. The methodology systematically aggregates results from areas with small sample sizes in order to minimize statistical anomalies, but it cannot eliminate them altogether.

In summary, the highest degree of professional standards were applied at all stages of this project to ensure that the estimated cost of living differentials are unbiased measures of the true cost of living differentials experienced by communities throughout the state.

Sample Block and Community Cost of Living Profiles

Following this overview are one-page geographic cost of living profiles for each sample block and for selected communities. Each profile provides a description of the communities contained in each sample block (if more than one community), the population of each community, and the number of state employees residing in each community. The profiles provide expenditure weights and price differentials for each of the 22 household budget subcategories.

To calculate the cost of living differential for each sample block and community, expenditure weights for each subcategory are multiplied by the price differential for each subcategory to produce category cost differentials. These category cost differentials are then added to produce a single cost of living differential.

It is important to note that, unlike other categories, the housing category differential was not calculated from its subcategory (shelter and utilities) expenditure weights and price differentials. Therefore, weights and price

differentials for shelter and utilities reported in the following tables, while valid, cannot be used to calculate the overall housing category differential. This is because housing differentials were calculated as the ratio of total housing costs in the sample block to total housing costs in Anchorage. Differences in the price of rent, home heating oil, electricity, property taxes, insurance, etc., between sample blocks and Anchorage are reflected in that ratio. A detailed discussion of the housing cost methodology is provided in Section IV.

Sample block communities: Municipality of Anchorage

Description: Largest Alaska city and economy; most comprehensive availability of goods and services

2007 Population: 283,823

2008 State employee count: 5,940

Table III-4: Anchorage

Expenditure Category	Expenditure Weights	Price Differential	Cost of Living Differential
Housing	0.33	1.00	0.33
Shelter	0.27	1.00	
Utilities	0.06	1.00	
Food	0.17	1.00	0.17
Meats, poultry and fish	0.05	1.00	
Cereals and breads	0.02	1.00	
Dairy products	0.02	1.00	
Fruits and vegetables	0.03	1.00	
Other food items	0.03	1.00	
Food away from home	0.03	1.00	
Transportation	0.15	1.00	0.15
Fuel	0.05	1.00	
Car/truck ownership	0.03	1.00	
Other vehicle ownership	0.00	1.00	
Auto insurance	0.02	1.00	
Vehicle maintenance	0.02	1.00	
Interstate air travel	0.02	1.00	
In-state air/ferry travel	0.00	1.00	
Clothing	0.02	1.00	0.02
Medical	0.05	1.00	0.05
Medical services	0.02	1.00	
Medical insurance	0.03	1.00	
Other	0.29	1.00	0.29
Household furnishings/appliances	0.09	1.00	
Communication	0.04	1.00	
Recreation and education	0.09	1.00	
Personal care and other	0.06	1.00	
GEOGRAPHIC COST OF LIVING DIFFERENTIAL			1.00

Note: Columns may not add to totals/subtotals due to rounding. Expenditure weights reported as 0.00 indicate weights of less than 0.5 percent of the household budget, but not zero. The housing category differential is calculated by a procedure described in Section IV and is not the simple sum of subcategory products.

Sample block communities: Fairbanks North Star Borough, including City of Fairbanks, North Pole, and surrounding area

Description: Alaska's second largest economy

2007 Population: 90,963

2008 State employee count: 1,615

Table III-5: Fairbanks

Expenditure Category	Expenditure Weights	Price Differential	Cost of Living Differential
Housing	0.31	0.98	0.30
Shelter	0.22	0.84	
Utilities	0.09	1.65	
Food	0.16	1.03	0.16
Meats, poultry and fish	0.04	1.07	
Cereals and breads	0.02	1.03	
Dairy products	0.02	1.03	
Fruits and vegetables	0.03	1.00	
Other food items	0.03	1.01	
Food away from home	0.02	1.02	
Transportation	0.21	1.04	0.22
Fuel	0.07	1.03	
Car/truck ownership	0.06	0.96	
Other vehicle ownership	0.01	0.99	
Auto insurance	0.03	0.89	
Vehicle maintenance	0.02	1.05	
Interstate air travel	0.03	1.39	
In-state air/ferry travel	0.00	1.00	
Clothing	0.02	1.17	0.02
Medical	0.05	1.07	0.05
Medical services	0.02	1.18	
Medical insurance	0.03	1.00	
Other	0.25	1.05	0.27
Household furnishings/appliances	0.08	1.11	
Communication	0.03	1.01	
Recreation and education	0.08	1.07	
Personal care and other	0.05	0.97	
GEOGRAPHIC COST OF LIVING DIFFERENTIAL			1.03

Note: Columns may not add to totals/subtotals due to rounding. Expenditure weights reported as 0.00 indicate weights of less than 0.5 percent of the household budget, but not zero. The housing category differential is calculated by a procedure described in Section IV and is not the simple sum of subcategory products.

Parks/Elliott/Steese Highways

Sample block communities: Healy, Cantwell, Central, Nenana, Manley Hot Springs, Talkeetna

Description: Small communities along the Parks Highway

2007 Population: Cantwell (183), Central (95), Healy (1,027), Nenana (357), Manley Hot Springs (72), Talkeetna (848)

2008 State employee count: Cantwell (14), Central (4), Healy (9), Nenana (7), Manley Hot Springs (2), Talkeetna (9)

Table III-6: Parks/Elliott/Steese Highways

Expenditure Category	Expenditure Weights	Price Differential	Cost of Living Differential
Housing	0.23	0.75	0.17
Shelter	0.11	0.51	
Utilities	0.12	1.94	
Food	0.16	1.10	0.18
Meats, poultry and fish	0.04	1.10	
Cereals and breads	0.02	1.08	
Dairy products	0.02	1.12	
Fruits and vegetables	0.03	1.10	
Other food items	0.02	1.11	
Food away from home	0.02	1.10	
Transportation	0.20	1.10	0.22
Fuel	0.06	1.22	
Car/truck ownership	0.04	1.01	
Other vehicle ownership	0.00	1.02	
Auto insurance	0.04	0.90	
Vehicle maintenance	0.02	1.09	
Interstate air travel	0.03	1.27	
In-state air/ferry travel	0.01	1.00	
Clothing	0.01	1.11	0.01
Medical	0.10	1.05	0.11
Medical services	0.05	1.12	
Medical insurance	0.06	1.00	
Other	0.29	1.06	0.30
Household furnishings/appliances	0.09	1.08	
Communication	0.04	0.99	
Recreation and education	0.10	1.07	
Personal care and other	0.06	1.04	
GEOGRAPHIC COST OF LIVING DIFFERENTIAL			1.00

Note: Columns may not add to totals/subtotals due to rounding. Expenditure weights reported as 0.00 indicate weights of less than 0.5 percent of the household budget, but not zero. The housing category differential is calculated by a procedure described in Section IV and is not the simple sum of subcategory products.

Glennallen Region

Sample block communities: Glennallen, Chitina, Paxson, Slana, Tazlina

Description: Small and mid-size Interior Alaska communities on the southeastern portion of the road system

2007 Population: Glennallen (1,845), Chitina (124), Paxson (32), Slana (108), Tazlina (219)

2008 State employee count: Glennallen (34), Chitina (6), Paxson (6), Slana (7), Tazlina (25)

Table III-7: Glennallen Region

Expenditure Category	Expenditure Weights	Price Differential	Cost of Living Differential
Housing	0.29	0.72	0.21
Shelter	0.14	0.43	
Utilities	0.15	2.19	
Food	0.20	1.09	0.22
Meats, poultry and fish	0.05	1.06	
Cereals and breads	0.03	1.11	
Dairy products	0.03	1.10	
Fruits and vegetables	0.04	1.12	
Other food items	0.04	1.08	
Food away from home	0.01	1.09	
Transportation	0.24	1.14	0.27
Fuel	0.12	1.20	
Car/truck ownership	0.05	1.00	
Other vehicle ownership	0.00	1.00	
Auto insurance	0.03	0.89	
Vehicle maintenance	0.03	1.40	
Interstate air travel	0.02	1.01	
In-state air/ferry travel	0.00	1.01	
Clothing	0.02	1.00	0.02
Medical	0.04	0.96	0.03
Medical services	0.02	0.92	
Medical insurance	0.02	1.00	
Other	0.22	1.02	0.22
Household furnishings/appliances	0.07	0.99	
Communication	0.03	0.98	
Recreation and education	0.07	1.02	
Personal care and other	0.05	1.09	
GEOGRAPHIC COST OF LIVING DIFFERENTIAL			0.97

Note: Columns may not add to totals/subtotals due to rounding. Expenditure weights reported as 0.00 indicate weights of less than 0.5 percent of the household budget, but not zero. The housing category differential is calculated by a procedure described in Section IV and is not the simple sum of subcategory products.

