

8 Low-Income Households Come Closer to Average 8 Runzheimer Plan of Living Cost Standards, February 2008

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

Note: This exhibit shows how much more or less it would cost for a family of four to live in different cities while maintaining the same standard of living.
Source: Runzheimer International, Runzheimer's Living Cost Index, February 2008

show that it generally costs a little extra to live in Alaska – and in some cases more than just a little.

ACCRA index says Alaska cities cost more

Every quarter the ACCRA⁵ Cost of Living Index provides comparisons of living costs for about 300 urban areas in the United States. ACCRA's focus is on professional and managerial households with incomes in the top 20 percent for the area and is often used by companies trying to equalize pay for their employees in different locations.

⁵ The ACCRA Cost of Living Index was originally produced by the American Chamber of Commerce Researchers Association. It's now produced by The Council for Community and Economic Research, but the index's name hasn't been changed.

The data used in the ACCRA index are collected in each city by organizations that volunteer for the task. As a result, there is more room for error than in some surveys and ACCRA encourages users not to use the percentage differences produced by the index as exact measures.

The most recent ACCRA data include three Alaska cities – Anchorage, Fairbanks and Kodiak – and indicate that all three are at least 23 percent more expensive than the average city in the index. (See Exhibit 7.) Until recently, Juneau was regularly included in the index and was generally the most expensive of the Alaska cities studied.

The three Alaska cities are more expensive than average in every category – groceries, housing,

critics and those trying to understand what's behind changes to the overall CPI.

What's more, there's an especially wide range of dollar amounts that consumers spend on housing, making it more likely that a person's individual expenses will differ from the calculated average.

Some people have paid off their home loans and pay only property taxes and maintenance costs, neither of which are likely to change significantly with the vagaries of housing markets. Others spend very little on housing because they live with parents or other relatives. On the other end of the spectrum, new homeowners can pay large monthly mortgage payments and see increases far in excess of those represented by the CPI.

Where is inflation headed?

Whether inflation will stay low is impossible to predict with any certainty, but it appears unlikely. Most forecasts for U.S. inflation are generally higher, due to the current trends in both energy and food costs, and in three out of the first four months of 2008³ the national CPI has been up at least 4 percent over the year.

The higher national inflation has been driven largely by rising energy and food prices, increases Anchorage is unlikely to escape. Consultants for the Alaska Permanent Fund Corporation, which uses the CPI to make sure the principal of the Permanent Fund keeps up with inflation, have forecasted a 2.8 percent U.S. inflation rate for the next five years.⁴ Anchorage data for the first half of 2008 will be released in late July.

³ The national CPI is produced every month. Monthly CPI data are also available for the nation's four Census regions (Northeast, Midwest, South and West) and for three major metropolitan areas. Data for 11 metropolitan areas are published every other month. Anchorage is in a group of 13 smaller metropolitan areas for which data are published every six months.

⁴ The forecast comes from the investment consulting firm, Callan Associates.

Alaska Cities Generally More Expensive ACCRA¹ cost of living index, first quarter 2008



	All Items Index Costs	Grocery Items	Housing	Utilities	Transportation	Health Care	Miscellaneous Goods and Services
Anchorage	126.6	142.7	138.0	109.8	102.7	125.3	123.2
Fairbanks	133.3	125.7	149.1	170.6	108.2	139.8	117.9
Kodiak	123.4	148.5	116.3	144.7	115.3	128.8	115.8
West							
Portland, Ore.	119.9	108.2	138.9	101.3	109.4	105.5	117.9
Honolulu	165.3	164.0	249.1	138.5	117.1	109.8	120.5
San Francisco	173.6	131.4	292.7	96.6	114.5	118.6	131.1
Las Vegas	110.6	99.0	136.7	99.5	101.4	104.7	98.3
Southwest/Mountain							
Cedar City, Utah	91.7	95.6	89.6	82.4	96.0	88.6	93.8
Phoenix	101.6	103.8	101.0	94.7	98.7	99.0	104.7
Denver	105.1	104.7	111.4	103.4	92.8	104.0	104.2
Dallas	91.9	100.6	72.1	99.1	100.6	103.0	100.0
Midwest							
Minneapolis	109.3	124.4	117.7	105.4	96.8	104.2	101.8
Cleveland	95.1	100.5	84.5	101.0	101.7	104.0	97.7
Chicago	111.5	107.9	129.0	118.0	109.2	103.3	96.9
Southeast							
Oriando, Fla.	102.1	106.5	93.5	102.1	105.5	95.2	108.1
Mobile, Ala.	93.6	104.1	76.1	105.7	96.4	88.4	101.7
Atlanta	97.6	96.4	94.0	90.3	105.0	103.6	100.3
Atlantic/New England							
New York (Manhattan)	218.8	141.0	404.9	150.1	124.8	129.1	142.0
Boston	134.0	121.6	160.5	130.4	108.5	136.2	123.8
Philadelphia	122.6	126.5	140.6	118.5	105.2	108.6	113.3

Note: Index numbers represent a comparison to the average for all cities for which ACCRA volunteers collected data.

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

Source: ACCRA Cost of Living Index

The CPI can't be used for geographic comparisons

The CPI gives the most authoritative answer to how much prices are rising over time in a particular location, but it is not designed to say whether one location is more expensive than another. Index numbers for the U.S. CPI are higher than they are for Anchorage, but that only means that prices have increased more nationally than they have for Anchorage since the 1982-1984 base period (when the index was set at 100).

Studies and surveys designed to compare the cost of living in different locations continue to