

ALASKA LEGISLATURE SPECIAL COMMITTEE / SUBJECT FILES 8672
2429 SCOM 101: LONG RANGE FINANCIAL PLANNING COMMISSION, 1995

FORM A

QUESTION SUBMITTAL FORM

Mail to: Services Department
Runzheimer and Company, Inc.
Living Cost
Runzheimer Park
Rochester, WI 53167

Company Name: _____ Date: _____

Division: _____

Address: _____

In our review of the Runzheimer Living Cost Standards Report, we have questions pertaining to certain aspects.

Specifically, they are as follows:

Location(s)

Concern

- | | |
|-----|-----|
| 1.) | 1.) |
| 2.) | 2.) |
| 3.) | 3.) |
| 4.) | 4.) |

Other:

Please mail your response with _____ copies to:

Name: _____

Title: _____

Phone #: _____

SECTION 5 – APPENDIX

5.1 – Questions and Comments

Runzheimer and Company, Inc. feels it is essential you understand the data in this report and their uses. Therefore, we invite your questions regarding our product. Such questions may be submitted in writing or by telephone. Regardless of their number, complexity or timing, a response will be provided without delay.

If you inquire by telephone, please ask for the consultant with whom you placed the order or for the individual who signed the cover letter of this report. When writing, address your correspondence to either of these two individuals. A written reply will be mailed within five working days after receipt of your inquiry.

In an effort to make this report more meaningful and responsive to our client's needs, your response will enable us to continue to improve The Runzheimer Plan of Living Cost Standards.

3.13 — GOODS & SERVICES AND OTHER EXPENSES (CONTINUED)

- STEP 26 THE GOODS & SERVICES DOLLAR AMOUNTS SHOWN IN THE GOODS & SERVICES TABLE WERE COMPUTED BY ADDING THE GOODS & SERVICES AMOUNT AND ANY SALES TAXES.
- STEP 27 THE GOODS & SERVICES INDEXES IN THE GOODS & SERVICES TABLE ARE DETAILED FOR EACH OF THE TEN GOODS & SERVICES CATEGORIES.
- STEP 28 THE "MISCELLANEOUS" ELEMENT, AS EXPLAINED IN SECTION 1.1.5, IN PROFILE 1 OF THE SPECIFICATIONS SECTION, IS ENTERED ON THE LAST COMPONENT LINE OF EACH MASTER SCHEDULE.

3.14 -- QUALITY CONTROL

- STEP 29 ALL STEPS OF THE REPORT DEVELOPMENT PROCESS ARE THOROUGHLY REVIEWED AND VERIFIED TO ENSURE CONFORMITY WITH EXACTING STANDARDS OF PRODUCTION. THIS REVIEW PROCESS IS AUGMENTED BY SOPHISTICATED COMPUTERIZED STATISTICAL ANALYSIS PROCESSES CONDUCTED THROUGH EACH STEP OF REPORT DEVELOPMENT.

3.11 -- HOUSING UTILITIES (CONTINUED)

UPON THE MOST COMMONLY USED FUEL IN EACH COMMUNITY. THE ANNUAL COSTS WERE THEN COMPARED WITH ADDITIONAL PRIMARY DATA SOURCES FOR VERIFICATION OF THE INITIAL COMPUTATIONS.

3.12 -- MAINTENANCE

STEP 21 TYPICAL COSTS OF HOME MAINTENANCE WERE DEVELOPED FOR EACH COMMUNITY. THESE COSTS ARE EXPRESSED AS AN ANNUAL AMOUNT, APPLICABLE TO STANDARD PROFILE HOMES AND ARE AMORTIZED OVER THE TERM OF THE MORTGAGE.

3.13 -- GOODS & SERVICES AND OTHER EXPENSES

STEP 22 RUNZHEIMER PRICED A MARKET BASKET OF GOODS & SERVICES IN EACH LOCATION OF THIS REPORT.

STEP 23 USING A PROGRAM OF FIXED-WEIGHT PRICE INDEXES DEVELOPED BY RUNZHEIMER, SEPARATE INDEXES WERE GENERATED FOR EACH OF THE TEN GOODS & SERVICES CATEGORIES AT EACH LOCATION. FOR A FURTHER EXPLANATION OF THE PRICING AND INDEX PROGRAM METHODOLOGY SEE APPENDIX 5.5.

STEP 24 UNLESS OTHERWISE SPECIFIED BY THE CLIENT, THE GOODS & SERVICES DOLLAR AMOUNT WAS COMPUTED USING STANDARD CITY AS A BASE 100.

STEP 25 INCOME LEVELS AND FAMILY COMPOSITION WERE USED TO DETERMINE APPLICABLE STATE OR PROVINCIAL AND LOCAL SALES TAXES FOR LOCATIONS IN THE U.S. AND CANADA.

3.9 -- HOMEOWNER INSURANCE

STEP 18 CURRENT DATA SOURCES FOR HOMEOWNER OR RENTER INSURANCE WERE ESTABLISHED FOR EACH LIVING COMMUNITY. THE APPLICABLE RATES FOR A HOMEOWNERS 3 (HO-3) TYPE POLICY WITH A DEDUCTIBLE OF \$100 WERE APPLIED TO EACH NORTH AMERICAN LOCATION. IN ALL OTHER LOCATIONS, THE TYPICAL AND COMPARABLE HOMEOWNER OR RENTER INSURANCE WAS DETERMINED AND COSTED.

3.10 -- REAL ESTATE TAXES

STEP 19 THE GENERAL REAL ESTATE TAX RATES, THE DATES OF LATEST MARKET VALUE ASSESSMENTS, AND THE PERCENTAGES OF MARKET VALUE SUBJECT TO ASSESSMENT, WERE DETERMINED THROUGH DIRECT CONSULTATIONS WITH LOCAL TAX ASSESSOR'S OFFICES. THESE FINDINGS WERE USED TO CALCULATE THE ANNUAL TAX AMOUNTS. THESE VALUES WERE THEN COMPARED WITH THOSE DERIVED FROM ADDITIONAL INDEPENDENT PRIMARY SOURCES FOR PROPERTY TAX INFORMATION, APPLICABLE TO THE PAST YEAR, TO VERIFY THE INITIAL VALUES.

3.11 -- HOUSING UTILITIES

STEP 20 IN CERTAIN COMMUNITIES OR IN SPECIFIC RENTAL UNIT TYPES, UTILITY COSTS MAY BE INCLUDED IN THE BASE RENTAL COST. RUNZHEIMER HAS SEPARATED THESE COSTS TO PROVIDE A MORE SUITABLE COMPARISON WITH COMMUNITIES WHERE UTILITY COSTS ARE BORNE BY THE RENTER. THE ANNUAL COSTS FOR HEATING, COOLING, AND OTHER UTILITIES FOR THE PROFILED HOMES OR RENTAL UNITS WERE DEVELOPED FROM RATE SCHEDULES COMPILED FOR EACH LOCATION. HEATING AND COOLING COSTS WERE BASED

3.7 — RENTAL HOUSING VALUES

STEP 14 THROUGH ITS NETWORK OF PRIMARY SOURCES, RUNZHEIMER INTERNATIONAL SAMPLES THE PREVAILING RENTAL HOUSING MARKETS IN EACH COMMUNITY. A MEDIAN NET RENTAL COST IS ESTABLISHED FOR THE PROFILED RENTAL UNIT UTILIZING THE VARIOUS RENTAL UNIT TYPES AVAILABLE IN THE SPECIFIC COMMUNITY.

3.8 -- MORTGAGE - PRINCIPAL AND INTEREST

STEP 15 THE LENDING MARKET IN EACH COMMUNITY WAS STUDIED TO DETERMINE THE PERCENTAGES OF HOME VALUES FINANCED AND OTHER APPLICABLE MORTGAGE TERMS SO AS TO ARRIVE AT A COMMON SET OF CRITERIA APPLICABLE TO ALL OF THE LIVING COMMUNITIES INVOLVED IN THIS COMPARISON.

STEP 16 THE CURRENT MORTGAGE MONEY MARKETS WERE ANALYZED IN EACH OF THE COMMUNITIES AND THE APPLICABLE INTEREST RATE WAS ESTABLISHED FOR EACH LOCALE.

STEP 17 BASED UPON INTEREST RATES, PERCENTAGES OF VALUE FINANCED, AND OTHER MORTGAGE TERMS, AS APPLICABLE TO THE CURRENT MARKET VALUES OF THE STANDARD HOME, THE ANNUAL PRINCIPAL AND INTEREST PAYMENTS WERE COMPUTED.

3.5 — PERSONAL AUTOMOBILES

- STEP 9 RUNZHEIMER IDENTIFIED AND DETERMINED THE BASIC VEHICLE SIZE CATEGORIES PER COUNTRY FOR WHICH PERSONAL OWNERSHIP AND OPERATING COSTS WOULD BE DEVELOPED.
- STEP 10 THE OPERATIONAL COST ELEMENTS FOR THE AUTOMOBILES DEFINED WERE DETERMINED. THEY INCLUDE FIXED COSTS (DEPRECIATION, INSURANCE, LICENSE, REGISTRATION, TAXES AND FINANCE CHARGES) AND VARIABLE OR OPERATING EXPENSES (FUEL, OIL, MAINTENANCE AND TIRES).
- STEP 11 COMPUTER GENERATED COST TABLES WERE PRODUCED FOR THE AUTOMOBILE(S) DEFINED FOR THE INCOME LEVELS AND FAMILY SIZES FOR EACH LOCATION.

3.6 -- HOME MARKET VALUES

- STEP 12 RUNZHEIMER BROADLY SAMPLED RECENT HOME MARKET SALE TRANSACTIONS IN EACH LIVING COMMUNITY. THEN THROUGH THE COMPUTERIZED STATISTICAL PROCESS OF STEPWISE LINEAR REGRESSION ANALYSIS, THESE MARKET TRANSACTIONS WERE ADJUSTED TO THE EXACT HOUSING CHARACTERISTICS OF THE STANDARD PROFILE. IN THIS WAY, CURRENT MARKET PRICES OF THE REPRESENTATIVE HOMES IN EACH COMMUNITY WERE GENERATED. SEE SECTION 5.3 FOR A DETAILED DESCRIPTION OF THE METHODOLOGY APPLIED IN THIS PROCESS.
- STEP 13 HISTORICAL DATA WAS USED TO ARRIVE AT REPRESENTATIVE MARKET VALUES FOR HOMES FOLLOWING THE SAME PROCEDURE AS IN THE PREVIOUS STEP.

3.3 — LIVING COMMUNITY SELECTION

STEP 5 RUNZHEIMER SELECTED REPRESENTATIVE LIVING COMMUNITIES IN OR NEAR EACH LOCATION WHERE EACH PROFILED FAMILY, REPRESENTED BY ANNUAL INCOME WOULD ECONOMICALLY AND SOCIALLY RESIDE. THIS PROCESS WAS BASED UPON A CAREFUL ANALYSIS OF ALL POSSIBLE LIVING COMMUNITIES IN EACH AREA AVAILABLE TO THIS STANDARD PROFILED FAMILY UNIT.

3.4 -- TAXATION

STEP 6 A MAJOR ACCOUNTING FIRM IS EMPLOYED TO RESEARCH AND PROVIDE A CONTINUING DATA SOURCE FOR ALL FEDERAL, STATE, AND LOCAL INCOME TAX COMPUTATIONS.

STEP 7 CURRENT PATTERNS OF BOTH STANDARD AND ITEMIZED INCOME TAX DEDUCTIONS WERE DETERMINED FOR EACH LOCATION BASED UPON ANNUAL FAMILY ADJUSTED GROSS INCOME AND SIZE. FOR ALL U.S. LOCATIONS, THE MORTGAGE INTEREST AND REAL ESTATE TAXES FOR THE PARTICULAR LOCATION WERE USED IN CALCULATING THE ITEMIZED DEDUCTIONS.

STEP 8 A COMPUTERIZED SYSTEM FOR TAXATION WAS DEVELOPED TO GENERATE THE INCOME TAX LIABILITY APPLICABLE TO EACH FAMILY SIZE AND INCOME LEVEL. THIS SYSTEM USES THE CURRENT TAX FORMULA TO ENSURE ACCURATE COMPARATIVE TAX DATA FOR ALL NORTH AMERICAN LOCATIONS.

SECTION 3 — REPORT PRODUCTION METHODOLOGY

3.0 — INTRODUCTION

THIS SECTION DESCRIBES THE SEQUENTIAL PROCESSES USED BY RUNZHEIMER INTERNATIONAL TO PRODUCE THE RUNZHEIMER PLAN OF LIVING COST STANDARDS. THE EXACT PARAMETERS AND THE SPECIFIC CONSIDERATIONS OF EACH STEP IN THE PRODUCTION OF THIS REPORT ARE DEFINED IN SECTION 1 — REPORT SPECIFICATIONS.

3.1 — CLIENT DEFINED PARAMETERS

STEP 1 THE LOCATIONS FOR WHICH LIVING COST STANDARDS WOULD BE DEVELOPED WERE SUBMITTED BY THE CLIENT.

STEP 2 INCOME LEVELS AND FAMILY SIZES WERE SPECIFIED BY THE CLIENT FOR EACH OF THE LOCATIONS ANALYZED IN STEP 1.

3.2 — RUNZHEIMER DEFINED STANDARDS

STEP 3 THE NUMBER, MODEL AND SIZE OF AUTOMOBILE(S), AND ANNUAL DISTANCES DRIVEN WERE DETERMINED FOR EACH OF THE LOCATIONS, FAMILY SIZES AND INCOME LEVELS.

STEP 4 SPECIFIC HOUSING UNIT SPECIFICATIONS WERE ASSIGNED FOR EACH INCOME LEVEL AND FAMILY SIZE ACCORDING TO STANDARDS DEVELOPED BY RUNZHEIMER.

STATE OF ALASKA
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INDEXES OF GOODS & SERVICES COMPONENTS
TABLE VIII

INCOME LEVEL: \$40,740
FAMILY SIZE: 4

BASE DATE: 12/94

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Location	Dollar Comparison	Total Index	Food Home	Food Away	Tobacco	Alcohol	Furnishings	Clothing	Domestic Service	Medical Care	Personal Care	Recreation
WADE HAMPTON AK	\$15,013	118.63	144.90	122.45	115.18	151.08	123.52	97.02	116.03	107.57	119.63	121.52
ALEUTIAN ISLANDS AK	\$14,953	118.16	148.85	97.14	118.34	151.08	125.69	95.52	116.03	138.45	117.85	110.44
BRISTOL BAY AK	\$14,890	117.66	141.04	97.14	123.56	151.02	118.19	92.10	116.03	122.97	121.09	128.46
BARROW/KOTZEBUE AK	\$14,886	116.05	135.35	97.14	119.84	124.55	127.32	95.52	116.03	119.67	117.85	116.98
ICY STRAIT/LYNN CANAL AK	\$14,667	115.90	130.13	122.45	112.82	118.94	109.15	96.38	115.69	122.78	128.41	129.66
BETHEL AK	\$14,587	115.27	131.86	97.14	114.94	151.08	116.51	93.15	116.03	141.91	119.63	119.41
PETERSBURG/WRANGELL AK	\$14,560	115.05	131.55	122.45	94.09	124.67	115.24	92.32	116.03	114.47	121.68	119.37
SITKA AK	\$14,546	114.94	125.12	122.45	98.23	117.50	123.20	94.79	116.03	129.69	116.12	119.69
KODIAK AK	\$14,183	112.07	133.76	97.14	93.94	110.36	119.51	92.10	116.03	110.00	122.36	112.79
NOME AK	\$14,179	112.04	138.84	97.14	113.91	124.58	110.28	95.21	116.03	122.25	114.37	110.97
KETCHIKAN AK	\$14,177	112.03	123.14	122.45	114.53	118.99	114.90	94.24	116.03	120.30	114.94	124.03
YUKON/KUSKOKWIM AK	\$14,084	111.37	143.77	97.14	115.04	151.07	114.90	97.24	116.03	101.93	117.85	119.45
JUNEAU AK	\$13,959	110.30	124.25	119.37	116.30	115.75	108.94	92.97	116.03	115.57	117.91	116.98
SEWARD AK	\$13,850	109.44	128.48	97.14	101.58	126.31	118.25	92.32	116.03	107.90	116.79	108.37
PALMER/WASILLA AK	\$13,738	108.56	128.57	122.45	104.44	120.82	111.15	90.17	116.03	108.99	111.67	111.46
KENAI/COOK INLET AK	\$13,725	108.46	126.37	122.45	110.85	117.77	119.98	90.81	116.03	110.80	111.92	111.43
CORDOVA/VALDEZ AK	\$13,720	108.42	129.30	122.45	106.06	112.45	110.15	93.61	116.03	122.15	118.46	109.37
FAIRBANKS/FORT YUKON AK	\$13,485	106.56	124.24	105.65	113.84	125.17	112.91	91.67	116.03	119.99	116.27	116.90
ANCHORAGE AK	\$13,206	104.35	123.04	108.52	109.75	115.20	105.38	94.61	116.03	113.91	113.91	112.66
SEATTLE S2 WA	\$12,671	100.13	96.34	102.26	120.17	97.35	96.68	99.07	104.15	108.45	101.52	100.26
SEATTLE CMP WA	\$12,655	100.00	96.34	102.26	120.17	97.35	96.68	99.07	104.15	108.45	101.52	100.26
SEATTLE S3 WA	\$12,639	99.87	96.34	102.26	120.17	97.35	96.68	99.07	104.15	108.45	101.52	100.26