Delta Junction/Tok Region

Sample block communities: Delta Junction, Tok, Eagle, Northway

Description: Small and midsize Interior Alaska communities on the northwestern portion of the road system

2007 Population: Delta Junction (3,836), Tok (1,353), Eagle (109), Northway (81)

2008 State employee count: Delta Junction (46), Tok (56), Eagle (5), Northway (7)

Table III-8: Delta Junction/Tok Region

Expenditure Category	Expenditure Weights	Price Differential	Cost of Living Differential
Housing	0.27	0.91	0.25
Shelter	0.15	0.60	
Utilities	0.12	2.41	
Food	0.14	1.09	0.15
Meats, poultry and fish	0.03	1.02	
Cereals and breads	0.02	1.09	
Dairy products	0.02	1.10	
Fruits and vegetables	0.03	1.11	
Other food items	0.03	1.14	
Food away from home	0.02	1.09	
Transportation	0.20	1.08	0.21
Fuel	0.08	1.17	
Car/truck ownership	0.04	0.96	
Other vehicle ownership	0.00	1.04	
Auto insurance	0.03	0.89	
Vehicle maintenance	0.02	1.15	
Interstate air travel	0.01	1.40	
In-state air/ferry travel	0.01	1.07	
Clothing	0.01	1.16	0.01
Medical	0.04	1.01	0.04
Medical services	0.02	1.03	
Medical insurance	0.02	1.00	
Other	0.34	1.09	0.37
Household furnishings/appliances	0.11	1.15	
Communication	0.05	1.07	
Recreation and education	0.11	1.09	
Personal care and other	0.08	1.01	
GEOGRAPHIC COST OF LIVING DIFFERENTIAL			1.04

Note: Columns may not add to totals/subtotals due to rounding. Expenditure weights reported as 0.00 indicate weights of less than 0.5 percent of the household budget, but not zero. The housing category differential is calculated by a procedure described in Section IV and is not the simple sum of subcategory products.

Roadless Interior

Sample block communities: Fort Yukon, Galena, McGrath

Description: Small, Interior Alaska communities without road access

2007 Population: Fort Yukon (591), Galena (609), McGrath (315)

2008 State employee count: Fort Yukon (2), Galena (11), McGrath (26)

Table III-9: Roadless Interior

Expenditure Category	Expenditure Weights	Price Differential	Cost of Living Differential
Housing	0.20	0.81	0.16
Shelter	0.07	0.33	
Utilities	0.13	3.20	
Food	0.17	1.55	0.26
Meats, poultry and fish	0.05	1.39	
Cereals and breads	0.02	1.55	
Dairy products	0.02	1.62	
Fruits and vegetables	0.03	1.64	
Other food items	0.03	1.62	
Food away from home	0.02	1.56	
Transportation	0.20	1.49	0.30
Fuel	0.07	1.80	
Car/truck ownership	0.03	1.14	
Other vehicle ownership	0.01	1.35	
Auto insurance	0.01	0.89	
Vehicle maintenance	0.01	1.24	
Interstate air travel	0.02	2.05	
In-state air/ferry travel	0.05	1.26	
Clothing	0.02	1.24	0.03
Medical	0.05	1.03	0.05
Medical services	0.03	1.07	
Medical insurance	0.02	1.00	
Other	0.36	1.43	0.51
Household furnishings/appliances	0.11	1.68	
Communication	0.05	1.30	
Recreation and education	0.12	1.33	
Personal care and other	0.08	1.27	
GEOGRAPHIC COST OF LIVING DIFFERENTIAL			1.31

Note: Columns may not add to totals/subtotals due to rounding. Expenditure weights reported as 0.00 indicate weights of less than 0.5 percent of the household budget, but not zero. The housing category differential is calculated by a procedure described in Section IV and is not the simple sum of subcategory products.

Sample block communities: City and Borough of Juneau

Description: Third-largest community in Alaska; serves as regional hub for communities in Southeast region

2007 Population: City and Borough of Juneau (30,305)

2008 State employee count: City and Borough of Juneau (3,365)

Table III-10: Juneau

Expenditure Category	Expenditure Weights	Price Differential	Cost of Living Differential
Housing	0.30	1.14	0.34
Shelter	0.23	1.04	
Utilities	0.07	1.63	
Food	0.15	1.03	0.16
Meats, poultry and fish	0.04	1.07	
Cereals and breads	0.02	1.05	
Dairy products	0.02	1.00	
Fruits and vegetables	0.03	0.96	
Other food items	0.03	1.04	
Food away from home	0.02	1.03	
Transportation	0.14	1.09	0.15
Fuel	0.04	1.13	
Car/truck ownership	0.03	1.24	
Other vehicle ownership	0.01	0.81	
Auto insurance	0.02	0.76	
Vehicle maintenance	0.01	1.12	
Interstate air travel	0.02	1.11	
In-state air/ferry travel	0.01	1.00	
Clothing	0.01	1.02	0.01
Medical	0.05	1.03	0.05
Medical services	0.02	1.08	
Medical insurance	0.03	1.00	
Other	0.35	1.14	0.40
Household furnishings/appliances	0.11	1.35	
Communication	0.05	1.00	
Recreation and education	0.11	1.09	
Personal care and other	0.08	0.99	
GEOGRAPHIC COST OF LIVING DIFFERENTIAL			1.11

Note: Columns may not add to totals/subtotals due to rounding. Expenditure weights reported as 0.00 indicate weights of less than 0.5 percent of the household budget, but not zero. The housing category differential is calculated by a procedure described in Section IV and is not the simple sum of subcategory products.

Sample block communities: Ketchikan Gateway Borough, City and Borough of Sitka

Description: Sizable Southeast Alaska communities serving as hubs for surrounding communities and villages

2007 Population: Ketchikan Gateway Borough (13,160), City and Borough of Sitka (8,640)

2008 State employee count: Ketchikan Gateway Borough (673), City and Borough of Sitka (240)

Table III-11: Ketchikan/Sitka

Expenditure Category	Expenditure Weights	Price Differential	Cost of Living Differential
Housing	0.34	1.01	0.34
Shelter	0.24	0.85	
Utilities	0.10	1.77	
Food	0.17	1.17	0.20
Meats, poultry and fish	0.04	1.12	
Cereals and breads	0.02	1.13	
Dairy products	0.03	1.29	
Fruits and vegetables	0.03	1.11	
Other food items	0.03	1.23	
Food away from home	0.02	1.17	
Transportation	0.13	1.10	0.14
Fuel	0.04	1.17	
Car/truck ownership	0.02	1.22	
Other vehicle ownership	0.01	1.02	
Auto insurance	0.02	0.82	
Vehicle maintenance	0.01	1.13	
Interstate air travel	0.03	1.09	
In-state air/ferry travel	0.01	1.26	
Clothing	0.01	1.12	0.01
Medical	0.06	1.03	0.06
Medical services	0.03	1.07	
Medical insurance	0.03	1.00	
Other	0.29	1.15	0.33
Household furnishings/appliances	0.09	1.33	
Communication	0.04	0.89	
Recreation and education	0.10	1.14	
Personal care and other	0.06	1.08	
GEOGRAPHIC COST OF LIVING DIFFERENTIAL			1.09

Note: Columns may not add to totals/subtotals due to rounding. Expenditure weights reported as 0.00 indicate weights of less than 0.5 percent of the household budget, but not zero. The housing category differential is calculated by a procedure described in Section IV and is not the simple sum of subcategory products.

