ALASKA ECONOMIC TRENDS

JULY 2013

The Cost of Living in Alaska

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On the cover: This macro shot of water droplets on a leaf is courtesy of Flickr user Quas: www.flickr.com/photos/quas/. Map art by Sam Dapcevich

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Alaska committed to bringing down the cost of energy

By Dianne Blumer, Commissioner

This month's *Trends* focuses on the cost of living in Alaska. It's no secret that it's more expensive to live anywhere in Alaska than most other communities and states in the U.S. And where you live in the state has a lot to do with how much your family spends on basics such as housing, heating, and hamburgers.

From 2011 to 2012, the cost of living in Anchorage rose a moderate 2.2 percent, less than the 3.2 percent increase from 2010 to 2011.

Anchorage is the only area where cost of living is tracked, so it is the closest thing to a statewide index we have. But that's where the norm ends. While Anchorage has relatively inexpensive natural gas to heat homes, most other communities must use more expensive diesel or fuel oil, dramatically affecting how much families in Bethel or Fairbanks, for example, spend on the basics.

The Parnell administration and Alaska Legislature's commitment to lower Alaskans' energy costs includes a $362.5 million financing package for natural gas liquefaction on the North Slope and a distribution system. An interior gas distribution system will help bring down energy costs in the short term and build the infrastructure needed to take advantage of a future Alaska gas line.

Other cost-of-living measures show that compared to other U.S. cities, every Alaska community is more expensive than all but a select few metro areas, including New York City, Honolulu, Boston, and San Francisco. However, Alaskans' quality of life includes low taxes, plenty of elbow room, and grand wide open spaces for outdoor activities — all part of life in the great land we call home.

The GED

This month's Employer Resources, on the back page, provides more information about the upcoming change to the GED high-school equivalency program that will see a new nationwide test in January. More than 5,000 Alaskans who have started the current GED test have until Dec. 31 to pass all five sections — or start over in January. For GED testing centers, go to Jobs.Alaska.Gov/ABE/GED_test_centers.pdf. For more information, e-mail GED@Alaska.Gov or call the state's Adult Basic Education/GED Office at (907) 465-8714.

Safety Near Water

Also on the back page, Safety Minute reminds us that Alaskans frequently work on or near oceans, bays, inlets, and lakes — and drowning is a leading cause of death. The Alaska Department of Labor and Workforce Development's Alaska Occupational Safety and Health Section offers free assistance to help reduce workplace accidents, including those near and around water.

AKOSH safety consultants are also working with specific industries on workplace safety. The Construction Health and Safety Excellence Program partners with employers on a proactive approach to reduce injuries, illnesses, and fatalities within the construction industry.

Safety and health professionals assist employers to implement self-monitored programs to reduce and eliminate injuries and illnesses.

Consultants are also helping make Alaska's seafood industry a safer place to work. Through a partnership with Trident Seafoods, consultants developed a free 10-hour safety class for plant supervisors, leads, and maintenance workers. The classes were held in Dillingham, Sand Point, and Kodiak in May and June. Our consultants are working with other seafood employers to offer classes in Anchorage and Dutch Harbor in the fall.

The seafood safety program helps establish an increased level of safety awareness and a positive attitude among teams who can make an immediate impact in their workplace, preventing accidents before they happen.

By NEAL FRIED

The Cost of Living in Alaska

Inflation rose modestly in 2012

The overall cost of living in Anchorage rose a modest 2.2 percent between 2011 and 2012. This inflation rate was a full percentage point below the prior year's rate and the third-lowest in a decade.

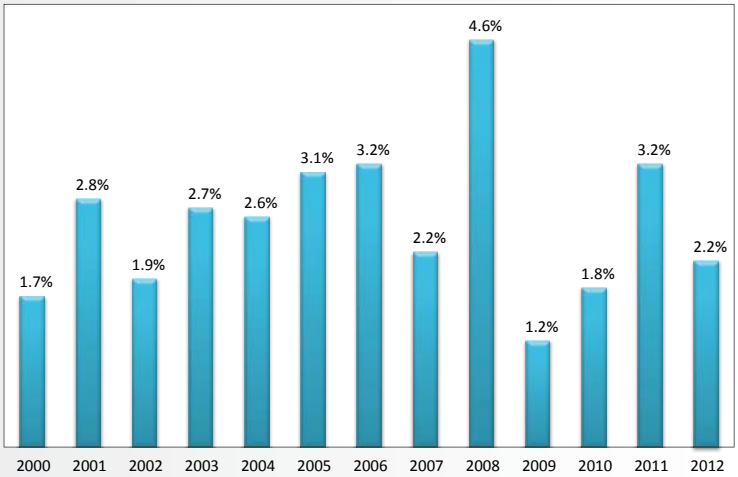
The 10-year average was 2.7 percent, putting 2012's rate in the typical range. (See Exhibit 1.)