STATE OF ALASKA
DEPT. OF ADMINISTRATION

REAL ESTATE TAX TABLE
TABLE VII

INCOME LEVEL: \$40,740
FAMILY SIZE: 4

BASE DATE: 12/94

	Location	Home Market Value	Real Estate Taxes	% of Market Value	Index
1	BETHEL AK	\$107,700	\$2,280	2.12	152.3
2	CORDOVA/VALDEZ AK	\$103,800	\$1,980	1.91	137.5
3	PALMER/WASILLA AK	\$91,700	\$1,734	1.89	138.0
4	ANCHORAGE AK	\$75,400	\$1,204	1.60	114.9
5	FAIRBANKS/FORT YUKON AK	\$74,900	\$1,190	1.59	114.3
6	KETCHIKAN AK	\$130,000	\$2,002	1.54	110.8
7	SEATTLE S3 WA	\$77,800	\$1,137	1.46	105.1
8	SEATTLE CMP WA	\$94,500	\$1,309	1.39	99.7
9	JUNEAU AK	\$108,200	\$1,475	1.38	98.1
10	SEATTLE S2 WA	\$111,100	\$1,481	1.33	95.9
11	ICY STRAIT/LYNN CANAL AK	\$55,100	\$817	1.12	80.6
12	BARROW/KOTZEBUE AK	\$94,900	\$1,028	1.08	77.9
13	ALEUTIAN ISLANDS AK	\$128,600	\$1,383	1.08	77.4
14	NOME AK	\$81,600	\$852	1.04	75.1
15	PETERSBURG/WRANGELL AK	\$95,000	\$928	.97	70.1
16	SEWARD AK	\$89,800	\$867	.97	69.5
17	KENAI/COOK INLET AK	\$61,100	\$573	.94	67.5
18	KODIAK AK	\$109,100	\$912	.84	60.1
19	WADE HAMPTON AK	\$110,000	\$780	.71	51.0
20	SITKA AK	\$114,000	\$667	.59	42.1
21	BRISTOL BAY AK	\$100,100	\$585	.58	42.0
22	YUKON/KUSKOKWIM AK	\$92,500	\$144	.16	11.2

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HOUSING EXPENSE TABLE
TABLE VI

INCOME LEVEL: \$40,740
FAMILY SIZE: 4

BASE DATE: 12/94

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Dollar Comparison	Location	Index Comparison
1 \$15,648	KETCHIKAN AK	146.9
2 \$15,646	ALEUTIAN ISLANDS AK	146.8
3 \$14,808	BETHEL AK	139.0
4 \$13,988	CORDOVA/VALDEZ AK	131.3
5 \$13,688	WADE HAMPTON AK	128.5
6 \$13,335	JUNEAU AK	125.2
7 \$13,025	SITKA AK	122.2
8 \$13,021	KODIAK AK	122.2
9 \$12,500	BARROW/KOTZEBUE AK	117.3
10 \$12,485	BRISTOL BAY AK	117.2
11 \$12,139	SEATTLE S2 WA	113.9
12 \$11,980	PALMER/WASILLA AK	112.4
13 \$11,734	PETERSBURG/WRANGELL AK	110.1
14 \$11,029	NOME AK	103.5
15 \$10,957	SEWARD AK	102.8
16 \$10,833	FAIRBANKS/FORT YUKON AK	101.7
17 \$10,655	SEATTLE CMP WA	100.0
18 \$10,554	YUKON/KUSKOKWIM AK	99.1
19 \$10,102	ANCHORAGE AK	94.8
20 \$9,170	SEATTLE S3 WA	86.1
21 \$8,305	KENAI/COOK INLET AK	77.9
22 \$8,166	ICY STRAIT/LYNN CANAL AK	76.6

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HOME MARKET VALUES
TABLE V

INCOME LEVEL: \$40,740
FAMILY SIZE: 4

BASE DATE: 12/94

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Dollar Comparison	Location	Index Comparison
1 \$130,000	KETCHIKAN AK	137.6
2 \$128,600	ALEUTIAN ISLANDS AK	136.1
3 \$114,000	SITKA AK	120.6
4 \$111,100	SEATTLE S2 WA	117.6
5 \$110,000	WADE HAMPTON AK	116.4
6 \$109,100	KODIAK AK	115.4
7 \$108,200	JUNEAU AK	114.5
8 \$107,700	BETHEL AK	114.0
9 \$103,600	CORDOVA/VALDEZ AK	109.6
10 \$100,100	BRISTOL BAY AK	105.9
11 \$95,000	PETERSBURG/WRANGELL AK	100.5
12 \$94,900	BARROW/KOTZEBUE AK	100.4
13 \$94,500	SEATTLE CMP WA	100.0
14 \$92,500	YUKON/KUSKOKWIM AK	097.9
15 \$91,700	PALMER/WASILLA AK	097.0
16 \$89,800	SEWARD AK	095.0
17 \$81,600	NOME AK	086.3
18 \$77,800	SEATTLE S3 WA	082.3
19 \$75,400	ANCHORAGE AK	079.8
20 \$74,900	FAIRBANKS/FORT YUKON AK	079.3
21 \$61,100	KENAI/COOK INLET AK	064.7
22 \$55,100	ICY STRAIT/LYNN CANAL AK	058.3

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TRANSPORTATION TABLE
TABLE IV

INCOME LEVEL: \$40,740
FAMILY SIZE: 4

BASE DATE: 12/94

Dollar Comparison	Location	Index Comparison
1 \$8,104	WADE HAMPTON AK	113.6
2 \$5,970	BARROW/KOTZEBUE AK	111.1
3 \$5,846	YUKON/KUSKOKWIM AK	108.8
4 \$5,709	NOME AK	108.2
5 \$5,555	BETHEL AK	103.4
6 \$5,528	BRISTOL BAY AK	102.9
7 \$5,374	SEATTLE CMP WA	100.0
8 \$5,374	SEATTLE S2 WA	100.0
9 \$5,374	SEATTLE S3 WA	100.0
10 \$5,193	ANCHORAGE AK	98.6
11 \$5,187	FAIRBANKS/FORT YUKON AK	98.5
12 \$5,180	KODIAK AK	98.4
13 \$5,173	KETCHIKAN AK	98.3
14 \$5,150	PETERSBURG/WRANGELL AK	95.8
15 \$5,143	ICY STRAIT/LYNN CANAL AK	95.7
16 \$5,113	SITKA AK	95.1
17 \$5,093	ALEUTIAN ISLANDS AK	94.8
18 \$5,073	SEWARD AK	94.4
19 \$5,026	CORDOVA/VALDEZ AK	93.5
20 \$5,006	KENAI/COOK INLET AK	93.2
21 \$4,922	JUNEAU AK	91.6
22 \$4,872	PALMER/WASILLA AK	90.7

STATE OF ALASKA
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TAXATION ELEMENTS
TABLE III

BASE DATE: 12/94

INCOME
FAMILY SIZE: 4

Federal and Social Security Taxes

Location

State and Local Taxes

1 \$8,972
2 \$8,972
3 \$8,809
4 \$8,797
5 \$8,775

6 \$8,755
7 \$8,677
8 \$8,609
9 \$8,603
10 \$8,603

11 \$8,595
12 \$8,525
13 \$8,461
14 \$8,452
15 \$8,433

16 \$8,396
17 \$8,377
18 \$8,354
19 \$8,282
20 \$8,160

21 \$8,065
22 \$8,051

ICY STRAIT/LYNNECANAL AK
KENAI/COOK INLET AK
SEATTLE S3 WA
FAIRBANKS/FORT YUKON AK
NOME AK

YUKON/KUSKOKWIM AK
SEWARD AK
PETERSBURG/WRANGELL AK
BRISTOL BAY AK
SEATTLE CMP WA

BARROW/KOTZEBUE AK
PALMER/WASILLA AK
WADE HAMPTON AK
KODIAK AK
SITKA AK

SEATTLE S2 WA
JUNEAU AK
CORDOVA/VALDEZ AK
BETHEL AK
ALEUTIAN ISLANDS AK

ANCHORAGE AK
KETCHIKAN AK

\$0
\$0
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STATE OF ALASKA
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GEOGRAPHIC WAGE/SALARY DIFFERENTIALS
TABLE II

INCOME LEVEL: \$40,740
FAMILY SIZE: 4

BASE DATE: 12/94
Page 1

	Location	Dollar Adjustment	Index Comparison
1	ALEUTIAN ISLANDS AK	\$8,585	116.1
2	WADE HAMPTON AK	\$5,979	114.7
3	BETHEL AK	\$5,925	114.5
4	KETCHIKAN AK	\$5,762	114.1
5	BARROW/KOTZEBUE AK	\$4,464	111.0
6	BRISTOL BAY AK	\$4,219	110.4
7	SITKA AK	\$3,830	109.4
8	CORDOVA/VALDEZ AK	\$3,801	109.3
9	KODIAK AK	\$3,549	108.7
10	JUNEAU AK	\$3,308	108.1
11	PETERSBURG/WRANGELL AK	\$2,766	106.8
12	NOME AK	\$2,405	105.9
13	YUKON/KUSKOKWIM AK	\$1,962	104.8
14	PALMER/WASILLA AK	\$1,828	104.5
15	SEATTLE S2 WA	\$1,293	103.2
16	SEWARD AK	\$1,270	103.1
17	FAIRBANKS/FORT YUKON AK	\$1,015	102.5
18	ANCHORAGE AK	\$3	100.0
19	SEATTLE CMP WA	\$0	100.0
20	ICY STRAIT/LYNN CANAL AK	(\$339)	99.2
21	KENAI/COOK INLET AK	(\$1,279)	96.9
22	SEATTLE S3 WA	(\$1,295)	96.8

2.1.3 — TABLE II — HOME MARKET VALUES (NUMERIC ORDER)

THIS TABLE CONTAINS A RANKING OF HOME MARKET VALUES AS PROVIDED
ON THE MASTER SCHEDULE FOR EACH OF THE SELECTED LOCATIONS.

STATE OF ALASKA
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TOTAL ANNUAL COSTS
TABLE I

BASE DATE: 12/94

Page 1

INCOME LEVEL: \$40,740
FAMILY SIZE: 4

Dollar Comparison	Location	Index Comparison
1 \$47,305	ALEUTIAN ISLANDS AK	116.1
2 \$46,719	WADE HAMPTON AK	114.7
3 \$46,665	BETHEL AK	114.5
4 \$46,502	KETCHIKAN AK	114.1
5 \$45,204	BARROW/KOTZEBUE AK	111.0
6 \$44,959	BRISTOL BAY AK	110.4
7 \$44,570	SITKA AK	109.4
8 \$44,541	CORDOVA/VALDEZ AK	109.3
9 \$44,289	KODIAK AK	108.7
10 \$44,046	JUNEAU AK	108.1
11 \$43,506	PETERSBURG/WRANGELL AK	106.8
12 \$43,145	NOME AK	105.9
13 \$42,702	YUKON/KUSKOKWIM AK	104.8
14 \$42,568	PALMER/WASILLA AK	104.5
15 \$42,033	SEATTLE S2 WA	103.2
16 \$42,010	SEWARD AK	103.1
17 \$41,755	FAIRBANKS/FORT YUKON AK	102.5
18 \$40,743	ANCHORAGE AK	100.0
19 \$40,740	SEATTLE CMP WA	100.0
20 \$40,401	ICY STRAIT/LYNN CANAL AK	99.2
21 \$39,461	KENAI/COOK INLET AK	96.9
22 \$39,445	SEATTLE S3 WA	96.8

2.1.2 — TABLE I — TOTAL ANNUAL COSTS

THIS TABLE PRESENTS THE ANNUAL COSTS OF MAINTAINING AN EQUIVALENT LIFESTYLE AT EACH OF THE LOCATIONS CONTAINED IN THIS STUDY. IT REFLECTS THE COMBINED ANNUAL COST OF TAXATION, TRANSPORTATION, HOUSING, AND GOODS & SERVICES AND OTHER EXPENSES FOR EACH LOCATION.

MASTER SCHEDULE
OF
RUNZHEIMER LIVING COST STANDARDS
FOR
STATE OF ALASKA
DEPT OF ADMINISTRATION

DATE PREPARED 01/17/95

ID NO. 730027-152130/H0/00/00

DATA BASE DATE 12/94

1. LOCATION: YUKON/KUSKOKWIM STATE: AK
COUNTRY: US

2. ANNUAL FAMILY INCOME: \$ 40,740

3. FAMILY SIZE: 4

EMPLOYEE LIVING COSTS

TAXATION

ANNUAL FAMILY COSTS

4. FEDERAL-STATE-LOCAL
INCOME - F.I.C.A. \$ 6,755

TRANSPORTATION

5. PERSONAL AUTOMOBILES - FIRST CAR \$ 4,263
SECOND CAR \$ 1,583

HOUSING

6. MORTGAGE-PRINCIPAL-INTEREST \$ 7,441
CURRENT HOME VALUE: \$ 92,500
(INTEREST RATE) (9.460%)

7. HOMEOWNER INSURANCE \$ 439

8. GENERAL REAL ESTATE TAXES \$ 144

9. UTILITIES \$ 1,900

10. MAINTENANCE \$ 630

GOODS & SERVICES AND OTHER EXPENSES

11. GOODS & SERVICES \$ 14,094

12. SALES TAXES \$ 0

13. MISCELLANEOUS (INCLUDING SAVINGS) \$ 5,453

14. TOTAL LIVING COSTS \$ 42,702

MASTER SCHEDULE
OF
RUNZHEIMER LIVING COST STANDARDS
FOR
STATE OF ALASKA
DEPT OF ADMINISTRATION

DATE PREPARED 01/17/95

ID NO. 730027-152130/HO/00/00

DATA BASE DATE 12/94

1. LOCATION: WADE HAMPTON STATE: AK
COUNTRY: US

2. ANNUAL FAMILY INCOME: \$ 40,740

3. FAMILY SIZE: 4

EMPLOYEE LIVING COSTS

TAXATION

ANNUAL FAMILY COSTS

4. FEDERAL-STATE-LOCAL
INCOME - F.I.C.A. \$ 6,461

TRANSPORTATION

5. PERSONAL AUTOMOBILES - FIRST CAR \$ 4,452
SECOND CAR \$ 1,652

HOUSING

6. MORTGAGE-PRINCIPAL-INTEREST \$ 8,849
CURRENT HOME VALUE: \$ 110,000
(INTEREST RATE) (9.460%)

7. HOMEOWNER INSURANCE \$ 739

8. GENERAL REAL ESTATE TAXES \$ 780

9. UTILITIES \$ 2,690

10. MAINTENANCE \$ 630

GOODS & SERVICES AND OTHER EXPENSES

11. GOODS & SERVICES \$ 14,704

12. SALES TAXES \$ 309

13. MISCELLANEOUS (INCLUDING SAVINGS) \$ 5,453

14. TOTAL LIVING COSTS \$ 46,719

MASTER SCHEDULE
OF
RUNZHEIMER LIVING COST STANDARDS
FOR
STATE OF ALASKA
DEPT OF ADMINISTRATION

DATE PREPARED 01/17/95

ID NO. 730027-152130/H0/00/00

DATA BASE DATE 12/94

1. LOCATION: STANDARD CITY STATE:
COUNTRY: US

2. ANNUAL FAMILY INCOME: \$ 40,740

3. FAMILY SIZE: 4

EMPLOYEE LIVING COSTS

TAXATION

ANNUAL FAMILY COSTS

4. FEDERAL-STATE-LOCAL
INCOME - F.I.C.A. \$ 7,977

TRANSPORTATION

5. PERSONAL AUTOMOBILES - FIRST CAR \$ 3,471
SECOND CAR \$ 1,006

HOUSING

6. MORTGAGE-PRINCIPAL-INTEREST \$ 5,442
CURRENT HOME VALUE: \$ 68,600
(INTEREST RATE) (9.300%)

7. HOMEOWNER INSURANCE \$ 236

8. GENERAL REAL ESTATE TAXES \$ 1,081

9. UTILITIES \$ 1,640

10. MAINTENANCE \$ 540

GOODS & SERVICES AND OTHER EXPENSES

11. GOODS & SERVICES \$ 11,801

12. SALES TAXES \$ 406

13. MISCELLANEOUS (INCLUDING SAVINGS) \$ 5,453

14. TOTAL LIVING COSTS \$ 39,053

MASTER SCHEDULE
OF
RUNZHEIMER LIVING COST STANDARDS
FOR
STATE OF ALASKA
DEPT OF ADMINISTRATION

DATE PREPARED 01/17/95

ID NO. 730027-152130/HQ/00/00

DATA BASE DATE 12/94

1. LOCATION: SITKA

STATE: AK
COUNTRY: US

2. ANNUAL FAMILY INCOME: \$ 40,740

3. FAMILY SIZE: 4

EMPLOYEE LIVING COSTS

TAXATION

ANNUAL FAMILY COSTS

4. FEDERAL-STATE-LOCAL
INCOME - F.I.C.A.

\$ 6,433

TRANSPORTATION

5. PERSONAL AUTOMOBILES - FIRST CAR
SECOND CAR

\$ 3,731
\$ 1,382

HOUSING

6. MORTGAGE-PRINCIPAL-INTEREST
CURRENT HOME VALUE: \$ 114,000
(INTEREST RATE)

\$ 9,170
(9.460%)