Southeast Mid-Size Communities

Sample block communities: Craig, Haines, Klawock, Metlakatla, Petersburg, Wrangell

Description: Communities with 1,000 to 5,000 residents in Southeast Alaska

2007 Population: Craig (1,359), Haines (2,257), Klawock (743), Metlakatla (1,282), Petersburg (3,071), Wrangell (1,947)

2008 State employee count: Craig (13), Haines (51), Klawock (12), Metlakatla (1), Petersburg (48), Wrangell (22)

Table III-12: Southeast Mid-Size Communities

Expenditure Category	Expenditure Weights	Price Differential	Cost of Living Differential
Housing	0.28	0.74	0.21
Shelter	0.16	0.52	
Utilities	0.11	1.81	
Food	0.18	1.22	0.22
Meats, poultry and fish	0.05	1.10	
Cereals and breads	0.02	1.27	
Dairy products	0.03	1.29	
Fruits and vegetables	0.03	1.19	
Other food items	0.04	1.30	
Food away from home	0.02	1.23	
Transportation	0.16	1.16	0.19
Fuel	0.06	1.23	
Car/truck ownership	0.03	1.23	
Other vehicle ownership	0.01	0.94	
Auto insurance	0.02	0.82	
Vehicle maintenance	0.02	1.17	
Interstate air travel	0.02	1.29	
In-state air/ferry travel	0.01	1.05	
Clothing	0.02	1.23	0.02
Medical	0.08	0.98	0.08
Medical services	0.04	0.95	
Medical insurance	0.04	1.00	
Other	0.28	1.21	0.34
Household furnishings/appliances	0.09	1.36	
Communication	0.04	1.03	
Recreation and education	0.09	1.18	
Personal care and other	0.06	1.14	
GEOGRAPHIC COST OF LIVING DIFFERENTIAL			1.05

Note: Columns may not add to totals/subtotals due to rounding. Expenditure weights reported as 0.00 indicate weights of less than 0.5 percent of the household budget, but not zero. The housing category differential is calculated by a procedure described in Section IV and is not the simple sum of subcategory products.

Southeast Small Communities

Sample block communities: Elfin Cove, Gustavus, Hoonah, Pelican, Skagway, Tenakee Springs, Yakutat

Description: Communities with fewer than 1,000 residents in Southeast Alaska

2007 Population: Elfin Cove (21), Gustavus (442), Hoonah (852), Pelican (110), Skagway (845), Tenakee Springs (102), Yakutat (621)

2008 State employee count: Elfin Cove (1), Gustavus (2), Hoonah (6), Pelican (1), Skagway (13), Tenakee Springs (1), Yakutat (15)

Table III-13: Southeast Small Communities

Expenditure Category	Expenditure Weights	Price Differential	Cost of Living Differential
Housing	0.33	0.67	0.22
Shelter	0.18	0.45	
Utilities	0.15	1.77	
Food	0.18	1.22	0.22
Meats, poultry and fish	0.05	1.15	
Cereals and breads	0.03	1.27	
Dairy products	0.03	1.28	
Fruits and vegetables	0.02	1.20	
Other food items	0.03	1.25	
Food away from home	0.02	1.23	
Transportation	0.12	1.19	0.14
Fuel	0.04	1.29	
Car/truck ownership	0.02	1.24	
Other vehicle ownership	0.01	1.03	
Auto insurance	0.01	0.82	
Vehicle maintenance	0.01	1.25	
Interstate air travel	0.01	1.42	
In-state air/ferry travel	0.02	1.06	
Clothing	0.01	1.21	0.01
Medical	0.05	1.01	0.06
Medical services	0.02	1.03	
Medical insurance	0.03	1.00	
Other	0.30	1.20	0.36
Household furnishings/appliances	0.10	1.34	
Communication	0.04	0.98	
Recreation and education	0.10	1.17	
Personal care and other	0.07	1.15	
GEOGRAPHIC COST OF LIVING DIFFERENTIAL			1.02

Note: Columns may not add to totals/subtotals due to rounding. Expenditure weights reported as 0.00 indicate weights of less than 0.5 percent of the household budget, but not zero. The housing category differential is calculated by a procedure described in Section IV and is not the simple sum of subcategory products.

Sample block communities: Matanuska-Susitna Borough (including Palmer, Wasilla, and Willow; excluding Talkeetna)

Description: Communities in the Matanuska-Susitna Valley

2007 Population: Matanuska-Susitna Borough (80,056)

2008 State employee count: Matanuska-Susitna Borough (815)

Table III-14: Mat-Su

Expenditure Category	Expenditure Weights	Price Differential	Cost of Living Differential
Housing	0.31	0.79	0.24
Shelter	0.24	0.74	
Utilities	0.07	1.03	
Food	0.16	1.03	0.16
Meats, poultry and fish	0.04	1.03	
Cereals and breads	0.02	1.01	
Dairy products	0.02	1.04	
Fruits and vegetables	0.02	1.01	
Other food items	0.03	1.05	
Food away from home	0.02	1.03	
Transportation	0.20	1.04	0.21
Fuel	0.09	1.07	
Car/truck ownership	0.04	1.11	
Other vehicle ownership	0.01	1.00	
Auto insurance	0.03	0.98	
Vehicle maintenance	0.02	0.87	
Interstate air travel	0.01	1.00	
In-state air/ferry travel	0.00	1.00	
Clothing	0.01	0.93	0.01
Medical	0.06	1.00	0.06
Medical services	0.03	1.01	
Medical insurance	0.03	1.00	
Other	0.26	1.01	0.26
Household furnishings/appliances	0.08	1.04	
Communication	0.03	0.96	
Recreation and education	0.08	1.00	
Personal care and other	0.06	1.01	
GEOGRAPHIC COST OF LIVING DIFFERENTIAL			0.95

Note: Columns may not add to totals/subtotals due to rounding. Expenditure weights reported as 0.00 indicate weights of less than 0.5 percent of the household budget, but not zero. The housing category differential is calculated by a procedure described in Section IV and is not the simple sum of subcategory products.

Kenai Peninsula

Sample block communities: Kenai Peninsula Borough (including Seward, Kasilof, Kenai, Nikiski, Soldotna, Sterling, Homer, Anchor Point, Cooper Landing, Ninilchik, Seldovia)

Description: Mid-size and small communities on the Kenai Peninsula

2007 Population: Kenai Peninsula Borough (52,370)

2008 State employee count: Kenai Peninsula Borough (937)

Table III-15: Kenai Peninsula

Expenditure Category	Expenditure Weights	Price Differential	Cost of Living Differential
Housing	0.28	0.78	0.22
Shelter	0.19	0.64	
Utilities	0.09	1.46	
Food	0.19	1.15	0.22
Meats, poultry and fish	0.04	1.13	
Cereals and breads	0.03	1.14	
Dairy products	0.02	1.17	
Fruits and vegetables	0.04	1.17	
Other food items	0.04	1.15	
Food away from home	0.02	1.15	
Transportation	0.17	1.16	0.20
Fuel	0.06	1.12	
Car/truck ownership	0.03	1.36	
Other vehicle ownership	0.00	0.88	
Auto insurance	0.03	0.86	
Vehicle maintenance	0.02	1.09	
Interstate air travel	0.02	1.48	
In-state air/ferry travel	0.01	1.01	
Clothing	0.01	1.17	0.02
Medical	0.07	0.98	0.06
Medical services	0.03	0.97	
Medical insurance	0.03	1.00	
Other	0.28	1.05	0.29
Household furnishings/appliances	0.09	1.08	
Communication	0.04	0.88	
Recreation and education	0.09	1.09	
Personal care and other	0.06	1.04	
GEOGRAPHIC COST OF LIVING DIFFERENTIAL			1.01

Note: Columns may not add to totals/subtotals due to rounding. Expenditure weights reported as 0.00 indicate weights of less than 0.5 percent of the household budget, but not zero. The housing category differential is calculated by a procedure described in Section IV and is not the simple sum of subcategory products.