The Anchorage Consumer Price Index, which measures inflation and the changes in a variety of costs in the city, is probably the state's most important cost-of-living measure. It provides a long-term record of local price changes and a window into how the average consumer spends his or her money, known as the "market basket." (See exhibits 2 through 4.)

The Anchorage CPI is also the only cost-of-living index in Alaska, so it's often used as the de facto statewide inflation measure. In most cases, price changes in Anchorage don't differ radically from other communities in the state.

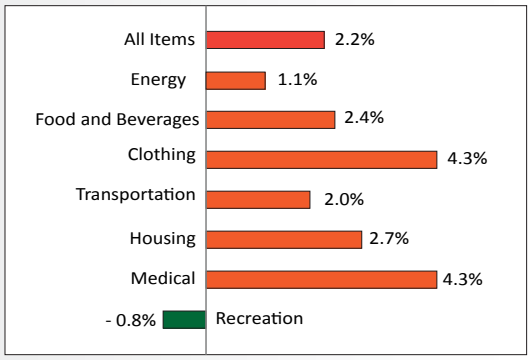
Other cost-of-living measures provide a closer look at other Alaska communities, however, allowing comparisons between places and giving a more complete picture of what it costs to live in the state. (See the sidebar on page 5.)

1 **Inflation in Anchorage**
Change in consumer price index, 2000 to 2012



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

2 **Most Costs Increase**
Anchorage CPI, 2012



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

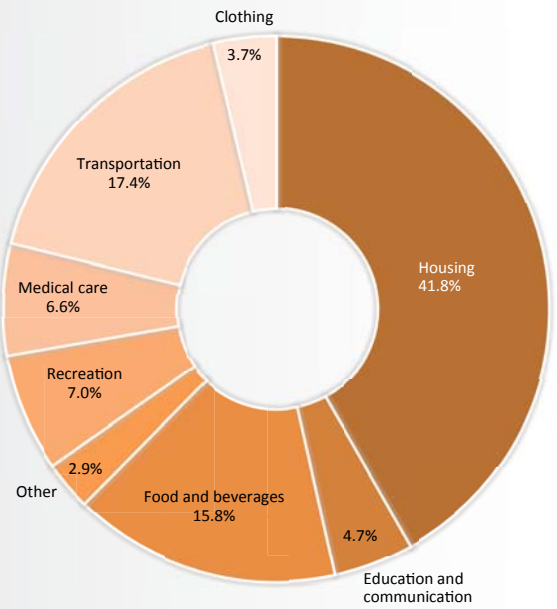
Energy adds volatility to the mix

Energy prices are typically responsible for the CPI's volatility from year to year, including in 2012, when energy costs rose just 1.1 percent after a 10.8 percent jump the year before. (See Exhibit 5.)

Over the past decade, Anchorage energy prices increased 108 percent compared to the roughly 30 percent rise in the overall index. Four of these years logged double-digit increases.

An interesting side note to the cost of energy in Anchorage is that most residents heat their homes with natural gas, unlike most Alaskans outside

3 Housing the Major Expense
Anchorage CPI, 2012



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

Southcentral. The index tracks changes in natural gas prices, labeled "utility-piped gas services," as a subcategory of housing. Prices Anchorage consumers pay for natural gas are more complex than the costs of heating oil and gasoline, which track closely with the changes in the price of crude oil.

Like many utilities, the price of natural gas is regulated by the state and prices are indexed to natural gas prices in the Lower 48; some of the price is also indexed to oil prices. Other costs are also built into the price of natural gas, including seasonality and storage costs. Long-term and short-term contracts as well as spot purchases from gas suppliers add further complexity to the cost. As a result, the price for natural gas can change and sometimes dramatically, but the time frame can be quite different from oil.

Medical care's meteoric rise

Although medical care as an expense is not large enough to push the overall index around much, its rise in Anchorage over time is hard to overlook. (See Exhibit 6.)

Two ways to measure cost of living

1. In a specific place over time

Anchorage is one of 26 cities — and the smallest — where the U.S. Bureau of Labor Statistics tracks changes in consumer prices. Because it's the only CPI in Alaska, it's often treated as the de facto statewide measure of inflation. Although there is a CPI for the U.S. and for a number of communities around the country, these indexes cannot be used to compare costs between locations.

BLS goes to great lengths and expense to produce the CPI through elaborate surveys of consumer spending habits. These surveys look at a "market basket" of items, and BLS gives them location-specific weights. The market basket, used in most cost-of-living indexes, is a sample of goods and services believed to best mimic the average consumer or a specific group of consumers. The market basket typically includes housing, food, transportation, medical care, and entertainment.

The inflation rate is used to adjust the value of the dollar over time. Workers, unions, employers, and many others also pay attention to the CPI because bargaining agreements and other wage rate negotiations often incorporate an adjustment for inflation. The CPI also plays a role in long-term real estate rental contracts, child support payments, and budgeting.