7. HOMEOWNER INSURANCE

\$ 298

8. GENERAL REAL ESTATE TAXES

\$ 667

9. UTILITIES

\$ 2,260

10. MAINTENANCE

\$ 630

GOODS & SERVICES AND OTHER EXPENSES

11. GOODS & SERVICES

\$ 14,031

12. SALES TAXES

\$ 515

13. MISCELLANEOUS (INCLUDING SAVINGS)

\$ 5,453

14. TOTAL LIVING COSTS

\$ 44,570

MASTER SCHEDULE
OF
RUNZHEIMER LIVING COST STANDARDS
FOR
STATE OF ALASKA
DEPT OF ADMINISTRATION

DATE PREPARED 01/17/95

ID NO. 730027-152130/H0/00/00

DATA BASE DATE 12/94

1. LOCATION: SEWARD

STATE: AK
COUNTRY: US

2. ANNUAL FAMILY INCOME: \$ 40,740

3. FAMILY SIZE: 4

EMPLOYEE LIVING COSTS

TAXATION

ANNUAL FAMILY COSTS

4. FEDERAL-STATE-LOCAL
INCOME - F.I.C.A.

\$ 6,677

TRANSPORTATION

5. PERSONAL AUTOMOBILES - FIRST CAR
SECOND CAR

\$ 3,703
\$ 1,370

HOUSING

6. MORTGAGE-PRINCIPAL-INTEREST
CURRENT HOME VALUE: \$ 89,800
(INTEREST RATE)

\$ 7,224
(9.460%)

7. HOMEOWNER INSURANCE

\$ 336

8. GENERAL REAL ESTATE TAXES

\$ 867

9. UTILITIES

\$ 1,900

10. MAINTENANCE

\$ 630

GOODS & SERVICES AND OTHER EXPENSES

11. GOODS & SERVICES

\$ 13,335

12. SALES TAXES

\$ 515

13. MISCELLANEOUS (INCLUDING SAVINGS)

\$ 5,453

14. TOTAL LIVING COSTS

\$ 42,010

MASTER SCHEDULE
OF
RUNZHEIMER LIVING COST STANDARDS
FOR
STATE OF ALASKA
DEPT OF ADMINISTRATION

DATE PREPARED 01/17/95

ID NO. 730027-152130/H0/00/00

DATA BASE DATE 12/94

1. LOCATION: SEATTLE S3

STATE: WA
COUNTRY: US

2. ANNUAL FAMILY INCOME: \$ 40,740

3. FAMILY SIZE: 4

EMPLOYEE LIVING COSTS

TAXATION

ANNUAL FAMILY COSTS

4. FEDERAL-STATE-LOCAL
INCOME - F.I.C.A.

\$ 6,809

TRANSPORTATION

5. PERSONAL AUTOMOBILES - FIRST CAR
SECOND CAR

\$ 3,885

\$ 1,469

HOUSING

6. MORTGAGE-PRINCIPAL-INTEREST
CURRENT HOME VALUE: \$ 77,800
(INTEREST RATE)

\$ 6,047

(9.070%)

7. HOMEOWNER INSURANCE

\$ 206

8. GENERAL REAL ESTATE TAXES

\$ 1,137

9. UTILITIES

\$ 1,240

10. MAINTENANCE

\$ 540

GOODS & SERVICES AND OTHER EXPENSES

11. GOODS & SERVICES

\$ 11,788

12. SALES TAXES

\$ 851

13. MISCELLANEOUS (INCLUDING SAVINGS)

\$ 5,453

14. TOTAL LIVING COSTS

\$ 39,445

MASTER SCHEDULE
OF
RUNZHEIMER LIVING COST STANDARDS
FOR
STATE OF ALASKA
DEPT OF ADMINISTRATION

DATE PREPARED 01/17/95

ID NO. 730027-152130/H0/00/00

DATA BASE DATE 12/94

1. LOCATION: SEATTLE S2

STATE: WA
COUNTRY: US

2. ANNUAL FAMILY INCOME: \$ 40,740

3. FAMILY SIZE: 4

EMPLOYEE LIVING COSTS

TAXATION

ANNUAL FAMILY COSTS

4. FEDERAL-STATE-LOCAL
INCOME - F.I.C.A.

\$ 6,396

TRANSPORTATION

5. PERSONAL AUTOMOBILES - FIRST CAR
SECOND CAR

\$ 3,885
\$ 1,489

HOUSING

6. MORTGAGE-PRINCIPAL-INTEREST
CURRENT HOME VALUE: \$ 111,100
(INTEREST RATE)

\$ 8,636
(9.070%)

7. HOMEOWNER INSURANCE

\$ 242

8. GENERAL REAL ESTATE TAXES

\$ 1,481

9. UTILITIES

\$ 1,240

10. MAINTENANCE

\$ 540

GOODS & SERVICES AND OTHER EXPENSES

11. GOODS & SERVICES

\$ 11,788

12. SALES TAXES

\$ 883

13. MISCELLANEOUS (INCLUDING SAVINGS)

\$ 5,453

14. TOTAL LIVING COSTS

\$ 42,033

MASTER SCHEDULE
OF
RUNZHEIMER LIVING COST STANDARDS
FOR
STATE OF ALASKA
DEPT OF ADMINISTRATION

DATE PREPARED 01/17/95

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DATA BASE DATE 12/94

1. LOCATION: SEATTLE CMP
COMPOSITE

STATE: WA
COUNTRY: US

2. ANNUAL FAMILY INCOME: \$ 40,740

3. FAMILY SIZE: 4

EMPLOYEE LIVING COSTS

TAXATION

ANNUAL FAMILY COSTS

4. FEDERAL-STATE-LOCAL
INCOME - F.I.C.A.

\$ 6,603

TRANSPORTATION

5. PERSONAL AUTOMOBILES - FIRST CAR
SECOND CAR

\$ 3,885

\$ 1,489

HOUSING

6. MORTGAGE-PRINCIPAL-INTEREST
CURRENT HOME VALUE: \$ 94,500

\$ 7,342

7. HOMEOWNER INSURANCE

\$ 224

8. GENERAL REAL ESTATE TAXES

\$ 1,309

9. UTILITIES

\$ 1,240

10. MAINTENANCE

\$ 540

GOODS & SERVICES AND OTHER EXPENSES

11. GOODS & SERVICES

\$ 11,788

12. SALES TAXES

\$ 867

13. MISCELLANEOUS (INCLUDING SAVINGS)

\$ 5,453

14. TOTAL LIVING COSTS

\$ 40,740

MASTER SCHEDULE
OF
RUNZHEIMER LIVING COST STANDARDS
FOR
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DATE PREPARED 01/17/95

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DATA BASE DATE 12/94

1. LOCATION: PETERSBURG/WRANGELL STATE: AK
COUNTRY: US

2. ANNUAL FAMILY INCOME: \$ 40,740

3. FAMILY SIZE: 4

EMPLOYEE LIVING COSTS

TAXATION

ANNUAL FAMILY COSTS

4. FEDERAL-STATE-LOCAL
INCOME - F.I.C.A. \$ 6,609

TRANSPORTATION

5. PERSONAL AUTOMOBILES - FIRST CAR \$ 3,759
SECOND CAR \$ 1,391

HOUSING

6. MORTGAGE-PRINCIPAL-INTEREST \$ 7,642
CURRENT HOME VALUE: \$ 95,000
(INTEREST RATE) (9.460%)

7. HOMEOWNER INSURANCE \$ 276

8. GENERAL REAL ESTATE TAXES \$ 926

9. UTILITIES \$ 2,260

10. MAINTENANCE \$ 630

GOODS & SERVICES AND OTHER EXPENSES

11. GOODS & SERVICES \$ 13,942

12. SALES TAXES \$ 618

13. MISCELLANEOUS (INCLUDING SAVINGS) \$ 5,453

14. TOTAL LIVING COSTS \$ 43,506

MASTER SCHEDULE
OF
RUNZHEIMER LIVING COST STANDARDS
FOR
STATE OF ALASKA
DEPT OF ADMINISTRATION

DATE PREPARED 01/17/95

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DATA BASE DATE 12/94

1. LOCATION: PALMER/WASILLA

STATE: AK
COUNTRY: US

2. ANNUAL FAMILY INCOME: \$ 40,740

3. FAMILY SIZE: 4

EMPLOYEE LIVING COSTS

TAXATION

ANNUAL FAMILY COSTS

4. FEDERAL-STATE-LOCAL
INCOME - F.I.C.A.

\$ 6,525

TRANSPORTATION

5. PERSONAL AUTOMOBILES - FIRST CAR
SECOND CAR

\$ 3,556

\$ 1,316

HOUSING

6. MORTGAGE-PRINCIPAL-INTEREST
CURRENT HOME VALUE: \$ 91,700
(INTEREST RATE)

\$ 7,377

(9.460%)

7. HOMEOWNER INSURANCE

\$ 339

8. GENERAL REAL ESTATE TAXES

\$ 1,734

9. UTILITIES

\$ 1,900

10. MAINTENANCE

\$ 630

GOODS & SERVICES AND OTHER EXPENSES

11. GOODS & SERVICES

\$ 13,532

12. SALES TAXES

\$ 206

13. MISCELLANEOUS (INCLUDING SAVINGS)

\$ 5,453

14. TOTAL LIVING COSTS

\$ 42,568

MASTER SCHEDULE
OF
RUNZHEIMER LIVING COST STANDARDS
FOR
STATE OF ALASKA
DEPT OF ADMINISTRATION

DATE PREPARED 01/17/95

ID NO. 730027-152130/HQ/00/00

DATA BASE DATE 12/94

1. LOCATION: NOME
STATE: AK
COUNTRY: US

2. ANNUAL FAMILY INCOME: \$ 40,740

3. FAMILY SIZE: 4

EMPLOYEE LIVING COSTS

TAXATION

ANNUAL FAMILY COSTS

4. FEDERAL-STATE-LOCAL
INCOME - F.I.C.A. \$ 6,775

TRANSPORTATION

5. PERSONAL AUTOMOBILES - FIRST CAR \$ 4,165
SECOND CAR \$ 1,544

HOUSING

6. MORTGAGE-PRINCIPAL-INTEREST \$ 6,540
CURRENT HOME VALUE: \$ 81,300
(INTEREST RATE) (9.460%)

7. HOMEOWNER INSURANCE \$ 317

8. GENERAL REAL ESTATE TAXES \$ 852

9. UTILITIES \$ 2,690

10. MAINTENANCE \$ 630

GOODS & SERVICES AND OTHER EXPENSES

11. GOODS & SERVICES \$ 13,767

12. SALES TAXES \$ 412

13. MISCELLANEOUS (INCLUDING SAVINGS) \$ 5,453

14. TOTAL LIVING COSTS \$ 43,145

DATE PREPARED 01/17/95

DATA BASE DATE 12/94

STATE: AK
COUNTRY: US

3. FAMILY SIZE: 4

ANNUAL FAMILY COSTS

\$ 6,452

\$ 3,780
\$ 1,400

\$ 8,776
(9.460%)

\$ 363

912

\$ 2,340

\$ 630

\$ 13,565

\$ 618

\$ 5,453

\$ 44,289

MASTER SCHEDULE
OF
RUNZHEIMER LIVING COST STANDARDS
FOR
STATE OF ALASKA
DEPT OF ADMINISTRATION

DATE PREPARED 01/17/95

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DATA BASE DATE 12/94

1. LOCATION: KETCHIKAN

STATE: AK
COUNTRY: US

2. ANNUAL FAMILY INCOME: \$ 40,740

3. FAMILY SIZE: 4

EMPLOYEE LIVING COSTS

TAXATION

ANNUAL FAMILY COSTS

4. FEDERAL-STATE-LOCAL
INCOME - F.I.C.A.

\$ 6,051

TRANSPORTATION

5. PERSONAL AUTOMOBILES - FIRST CAR
SECOND CAR

\$ 3,773
\$ 1,400

HOUSING

6. MORTGAGE-PRINCIPAL-INTEREST
CURRENT HOME VALUE: \$ 130,000
(INTEREST RATE)

\$ 10,457
(9.460%)

7. HOMEOWNER INSURANCE

\$ 299

8. GENERAL REAL ESTATE TAXES

\$ 2,002

9. UTILITIES

\$ 2,260

10. MAINTENANCE

\$ 630

GOODS & SERVICES AND OTHER EXPENSES

11. GOODS & SERVICES

\$ 13,610

12. SALES TAXES

\$ 567

13. MISCELLANEOUS (INCLUDING SAVINGS)

\$ 5,453

14. TOTAL LIVING COSTS

\$ 46,502

MASTER SCHEDULE
OF
RUNZHEIMER LIVING COST STANDARDS
FOR
STATE OF ALASKA
DEPT OF ADMINISTRATION

DATE PREPARED 01/17/95

ID NO. 730027-152130/H0/00/00

DATA BASE DATE 12/94

1. LOCATION: KENAI/COOK INLET STATE: AK
COUNTRY: US

2. ANNUAL FAMILY INCOME: \$ 40,740

3. FAMILY SIZE: 4

EMPLOYEE LIVING COSTS

TAXATION

ANNUAL FAMILY COSTS

4. FEDERAL-STATE-LOCAL
INCOME - F.I.C.A. \$ 6,972

TRANSPORTATION

5. PERSONAL AUTOMOBILES - FIRST CAR \$ 3,654
SECOND CAR \$ 1,352

HOUSING

6. MORTGAGE-PRINCIPAL-INTEREST \$ 4,915
CURRENT HOME VALUE: \$ 61,100
(INTEREST RATE) (9.460%)

7. HOMEOWNER INSURANCE \$ 287

8. GENERAL REAL ESTATE TAXES \$ 573

9. UTILITIES \$ 1,900

10. MAINTENANCE \$ 630

GOODS & SERVICES AND OTHER EXPENSES

11. GOODS & SERVICES \$ 13,210

12. SALES TAXES \$ 515

13. MISCELLANEOUS (INCLUDING SAVINGS) \$ 5,453

14. TOTAL LIVING COSTS \$ 39,461

MASTER SCHEDULE
OF
RUNZHEIMER LIVING COST STANDARDS
FOR
STATE OF ALASKA
DEPT OF ADMINISTRATION

DATE PREPARED 01/17/95

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DATA BASE DATE 12/94

1. LOCATION: JUNEAU

STATE: AK
COUNTRY: US

2. ANNUAL FAMILY INCOME: \$ 40,740

3. FAMILY SIZE: 4

EMPLOYEE LIVING COSTS

TAXATION

ANNUAL FAMILY COSTS

4. FEDERAL-STATE-LOCAL
INCOME - F.I.C.A.

\$ 6,377

TRANSPORTATION

5. PERSONAL AUTOMOBILES - FIRST CAR
SECOND CAR

\$ 3,591
\$ 1,331

HOUSING

6. MORTGAGE-PRINCIPAL-INTEREST
CURRENT HOME VALUE: \$ 108,200
(INTEREST RATE)

\$ 8,704
(9.460%)

7. HOMEOWNER INSURANCE

\$ 266

8. GENERAL REAL ESTATE TAXES

\$ 1,475

9. UTILITIES

\$ 2,260

10. MAINTENANCE

\$ 630

GOODS & SERVICES AND OTHER EXPENSES

11. GOODS & SERVICES

\$ 13,547

12. SALES TAXES

\$ 412

13. MISCELLANEOUS (INCLUDING SAVINGS)

\$ 5,453

14. TOTAL LIVING COSTS

\$ 44,046

MASTER SCHEDULE
OF
RUNZHEIMER LIVING COST STANDARDS
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1. LOCATION: ICY STRAIT/LYNNECANAL STATE: AK
COUNTRY: US

2. ANNUAL FAMILY INCOME: \$ 40,740

3. FAMILY SIZE: 4

EMPLOYEE LIVING COSTS

TAXATION

ANNUAL FAMILY COSTS

4. FEDERAL-STATE-LOCAL
INCOME - F.I.C.A. \$ 6,972

TRANSPORTATION

5. PERSONAL AUTOMOBILES - FIRST CAR \$ 3,752
SECOND CAR \$ 1,391

HOUSING

6. MORTGAGE-PRINCIPAL-INTEREST \$ 4,432
CURRENT HOME VALUE: \$ 55,100
(INTEREST RATE) (9.460%)

7. HOMEOWNER INSURANCE \$ 227

8. GENERAL REAL ESTATE TAXES \$ 617

9. UTILITIES \$ 2,260

10. MAINTENANCE \$ 630

GOODS & SERVICES AND OTHER EXPENSES

11. GOODS & SERVICES \$ 14,152

12. SALES TAXES \$ 515

13. MISCELLANEOUS (INCLUDING SAVINGS) \$ 5,453

14. TOTAL LIVING COSTS \$ 40,401

DATE PREPARED 01/17/95

DATA BASE DATE 12/94

STATE: AK
COUNTRY: US

3. FAMILY SIZE: 4

ANNUAL FAMILY COSTS

\$ 6.797

\$ 3,737
\$ 1,450

\$ 6,025
(9.460%)

\$ 298

\$ 1,190

\$ 2,690

\$ 630

\$ 13,485

\$ 0

\$ 5,453

\$ 41,755

MASTER SCHEDULE
OF
RUNZHEIMER LIVING COST STANDARDS
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DATA BASE DATE 12/94

1. LOCATION: CORDOVA/VALDEZ

STATE: AK
COUNTRY: US

2. ANNUAL FAMILY INCOME: \$ 40,740

3. FAMILY SIZE: 4

EMPLOYEE LIVING COSTS

TAXATION

ANNUAL FAMILY COSTS

4. FEDERAL-STATE-LOCAL
INCOME - F.I.C.A.

\$ 6,354

TRANSPORTATION

5. PERSONAL AUTOMOBILES - FIRST CAR
SECOND CAR

\$ 3,668
\$ 1,358

HOUSING

6. MORTGAGE-PRINCIPAL-INTEREST
CURRENT HOME VALUE: \$ 103,600
(INTEREST RATE)

\$ 8,334
(9.460%)