Prince William Sound

Sample block communities: Cordova, Valdez, Whittier

Description: PWS coastal communities with surface access to Anchorage via highway (Valdez and Whittier) and/or ferry (Cordova)

2007 Population: Cordova (2,192), Valdez (3,599), Whittier (174)

2008 State employee count: Cordova (82), Valdez (54), Whittier (4)

Table III-16: Prince William Sound

Expenditure Category	Expenditure Weights	Price Differential	Cost of Living Differential
Housing	0.29	0.90	0.26
Shelter	0.17	0.67	
Utilities	0.12	2.07	
Food	0.17	1.31	0.22
Meats, poultry and fish	0.04	1.20	
Cereals and breads	0.02	1.28	
Dairy products	0.02	1.34	
Fruits and vegetables	0.04	1.44	
Other food items	0.03	1.30	
Food away from home	0.02	1.31	
Transportation	0.18	1.18	0.21
Fuel	0.06	1.25	
Car/truck ownership	0.04	1.00	
Other vehicle ownership	0.00	1.15	
Auto insurance	0.02	0.86	
Vehicle maintenance	0.02	1.40	
Interstate air travel	0.03	1.44	
In-state air/ferry travel	0.01	1.12	
Clothing	0.01	1.06	0.01
Medical	0.07	0.93	0.06
Medical services	0.03	0.84	
Medical insurance	0.04	1.00	
Other	0.27	1.11	0.32
Household furnishings/appliances	0.09	1.14	
Communication	0.04	0.99	
Recreation and education	0.09	1.12	
Personal care and other	0.06	1.14	
GEOGRAPHIC COST OF LIVING DIFFERENTIAL			1.08

Note: Columns may not add to totals/subtotals due to rounding. Expenditure weights reported as 0.00 indicate weights of less than 0.5 percent of the household budget, but not zero. The housing category differential is calculated by a procedure described in Section IV and is not the simple sum of subcategory products.

Sample block communities: Community of Kodiak (does not include remote Borough communities)

Description: Island community on the Gulf of Alaska southwest of the Kenai Peninsula

2007 Population: Kodiak Borough (13,586)

2008 State employee count: Kodiak Borough (188)

Table III-17: Kodiak

Expenditure Category	Expenditure Weights	Price Differential	Cost of Living Differential
Housing	0.33	1.03	0.34
Shelter	0.22	0.84	
Utilities	0.10	1.97	
Food	0.17	1.33	0.23
Meats, poultry and fish	0.04	1.25	
Cereals and breads	0.02	1.29	
Dairy products	0.02	1.32	
Fruits and vegetables	0.03	1.50	
Other food items	0.03	1.31	
Food away from home	0.03	1.33	
Transportation	0.17	1.25	0.22
Fuel	0.05	1.22	
Car/truck ownership	0.05	1.01	
Other vehicle ownership	0.00	1.02	
Auto insurance	0.02	0.86	
Vehicle maintenance	0.01	1.33	
Interstate air travel	0.03	1.75	
In-state air/ferry travel	0.01	1.83	
Clothing	0.01	0.94	0.01
Medical	0.04	0.94	0.04
Medical services	0.02	0.88	
Medical insurance	0.02	1.00	
Other	0.28	1.06	0.30
Household furnishings/appliances	0.09	1.04	
Communication	0.04	1.01	
Recreation and education	0.09	1.07	
Personal care and other	0.06	1.12	
GEOGRAPHIC COST OF LIVING DIFFERENTIAL			1.12

Note: Columns may not add to totals/subtotals due to rounding. Expenditure weights reported as 0.00 indicate weights of less than 0.5 percent of the household budget, but not zero. The housing category differential is calculated by a procedure described in Section IV and is not the simple sum of subcategory products.

Sample block communities: Barrow, Kotzebue, Nome, Teller

Description: Mid-size communities serving as hubs for villages in Northwest and Arctic Alaska

2007 Population: Barrow (4,052), Kotzebue (3,133), Nome (3,495), Teller (256)

2008 State employee count: Barrow (19), Kotzebue (41), Nome (179), Teller (2)

Table III-18: Arctic Region

Expenditure Category	Expenditure Weights	Price Differential	Cost of Living Differential
Housing	0.26	1.21	0.31
Shelter	0.16	0.98	
Utilities	0.10	2.37	
Food	0.18	1.69	0.30
Meats, poultry and fish	0.06	1.40	
Cereals and breads	0.02	1.74	
Dairy products	0.02	1.86	
Fruits and vegetables	0.03	1.85	
Other food items	0.04	1.83	
Food away from home	0.02	1.74	
Transportation	0.15	1.72	0.25
Fuel	0.03	1.59	
Car/truck ownership	0.02	1.12	
Other vehicle ownership	0.01	1.53	
Auto insurance	0.01	0.88	
Vehicle maintenance	0.01	1.87	
Interstate air travel	0.03	1.96	
In-state air/ferry travel	0.03	2.51	
Clothing	0.02	1.29	0.02
Medical	0.03	1.05	0.03
Medical services	0.01	1.10	
Medical insurance	0.01	1.00	
Other	0.38	1.50	0.57
Household furnishings/appliances	0.12	1.82	
Communication	0.05	1.00	
Recreation and education	0.12	1.41	
Personal care and other	0.08	1.45	
GEOGRAPHIC COST OF LIVING DIFFERENTIAL			1.48

Note: Columns may not add to totals/subtotals due to rounding. Expenditure weights reported as 0.00 indicate weights of less than 0.5 percent of the household budget, but not zero. The housing category differential is calculated by a procedure described in Section IV and is not the simple sum of subcategory products.

Bethel/Dillingham

Sample block communities: Bethel, Dillingham

Description: Mid-size communities serving as hubs for villages in Southwest Alaska

2007 Population: Bethel (5,650), Dillingham (2,404)

2008 State employee count: Bethel (218), Dillingham (77)

Table III-19: Bethel/Dillingham

Expenditure Category	Expenditure Weights	Price Differential	Cost of Living Differential
Housing	0.29	1.54	0.45
Shelter	0.17	1.18	
Utilities	0.12	3.38	
Food	0.15	1.70	0.26
Meats, poultry and fish	0.03	1.42	
Cereals and breads	0.02	1.76	
Dairy products	0.02	1.79	
Fruits and vegetables	0.03	1.78	
Other food items	0.04	1.83	
Food away from home	0.02	1.72	
Transportation	0.16	1.55	0.24
Fuel	0.06	1.63	
Car/truck ownership	0.02	1.13	
Other vehicle ownership	0.00	1.62	
Auto insurance	0.02	0.89	
Vehicle maintenance	0.01	2.06	
Interstate air travel	0.02	1.74	
In-state air/ferry travel	0.03	1.74	
Clothing	0.02	1.09	0.02
Medical	0.03	1.05	0.03
Medical services	0.02	1.11	
Medical insurance	0.02	1.00	
Other	0.35	1.38	0.48
Household furnishings/appliances	0.11	1.59	
Communication	0.05	1.00	
Recreation and education	0.11	1.31	
Personal care and other	0.08	1.42	
GEOGRAPHIC COST OF LIVING DIFFERENTIAL			1.49

Note: Columns may not add to totals/subtotals due to rounding. Expenditure weights reported as 0.00 indicate weights of less than 0.5 percent of the household budget, but not zero. The housing category differential is calculated by a procedure described in Section IV and is not the simple sum of subcategory products.