7. HOMEOWNER INSURANCE

\$ 354

8. GENERAL REAL ESTATE TAXES

\$ 1,980

9. UTILITIES

\$ 2,690

10. MAINTENANCE

\$ 630

GOODS & SERVICES AND OTHER EXPENSES

11. GOODS & SERVICES

\$ 13,720

12. SALES TAXES

\$ 0

13. MISCELLANEOUS (INCLUDING SAVINGS)

\$ 5,453

14. TOTAL LIVING COSTS

\$ 44,541

DATE PREPARED 01/17/95

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STATE: AK
COUNTRY: US

3. FAMILY SIZE: 4

ANNUAL FAMILY COSTS

\$ 6,603

\$ 4,032
\$ 1,496

\$ 8,052
(9.460%)

\$ 528

\$ 585

\$ 2,690

\$ 630

\$ 14,375

\$ 515

\$ 5,453

\$ 44,959

MASTER SCHEDULE
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1. LOCATION: BETHEL STATE: AK
COUNTRY: US

2. ANNUAL FAMILY INCOME: \$ 40,740

3. FAMILY SIZE: 4

EMPLOYEE LIVING COSTS

TAXATION

ANNUAL FAMILY COSTS

4. FEDERAL-STATE-LOCAL
INCOME - F.I.C.A. \$ 6,262

TRANSPORTATION

5. PERSONAL AUTOMOBILES - FIRST CAR \$ 4,053
SECOND CAR \$ 1,502

HOUSING

6. MORTGAGE-PRINCIPAL-INTEREST \$ 8,664
CURRENT HOME VALUE: \$ 107,700
(INTEREST RATE) (9.460%)

7. HOMEOWNER INSURANCE \$ 544

8. GENERAL REAL ESTATE TAXES \$ 2,280

9. UTILITIES \$ 2,690

10. MAINTENANCE \$ 630

GOODS & SERVICES AND OTHER EXPENSES

11. GOODS & SERVICES \$ 14,072

12. SALES TAXES \$ 515

13. MISCELLANEOUS (INCLUDING SAVINGS) \$ 5,453

14. TOTAL LIVING COSTS \$ 46,665

MASTER SCHEDULE
OF
RUNZHEIMER LIVING COST STANDARDS
FOR
STATE OF ALASKA
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1. LOCATION: BARROW/KOTZEBUE STATE: AK
COUNTRY: US

2. ANNUAL FAMILY INCOME: \$ 40,740

3. FAMILY SIZE: 4

EMPLOYEE LIVING COSTS

TAXATION

ANNUAL FAMILY COSTS

4. FEDERAL-STATE-LOCAL INCOME - F.I.C.A. \$ 6,595

TRANSPORTATION

5. PERSONAL AUTOMOBILES - FIRST CAR \$ 4,354
SECOND CAR \$ 1,616

HOUSING

6. MORTGAGE-PRINCIPAL-INTEREST \$ 7,634
CURRENT HOME VALUE: \$ 94,900
(INTEREST RATE) (9.460%)

7. HOMEOWNER INSURANCE \$ 518

8. GENERAL REAL ESTATE TAXES \$ 1,028

9. UTILITIES \$ 2,690

10. MAINTENANCE \$ 630

GOODS & SERVICES AND OTHER EXPENSES

11. GOODS & SERVICES \$ 14,068

12. SALES TAXES \$ 618

13. MISCELLANEOUS (INCLUDING SAVINGS) \$ 5,453

14. TOTAL LIVING COSTS \$ 45,204

MASTER SCHEDULE
OF
RUNZHEIMER LIVING COST STANDARDS
FOR
STATE OF ALASKA
DEPT OF ADMINISTRATION

DATE PREPARED 01/17/95

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DATA BASE DATE 12/94

1. LOCATION: ANCHORAGE

STATE: AK
COUNTRY: US

2. ANNUAL FAMILY INCOME: \$ 40,740

3. FAMILY SIZE: 4

EMPLOYEE LIVING COSTS

TAXATION

ANNUAL FAMILY COSTS

4. FEDERAL-STATE-LOCAL
INCOME - F.I.C.A.

\$ 6,789

TRANSPORTATION

5. PERSONAL AUTOMOBILES - FIRST CAR
SECOND CAR

\$ 3,719
\$ 1,474

HOUSING

6. MORTGAGE-PRINCIPAL-INTEREST
CURRENT HOME VALUE: \$ 75,400
(INTEREST RATE)

\$ 6,065
(9.460%)

7. HOMEOWNER INSURANCE

\$ 303

8. GENERAL REAL ESTATE TAXES

\$ 1,204

9. UTILITIES

\$ 1,900

10. MAINTENANCE

\$ 630

GOODS & SERVICES AND OTHER EXPENSES

11. GOODS & SERVICES

\$ 13,206

12. SALES TAXES

\$ 0

13. MISCELLANEOUS (INCLUDING SAVINGS)

\$ 5,453

14. TOTAL LIVING COSTS

\$ 40,743

MASTER SCHEDULE
OF
RUNZHEIMER LIVING COST STANDARDS
FOR
STATE OF ALASKA
DEPT OF ADMINISTRATION

DATE PREPARED 01/17/95

ID NO. 730027-152130/H0/00/00

DATA BASE DATE 12/94

1. LOCATION: ALEUTIAN ISLANDS STATE: AK
COUNTRY: US

2. ANNUAL FAMILY INCOME: \$ 40,740

3. FAMILY SIZE: 4

EMPLOYEE LIVING COSTS

TAXATION

ANNUAL FAMILY COSTS

4. FEDERAL-STATE-LOCAL
INCOME - F.I.C.A. \$ 6,160

TRANSPORTATION

5. PERSONAL AUTOMOBILES - FIRST CAR \$ 3,717
SECOND CAR \$ 1,376

HOUSING

6. MORTGAGE-PRINCIPAL-INTEREST \$ 10,345
CURRENT HOME VALUE: \$ 128,600
(INTEREST RATE) (9.460%)

7. HOMEOWNER INSURANCE \$ 598

8. GENERAL REAL ESTATE TAXES \$ 1,383

9. UTILITIES \$ 2,690

10. MAINTENANCE \$ 630

GOODS & SERVICES AND OTHER EXPENSES

11. GOODS & SERVICES \$ 14,644

12. SALES TAXES \$ 309

13. MISCELLANEOUS (INCLUDING SAVINGS) \$ 5,453

14. TOTAL LIVING COSTS \$ 47,305

2.1 — PROFILE 1

2.1.1 -- MASTER SCHEDULE

THE MASTER SCHEDULE IS THE FOUNDATION OF THE RUNZHEIMER PLAN OF LIVING COST STANDARDS. IT PROVIDES A DETAILED ANALYSIS OF THE LIVING COSTS FOR EACH SELECTED LOCATION.

EACH MASTER SCHEDULE CONTAINS ONE COLUMN OF BASIC INFORMATION PRESENTING THE CURRENT ANNUAL AMOUNT OF EACH COST ELEMENT. THE AMOUNT DISPLAYED ON THE MORTGAGE-PRINCIPAL-INTEREST LINE IS THE MORTGAGE PRINCIPAL AND INTEREST PAYMENT FOR A NEW MORTGAGE AT THE CURRENT INTEREST RATE.

THE MASTER SCHEDULES ARE USED TO COMPARE THE COST OF THE VARIABLES PRICED IN EACH LOCATION. FOR EXAMPLE, IT IS POSSIBLE TO COMPARE THE COST OF UTILITIES OR ANY OF THE OTHER ITEMIZED COST ELEMENTS AT ALL SELECTED LOCATIONS BY USING THE MASTER SCHEDULES.

SECTION 2 -- COST OF LIVING TABLES

2.0 -- INTRODUCTION

THIS SECTION OF THE RUNZHEIMER PLAN OF LIVING COST STANDARDS CONTAINS THE MASTER SCHEDULES AND TABLES WHICH FACILITATE A COMPARISON OF COSTS BETWEEN LOCATIONS.

STANDARD CITY US IS INCLUDED IN EACH TABLE IN ADDITION TO YOUR SELECTED LOCATIONS. THE RUNZHEIMER STANDARD CITY US IS A MEDIAN COST LOCATION BASED ON AN ANALYSIS OF THE LIVING COSTS IN OVER ONE HUNDRED REPRESENTATIVE UNITED STATES CITIES. STANDARD CITY US IS RESEARCHED ANNUALLY AT VARIOUS INCOME LEVELS.

1.1.4 - HOUSING (CONTINUED)

THE PROFILE 1 HOUSING CHARACTERISTICS ARE AS FOLLOWS:

1,000 SQUARE FEET OF LIVING AREA
5 ROOMS
3 BEDROOMS
1.0 BATHS

1.1.4.1 - HOUSING COST DETERMINATION

BASED UPON THE PRECEDING CHARACTERISTICS, THE CURRENT MARKET VALUE OF THIS STANDARD HOME HAVE BEEN DEVELOPED FOR EACH LOCATION. THE MARKET VALUE IS BASED UPON ACTUAL COMPARABLE HOME SALES IN THE SPECIFIC LIVING COMMUNITY ANALYZED.

1.1.3 - TRANSPORTATION (CONTINUED)

OPERATING EXPENSES:

- A. GASOLINE: GASOLINE COSTS FOR THE AREA OF TRAVEL, PERFORMANCE STANDARDS USED TO ESTABLISH FUEL CONSUMPTION REFLECT THE TRAFFIC PATTERNS AND GEOGRAPHY OF EACH LOCALE.**
- B. OIL/MAINTENANCE/TIRES: ALL NORMAL REPAIR AND PREVENTIVE MAINTENANCE COSTS AS WELL AS NORMAL TIRE REPLACEMENT.**

1.1.4 - HOUSING

HOUSING COSTS ARE BASED UPON STANDARD HOUSING SPECIFICATIONS APPLIED IN EACH LOCATION SELECTED. THE SPECIFICATIONS APPLY TO THE HOME SIZE PROFILE PARAMETER SELECTED. THESE HOUSING STANDARDS, DEVELOPED BY RUNZHEIMER, ARE BASED UPON TRENDS IN HOUSING SIZES AS THEY RELATE TO SPECIFIC INCOME LEVELS AND FAMILY SIZES. THESE HOUSING SPECIFICATIONS ARE THE RESULT OF YEARS OF RESEARCH AND ANALYSIS ON DATA COLLECTED FROM LENDING INSTITUTIONS, REAL ESTATE APPRAISERS, AND, TO A LESSER EXTENT, GOVERNMENT SOURCES.

ACTUAL, RECENT HOME SALES IN EACH LOCATION ARE PROVIDED BY LOCAL REAL ESTATE PROFESSIONALS. THESE DATA ARE GATHERED IN ACCORDANCE WITH STANDARDS ESTABLISHED BY THE SOCIETY OF REAL ESTATE APPRAISERS. THIS "STANDARDS" APPROACH ENSURES CONSISTENCY EVEN THOUGH THE HOMES MAY VARY PHYSICALLY FROM ONE REGION TO ANOTHER.

1.1.1 - LOCATION LIST (CONTINUED)

WADE HAMPTON AK
YUKON/KUSKOKWIM AK

ST MARYS
MC GRATH

1.1.2 - TAXATION

THE TAXATION DATA PRESENTED IN THIS REPORT INCLUDE ANNUAL FEDERAL, STATE, AND LOCAL INCOME TAXES AS WELL AS SOCIAL SECURITY. SALES TAXES ARE DISPLAYED SEPARATELY. THE TAX CALCULATIONS ARE BASED UPON THE ANNUAL INCOME AND FAMILY SIZE SELECTED FOR THIS PROFILE AND THE CURRENT TAX REGULATIONS AND RATES FOR THE SPECIFIC LOCATIONS COMPARED. IN ORDER TO MORE ACCURATELY DETERMINE TAX LIABILITIES, THE CALCULATION IS BASED UPON ITEMIZED DEDUCTION PATTERNS FOR THE LOCATION AND PROFILE AS REPORTED TO THE INTERNAL REVENUE SERVICE.

1.1.3 - TRANSPORTATION

PERSONAL AUTOMOBILES: THE SPECIFICATIONS FOR CALCULATING AUTOMOBILE EXPENSES ARE ESTABLISHED BY RUNZHEIMER. THE SELECTION OF THE NUMBER OF AUTOMOBILES COSTED IS BASED ON THE INCOME LEVEL AND FAMILY SIZE. THE TYPES OF AUTOMOBILES COSTED BY RUNZHEIMER REFLECT THOSE TYPICALLY OWNED BY FAMILIES AT THE PROFILE ANNUAL INCOME. THE STANDARD ANNUAL DISTANCES DRIVEN ARE USED TO DERIVE COSTS FOR THE OPERATING EXPENSES OF THE SPECIFIED AUTOMOBILE.

THE PERSONAL, NON-BUSINESS AUTOMOBILE(S) AND STANDARD DISTANCES DRIVEN FOR PROFILE 1 ARE (IS) AS FOLLOWS:

FOR LOCATIONS IN	YEAR	MAKE	MODEL	STANDARD ANNUAL MILEAGE
THIS STUDY	1991	CHEVROLET	LUMINA	14,000
	1990	CHEVROLET	TEMP GL	6,000

THE SPECIFIC ANNUAL COST ELEMENTS FOR OWNING AND OPERATING ONE OR MORE PERSONAL, NON-BUSINESS AUTOMOBILES ARE DEVELOPED FOR EACH LOCATION AND INCLUDE:

CORRECTION

**THE FOLLOWING DOCUMENT(S)
HAVE BEEN REFILMED TO
ASSURE LEGIBILITY OR PAGINATION**



Rev. 6/98

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Department of Education
State of Alaska

1.1.1 - LOCATION LIST (CONTINUED)

WADE HAMPTON AK
YUKON/KUSKOKWIM AK

ST MARYS
MC GRATH

1.1.2 - TAXATION

THE TAXATION DATA PRESENTED IN THIS REPORT INCLUDE ANNUAL FEDERAL, STATE, AND LOCAL INCOME TAXES AS WELL AS SOCIAL SECURITY. SALES TAXES ARE DISPLAYED SEPARATELY. THE TAX CALCULATIONS ARE BASED UPON THE ANNUAL INCOME AND FAMILY SIZE SELECTED FOR THIS PROFILE AND THE CURRENT TAX REGULATIONS AND RATES FOR THE SPECIFIC LOCATIONS COMPARED. IN ORDER TO MORE ACCURATELY DETERMINE TAX LIABILITIES, THE CALCULATION IS BASED UPON ITEMIZED DEDUCTION PATTERNS FOR THE LOCATION AND PROFILE AS REPORTED TO THE INTERNAL REVENUE SERVICE.

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THE PERSONAL, NON-BUSINESS AUTOMOBILE(S) AND STANDARD DISTANCES DRIVEN FOR PROFILE 1 ARE (IS) AS FOLLOWS:

FOR LOCATIONS IN	YEAR	MAKE	MODEL	STANDARD ANNUAL MILEAGE
THIS STUDY	1991	CHEVROLET	LUMINA	14,000
	1990	CHEVROLET	TEMP GL	6,000

THE SPECIFIC ANNUAL COST ELEMENTS FOR OWNING AND OPERATING ONE OR MORE PERSONAL, NON-BUSINESS AUTOMOBILES ARE DEVELOPED FOR EACH LOCATION AND INCLUDE:

1.1 - PROFILE 1

THE ANNUAL INCOME, FAMILY SIZE, AND THE BASIS FOR HOUSING COSTS CONSTITUTE THE CLIENT SUPPLIED PARAMETERS USED IN PREPARING THIS CUSTOMIZED COST-OF-LIVING REPORT. THE FOLLOWING PARAMETERS ARE USED FOR PROFILE 1:

PROFILE 1

ANNUAL INCOME: \$40,740
FAMILY SIZE: 4 PERSONS
HOUSING BASIS: HOMEOWNERSHIP

1.1.1 - LOCATION LIST

THE FOLLOWING LOCATION LIST IDENTIFIES EACH ELECTION DISTRICT IN THE STATE OF ALASKA. THIS LIST CORRESPONDS TO THE LIVING COMMUNITIES LIST WHICH IDENTIFIES THE COMMUNITIES SELECTED AS REPRESENTATIVE LOCALES WITHIN EACH DISTRICT.

LOCATION	LIVING COMMUNITIES
ALEUTIAN ISLANDS AK	UNALASKA/DUTCH HARBOR
ANCHORAGE AK	ANCHORAGE
BARROW/KOTZEBUE AK	KOTZEBUE
BETHEL AK	BETHEL
BRISTOL BAY AK	DILLINGHAM
CORDOVA/VALDEZ AK	VALDEZ
FAIRBANKS/FORT YUKON AK	FAIRBANKS
ICY STRAIT/LYNN CANAL AK	HAINES
JUNEAU AK	JUNEAU
KENAI/COOK INLET AK	KENAI
KETCHIKAN AK	KETCHIKAN
KODIAK AK	KODIAK
NOME AK	NOME
PALMER/WASILLA AK	PALMER
PETERSBURG/WRANGELL AK	PETERSBURG
SEATTLE S2 WA	REDMOND, WOODINVILLE
SEATTLE S3 WA	LAKEWOOD CENTER, PUYALLUP, TACOMA
SEWARD AK	SEWARD
SITKA AK	SITKA

SECTION 1 - REPORT SPECIFICATIONS FOR

**STATE OF ALASKA
DEPT. OF ADMINISTRATION**

1.0 - INTRODUCTION

THIS SECTION OF THE RUNZHEIMER PLAN OF LIVING COST STANDARDS DETAILS THE PARAMETERS SELECTED BY YOUR ORGANIZATION, THE COSTING STANDARDS ESTABLISHED BY RUNZHEIMER BASED UPON THESE PARAMETERS, AND THE LOCATIONS ANALYZED. A DISCUSSION OF THE REPORT SPECIFICATIONS IS PROVIDED IN EACH OF THE MAJOR COST AREAS OF TAXATION, TRANSPORTATION, HOUSING, GOODS & SERVICES AND OTHER EXPENSES FOR EACH INDIVIDUAL PROFILE SELECTED.