Aleutian Region

Sample block communities: Adak, Cold Bay, King Cove, Sand Point, Unalaska/Dutch Harbor

Description: Communities along the Aleutian Chain

2007 Population: Adak (136), Cold Bay (72), King Cove (756), Sand Point (992), Unalaska/Dutch Harbor (3,677)

2008 State employee count: Adak (3), Cold Bay (6), King Cove (1), Sand Point (8), Unalaska/Dutch Harbor (29)

Table III-20: Aleutian Region

Expenditure Category	Expenditure Weights	Price Differential	Cost of Living Differential
Housing	0.27	1.42	0.38
Shelter	0.17	1.07	
Utilities	0.10	3.14	
Food	0.18	1.46	0.26
Meats, poultry and fish	0.05	1.26	
Cereals and breads	0.02	1.32	
Dairy products	0.02	1.58	
Fruits and vegetables	0.04	1.68	
Other food items	0.03	1.51	
Food away from home	0.02	1.47	
Transportation	0.15	2.08	0.32
Fuel	0.04	1.20	
Car/truck ownership	0.01	1.04	
Other vehicle ownership	0.00	1.09	
Auto insurance	0.01	0.89	
Vehicle maintenance	0.02	1.77	
Interstate air travel	0.03	3.14	
In-state air/ferry travel	0.03	3.43	
Clothing	0.02	1.09	0.02
Medical	0.04	1.00	0.04
Medical services	0.02	1.00	
Medical insurance	0.02	1.00	
Other	0.34	1.40	0.48
Household furnishings/appliances	0.11	1.64	
Communication	0.05	1.39	
Recreation and education	0.11	1.27	
Personal care and other	0.08	1.26	
GEOGRAPHIC COST OF LIVING DIFFERENTIAL			1.50

Note: Columns may not add to totals/subtotals due to rounding. Expenditure weights reported as 0.00 indicate weights of less than 0.5 percent of the household budget, but not zero. The housing category differential is calculated by a procedure described in Section IV and is not the simple sum of subcategory products.

Southwest Small Communities

Sample block communities: Aniak, Anvik, Chignik, Emmonak, Goodnews Bay, Iliamna, King Salmon, Port Moller, Saint Mary's, Unalakleet

Description: Small, isolated communities in Southwest Alaska and along the Yukon River

2007 Population: Aniak (506), Anvik (102), Chignik (81), Emmonak (777), Goodnews Bay (235), Iliamna (93), King Salmon (426), Saint Mary's (521), Unalakleet (724)

2008 State employee count: Aniak (13), Anvik (3), Chignik (9), Emmonak (12), Goodnews Bay (0), Iliamna (5), King Salmon (50), Saint Mary's (20), Unalakleet (5)

Table III-21: Southwest Small Communities

Expenditure Category	Expenditure Weights	Price Differential	Cost of Living Differential
Housing	0.19	0.75	0.14
Shelter	0.07	0.34	
Utilities	0.12	2.82	
Food	0.19	1.79	0.34
Meats, poultry and fish	0.05	1.50	
Cereals and breads	0.02	1.80	
Dairy products	0.03	2.04	
Fruits and vegetables	0.03	1.90	
Other food items	0.04	1.87	
Food away from home	0.01	1.82	
Transportation	0.21	1.70	0.36
Fuel	0.08	1.84	
Car/truck ownership	0.02	1.12	
Other vehicle ownership	0.04	1.55	
Auto insurance	0.01	0.89	
Vehicle maintenance	0.02	1.77	
Interstate air travel	0.02	2.03	
Instate air/ferry travel	0.03	1.75	
Clothing	0.02	1.11	0.03
Medical	0.03	1.03	0.03
Medical services	0.01	1.09	
Medical insurance	0.02	1.00	
Other	0.35	1.53	0.54
Household furnishings/appliances	0.11	1.91	
Communication	0.05	1.04	
Recreation and education	0.11	1.41	
Personal care and other	0.08	1.46	
GEOGRAPHIC COST OF LIVING DIFFERENTIAL			1.44

Note: Columns may not add to totals/subtotals due to rounding. Expenditure weights reported as 0.00 indicate weights of less than 0.5 percent of the household budget, but not zero. The housing category differential is calculated by a procedure described in Section IV and is not the simple sum of subcategory products.

Sample block communities: City of Barrow

Description: Northernmost community in Alaska, on the coast of the Chukchi Sea

2007 Population: City of Barrow (4,052)

2008 State employee count: City of Barrow (19)

Table III-22: Barrow

Expenditure Category	Expenditure Weights	Price Differential	Cost of Living Differential
Housing	0.18	1.08	0.19
Shelter	0.14	1.01	
Utilities	0.04	1.42	
Food	0.18	1.78	0.33
Meats, poultry and fish	0.04	1.40	
Cereals and breads	0.03	1.89	
Dairy products	0.02	1.92	
Fruits and vegetables	0.03	1.89	
Other food items	0.04	1.92	
Food away from home	0.02	1.80	
Transportation	0.16	1.61	0.26
Fuel	0.03	1.32	
Car/truck ownership	0.03	1.14	
Other vehicle ownership	0.00	1.61	
Auto insurance	0.01	0.88	
Vehicle maintenance	0.01	1.73	
Interstate air travel	0.03	2.03	
In-state air/ferry travel	0.04	2.09	
Clothing	0.02	1.29	0.03
Medical	0.02	1.14	0.02
Medical services	0.01	1.27	
Medical insurance	0.01	1.00	
Other	0.43	1.54	0.66
Household furnishings/appliances	0.14	1.88	
Communication	0.06	1.06	
Recreation and education	0.14	1.44	
Personal care and other	0.10	1.49	
GEOGRAPHIC COST OF LIVING DIFFERENTIAL			1.50

Note: Columns may not add to totals/subtotals due to rounding. Expenditure weights reported as 0.00 indicate weights of less than 0.5 percent of the household budget, but not zero. The housing category differential is calculated by a procedure described in Section IV and is not the simple sum of subcategory products.

Sample block communities: City of Bethel

Description: Inland community on the Kuskokwim River in Southwest Alaska

2007 Population: City of Bethel (5,650)

2008 State employee count: City of Bethel (218)

Table III-23: Bethel

Expenditure Category	Expenditure Weights	Price Differential	Cost of Living Differential
Housing	0.30	1.71	0.51
Shelter	0.17	1.36	
Utilities	0.12	3.46	
Food	0.15	1.72	0.26
Meats, poultry and fish	0.04	1.41	
Cereals and breads	0.02	1.80	
Dairy products	0.02	1.81	
Fruits and vegetables	0.03	1.87	
Other food items	0.03	1.84	
Food away from home	0.02	1.75	
Transportation	0.14	1.56	0.22
Fuel	0.05	1.56	
Car/truck ownership	0.02	1.11	
Other vehicle ownership	0.00	1.64	
Auto insurance	0.02	0.89	
Vehicle maintenance	0.01	2.16	
Interstate air travel	0.02	1.68	
In-state air/ferry travel	0.03	1.83	
Clothing	0.02	1.03	0.02
Medical	0.03	1.08	0.03
Medical services	0.01	1.08	
Medical insurance	0.01	1.00	
Other	0.37	1.36	0.50
Household furnishings/appliances	0.12	1.59	
Communication	0.05	0.85	
Recreation and education	0.12	1.30	
Personal care and other	0.08	1.42	
GEOGRAPHIC COST OF LIVING DIFFERENTIAL			1.53

Note: Columns may not add to totals/subtotals due to rounding. Expenditure weights reported as 0.00 indicate weights of less than 0.5 percent of the household budget, but not zero. The housing category differential is calculated by a procedure described in Section IV and is not the simple sum of subcategory products.

Sample block communities: City of Cordova

Description: Coastal community at the southeastern end of Prince William Sound

2007 Population: City of Cordova (2,192)

2008 State employee count: City of Cordova (82)

Table III-24: Cordova

Expenditure Category	Expenditure Weights	Price Differential	Cost of Living Differential
Housing	0.22	0.80	0.18
Shelter	0.12	0.56	
Utilities	0.10	1.99	
Food	0.15	1.42	0.21
Meats, poultry and fish	0.03	1.21	
Cereals and breads	0.02	1.45	
Dairy products	0.02	1.55	
Fruits and vegetables	0.03	1.51	
Other food items	0.03	1.40	
Food away from home	0.02	1.42	
Transportation	0.19	1.20	0.22
Fuel	0.06	1.38	
Car/truck ownership	0.04	1.01	
Other vehicle ownership	0.00	1.38	
Auto insurance	0.02	0.86	
Vehicle maintenance	0.02	1.32	
Interstate air travel	0.03	1.27	
In-state air/ferry travel	0.01	1.00	
Clothing	0.01	1.11	0.01
Medical	0.08	0.92	0.07
Medical services	0.03	0.83	
Medical insurance	0.04	1.00	
Other	0.37	1.23	0.46
Household furnishings/appliances	0.12	1.29	
Communication	0.05	1.18	
Recreation and education	0.12	1.18	
Personal care and other	0.08	1.25	
GEOGRAPHIC COST OF LIVING DIFFERENTIAL			1.13

Note: Columns may not add to totals/subtotals due to rounding. Expenditure weights reported as 0.00 indicate weights of less than 0.5 percent of the household budget, but not zero. The housing category differential is calculated by a procedure described in Section IV and is not the simple sum of subcategory products.