SUBSECTION 1.1 PROVIDES THE REPORT SPECIFICATIONS FOR PROFILE 1 WHICH IS BASED ON AN ANNUAL INCOME LEVEL OF \$40,740 FOR A FAMILY OF 4 AS HOMEOWNERS.

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1.1.2 - TAXATION

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1.1.4 - HOUSING

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5.5 - GOODS & SERVICES INDEX COMPUTATION

January 31, 1995

Mr. Michael G. McKennett
Project Manager
State of Alaska
Department of Administration
P. O. Box 110201
Juneau, Alaska 99811-0201

Dear Mr. McKennett:

We are pleased to enclose the Runzheimer Living Cost Report prepared especially for State of Alaska.

This Homeowner Report is based on a family of four with an annual income of \$40,740.

Key sections in this Report have been appropriately tabbed to guide you in your review and understanding.

Finally, it should be pointed out that this Report incorporates all Federal tax law changes effective in 1994.

We have enjoyed the opportunity to develop this Report for you and State of Alaska, and we look forward to working with you.

Sincerely,

Rod Reimann

Rod Reimann CRP
Consultant
Living Cost Division
Runzheimer and Company

rls
Encs.

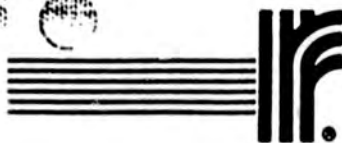


Runzheimer International Runzheimer Park, Rochester, Wisconsin 53167 USA (414) 767-2200 FAX (414) 767-2254
(800) 558-1702
management consultants for travel and living costs

THE RUNZHEIMER PLAN OF LIVING COST STANDARDS

STATE OF ALASKA

DECEMBER 1994



Runzheimer International Runzheimer Park, Rochester, Wisconsin 53167 USA
Runzheimer and Company • living cost division
management consultants for travel and living costs

(414) 767-2200 Fax (414) 767-2254
(800) 558-1702

SECTION B. THE RUNZHEIMER PLAN OF LIVING COST STANDARDS

The data used by the Division of Personnel and Office of Equal Employment Opportunity to make the findings and recommendations in this report were based on *The Runzheimer Plan of Living Cost Standards* in this section.

Runzheimer International was established in 1933 as a consulting firm dedicated to serving clients through primary research, policy development, and standard costing reimbursement systems. Approximately 2,000 businesses and governmental agencies are served by Runzheimer each year.

Determining and isolating comparative living costs from location to location is a very exacting process due to the many variables involved and the "immediacy" of the data required. The Runzheimer data in this report provides detailed cost standards, tailored to income level, specific living communities in Alaska, housing characteristics, and family size.

Profiling is a key step in the process of preparing meaningful living cost data. Runzheimer, through extensive research, has established relationships between employee's income and house size, living communities, and various other factors. Once profiles are established, Runzheimer carries out primary data research and incorporates the data into an up-to-date, accurate living cost report.

The Runzheimer data has been designed to provide the State of Alaska with a tool for calculating accurate and fair cost of living differentials. The analyses of costs for locations weighs all the cost pluses and minuses. Included in these analyses are income taxes, transportation, housing, goods & services, and sales taxes. The equal and comprehensive comparison of the same things results in accurate differentials.

Table 3 illustrates how a tiered system would work in assigning pay differentials by election district.

TABLE 3. PROPOSED PAY DIFFERENTIAL BY HOUSE ELECTION DISTRICT AND IN OTHER STATES				
1961 HOUSE ELECTION DISTRICTS		1994 HOUSE ELECTION DISTRICTS (#)	DIFFERENTIALS	
#	NAME		TIER #	PERCENT
1	Ketchikan/Prince of Wales	1	3	14.0
2/3	Petersburg/Wrangell/Sitka	2	2	7.0
4	Juneau	3,4	2	7.0
5	Icy Strait/Lynn Canal	5	1	0.0
6	Cordova/Valdez	35	2	7.0
7	Palmer/Wasilla	26, 27, 28	2	7.0
8	Anchorage	10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25	1	0.0
9	Seward	8	1	0.0
10	Kenai/Cook Inlet	7, 9	1	0.0
11	Kodiak	6	2	7.0
12	Aleutian Islands	40	3	14.0
13/14	Bristol Bay/Bethel	39	3	14.0
15	Yukon/Kuskokwim	36	2	7.0
16	Fairbanks/Fort Yukon	29, 30, 31, 32, 33, 34	1	0.0
17	Barrow/Kotzebue	37	3	14.0
18/19	Nome/Wade Hampton	38	2	7.0
N/A	Seattle CMP	N/A	1	0.0

RECOMMENDATIONS:

1. The provisions of AS 39.27.020 should be amended and the geographic base for determining cost of living differentials should be changed from the 1961 election districts to the 1994 election districts.
2. Change the differential pay system in AS 39.27.020(a) to a three tiered system based on the results of the most recent geographic differential study. The Anchorage election districts would be established as the base for determining relative living cost differentials. The tiers are described as follows:

Tier 1. All election districts where the living cost differential is within +/- 3.5% of the Anchorage cost of living index. Employees in these districts would receive the base pay without any differential.

Tier 2. Employees in districts where the living cost index is within +/- 3.5% of 7% greater than Anchorage employees in these districts would receive a 7% differential.

Tier 3. Employees in districts where the living cost index is within +/- 3.5% of 14% greater than Anchorage districts would receive a 14% differential.

schedule pay step (AS 39.27.011.) The four districts are: (1) Cordova/Valdez, (2) Seward, (3) Kodiak, and (4) Fairbanks/Fort Yukon.

In some cases the differentials changed substantially. For example, in four remote, rural districts which historically have had among the highest costs of living, the study indicated that the relative cost of living differentials declined by six or more pay steps in four election districts: (1) Bethel, (2) Yukon/Kuskokwim, (3) Barrow/Kotzebue, and (4) Nome. However, notwithstanding the declines in cost of living, Bethel and Barrow/Kotzebue remain among the five highest districts in terms of living costs.

The results of study when compared to the 1972 and 1985 geographic differentials yield additional findings:

- The relative cost of living in only two districts - District #1, Ketchikan/Prince of Wales, and District #4, Juneau - increased between both the 1972 and 1985 studies and the 1985 and 1995 studies. In general it appeared that while relative living costs were declining in much of the rest of the State, the relative cost of living was increasing for employees in S.E. Alaska with the exception of the Icy Strait/Lynn Canal district which is experiencing a slump in the cost of housing and had the lowest home market values and housing expense differentials for the state.
- In contrast nine election districts showed sustained relative declines between both the 1972 and 1985 studies and the 1985 and 1995 studies. These districts included: District #5, Icy Strait/Lynn Canal; District #6, Cordova/Valdez; District #10, Kenai/Cook Inlet; District #11, Kodiak; District #12, Aleutian Islands; District #15, Yukon/Kuskokwim; District #16, Fairbanks/Fort Yukon; District #18, Nome; and, District #19, Wade Hampton.
- Predictably, the relative cost of living in Seattle has increased and is now for the first time equivalent to Anchorage living costs.
- Not as predictably, the relative cost of living for two election districts in Alaska - District #5, Icy Strait/Lynn Canal; and District #10, Kenai/Cook Inlet - has fallen below the Seattle cost of living.

In summary, the results of the geographic differential study indicate substantial changes for most election districts in relative living costs. While the cost of living differentials have in general increased in S.E. Alaska, they have declined in many rural districts.

Summary of Results and Findings:

The results of *The Runzheimer Plan of living Cost Standards* are the cost of living differentials for each of the 19 House Election Districts as compared to the cost of living in the Seattle Composite area. Table 2 summarizes these results. Runzheimer's detailed analysis of the living costs for each selected living community are provided in *The Runzheimer Plan of Living Cost Standards*, Section 2. Cost of Living Tables.

TABLE 2. COMPARISON OF THE RESULTS OF THE 1995 STUDY DIFFERENTIALS WITH THE 1972 AND 1985 DIFFERENTIALS						
1961 ELECTION DISTRICT		COST OF LIVING DIFFERENTIALS				
#	NAME	1972	1985		1995	
		INDEX	INDEX	CHANGE 1972-1985	INDEX	CHANGE 1985-1995
1	Ketchikan/Prince of Wales	1.000	1.02	0.020	1.141	0.121
2	Petersburg/Wrangell	1.035	0.98	(0.055)	1.068	0.088
3	Sitka	1.035	1.01	(0.025)	1.094	0.084
4	Juneau	1.000	1.03	0.030	1.081	0.051
5	Icy Strait/Lynn Canal	1.071	1.05	(0.021)	0.992	(0.058)
6	Cordova/Valdez	1.148/ 1.188	1.11	(0.038)	1.093	(0.017)
7	Palmer/Wasilla	1.035	0.94	(0.095)	1.045	0.105
8	Anchorage	1.000	1.00	0.000	1.000	0.000
9	Seward	1.071	1.00	(0.071)	1.031	0.031
10	Kenai/Cook Inlet	1.071	1.01	(0.061)	0.969	(0.041)
11	Kodiak	1.071	1.06	(0.011)	1.087	0.027
12	Aleutian Islands	1.272	1.26	(0.012)	1.161	(0.099)
13	Bristol Bay	1.272	1.29	0.018	1.104	(0.186)
14	Bethel	1.317	1.39	0.073	1.145	(0.245)
15	Yukon/Kuskokwim	1.363	1.29	(0.073)	1.048	(0.242)
16	Fairbanks/Fort Yukon	1.148/ 1.363	1.03	(0.118)	1.025	(0.005)
17	Barrow/Kotzebue	1.363	1.45	0.087	1.110	(0.340)
18	Nome	1.363	1.33	(0.033)	1.059	(0.271)
19	Wade Hampton	1.317	1.26	(0.057)	1.147	(0.113)
20	Seattle	0.867	0.86	(0.007)	1.000	0.140

The results of the 1995 geographic differential study when compared to the 1985 differentials indicate that the differentials changed in all districts. There were only four of the 19 districts where differentials changed by less than 3.5%, approximately the equivalent of one statutory

**TABLE 1. SUMMARY OF GEOGRAPHIC DIFFERENTIAL COSTS OF
LIVING BY ELECTION DISTRICTS AND LIVING COMMUNITIES
DECEMBER, 1994**

1961 ELECTION DISTRICT		LIVING COMMUNITY (LOCATION)	1994 ELECTION DISTRICT (#)	ANNUAL LIVING COST COMPARISONS		
#	NAME			DOLLAR (\$)	INDEX (%)	RANK (#)
1	Ketchikan/Prince of Wales	Ketchikan	1	46,502	114.1	4
2	Petersburg/Wrangell	Petersburg	2	43,506	106.8	11
3	Sitka	Sitka	2	44,570	109.4	7
4	Juneau	Juneau	3,4	44,046	108.1	10
5	Icy Strait/Lynn Canal	Haines	5	40,401	99.2	20
6	Cordova/Valdez	Valdez	35	44,541	109.3	8
7	Palmer/Wasilla	Palmer	26, 27, 28	42,568	104.5	14
8	Anchorage	Anchorage	10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25	40,743	100.0	18
9	Seward	Seward	8	42,010	103.1	16
10	Kenai/Cook Inlet	Kenai	7, 9	39,461	96.9	21
11	Kodiak	Kodiak	6	44,289	108.7	9
12	Aleutian Islands	Unalaska/Dutch Harbor	40	47,305	116.1	1
13	Bristol Bay	Dillingham	39	44,959	110.4	6
14	Bethel	Bethel	39	46,665	114.5	3
15	Yukon/Kuskokwim	McGrath	36	42,702	104.8	13
16	Fairbanks/Fort Yukon	Fairbanks	29, 30, 31, 32, 33, 34	41,755	102.5	17
17	Barrow/Kotzebue	Kotzebue	37	45,204	111.0	5
18	Nome	Nome	38	43,145	105.9	12
19	Wade Hampton	St. Marys	38	46,719	114.7	2
N/A	N/A	Seattle Composite (CMP)	N/A	40,740	100.0	19
N/A	N/A	Seattle S2 - Redmond & Woodinville	N/A	42,033	103.2	15
N/A	N/A	Seattle S3 - Lakewood Center, Puyallup & Tacoma	N/A	39,445	96.8	22

legislature. Additional studies were conducted in 1972, 1976 - although the 1976 study remained unpublished - and 1985.

The earlier geographic differential studies were conducted by the State using in-house staff. However, the last geographic differential study - *The Alaska Geographic Differential Study, 1985* - was prepared under contract with the Division of Labor Relations by The McDowell Group, a Juneau-based research firm, and Alaska Attitudes, Inc., an Anchorage based research firm. It was the first statewide cost of living study based on primary research since 1972. Contractor costs were in excess of \$350,000. The study took 8 months to complete and represents one of the most extensive and complex survey research and cost of living analysis projects undertaken in Alaska.

According to the authors of the 1985 study, it was the largest in terms of communities (91), households (2,478) and retail outlets (2,106) surveyed; and, it was the most comprehensive in terms of market basket composition, statistical sampling procedure, and differential measurement techniques. Although not adopted by the legislature, the 1985 study results - modified by an arbitrator's decision - were incorporated into various collective bargaining agreements.

In 1994 the division, under a court order to prepare a new salary survey and geographic differential study, undertook a new study of the cost of living geographic differentials. Because in-house staff and staff at the Department of Labor's Research & Analysis Section had limited background and expertise in preparing geographic differential studies and there were no other studies available to the State that were comprehensive enough to meet the requirements of the law, the division decided to contract for the geographic differential study. Runzheimer International was selected to prepare the study.

The 1995 geographic differential study, like the 1985 study, is based on primary research. However, in contrast to the 1985 study, the 1995 geographic differential study was not well funded. It is in comparison a "bargain basement" study completed in less than a month at a cost of \$20,000. The living communities surveyed were limited to 22. The market basket composition is not nearly as comprehensive. No household surveys were made.

Study Methodology:

Runzheimer International's project design was based on the guidelines in the division's Request for Proposal. The report specifications, report production methodology, and cost of living tables are listed and described in detail in Section B. *The Runzheimer Plan of Living Cost Standards*. Table 1 provides the living communities surveyed by election district. In conducting the survey, living communities were established by 1961 election districts. In some cases this study specification resulted in some 1994 election districts having no representative living community. For example Palmer was surveyed for 1961 District 7. Palmer is now in 1994 District 27. No locations in 1994 Districts 26 and 28 were surveyed.

PART II. 1995 STATE OF ALASKA GEOGRAPHIC DIFFERENTIAL REPORT

The *1995 State of Alaska Geographic Differential Report* is the second part of the *1994 Salary Survey Report*. It consists of two sections. Section A is a summary containing the purpose of the report, background information, findings, and recommendations. Section B is the full *Runzheimer Plan of Living Cost Standards* report prepared by Runzheimer International, a private research firm based in Rochester, Wisconsin. It contains the detailed results, methodology, and statistical information used as a basis for the report's findings and recommendations.

SECTION A. SUMMARY

Purpose of the Study:

The State of Alaska in setting a salary structure requires a standardized and reliable method of compensating employees for geographic differences in the cost of living. Such a system is referred to as a geographic pay differential program or schedule. The *1995 State of Alaska Geographic Differential Report* was developed primarily with that in mind. Its purposes are to compare and contrast the differences between the cost of living in each of the various election districts and Seattle; and, to make recommendations to the legislature.

It is important to note that the findings and recommendations in this report and the results of the geographic differential study do not determine state employee pay levels, but only differences in living costs in various communities and election districts. Pay levels are determined through the process of classification, labor negotiations, and legislative decision-making.

Background Information:

The *1995 State of Alaska Geographic Differential Report* is the most recent in a series of geographic differential studies dating back to statehood. All of these studies were undertaken principally to comply with a legal mandate that requires the Director of the Division of Personnel to conduct an annual salary survey that in part reflects the costs of living in the various election districts of the state. To do this the State has periodically prepared, or contracted out the preparation of, studies to determine by election district the cost of living differentials.

The State of Alaska conducted statewide studies of housing and food costs in 1970, which resulted in 1971 in the last update of differentials for state employee adopted by the

SCOMM

101:99

RIEGER PRESENTATION
LONG RANGE FINANCIAL PLANNING COMMISSION
17 JUNE 1995

A). PORTFOLIO MANAGEMENT

- Asset Allocation
- Volatility/Risk Tolerance
- Effect of 5-Year Averaging

B). CONCEPT OF REAL EARNINGS

Total Return is partly "return of capital", partly "real earnings".

Inflation-proofing is reinvestment of the return-of-capital portion. Real return is the rest.

Realized versus unrealized gain is a timing question.

C). Payout Rule: same statutory formula as today.

Exception: calculated on real earnings.

Result: roughly half of real earnings to dividends, half to general fund (or earnings reserve).

Five year average is important.

Some need for earnings reserve account.

D). Link of dividends to performance of fund.

Protects against "directed" investments.

Alaska State Senate

SENATOR STEVE RIEGER
District 1



Senate Finance Committee
Chair, Senate Transportation Committee

Legislative Budget and Audit Committee
Administrative Regulation Review Committee
Legislative Council

During Session:
State Capitol, Room 516
Juneau, Alaska 99801
(907) 465-3879

716 West 4th Avenue, Suite 530
Anchorage, Alaska 99501
(907) 258-8188

SENATE BILL 51

-AN ACT RELATING TO THE INCOME OF THE PERMANENT FUND-

- SPONSOR STATEMENT
- PERMANENT FUND TRUSTEES' POSITION PAPER, 2/25/95
- PERMANENT FUND PROJECTIONS, January, 1995
- ALASKA POPULATION PROJECTIONS, March 1992
- IBBOTSON REPORT- Asset Allocation Study of the Alaska Permanent Fund Report dated January, 1994
- "Real Dollars Now Means Real Dividends Later" by Tim Bradner
Anchorage Daily News, January 8, 1995
- EXECUTIVE SUMMARY - Knowles/Ulmer Policy Transition Teams' Report, dated January, 1995

Alaska State Senate

SENATOR STEVE RIEGER
District I

Senate Finance Committee
Chair, Senate Transportation Committee

Legislative Budget and Audit Committee
Administrative Regulation Review Committee
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SENATE BILL 51

-AN ACT RELATING TO THE INCOME OF THE PERMANENT FUND-

Senate Bill 51 places into statute the concept of "real earnings" and applies that concept to the provisions for the uses of Permanent Fund earnings.

CONCEPT OF REAL EARNINGS:

There are several ways in which income of a fund can be calculated. When all cash receipts are counted without regard to the effects of inflation, the earnings are often referred to as "*nominal earnings*." In contrast, "*real earnings*" are the amount by which nominal earnings exceed inflation.

For any long-term preservation of a fund, and particularly in times of any significant inflation, the concept of real earnings is extremely important to the management of an endowment fund. Any endowment which is designed to last for a sustained period of time must be concerned about its purchasing power and earning power. Inflation tends to erode a fund; to offset this a fund must grow (in nominal terms) at the same rate as inflation just to preserve its purchasing or earning power. In this context, a fund can afford only to pay out earnings which are in excess of the rate of inflation -- real earnings.

APPROPRIATENESS FOR THE PERMANENT FUND:

I believe that voters, in establishing the Permanent Fund, intended for the Fund to be truly permanent in the sense that its purchasing power and earning power should not be eroded over time. In this context, a real earnings approach is most appropriate for the Permanent Fund. The only money which should be put on the table for use each year is real earnings.

SB 51 - An Act relating to the income of the Permanent Fund
Sponsor Statement
Page Two

In contrast, under present statutes all of the *nominal* earnings are put on the table for appropriation each year. The Legislature then allocates the earnings to dividends, inflation-proofing, and the earnings reserve account. With SB 51, the inflation-proofing would be automatic and the Legislature would provide for the allocation of real earnings between the dividends and the earnings reserve account.

EFFECT ON PERMANENT FUND EARNINGS RESERVE:

Since there would be no further need to reserve earnings for inflation-proofing, the required size of the Permanent Fund Earnings Reserve (PFER) is not as great. There would, however, be a reason to retain some amount in the PFER to cover 5-year averaging provisions, such as the payout rule on dividends, regardless of whether the real earnings concept is used. SB 51 is silent on the issue of the PFER and does not require any change from present PFER policy.

EFFECT ON DIVIDENDS:

The bill leaves untouched the underlying formula for calculation of dividends. This formula prescribes a payment of approximately half of earnings. However, since the earnings on which dividends are based are real earnings rather than nominal earnings, the underlying formula will indicate a slower rate of long-term growth in dividends, and could indicate a temporary drop in the amount transferred to the dividend fund, depending on the Permanent Fund's actual performance in the next few years. These transfers are shown under a variety of earnings assumptions in the attached financial forecasts.

It should be pointed out that the amount actually transferred to pay dividends each year has been made by legislative appropriation. Even with SB 51, the legislature maintains its ability to appropriate an amount different from that prescribed by the underlying formula. The legislature may choose to pay an amount higher than the formula indicates, but SB 51 is designed to deter appropriations greater than the fund's *total* real earnings performance.

OTHER CHANGES:

One additional change, although minor, is that the effect of inflation on the fund will be calculated using the average annual balance of the Fund, rather than the Permanent Fund's present practice of using the balance as of the end of the year.

SUMMARY:

The overall effect of SB 51 will be that the Permanent Fund will be made more permanent, because the question of inflation-proofing will be removed from the annual process of allocating earnings. Earnings will be more realistic, as they are reflective of the actual economic earnings of the Fund. However, the effect of converting to a real earnings basis for the annual allocation process will also lower the amount put on the table for appropriation each year. The result of passing SB 51 will be better protection for the Fund, and a better representation to the State of the maximum amount which properly could be used each year.

SENATE BILL NO. 51

IN THE LEGISLATURE OF THE STATE OF ALASKA

NINETEENTH LEGISLATURE - FIRST SESSION

BY SENATORS RIEGER, Pearce

Introduced: 1/25/95

Referred: STA, FIN

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to income of the permanent fund; and providing for an effective
2 date."

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

4 * Section 1. AS 37.13.140 is amended to read:

5 Sec. 37.13.140. INCOME. (a) Real [NET] income of the fund includes
6 income of the earnings reserve account established under AS 37.13.145. Real [NET]
7 income of the fund shall be computed annually as of the last day of the fiscal year and
8 shall be equal to net income calculated in accordance with generally accepted
9 accounting principles, excluding

10 (1) any unrealized gains or losses; and

11 (2) an amount determined by the corporation to be sufficient to
12 offset the effect of inflation on principal of the fund.

13 (b) The amount calculated under (a)(2) of this section shall be treated as
14 a return of capital to the principal of the fund and shall be transferred by the



RECEIVED 1-20-8 1995

Alaska Permanent Fund Corporation

P.O. Box 25500 Juneau, Alaska 99802-5500

(907) 465-2047

MEMORANDUM

DATE: February 27, 1995

TO: Senator Steve Rieger

FROM: Byron I. Mallott *[Signature]*
Executive Director

SUBJECT: Trustees' Position on SB 51

This is to inform you that the Board of Trustees did discuss Senate Bill No. 51 at their meeting on February 24. They stated that they did not intend to take a position on the bill itself, but that they were supportive of any changes to existing law which would enhance their ability to protect the principal of the Permanent Fund. Certainly, that portion of SB 51 which makes inflation-proofing the highest priority use would be such a change.

There is another portion of the bill which would change the dividend formula by basing it on "real" income rather than "net" income. That proposal falls outside the scope of what previous boards -- as well as the current board -- view as their area of responsibility.

I would request that the Board be given the opportunity to comment again at a later date if the bill undergoes any substantive changes as it moves through the legislative process.

As always, the staff of the Corporation would be pleased to respond to any requests for financial analysis of any legislative proposal relating to the Permanent Fund.

c: Board of Trustees
Pat Pourchot, Governor's Legislative Director
Jim Kelly, Research & Liaison Officer

Alaska State Senate

SENATOR STEVE RIEGER
District 1

Senate Finance Committee
Chair, Senate Transportation Committee

Legislative Budget and Audit Committee
Administrative Regulation Review Committee
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PERMANENT FUND PROJECTIONS:

The attached projections from the Alaska Permanent Fund Corporation show the effect of different earnings assumptions on the size of the Permanent Fund, as well as the amount of each year's earnings and transfers to the dividend fund, through the year 2000.

The first forecasts provided by the Permanent fund Corporation are based on recent investment performance and long-standing assumptions which the Corporation has used regarding nominal earnings and inflation.

At my request, the Permanent Fund Corporation also did additional runs, which reflect the higher earnings assumptions suggested in the Ibbotson Associates' report (enclosed). The Ibbotson report was commissioned by the Legislative Budget and Audit Committee and completed January 1994. This report recommends a target portfolio which is higher-yielding than its present portfolio because of a greater amount of assets invested in higher-yielding securities. This return was estimated by Ibbotson to be 10.31%. The attached projections include assumptions of 10.31% nominal earnings and 6% inflation; and assumptions of 10.31% nominal earnings and 4% inflation. Finally, the projections are stated in nominal dollars and inflation-adjusted dollars.



Alaska Permanent Fund Corporation

FINANCIAL PROJECTIONS (in millions)

as of January 31, 1995

GROWTH OF FUND PRINCIPAL

FY	FY Begin Balance	Appropriations	Dedicated State Revenues*	Inflation-Proofing	FY End Balance	Inflation-Proofing Shortfall
'8	0		54		54	
'9	54		84		139	
'10	139		344		483	
'11	483	300	385		1,769	
'12	1,769	800	400		2,969	
'13	2,969	400	421	231	4,021	
'14	4,021	300	368	151	4,838	
'15	4,838	300	368	235	5,741	
'16	5,741		323	216	6,281	
'17	6,281	1,264 **	170	148	7,864	
'18	7,864		418	303	8,585	
'19	8,585		228	360	9,173	
'20	9,173		267	454	9,894	
'21	9,894		435	559	10,888	
'22	10,888		338	477	11,703	
'23	11,703	5 ***	315	362	12,385	
'24	12,385	6 ***	210	372	12,973	
'25	12,973	5	212	344	13,534	
'26	13,534	6	198	515	14,253	
'27	14,253	7	194	542	14,996	
'28	14,996	7	185	570	15,757	
'29	15,757	8	169	598	16,532	
'30	16,532	6	160	1,002	17,699	
'31	17,699	6	145	1,071	18,921	
'32	18,921	7	130	1,143	20,201	
'33	20,201	7	117	1,219	21,545	
'34	21,545	8	105	1,299	22,958	
'35	22,958	9	94	1,383	24,444	
'36	24,444	10	87	1,472	26,012	
'37	26,012	11	81	1,566	27,669	
'38	27,669	12	76	1,665	29,421	
'39	29,421	13	70	1,770	31,273	
'40	31,273	14	67	1,880	33,234	

Cumulative Totals Projected

For FY 1995 - 2010: 2,023 18,037

REALIZED RATE OF RETURN ASSUMPTIONS:

	Nominal	Inflation	Real
FY 95-	6.49%	2.61%	3.88%
FY 96-99: ****	8.11%	3.75%	4.36%
2000-10:	3.00%	6.00%	3.00%

USE OF FUND INCOME

Net Income	Distributions			Reserves		FY
	Dividends	Per Capita Dividends	Inflation-Proofing	General Fund	Add (Delete) FY End Balance	
2				1		78
8				7		79
32	12			12		80
150	28			28	59	81
368	71	\$1,000.00		71	185	82
471	108	\$386.15	231	110	110	83
530	175	\$331.29	151		208	84
658	217	\$404.00	235		208	85
1,021	303	\$558.26	216		501	86
1,069	391	\$708.19	148		529	87
789	424	\$828.93	303		62	88
868	460	\$873.16	360	4	44	89
916	487	\$952.63	454	4	(30)	90
1,030	489	\$931.34	559	4	(24)	91
1,036	488	\$931.34	477	5	64	92
1,226	532	\$949.46	362	5	320	93
1,098	558	\$983.90	372	11	151	94
950	558	\$942.00	344	14	298	95
1,252	580	\$956.00	515		151	96
1,325	608	\$979.00	542		169	97
1,402	627	\$988.00	570		199	98
1,483	668	\$1,027.00	598		211	99
1,746	750	\$1,134.00	1,002		(11)	0
1,855	812	\$1,202.00	1,071		(34)	1
1,966	879	\$1,275.00	1,143		(62)	2
2,081	949	\$1,351.00	1,219		(94)	3
2,199	1,023	\$1,428.00	1,299		(132)	4
2,319	1,082	\$1,482.00	1,383		(158)	5
2,445	1,143	\$1,537.00	1,472		(180)	6
2,576	1,208	\$1,593.00	1,566		(208)	7
2,713	1,271	\$1,650.00	1,665		(234)	8
2,857	1,339	\$1,708.00	1,770		(264)	9
3,007	1,410	\$1,770.00	1,880		(297)	10
32,176	14,901	\$21,022	18,037	14		

* Department of Revenue Fall 1994 Low-Case Revenue Forecast.

** Earnings reserve appropriated to Fund principal by the Legislature July 1, 1987.

*** Transferred to principal from earnings reserve account per AS 37.13.145(d).

**** Based on capital market assumptions adopted by the Trustees in March 1994.

STATUS QUO WITH PER CAPITA DIVIDENDS



Alaska Permanent Fund Corporation

FINANCIAL PROJECTIONS (in millions)

as of January 31, 1995

GROWTH OF FUND PRINCIPAL

FY	FY Begin Balance	Appropriations	Dedicated State Revenues*	Inflation-Proofing	FY End Balance	Inflation-Proofing Shortfall
78			54		54	
79	54		34		139	
80	139		344		483	
81	483	300	385		1,769	
82	1,769	300	400		2,969	
83	2,969	400	421	231	4,021	
84	4,021	300	368	151	4,838	
85	4,838	300	368	235	5,741	
86	5,741		323	216	6,281	
87	6,281	1,264 **	170	148	7,364	
88	7,364		418	303	8,585	
89	8,585		228	360	9,173	
90	9,173		267	454	9,894	
91	9,894		435	559	10,888	
92	9,894		435	559	10,888	
93	11,703		315	362	12,385	
94	12,385		210	372	12,973	
95	12,973	5	212	344	13,534	
96	13,045	5	204	497	13,738	
97	13,241	5	184	479	13,931	
98	13,428	5	174	485	14,110	
99	13,600	7	160	492	14,258	
00	13,460	5	138	486	14,411	
01	13,595	5	123	769	14,534	
02	13,711	5	105	776	14,639	
03	13,810	5	89	781	14,729	
04	13,895	5	76	786	14,806	
05	13,968	5	64	790	14,872	
06	14,031	5	54	794	14,931	
07	14,086	6	47	797	14,983	
08	14,135	6	41	800	15,030	
09	14,179	6	37	802	15,072	
10	14,218	6	32	805	15,110	

Cumulative Totals Projected:

For FY 1995-2010: 1,738 10,683

USE OF FUND INCOME

Net Income	Distributions			General Fund	Reserves		FY End Balance
	Dividends	Per Capita Dividends	Inflation- Proofing		Add (Delete)		
2				1			
3				7			
32	12			12			
150	28			28	59	59	
358	71	\$1,000.00		71	185	244	
471	108	\$386.15	231	110	110	354	
530	175	\$331.29	151		203	557	
558	217	\$404.00	235		206	763	
1,021	303	\$556.26	216		501	1,264	
1,069	391	\$708.19	148		529	529	
739	424	\$826.93	303		52	591	
868	460	\$873.16	360	4	44	635	
916	487	\$952.63	454	4	(30)	605	
1,030	489	\$931.34	559	4	(24)	581	
1,030	489	\$915.84	559	4	(24)	581	
1,226	532	\$949.46	362	5	320	965	
1,098	556	\$983.90	372	11	151	1,117	
950	558	\$942.00	344	14	29	1,146	
1,206	559	\$921.00	497		145	1,250	
1,231	564	\$910.00	479		157	1,362	
1,256	561	\$885.00	485		178	1,490	
1,280	575	\$898.00	492		182	1,519	
1,422	610	\$923.00	486		(9)	1,519	
1,425	624	\$923.00	769		(26)	1,406	
1,425	637	\$924.00	776		(45)	1,282	
1,423	649	\$924.00	781		(65)	1,144	
1,418	660	\$921.00	786		(85)	995	
1,411	658	\$902.00	790		(94)	944	
1,403	656	\$882.00	794		(103)	693	
1,395	653	\$863.00	797		(112)	543	
1,386	649	\$843.00	800		(120)	392	
1,377	645	\$823.00	802		(127)	243	
1,367	641	\$805.00	805		(135)	94	
21,374	9,899	\$14,277	10,683	14			

REALIZED RATE OF RETURN ASSUMPTIONS:

	Nominal	Inflation	Real
FY 95-	5.49%	2.61%	3.88%
FY 96-99: ***	3.11%	3.75%	4.36%
FY 00-2010:	3.00%	6.00%	3.00%

* Department of Revenue Fall 1994 Low-Case Revenue Forecast.

** Earnings reserve appropriated to Fund principal by the Legislature July 1, 1987.

*** Transferred to principal from earnings reserve account per AS 37.13.145(d).

**** Based on capital market assumptions adopted by the Trustees in March 1994.

STATUS QUO IN REAL 1995 DOLLARS

Constant/Real dollars

In times of any inflation, the value of the dollar erodes over time. Adjusting future nominal amounts to constant 1995 dollars removes the effects of inflation from the future price tags.