Sample block communities: City of Dillingham

Description: Located on Bristol Bay in Southwest Alaska

2007 Population: City of Dillingham (2,404)

2008 State employee count: City of Dillingham (77)

Table III-25: Dillingham

Expenditure Category	Expenditure Weights	Price Differential	Cost of Living Differential
Housing	0.25	1.03	0.26
Shelter	0.14	0.62	
Utilities	0.12	3.06	
Food	0.16	1.64	0.27
Meats, poultry and fish	0.04	1.45	
Cereals and breads	0.02	1.68	
Dairy products	0.02	1.75	
Fruits and vegetables	0.03	1.56	
Other food items	0.04	1.80	
Food away from home	0.01	1.65	
Transportation	0.21	1.57	0.33
Fuel	0.08	1.77	
Car/truck ownership	0.04	1.18	
Other vehicle ownership	0.01	1.59	
Auto insurance	0.02	0.89	
Vehicle maintenance	0.01	1.83	
Interstate air travel	0.02	1.88	
In-state air/ferry travel	0.04	1.52	
Clothing	0.02	1.25	0.02
Medical	0.05	1.00	0.05
Medical services	0.02	1.19	
Medical insurance	0.03	1.00	
Other	0.31	1.44	0.45
Household furnishings/appliances	0.10	1.60	
Communication	0.04	1.35	
Recreation and education	0.10	1.33	
Personal care and other	0.07	1.44	
GEOGRAPHIC COST OF LIVING DIFFERENTIAL			1.37

Note: Columns may not add to totals/subtotals due to rounding. Expenditure weights reported as 0.00 indicate weights of less than 0.5 percent of the household budget, but not zero. The housing category differential is calculated by a procedure described in Section IV and is not the simple sum of subcategory products.

Sample block communities: City of Homer and surrounding area

Description: Located on the highway system, southern Kenai Peninsula Borough

2007 Population: City of Homer (5,442) plus surrounding areas, approximately 8,000 total

2008 State employee count: City of Homer (104)

Table III-26: Homer

Expenditure Category	Expenditure Weights	Price Differential	Cost of Living Differential
Housing	0.28	0.79	0.22
Shelter	0.19	0.62	
Utilities	0.09	1.63	
Food	0.18	1.13	0.20
Meats, poultry and fish	0.05	1.12	
Cereals and breads	0.02	1.20	
Dairy products	0.02	1.21	
Fruits and vegetables	0.04	1.20	
Other food items	0.02	1.14	
Food away from home	0.02	1.17	
Transportation	0.17	1.20	0.20
Fuel	0.04	1.20	
Car/truck ownership	0.05	1.36	
Other vehicle ownership	0.01	0.99	
Auto insurance	0.02	0.86	
Vehicle maintenance	0.02	1.04	
Interstate air travel	0.02	1.56	
In-state air/ferry travel	0.01	1.01	
Clothing	0.01	1.21	0.01
Medical	0.06	1.03	0.06
Medical services	0.03	1.06	
Medical insurance	0.03	1.00	
Other	0.30	1.04	0.31
Household furnishings/appliances	0.10	1.07	
Communication	0.04	0.87	
Recreation and education	0.10	1.10	
Personal care and other	0.07	1.01	
GEOGRAPHIC COST OF LIVING DIFFERENTIAL			1.01

Note: Columns may not add to totals/subtotals due to rounding. Expenditure weights reported as 0.00 indicate weights of less than 0.5 percent of the household budget, but not zero. The housing category differential is calculated by a procedure described in Section IV and is not the simple sum of subcategory products.

Sample block communities: Ketchikan Gateway Borough

Description: Comprised of City of Ketchikan and City of Saxman, in southern Southeast Alaska

2007 Population: Ketchikan Gateway Borough (13,160)

2008 State employee count: Ketchikan Gateway Borough (673)

Table III-27: Ketchikan

Expenditure Category	Expenditure Weights	Price Differential	Cost of Living Differential
Housing	0.34	0.89	0.30
Shelter	0.24	0.78	
Utilities	0.10	1.48	
Food	0.17	1.18	0.20
Meats, poultry and fish	0.04	1.18	
Cereals and breads	0.02	1.10	
Dairy products	0.04	1.23	
Fruits and vegetables	0.03	1.15	
Other food items	0.03	1.21	
Food away from home	0.02	1.17	
Transportation	0.14	1.09	0.15
Fuel	0.05	1.21	
Car/truck ownership	0.02	1.18	
Other vehicle ownership	0.01	1.01	
Auto insurance	0.02	0.82	
Vehicle maintenance	0.01	1.01	
Interstate air travel	0.03	1.06	
In-state air/ferry travel	0.00	1.38	
Clothing	0.01	1.00	0.01
Medical	0.06	1.04	0.06
Medical services	0.03	1.08	
Medical insurance	0.03	1.00	
Other	0.28	1.11	0.31
Household furnishings/appliances	0.09	1.27	
Communication	0.04	0.88	
Recreation and education	0.09	1.10	
Personal care and other	0.06	1.03	
GEOGRAPHIC COST OF LIVING DIFFERENTIAL			1.04

Note: Columns may not add to totals/subtotals due to rounding. Expenditure weights reported as 0.00 indicate weights of less than 0.5 percent of the household budget, but not zero. The housing category differential is calculated by a procedure described in Section IV and is not the simple sum of subcategory products.

Sample block communities: City of Kotzebue

Description: Coastal community on Kotzebue Sound in Northwest Alaska

2007 Population: City of Kotzebue (3,133)

2008 State employee count: City of Kotzebue (41)

Table III-28: Kotzebue

Expenditure Category	Expenditure Weights	Price Differential	Cost of Living Differential
Housing	0.21	1.42	0.30
Shelter	0.13	1.05	
Utilities	0.08	3.29	
Food	0.19	1.84	0.35
Meats, poultry and fish	0.05	1.47	
Cereals and breads	0.02	1.87	
Dairy products	0.03	2.07	
Fruits and vegetables	0.03	1.92	
Other food items	0.05	2.01	
Food away from home	0.01	1.87	
Transportation	0.13	1.94	0.26
Fuel	0.02	2.04	
Car/truck ownership	0.01	1.11	
Other vehicle ownership	0.01	1.59	
Auto insurance	0.01	0.88	
Vehicle maintenance	0.01	1.60	
Interstate air travel	0.04	1.89	
In-state air/ferry travel	0.03	2.72	
Clothing	0.01	1.30	0.02
Medical	0.03	0.91	0.03
Medical services	0.02	0.86	
Medical insurance	0.01	1.00	
Other	0.43	1.55	0.67
Household furnishings/appliances	0.14	1.93	
Communication	0.06	0.87	
Recreation and education	0.14	1.47	
Personal care and other	0.09	1.51	
GEOGRAPHIC COST OF LIVING DIFFERENTIAL			1.61

Note: Columns may not add to totals/subtotals due to rounding. Expenditure weights reported as 0.00 indicate weights of less than 0.5 percent of the household budget, but not zero. The housing category differential is calculated by a procedure described in Section IV and is not the simple sum of subcategory products.