Alaska Permanent Fund Corporation

FINANCIAL PROJECTIONS (in millions)

as of January 31, 1995

GROWTH OF FUND PRINCIPAL

FY	FY Begin Balance	Appropriations	Dedicated State Revenues*	Inflation-Proofing	FY End Balance	Inflation-Proofing Shortfall
78	0		54		54	
79	54		34		139	
80	139		344		483	
81	483	900	385		1,769	
82	1,769	300	400		2,969	
83	2,969	400	421	231	4,021	
84	4,021	300	366	151	4,838	
85	4,838	300	368	235	5,741	
86	5,741		323	216	6,281	
87	6,281	1,264 **	170	148	7,864	
88	7,864		418	303	8,585	
89	8,585		228	360	9,173	
90	9,173		267	454	9,894	
91	9,894		435	559	10,888	
92	10,888		338	477	11,703	
93	11,703	5 ***	315	362	12,385	
94	12,385	5 ***	210	372	12,973	
95	12,973	5	212	344	13,534	
96	13,534	6	198	515	14,252	
97	14,252	7	194	542	14,995	
98	14,995	7	185	569	15,756	
99	15,756	8	169	597	16,530	
00	16,530	6	160	1,001	17,698	
01	17,698	6	145	1,071	18,919	
02	18,919	7	130	1,143	20,200	
03	20,200	7	117	1,219	21,544	
04	21,544	8	105	1,299	22,956	
05	22,956	9	94	1,383	24,442	
06	24,442	10	87	1,472	26,010	
07	26,010	11	81	1,566	27,667	
08	27,667	12	76	1,665	29,419	
09	29,419	13	70	1,769	31,271	
10	31,271	14	67	1,880	33,231	

Cumulative Totals Projected:

For FY 1995-2010: 2,023 18,034

USE OF FUND INCOME

Net Income	Distributions			General Fund	Reserves		FY'
	Inflation- Proofing	Dividends	Per Capita Dividends		Add (Delete)	FY End Balance	
2				1			78
3				7			79
32		12		12			80
150		28		28	59	59	81
368		71	\$1,000.00	71	185	244	82
471	231	108	\$386.15	110	110	354	83
530	151	175	\$331.29		203	557	84
658	235	217	\$404.00		206	763	85
1,021	216	303	\$556.26		501	1,264	86
1,069	148	391	\$708.19		529	529	87
789	303	424	\$826.93		62	591	88
868	360	460	\$873.16	4	44	635	89
916	454	487	\$952.63	4	(30)	605	90
1,030	559	489	\$931.34	4	(24)	581	91
1,036	477	488	\$915.34	5	64	645	92
1,226	362	532	\$949.46	5	320	965	93
1,098	372	556	\$983.90	11	151	1,117	94
950	344	521	\$877.00	14	65	1,182	95
1,255	515	490	\$800.00		244	1,426	96
1,336	542	462	\$731.00		326	1,752	97
1,426	569	424	\$650.00		426	2,178	98
1,526	597	441	\$661.00		480	2,658	99
1,820	1,001	427	\$622.00		385	3,043	0
1,966	1,071	443	\$630.00		446	3,489	1
2,123	1,143	461	\$643.00		511	4,000	2
2,291	1,219	483	\$659.00		582	4,582	3
2,473	1,299	508	\$680.00		658	5,240	4
2,668	1,383	556	\$732.00		720	5,960	5
2,876	1,472	608	\$790.00		786	6,746	6
3,098	1,566	665	\$852.00		857	7,603	7
3,335	1,665	727	\$917.00		933	8,535	8
3,589	1,769	793	\$987.00		1,014	9,549	9
3,859	1,880	864	\$1,062.00		1,101	10,650	10

36,589 18,034 8,573 \$12,293 14

REALIZED RATE OF RETURN ASSUMPTIONS:

	Nominal	Inflation	Real
FY 95-	6.49%	2.61%	3.88%
FY 96-99****	8.11%	3.75%	4.36%
FY 2000-10:	9.00%	6.00%	3.00%

* Department of Revenue Fall 1994 Low-Case Revenue Forecast.

** Earnings reserve appropriated to Fund principal by the Legislature July 1, 1987.

*** Transferred to principal from earnings reserve account per AS 37.13.145(d).

**** Based on capital market assumptions adopted by the Trustees in March 1994.

SENATE BILL NO. 51



CR

Alaska Permanent Fund Corporation

FINANCIAL PROJECTIONS (in millions)

as of January 31, 1995

GROWTH OF FUND PRINCIPAL

FY	FY Begin Balance	Appropriations	Dedicated State Revenues*	Inflation-Proofing	FY End Balance	Inflation-Proofing Shortfall
78			54		54	
79	54		34		139	
80	139		344		483	
81	483	300	385		1,769	
82	1,769	300	400		2,969	
83	2,969	400	421	231	4,021	
84	4,021	300	368	151	4,838	
85	4,838	300	368	225	5,741	
86	5,741		323	216	6,281	
87	6,281	1,264	170	148	7,364	
88	7,364		418	303	8,585	
89	8,585		228	360	9,173	
90	9,173		267	454	9,894	
91	9,894		435	559	10,888	
92	9,894		435	559	10,888	
93	11,703	5	315	362	12,385	
94	12,385	5	210	372	12,973	
95	12,973	5	212	344	13,534	
96	13,045	5	204	496	13,737	
97	13,241	5	184	478	13,931	
98	13,427	5	174	485	14,109	
99	13,599	7	160	491	14,267	
00	13,459	5	138	486	14,410	
01	13,594	5	123	769	14,533	
02	13,710	5	105	776	14,638	
03	13,809	5	89	781	14,728	
04	13,894	5	76	786	14,805	
05	13,967	5	64	790	14,871	
06	14,030	5	54	794	14,930	
07	14,085	5	47	797	14,982	
08	14,134	5	41	800	15,029	
09	14,178	5	37	802	15,070	
10	14,217	5	32	804	15,109	

Cumulative Totals Projected:

For FY 1995 - 2010: 1,735 10,681

USE OF FUND INCOME

Net Income	Distributions			Reserves		FY End Balance	FY
	Dividends	Per Capita Dividends	Inflation-Proofing	General Fund	Add (Delete)		
2				1			78
3				7			79
32	12			12			80
150	28			38	59	59	81
368	71	\$1,000.00		71	185	244	82
471	108	\$386.15	231	110	110	354	83
530	175	\$331.29	151		203	557	84
658	217	\$404.00	235		206	763	85
1,021	303	\$558.26	216		501	1,264	86
1,069	391	\$708.19	148		529	529	87
789	424	\$826.93	303		52	591	88
868	460	\$873.16	360	4	44	635	89
916	487	\$952.63	454	4	(30)	605	90
1,030	489	\$931.34	559	4	(24)	581	91
1,030	489	\$915.84	559	4	(24)	581	92
1,226	532	\$948.46	362	5	320	965	93
1,098	556	\$983.90	372	11	151	1,117	94
950	521	\$877.00	344	14	65	1,182	95
1,209	472	\$771.00	496		235	1,375	96
1,241	429	\$679.00	478		303	1,528	97
1,277	380	\$582.00	485		381	1,950	98
1,317	381	\$570.00	491		414	2,294	99
1,482	348	\$508.00	486		314	2,478	00
1,510	340	\$484.00	769		343	2,680	01
1,538	334	\$468.00	776		370	2,899	02
1,566	330	\$451.00	781		398	3,132	03
1,595	327	\$438.00	786		424	3,379	04
1,623	338	\$445.00	790		438	3,626	05
1,651	349	\$453.00	794		451	3,872	06
1,678	360	\$461.00	797		464	4,117	07
1,704	371	\$468.00	800		476	4,360	08
1,729	382	\$476.00	802		489	4,602	09
1,755	393	\$483.00	804		501	4,842	10

23,825 6,057 \$8,612 10,681 14

REALIZED RATE OF RETURN ASSUMPTIONS:

	Nominal	Inflation	Real
FY 95:	5.49%	2.51%	3.88%
FY 96 - 99: ****	3.11%	1.75%	4.36%
FY 00 - 2010:	3.00%	6.00%	3.00%

Constant/Real dollars

In times of any inflation, the value of the dollar erodes over time. Adjusting future nominal amounts to constant 1995 dollars removes the effects of inflation from the future price tags.

* Department of Revenue Fall 1994 Low-Case Revenue Forecast.

** Earnings reserve appropriated to Fund principal by the Legislature July 1, 1987.

*** Transferred to principal from earnings reserve account per AS 37.13.145(d).

**** Based on capital market assumptions adopted by the Trustees in March 1994.

\$B 51 IN REAL 1995 DOLLARS



2A

Alaska Permanent Fund Corporation

FINANCIAL PROJECTIONS (in millions)

as of January 31, 1995

GROWTH OF FUND PRINCIPAL

FY	FY Begin Balance	Appropriations	Dedicated State Revenues*	Inflation-Proofing	FY End Balance	Inflation-Proofing Shortfall
78	0		54		54	
79	54		34		139	
80	139		344		483	
81	483	900	385		1,769	
82	1,769	300	400		2,969	
83	2,969	400	421	231	4,021	
84	4,021	300	368	151	4,838	
85	4,838	300	368	235	5,741	
86	5,741		323	216	6,281	
87	6,281	1,264	170	148	7,864	
88	7,864		418	303	8,585	
89	8,585		228	360	9,173	
90	9,173		267	454	9,894	
91	9,894		435	559	10,888	
92	10,888		338	477	11,703	
93	11,703	5	315	362	12,385	
94	12,385	5	210	372	12,973	
95	12,973	5	212	344	13,534	
96	13,534	5	198	824	14,561	
97	14,561	7	194	885	15,648	
98	15,648	7	185	950	16,790	
99	16,790	8	169	1,018	17,985	
00	17,985	9	160	1,089	19,243	
01	19,243	10	145	1,163	20,560	
02	20,560	11	130	1,241	21,943	
03	21,943	12	117	1,324	23,396	
04	23,396	13	105	1,410	24,925	
05	24,925	15	94	1,501	26,535	
06	26,535	16	87	1,597	28,236	
07	28,236	18	81	1,699	30,033	
08	30,033	20	76	1,807	31,936	
09	31,936	22	70	1,920	33,947	
10	33,947	24	67	2,041	36,079	

Cumulative Totals Projected:
For FY 1995-2010: 2,023 20,813

USE OF FUND INCOME

Net Income	Distributions			Reserves		FY End Balance	FY
	Inflation-Proofing	Dividends	Per Capita Dividends	General Fund	Add (Delete)		
2				1			78
3				7			79
32		12		12			80
150		28		28	59	59	81
368		71	\$1,000.00	71	185	244	82
471	231	108	\$386.15	110	110	354	83
530	151	175	\$331.29		203	557	84
658	235	217	\$404.00		206	763	85
1,021	216	303	\$556.26		501	1,264	86
1,069	148	391	\$708.19		529	529	87
789	303	424	\$826.93		52	591	88
868	360	460	\$873.16	4	44	635	89
916	454	487	\$952.63	4	(30)	605	90
1,030	559	489	\$931.34	4	(24)	581	91
1,036	477	488	\$915.84	5	64	645	92
1,226	362	532	\$949.46	5	320	965	93
1,098	372	556	\$983.90	11	151	1,117	94
950	344	521	\$877.00	14	65	1,182	95
1,614	824	495	\$808.00		289	1,471	96
1,757	885	475	\$753.00		390	1,862	97
1,917	950	448	\$690.00		512	2,374	98
2,097	1,018	480	\$725.00		591	2,964	99
2,291	1,089	506	\$743.00		687	3,651	00
2,502	1,163	563	\$816.00		766	4,417	01
2,728	1,241	628	\$893.00		849	5,267	02
2,971	1,324	697	\$976.00		939	6,206	03
3,231	1,410	773	\$1,065.00		1,034	7,239	04
3,510	1,501	856	\$1,160.00		1,137	8,377	05
3,809	1,597	946	\$1,262.00		1,249	9,625	06
4,130	1,699	1,044	\$1,371.00		1,369	10,994	07
4,475	1,807	1,149	\$1,486.00		1,499	12,494	08
4,845	1,920	1,263	\$1,608.00		1,640	14,134	09
5,243	2,041	1,386	\$1,740.00		1,793	15,927	10
48,069	20,813	12,228	\$16,978	14			

REALIZED RATE OF RETURN ASSUMPTIONS:

	Nominal	Inflation	Real
FY 95-	6.49%	2.51%	3.88%
FY 96-99	10.31%	6.00%	4.31%
FY 2000-10	10.31%	6.00%	4.31%

* Department of Revenue Fall 1994 Low-Case Revenue Forecast.

** Earnings reserve appropriated to Fund principal by the Legislature July 1, 1987.

*** Transferred to principal from earnings reserve account per AS 37.13.145(d).

**** Based on capital market assumptions adopted by the Trustees in March 1994.

SENATE BILL NO. 51, BUT ASSUMES 10.31% FUTURE RATE OF RETURN AND 6% RATE OF INFLATION.



24/R

Alaska Permanent Fund Corporation

FINANCIAL PROJECTIONS (in millions)

as of January 31, 1995

GROWTH OF FUND PRINCIPAL

FY	FY Begin Balance	Appropriations	Dedicated State Revenues*	Inflation-Proofing	FY End Balance	Inflation-Proofing Shortfall
78			54		54	
79	54		34		139	
80	139		344		483	
81	483	300	385		1,769	
82	1,769	300	400		2,969	
83	2,969	400	421	231	4,021	
84	4,021	300	368	151	4,838	
85	4,838	300	368	235	5,741	
86	5,741		323	216	6,281	
87	6,281	1,264	170	148	7,364	
88	7,364		418	303	8,585	
89	8,585		228	360	9,173	
90	9,173		267	454	9,894	
91	9,894		435	559	10,888	
92	9,894		435	559	10,888	
93	11,703	5	315	362	12,385	
94	12,385	5	210	372	12,973	
95	12,973	5	212	344	13,534	
96	12,768	5	200	777	13,737	
97	12,959	5	176	733	13,928	
98	13,138	6	163	743	14,097	
99	13,299	5	147	752	14,246	
00	13,439	7	126	760	14,379	
01	13,565	7	113	767	14,494	
02	13,674	7	96	774	14,593	
03	13,767	8	82	779	14,679	
04	13,848	8	70	783	14,753	
05	13,918	8	59	787	14,817	
06	13,978	9	50	791	14,874	
07	14,032	9	43	794	14,926	
08	14,081	9	38	797	14,973	
09	14,125	10	34	799	15,015	
10	14,165	10	29	801	15,054	

Cumulative Totals Projected:

For FY 1995-2010: 1,836 11,983

USE OF FUND INCOME

Net Income	Distributions			Reserves		FY End Balance	FY
	Dividends	Per Capita Dividends	Inflation-Proofing	General Fund	Add (Delete)		
2				1			78
3				7			79
12				12			80
150	28			28	59	59	81
368	71	\$1,000.00		71	185	244	82
471	108	\$388.15	231	110	110	354	83
530	175	\$331.29	151		203	557	84
558	217	\$404.00	235		206	763	85
1,021	303	\$556.26	216		501	1,264	86
1,069	391	\$708.19	148		529	529	87
789	424	\$828.93	303		52	591	88
868	460	\$873.16	360	4	44	635	89
916	487	\$952.63	454	4	(30)	905	90
1,030	489	\$931.34	559	4	(24)	581	91
1,030	489	\$915.84	559	4	(24)	581	92
1,228	532	\$949.46	362	5	320	965	93
1,098	556	\$983.90	372	11	151	1,117	94
950	521	\$877.00	344	14	65	1,182	95
1,522	467	\$762.00	777		273	1,388	96
1,584	422	\$670.00	733		347	1,557	97
1,610	376	\$579.00	743		430	1,993	98
1,661	381	\$574.00	752		468	2,348	99
1,712	378	\$558.00	760		513	2,729	00
1,764	397	\$575.00	767		540	3,114	01
1,814	417	\$594.00	774		565	3,503	02
1,864	437	\$612.00	779		589	3,893	03
1,912	458	\$630.00	783		612	4,285	04
1,960	478	\$648.00	787		635	4,678	05
2,008	499	\$665.00	791		658	5,071	06
2,052	519	\$681.00	794		680	5,464	07
2,098	539	\$697.00	797		703	5,858	08
2,143	559	\$711.00	799		726	6,252	09
2,188	578	\$728.00	801		748	6,646	10

28,820 7,424 \$10,560 11,983 14

REALIZED RATE OF RETURN ASSUMPTIONS:

	Nominal	Inflation	Real
FY 95:	5.49%	2.61%	3.88%
FY 96-99: ***	10.31%	5.00%	4.31%
FY 00-2010:	10.31%	6.00%	4.31%

Constant/Real dollars

In times of any inflation, the value of the dollar erodes over time. Adjusting future nominal amounts to constant 1995 dollars removes the effects of inflation from the future projections.

* Department of Revenue Fall 1994 Low-Case Revenue Forecast.

** Earnings reserve appropriated to Fund principal by the Legislature July 1, 1987.

*** Transferred to principal from earnings reserve account per AS 37.13.145(d).

**** Based on capital market assumptions adopted by the Trustees in March 1994.

SENATE BILL NO. 51, BUT ASSUMES 10.31% FUTURE RATE OF RETURN AND 6% RATE OF INFLATION; IN REAL 1995 \$.