Sample block communities: City of Nome

Description: Coastal community on Norton Sound in Northwest Alaska

2007 Population: City of Nome (3,495)

2008 State employee count: City of Nome (179)

Table III-29: Nome

Expenditure Category	Expenditure Weights	Price Differential	Cost of Living Differential
Housing	0.32	1.24	0.40
Shelter	0.20	0.96	
Utilities	0.12	2.60	
Food	0.17	1.51	0.25
Meats, poultry and fish	0.05	1.32	
Cereals and breads	0.02	1.44	
Dairy products	0.02	1.60	
Fruits and vegetables	0.03	1.75	
Other food items	0.03	1.56	
Food away from home	0.02	1.53	
Transportation	0.16	1.60	0.25
Fuel	0.05	1.49	
Car/truck ownership	0.03	1.11	
Other vehicle ownership	0.01	1.39	
Auto insurance	0.02	0.88	
Vehicle maintenance	0.02	2.25	
Interstate air travel	0.02	1.89	
In-state air/ferry travel	0.02	2.72	
Clothing	0.01	1.27	0.01
Medical	0.03	1.05	0.03
Medical services	0.01	1.12	
Medical insurance	0.02	1.00	
Other	0.32	1.40	0.45
Household furnishings/appliances	0.10	1.66	
Communication	0.04	1.05	
Recreation and education	0.10	1.33	
Personal care and other	0.07	1.37	
GEOGRAPHIC COST OF LIVING DIFFERENTIAL			1.39

Note: Columns may not add to totals/subtotals due to rounding. Expenditure weights reported as 0.00 indicate weights of less than 0.5 percent of the household budget, but not zero. The housing category differential is calculated by a procedure described in Section IV and is not the simple sum of subcategory products.

Sample Block communities: City of Petersburg

Description: Located on Mitkof Island in central Southeast Alaska

2007 Population: City of Petersburg (3,071)

2008 State employee count: City of Petersburg (48)

Table III-30: Petersburg

Expenditure Category	Expenditure Weights	Price Differential	Cost of Living Differential
Housing	0.28	0.74	0.21
Shelter	0.18	0.62	
Utilities	0.09	1.31	
Food	0.14	1.25	0.18
Meats, poultry and fish	0.03	1.14	
Cereals and breads	0.02	1.34	
Dairy products	0.02	1.31	
Fruits and vegetables	0.03	1.21	
Other food items	0.02	1.31	
Food away from home	0.02	1.26	
Transportation	0.14	1.09	0.15
Fuel	0.03	1.13	
Car/truck ownership	0.02	1.25	
Other vehicle ownership	0.01	0.82	
Auto insurance	0.02	0.82	
Vehicle maintenance	0.01	1.25	
Interstate air travel	0.03	1.12	
In-state air/ferry travel	0.01	1.16	
Clothing	0.01	1.40	0.02
Medical	0.06	0.94	0.05
Medical services	0.03	0.87	
Medical insurance	0.03	1.00	
Other	0.37	1.21	0.45
Household furnishings/appliances	0.12	1.29	
Communication	0.05	1.06	
Recreation and education	0.12	1.21	
Personal care and other	0.08	1.17	
GEOGRAPHIC COST OF LIVING DIFFERENTIAL			1.05

Note: Columns may not add to totals/subtotals due to rounding. Expenditure weights reported as 0.00 indicate weights of less than 0.5 percent of the household budget, but not zero. The housing category differential is calculated by a procedure described in Section IV and is not the simple sum of subcategory products.

Sample block communities: City and Borough of Sitka

Description: Island community located in Southeast Alaska

2007 Population: City and Borough of Sitka (8,640)

2008 State employee count: City and Borough of Sitka (198)

Table III-31: Sitka

Expenditure Category	Expenditure Weights	Price Differential	Cost of Living Differential
Housing	0.34	1.17	0.40
Shelter	0.23	0.96	
Utilities	0.10	2.20	
Food	0.17	1.15	0.17
Meats, poultry and fish	0.04	1.01	
Cereals and breads	0.03	1.17	
Dairy products	0.02	1.39	
Fruits and vegetables	0.04	1.04	
Other food items	0.03	1.27	
Food away from home	0.02	1.18	
Transportation	0.12	1.10	0.12
Fuel	0.03	1.11	
Car/truck ownership	0.01	1.29	
Other vehicle ownership	0.00	1.03	
Auto insurance	0.02	0.82	
Vehicle maintenance	0.01	1.31	
Interstate air travel	0.03	1.14	
In-state air/ferry travel	0.01	1.08	
Clothing	0.01	1.31	0.01
Medical	0.05	1.02	0.05
Medical services	0.02	1.06	
Medical insurance	0.03	1.00	
Other	0.31	1.22	0.38
Household furnishings/appliances	0.10	1.43	
Communication	0.04	0.90	
Recreation and education	0.10	1.20	
Personal care and other	0.07	1.14	
GEOGRAPHIC COST OF LIVING DIFFERENTIAL			1.17

Note: Columns may not add to totals/subtotals due to rounding. Expenditure weights reported as 0.00 indicate weights of less than 0.5 percent of the household budget, but not zero. The housing category differential is calculated by a procedure described in Section IV and is not the simple sum of subcategory products.

Unalaska/Dutch Harbor

Sample block communities: City of Unalaska

Description: Island-based community midway on the Aleutian Island chain

2007 Population: City of Unalaska (3,677)

2008 State employee count: City of Unalaska (29)

Table III-32: Unalaska/Dutch Harbor

Expenditure Category	Expenditure Weights	Price Differential	Cost of Living Differential
Housing	0.27	1.65	0.45
Shelter	0.19	1.35	
Utilities	0.08	3.14	
Food	0.17	1.43	0.25
Meats, poultry and fish	0.04	1.18	
Cereals and breads	0.02	1.22	
Dairy products	0.02	1.47	
Fruits and vegetables	0.05	1.68	
Other food items	0.03	1.51	
Food away from home	0.02	1.41	
Transportation	0.15	2.35	0.35
Fuel	0.04	1.19	
Car/truck ownership	0.01	1.05	
Other vehicle ownership	0.00	1.10	
Auto insurance	0.01	0.89	
Vehicle maintenance	0.02	1.84	
Interstate air travel	0.03	3.50	
In-state air/ferry travel	0.03	3.78	
Clothing	0.02	1.08	0.02
Medical	0.04	0.98	0.04
Medical services	0.02	0.96	
Medical insurance	0.03	1.00	
Other	0.35	1.37	0.48
Household furnishings/appliances	0.11	1.57	
Communication	0.05	1.52	
Recreation and education	0.11	1.24	
Personal care and other	0.08	1.20	
GEOGRAPHIC COST OF LIVING DIFFERENTIAL			1.58

Note: Columns may not add to totals/subtotals due to rounding. Expenditure weights reported as 0.00 indicate weights of less than 0.5 percent of the household budget, but not zero. The housing category differential is calculated by a procedure described in Section IV and is not the simple sum of subcategory products.

Sample block communities: City of Valdez

Description: Located at the northern tip of Prince William Sound; the terminus of the Alaska oil pipeline

2007 Population: City of Valdez (3,599)

2008 State employee count: City of Valdez (54)

Table III-33: Valdez

Expenditure Category	Expenditure Weights	Price Differential	Cost of Living Differential
Housing	0.31	0.97	0.30
Shelter	0.19	0.73	
Utilities	0.12	2.18	
Food	0.18	1.26	0.23
Meats, poultry and fish	0.04	1.20	
Cereals and breads	0.02	1.19	
Dairy products	0.02	1.22	
Fruits and vegetables	0.04	1.41	
Other food items	0.04	1.25	
Food away from home	0.02	1.25	
Transportation	0.17	1.17	0.20
Fuel	0.06	1.17	
Car/truck ownership	0.04	1.00	
ther vehicle ownership	0.00	1.02	
Auto insurance	0.02	0.86	
Vehicle maintenance	0.02	1.47	
Interstate air travel	0.02	1.56	
In-state air/ferry travel	0.01	1.19	
Clothing	0.02	1.04	0.02
Medical	0.07	0.92	0.06
Medical services	0.03	0.83	
Medical insurance	0.04	1.00	
Other	0.25	1.05	0.27
Household furnishings/appliances	0.08	1.06	
Communication	0.03	0.88	
Recreation and education	0.08	1.08	
Personal care and other	0.06	1.08	
GEOGRAPHIC COST OF LIVING DIFFERENTIAL			1.08

Note: Columns may not add to totals/subtotals due to rounding. Expenditure weights reported as 0.00 indicate weights of less than 0.5 percent of the household budget, but not zero. The housing category differential is calculated by a procedure described in Section IV and is not the simple sum of subcategory products.

The 2008 Alaska GDS methodology does not include household surveying or retail price surveying in Seattle. This is due in part to the cost and complexity of surveying in such a large urban area, which would be vastly out of proportion to the number of Alaska state employees who reside there (five). Another reason is that other data already exists for estimating cost of living differentials between Anchorage and Seattle. The ACCRA Cost of Living Index, though not reliable for measuring cost of living differences within Alaska, provides data useful for developing a Seattle differential.

ACCRA COLI data are sometimes supplemented by U.S. Housing and Urban Development Fair Market Rent (FMR) data, particularly when there is a need to extrapolate cost of living estimates beyond the urban centers covered in ACCRA. For example, the State of Washington Office of Financial Management employed this method in a recent study of Higher Education Per-Student Funding Comparisons (RCW 28B.15.068). Trial calculations by the Alaska GDS team comparing FMR and ACCRA results determined that ACCRA differentials are acceptable for comparing the Anchorage COLI with Seattle and Washington D.C.

Overview of the ACCRA Cost of Living Index

The Council for Community and Economic Research (C2ER), a nonprofit organization, develops the ACCRA COLI. ACCRA stands for American Chamber of Commerce Researchers Association, the organization that originated the survey. The index is used for many purposes, including as a guide for comparing managerial compensation among approximately 300 urban areas across the United States. The ACCRA COLI has been published continuously since 1968. C2ER sells the results of the ACCRA COLI in various formats to subscribers and individual purchasers.

Comparison of ACCRA and Alaska GDS

Market Basket

ACCRA's market basket is composed of 57 items representing six categories (groceries, housing, utilities, transportation, health care, and miscellaneous), compared to 200 items representing 22 categories in the Alaska GDS. As with the Alaska GDS, individual items in the ACCRA market basket are chosen to represent the collective prices of groups of goods and services. For example, the price of whole frying chicken is used to represent prices for all poultry products. If the price of whole fryers is 10 percent higher in one city than another, it is assumed that the price of all poultry products is also, on average, 10 percent higher.

Consumption Weights

For ACCRA, the consumption data used to weight each category in the composite index, as well as the consumption weights within each category, comes from the U.S. Bureau of Labor Statistics (BLS) 2006 Consumer Expenditure Survey. The consumption patterns used for ACCRA are those of the upper quintile of household income and of households where the reference person has a professional or managerial occupation.

For the Alaska GDS, consumption weights are developed from the Household Consumer Survey and represent the average consumption for all consumers in each community or sample block.

Data Collection

CONSUMER EXPENDITURES

As noted, consumption data for ACCRA comes from a different source than for Alaska GDS. However, the two sources use similar approaches. The ACCRA source, the BLS Consumer Expenditure Survey, is widely vetted and generally regarded as methodologically sound. The Alaska GDS Household Consumption Survey methodology is modeled, to an extent, on the BLS method.

RETAIL PRICES

There is a significant difference between Alaska GDS and ACCRA in the way retail pricing data is collected and reported. Alaska GDS data is collected by trained survey teams operating either by telephone or on location in the target communities. ACCRA price data is collected by local organizations in each of the 300 or so locations. The organizations volunteer for the task and multiple volunteers operate in each of the locations to amass the data. Data is collected quarterly and averaged; however, not all locations are able to provide data every quarter. Where quarterly data is missing, C2ER estimates prices as needed to develop average annual prices. ACCRA price data excludes taxes.

This C2ER process is not as standardized or controlled as the method used by Alaska GDS, and neither survey is based on random (statistical) sampling. Both the Alaska GDS and ACCRA obtain price data from “judgment” samples. For the Alaska GDS, the retail outlets surveyed are selected strategically to provide what the research team believes is a representation of the outlets where most people shop. C2ER depends on volunteer businesses to provide price information, and therefore has somewhat less control over sample selection. Neither method produces price estimates for which statistical confidence intervals may be calculated.

Composition and Weighting of the ACCRA Market Basket

Groceries

- Category weight: 12.49 percent
- Contains 26 items.

Housing

- Category weight: 29.84 percent
- Housing index is equal to the weighted average of the mortgage payment (81.95 percent), computed as the interest rate times the house purchase price, and the monthly apartment rent (18.05 percent).

- Apartment rent for childless professional and managerial couple – left to the discretion of the surveyor. Apartment sizes are determined to be between 850 and 1,050 square feet. ACCRA does not control for quality of the apartment (HUD, however, does control for quality).
- The price of a new house, 2,400 square feet, 3 to 4 bedrooms, 2 full bathrooms, and attached 2-car garage and several amenities.
- Walden (1998)¹ suggests comparing ACCRA apartment rents with HUD's Fair Market Rent (FMR). However, HUD's FMR are estimates rather than observed prices. The ACCRA data is still superior.

Utilities

- Category weight: 9.94 percent
- Based on the total cost (not per unit cost) of three items: electricity, other home energy, and telephone service.
- Energy consumption is based on a weather model and primary energy use in homes of the area.

Transportation

- Category weight: 10.73 percent
- Based on the cost of tire balancing and gasoline.

Health Care

- Category weight: 4.07 percent
- Includes: optometrist visit, doctor visit (AMA procedure 99213), dentist visit, prescription and non-prescription medications.

Miscellaneous

- Category weight: 32.93 percent
- Includes a wide variety of goods and services including eating out, personal care, apparel, household operations, reading, entertainment, and alcohol.

Approach and Results

To develop geographic differentials for Seattle, the study team relied on the most recent ACCRA data on average prices for all of the 57 items surveyed by C2ER as of the third quarter of 2008. The data includes the following federal Office of Management and Budget (OMB) designated areas: *Anchorage AK Metro* and *Seattle-Bellevue-Everett WA Metro Div*.

¹ Walden, M. (1998). Geographic Variation in Consumer Prices: Implications for Local Price Indices. The Journal of Consumer Affairs, Volume 32, Issue 2.

The ACCRA Index average between third quarter 2008 and third quarter 2007 for the areas above are provided in the following table.

Table III-34: ACCRA Seattle and Washington, D.C. Cost Differentials, by Component

Urban Area	Composite Index	Grocery Items	Housing	Utilities	Transportation	Health Care	Misc. Goods and Services
Anchorage	126.5	139.7	138.0	101.2	106.3	130.1	124.7
Seattle	123.6	116.5	152.7	86.9	109.7	120.9	115.9

Translating the ACCRA Index differentials into Alaska GDS differentials (with Anchorage as the reference location) results in composite differentials of 0.98 for Seattle.

Table III-35: Seattle and Washington, D.C. Cost Differentials

Urban Area	Composite Index (US Average)	Index with Anchorage Base
Anchorage	126.5	1.0
Seattle	123.6	0.98

Alternative Approaches

Runzheimer International produces Runzheimer's Plan of Living Cost Standards, a national cost of living index focused on lower income households. That index suggests that the standard of living that \$32,000 would buy for a family of four in a "standard" U.S. city would cost \$41,522 in Anchorage and \$49,382 in Seattle. This suggests a Seattle differential relative to Anchorage of 1.19. This data may have limited application for this study, given its focus on low-income households.

Another approach to calculating a Seattle cost of living differential uses the differential for Seattle measured in the 1985 study and updates that value with the Consumer Price Index. The 1985 study measured a cost of living differential of 0.86 (relative to Anchorage's base value of 1.0). Since 1985, inflation has increased the cost of living in Seattle by a factor of 2.13 (or by 113 percent), based on the Consumer Price Index, and by a factor of 1.77 (77 percent) in Anchorage. Multiplying Seattle's 1985 differential of 0.86 by 2.13 results in an inflation-adjusted value of 1.83. Multiplying Anchorage's 1985 differential of 1.0 by 1.77 results in a value of 1.77, indicating a differential of 1.03 (1.83 divided by 1.77). This finding generally supports the differential developed using ACCRA data analysis, which indicates the cost of living in Seattle and Anchorage are now about equal, unlike 24 years ago when Anchorage was significantly more expensive than Seattle.