2B

Alaska Permanent Fund Corporation

FINANCIAL PROJECTIONS (in millions)

as of January 31, 1995

GROWTH OF FUND PRINCIPAL

FY	FY Begin Balance	Appropriations	Dedicated State Revenues*	Inflation-Proofing	FY End Balance	Inflation-Proofing Shortfall
81	0		54		54	
82	54		34		139	
83	139		344		483	
84	483	500	385		1,769	
85	1,769	300	400		2,969	
86	2,969	400	421	231	4,021	
87	4,021	300	366	151	4,838	
88	4,838	300	368	225	5,741	
89	5,741		323	216	6,291	
90	6,281	1,264 **	170	148	7,864	
91	7,864		418	303	8,585	
92	8,585		228	360	9,173	
93	9,173		267	454	9,894	
94	9,894		435	559	10,888	
95	10,888		338	477	11,703	
96	11,703	5 ***	315	362	12,385	
97	12,385	6 ***	210	372	12,973	
98	12,973	5	212	344	13,534	
99	13,534	9	198	549	14,290	
00	14,290	10	194	579	15,073	
01	15,073	11	185	610	15,879	
02	15,879	12	169	642	16,702	
03	16,702	13	160	675	17,550	
04	17,550	15	145	708	18,417	
05	18,417	16	130	742	19,305	
06	19,305	18	117	777	20,217	
07	20,217	20	105	813	21,155	
08	21,155	22	94	850	22,121	
09	22,121	24	87	888	23,120	
10	23,120	26	81	928	24,155	
11	24,155	29	76	969	25,229	
12	25,229	32	70	1,012	26,342	
13	26,342	35	67	1,056	27,501	

Cumulative Totals Projected:

For FY 1995 - 2010: 2,023 12,143

USE OF FUND INCOME

Net Income	Inflation- Proofing	Distributions		General Fund	Reserves		FY
		Dividends	Per Capita Dividends		Add (Delete)	FY End Balance	
2				1			78
3				7			79
32		12		12			80
150		28		28	59	59	81
368		71	\$1,000.00	71	185	244	82
471	231	108	\$386.15	110	110	354	83
530	151	175	\$331.29		203	557	84
558	235	217	\$404.00		206	763	85
1,021	216	303	\$556.26		501	1,264	86
1,069	148	391	\$708.19		529	529	87
789	303	424	\$826.93		62	591	88
868	360	460	\$873.16	4	44	635	89
916	454	487	\$952.53	4	(30)	605	90
1,030	559	489	\$931.34	4	(24)	581	91
1,036	477	488	\$915.84	5	64	545	92
1,226	362	532	\$949.46	5	320	965	93
1,098	372	556	\$983.90	11	151	1,117	94
950	344	521	\$877.00	14	65	1,182	95
1,514	549	524	\$859.00		532	1,714	96
1,754	579	535	\$858.00		629	2,343	97
1,907	610	543	\$848.00		743	3,086	98
2,075	642	613	\$940.00		809	3,895	99
2,253	675	678	\$1,020.00		887	4,782	00
2,441	708	747	\$1,102.00		971	5,753	01
2,640	742	822	\$1,190.00		1,060	6,813	02
2,852	777	903	\$1,282.00		1,155	7,968	03
3,077	813	989	\$1,378.00		1,256	9,224	04
3,315	850	1,081	\$1,479.00		1,363	10,587	05
3,569	888	1,178	\$1,588.00		1,479	12,066	06
3,839	928	1,283	\$1,698.00		1,602	13,668	07
4,126	969	1,395	\$1,816.00		1,734	15,401	08
4,432	1,012	1,514	\$1,939.00		1,875	17,276	09
4,758	1,056	1,641	\$2,072.00		2,025	19,301	10

45,603 12,143 14,967 520,342 14

REALIZED RATE OF RETURN ASSUMPTIONS:

	Nominal	Inflation	Real
FY 95:	6.49%	2.51%	3.88%
FY 96 - 99: ****	10.31%	4.00%	6.31%
FY 2000 - 10:	10.31%	4.00%	6.31%

* Department of Revenue Fall 1994 Low-Case Revenue Forecast.
 ** Earnings reserve appropriated to Fund principal by the Legislature July 1, 1987.
 *** Transferred to principal from earnings reserve account per AS 37.13.145(d).
 **** Based on capital market assumptions adopted by the Trustees in March 1994.
 SENATE BILL NO. 51, BUT ASSUMES 10.31% FUTURE RATE OF RETURN AND 4% RATE OF INFLATION.



2B/R

Alaska Permanent Fund Corporation

FINANCIAL PROJECTIONS (in millions)

as of January 31, 1995

GROWTH OF FUND PRINCIPAL

FY	FY Begin Balance	Appropriations	Dedicated State Revenues*	Inflation-Proofing	FY End Balance	Inflation-Proofing Shortfall
78			54		54	
79	54		34		139	
80	139		244		483	
81	483	300	385		1,769	
82	1,769	300	400		2,969	
83	2,969	400	421	231	4,021	
84	4,021	300	366	151	4,838	
85	4,838	300	368	225	5,741	
86	5,741		323	216	6,281	
87	6,281	1,254 **	170	148	7,864	
88	7,864		418	303	8,585	
89	8,585		228	360	9,173	
90	9,173		257	454	9,884	
91	9,884		435	559	10,888	
92	9,884		435	559	10,888	
93	11,703	5 ***	315	362	12,385	
94	12,385	5 ***	210	372	12,973	
95	12,973	5	212	344	13,534	
96	13,013	9	203	528	13,740	
97	13,211	9	183	508	13,936	
98	13,400	10	173	515	14,117	
99	13,574	10	158	522	14,277	
00	13,728	11	139	528	14,425	
01	13,870	11	127	533	14,555	
02	13,995	12	110	538	14,670	
03	14,106	13	95	542	14,773	
04	14,204	14	83	546	14,863	
05	14,292	15	71	549	14,944	
06	14,369	15	61	552	15,018	
07	14,441	16	54	555	15,087	
08	14,507	17	49	557	15,152	
09	14,569	18	44	560	15,212	
10	14,627	20	39	562	15,270	

Cumulative Totals Projected:

For FY 1995 - 2010: 1,799 8,438

USE OF FUND INCOME

Net Income	Distributions			Reserves		FY End Balance	FY
	Dividends	Per Capita Dividends	Inflation-Proofing	General Fund	Add (Delete)		
2				1			76
3				7			79
32	12			12			80
150	28			28	59	59	81
368	71	\$1,000.00		71	185	244	82
471	108	\$386.15	231	110	110	354	83
530	175	\$331.29	151		203	557	84
558	217	\$404.00	235		206	763	85
1,021	303	\$558.26	216		501	1,264	86
1,069	391	\$708.19	148		529	529	87
789	424	\$826.93	303		52	591	88
968	460	\$873.16	360	4	44	635	89
916	487	\$952.63	454	4	(30)	605	90
1,030	489	\$931.34	559	4	(24)	581	91
1,030	489	\$915.84	559	4	(24)	581	92
1,226	532	\$948.46	362	5	320	965	93
1,098	558	\$983.90	372	11	151	1,117	94
950	521	\$877.00	344	14	65	1,182	95
1,552	503	\$828.00	528		512	1,648	96
1,522	495	\$791.00	508		582	2,167	97
1,696	483	\$754.00	515		661	2,744	98
1,774	524	\$804.00	522		691	3,330	99
1,851	557	\$838.00	528		729	3,930	00
1,929	591	\$871.00	533		768	4,547	01
2,006	625	\$904.00	538		806	5,178	02
2,084	660	\$937.00	542		844	5,822	03
2,162	695	\$968.00	546		882	6,481	04
2,240	730	\$998.00	549		921	7,152	05
2,318	765	\$1,030.00	552		960	7,838	06
2,398	801	\$1,061.00	555		1,000	8,537	07
2,478	838	\$1,091.00	557		1,041	9,250	08
2,560	874	\$1,120.00	560		1,083	9,976	09
2,642	911	\$1,151.00	562		1,125	10,717	10

32,261 10,573 \$15,022 8,438 14

REALIZED RATE OF RETURN ASSUMPTIONS:

	Nominal	Inflation	Real
FY 95:	5.49%	2.51%	3.38%
FY 96 - 99: ***	10.31%	4.00%	6.71%
FY 00 - 2010:	10.31%	4.00%	6.3 %

Constant/Real dollars

In times of any inflation, the value of the dollar erodes over time. Adjusting future nominal amounts to constant 1995 dollars removes the effects of inflation from the future price tags.

* Department of Revenue Fall 1994 Low-Case Revenue Forecast.

** Earnings reserve appropriated to Fund principal by the Legislature July 1, 1987.

*** Transferred to principal from earnings reserve account per AS 37.13.145(d).

**** Based on capital market assumptions adopted by the Trustees in March 1994.

SENATE BILL NO. 51, BUT ASSUMES 10.31% FUTURE RATE OF RETURN AND 4% RATE OF INFLATION; IN REAL 1995 \$\$.

ALASKA POPULATION PROJECTIONS

1990 - 2010

State of Alaska

Walter J. Hickel, Governor

Department of Labor

Nancy Bear Usera, Commissioner

Administrative Services Division

David Teal, Director

**Research and Analysis
Chuck Caldwell, Chief**

Prepared by Demographics Unit

**Gregory Williams, State Demographer
Bob Elliott, Economist
Kristen Tromble, Statistical Technician**

Publications Unit

**J. Penelope Goforth, Editor
Jim Fowler, Graphic Artist
Jo Ruby, Typesetter**

**November 1991
Second Printing March 1992**

Table F.
Annual Projections and Components Of Change
For the Total Population of Alaska, 1990-2010.

Part A. Middle Series

Calendar Year	↓ July 1	Population change July 1 to July 1						
	Population	Net Change	Natural Increase	Births	Deaths	Net Migration	In	Out
1990	553,600	—	—	—	—	—	—	—
1991	574,000	20,400	9,654	11,826	2,172	10,746	57,654	46,908
1992	593,100	19,100	10,017	12,283	2,266	9,083	57,720	48,637
1993	607,500	14,400	10,320	12,676	2,356	4,080	54,733	50,653
1994	622,300	14,800	10,506	12,942	2,436	4,294	56,174	51,880
1995	637,300	15,000	10,690	13,204	2,514	4,310	57,451	53,141
1996	652,500	15,200	10,849	13,437	2,588	4,351	58,769	54,418
1997	668,000	15,500	11,004	13,678	2,674	4,496	60,207	55,711
1998	683,900	15,900	11,194	13,949	2,755	4,706	61,737	57,031
1999	700,000	16,100	11,398	14,241	2,843	4,702	63,088	58,386
2000	716,500	16,500	11,608	14,545	2,937	4,892	64,650	59,758
2001	732,800	16,300	11,853	14,878	3,025	4,447	65,613	61,166
2002	749,000	16,200	12,092	15,217	3,125	4,108	66,664	62,556
2003	764,900	15,900	12,333	15,551	3,218	3,567	67,505	63,938
2004	780,700	15,800	12,572	15,878	3,306	3,228	68,522	65,294
2005	796,200	15,500	12,775	16,182	3,407	2,725	69,365	66,640
2006	811,400	15,200	12,968	16,477	3,509	2,232	70,193	67,961
2007	826,200	14,800	13,169	16,770	3,601	1,631	70,887	69,256
2008	840,700	14,500	13,331	17,034	3,703	1,169	71,685	70,516
2009	854,700	14,000	13,476	17,268	3,792	524	72,274	71,750
2010	868,300	13,600	13,593	17,474	3,881	7	72,947	72,940

Calendar Year	July 1 Population	Rate per 100 mid year population (%)						In	Out
		Average Annual Change	Natural Increase	Births	Deaths	Net Migration			
1990	553,600	—	—	—	—	—	—	—	—
1991	574,000	3.62	1.68	2.06	0.38	1.87	10.04	8.17	
1992	593,100	3.27	1.69	2.07	0.38	1.53	9.73	8.20	
1993	607,500	2.40	1.70	2.09	0.39	0.67	9.01	8.34	
1994	622,300	2.41	1.69	2.08	0.39	0.69	9.03	8.34	
1995	637,300	2.38	1.68	2.07	0.39	0.68	9.01	8.34	
1996	652,500	2.36	1.66	2.06	0.40	0.67	9.01	8.34	
1997	668,000	2.35	1.65	2.05	0.40	0.67	9.01	8.34	
1998	683,900	2.35	1.64	2.04	0.40	0.69	9.03	8.34	
1999	700,000	2.33	1.63	2.03	0.41	0.67	9.01	8.34	
2000	716,500	2.33	1.62	2.03	0.41	0.68	9.02	8.34	
2001	732,800	2.25	1.62	2.03	0.41	0.61	8.95	8.35	
2002	749,000	2.19	1.61	2.03	0.42	0.55	8.90	8.35	
2003	764,900	2.10	1.61	2.03	0.42	0.47	8.83	8.36	
2004	780,700	2.04	1.61	2.03	0.42	0.41	8.78	8.36	
2005	796,200	1.97	1.60	2.03	0.43	0.34	8.71	8.37	
2006	811,400	1.89	1.60	2.03	0.43	0.28	8.65	8.38	
2007	826,200	1.81	1.59	2.03	0.44	0.20	8.58	8.38	
2008	840,700	1.74	1.59	2.03	0.44	0.14	8.53	8.39	
2009	854,700	1.65	1.58	2.02	0.44	0.06	8.46	8.39	
2010	868,300	1.58	1.57	2.01	0.45	0.00	8.40	8.40	

Source: Alaska Department of Labor, Research & Analysis, Demographics Unit



Alaska Permanent Fund Corporation
P.O. Box 25500 Juneau, Alaska 99802-5500
(907) 465-2047

January 13, 1994

Senator Randy Phillips
Legislative Budget & Audit Committee, Chairman
State Capitol Building, Room 103
Juneau, AK 99801-1182

Dear Senator Phillips:

Thank you for providing us with Ibbotson's report on the asset allocation of the Alaska Permanent Fund Corporation (APFC). We are pleased to provide this initial response to the report. Communication on this issue will continue as the board commences its annual review of APFC's asset allocation at the February 3 meeting in Juneau.

Since April 1993, the APFC has been involved with a significant portfolio restructuring program under the direction of the Board of Trustees. Upon completion, the APFC will place significantly less emphasis on passive investment and more on active management of the equity securities portfolio. This program has been undertaken with our investment consultant, Callan Associates, Inc. (Callan), providing recommendations and advice at each step of the program. Once completed, a number of the issues mentioned in the Ibbotson Associates Asset Allocation study will have been addressed.

After reading the Ibbotson report, Callan made the following observations:

1. Recent performance has been good because the board and staff have done a good job of adopting sound strategic allocation policies and employing good managers.
2. Movement toward current strategic targets at an accelerated pace may be particularly important since much of the strong performance over the past several years is attributable to extraordinary bond returns which are unlikely to continue given the current low level of interest rates. Obviously, we all agree with this

assessment and you, through significant funding of global portfolios in recent months, have already essentially reached the strategic target allocations.

3. Diversification within the domestic equity portfolio could be improved with a greater commitment to the small and mid-cap sector. Callan shares this view and your staff recognizes the under-representation in this area and plans to address it through the hiring of two small/mid-cap domestic equity managers in the first half of 1994.
4. Diversification within the fixed-income portfolio could be improved with explicit allocations to major segments such as mortgages. As discussed at length at our recent meeting, the effects of statutory limitations on fixed-income management must be carefully considered. The use of derivative securities, lower-rated bonds and non-US\$ denominated bonds are all influenced by current (statutory) restrictions. In addition, managing liquidity to meet annual dividend requirements is increasingly affecting the fixed-income portfolio. Nonetheless, broader diversification of the fixed-income effort warrants further discussion and already has been scheduled for the upcoming board meeting. As an aside, I was pleased to see that Ibbotson recognized the fee savings and good performance that has been achieved to date. It also is important to note that at least over the past several years an allocation to mortgages would have hindered performance.
5. Ibbotson's expected equity returns are extraordinarily high relative to the firm's expected bond returns. While I sincerely hope that they are correct, the very large premiums and the high absolute levels may result in an underestimation of near-term risk associated with more aggressive strategies. Relatedly, we, staff and the board have all acknowledged that heavier equity commitment would result in greater expected returns over the long run but we all also recognize that shorter-term consistency in returns is particularly important to the Fund since the annual dividend is potentially at issue. Finally, it is important to note that the "aggressive" alternative suggested results in full utilization of the statutory equity maximum of 50%.
6. Ibbotson very clearly advises that the board control asset allocation at a more micro level than it has in the past. Specially, the study advises that the board set specific allocations within the fixed-income and domestic equity areas and make extensive use of specialists in the international area. The directions suggested are contrary to the board's movement toward providing less restrictive guidelines to its managers, particularly the global managers. I think that this is an important issue that already has been discussed at length during 1993 and warrants continued close monitoring

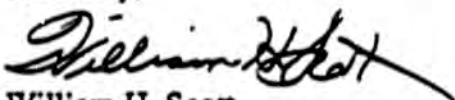
January 13, 1994
Senator Randy Phillips
Page 3

and review as we gain experience with the current structure. My current view is that the board's basic asset allocation plan, while theoretically vulnerable to the actions of the managers, will not be adversely affected. Each manager has indicated that it is highly unlikely that they would make sudden dramatic shifts from domestic to international portfolios. We, therefore, will be able to identify any potential problem before it undermines the program. You are continuing to use some specialists internationally and are planning to add specialists in domestic mid-cap securities. In sum, Ibbotson's management structure comments are important and I agree that the structure, particularly the domestic structure, should be on the board's agenda for 1994.

The staff of the APFC agree with Callan's remarks. Should the Legislative Budget & Audit Committee (LB&A) like to discuss in greater detail these conclusions, we recommend that myself and a representative of Callan Associates, Inc. be invited to appear before the Committee. The APFC would be pleased to make the necessary arrangements.

We would like to express our appreciation for LB&A's efforts and those of Ibbotson in conducting this review. It is always helpful to receive more than one independent view of this most important subject of asset allocation. In addition, we would be pleased to have Ibbotson present their report to the Board of Trustees at its meeting on February 3, 1994 at the APFC offices in Juneau.

Sincerely,



William H. Scott
Executive Director

ASSET ALLOCATION STUDY
FOR
THE ALASKA PERMANENT FUND

Prepared by Ibbotson Associates, Inc.
January, 1994