Most Alaskans are affected when the Permanent Fund Corporation uses the CPI to inflation-proof the fund, and nearly all senior citizens are affected when Social Security payments are adjusted each year using the CPI.

The Anchorage CPI is produced twice each year, for January to June and July to December. Information for the latter period and the annual average come out in January of the following year.

2. Differences between places

The other way to assess the cost of living is to look at cost differences between places. For example, is it more expensive to live in Barrow or in Fairbanks? A variety of studies and data sources this article uses compare the costs of living among Alaska communities and other places around the country.

These studies assume a certain consumption pattern and investigate how much more, or less, it might cost to maintain a specific standard of living elsewhere. Some of these data are more comprehensive than others, and because there can be several sources for the same areas, it's important to weigh the strengths and weaknesses of the data sets, which each section of this article discusses for each source. Some may better suit a particular need, or in some cases it may work best to cobble together several sources.

Looking at 'the average consumer'

All cost-of-living measures have their shortcomings. No two consumers spend their money alike, nor does any index accurately capture all the differences. For example, the average household in Nome may spend money differently from the average household in Sitka, and they may differ even more dramatically from a family in Los Angeles. An index may or may not take these differences into account, depending on how sophisticated it is.

Consumer spending habits are also continuously in flux. Technology advances, tastes change, and people react differently to changes in prices.

4 Costs in Anchorage and U.S.

Consumer Price Index, select expenses, 2000 to 2012 annual averages

ALL ITEMS

Year	Anchorage average	% chg from previous yr	U.S. average	% chg from previous yr
2000	150.9	1.7%	172.2	3.4%
2001	155.2	2.8%	177.1	2.8%
2002	158.2	1.9%	179.9	1.6%
2003	162.5	2.7%	184	2.3%
2004	166.7	2.6%	188.9	2.7%
2005	171.8	3.1%	195.3	3.4%
2006	177.3	3.2%	201.6	3.2%
2007	181.2	2.2%	207.3	2.8%
2008	189.5	4.6%	215.3	3.8%
2009	191.7	1.2%	214.5	-0.4%
2010	195.1	1.8%	218.1	1.6%
2011	201.4	3.2%	224.9	3.2%
2012	205.9	2.2%	229.6	2.1%

ALL ITEMS MINUS HOUSING

Year	Anchorage average	% chg from previous yr	U.S. average	% chg from previous yr
2000	156.1	1.7%	165.7	3.4%
2001	160.6	2.9%	169.7	2.4%
2002	162.2	1.0%	170.8	0.6%
2003	166.5	2.7%	174.6	2.2%
2004	171.7	3.1%	179.3	2.7%
2005	177.5	3.4%	186.1	3.8%
2006	182.9	3.0%	191.9	3.1%
2007	187.7	2.6%	196.6	2.5%
2008	198.0	5.5%	205.5	4.5%
2009	199.2	0.6%	203.3	-1.0%
2010	202.2	1.5%	208.6	2.6%
2011	209.2	3.4%	217.0	4.0%
2012	212.8	1.7%	221.4	2.0%

HOUSING

2000	134.2	1.1%	169.6	3.5%
2001	139.0	3.6%	176.4	4.0%
2002	143.5	3.2%	180.3	2.2%
2003	146.8	2.3%	184.8	2.5%
2004	149.1	1.6%	189.5	2.5%
2005	153.1	2.7%	195.7	3.3%
2006	159.2	4.0%	203.2	3.8%
2007	163.5	2.7%	209.6	3.1%
2008	167.6	2.5%	216.3	2.2%
2009	173.7	3.7%	217.1	0.4%
2010	175.2	0.9%	216.3	-0.4%
2011	180.4	2.9%	219.1	1.3%
2012	185.2	2.7%	222.7	1.6%

TRANSPORTATION

2000	150.5	4.7%	153.3	6.2%
2001	153.0	1.7%	154.3	0.7%
2002	151.5	-1.0%	152.9	-1.0%
2003	158.3	4.5%	157.6	3.1%
2004	162.7	2.8%	163.1	3.5%
2005	171.7	5.5%	173.9	6.6%
2006	178.6	4.0%	180.9	4.0%
2007	180.7	1.2%	184.7	2.1%
2008	199.7	10.5%	195.5	5.9%
2009	190.2	-4.8%	179.3	-8.3%
2010	198.6	4.4%	193.4	7.9%
2011	207.9	4.7%	212.4	9.8%
2012	212.1	2.0%	217.3	2.3%

FOOD AND BEVERAGES

2000	151.7	2.2%	168.4	2.3%
2001	156.4	3.1%	173.6	3.1%
2002	157.9	1.0%	176.8	1.8%
2003	161.8	2.5%	180.5	2.1%
2004	168.9	4.4%	186.6	3.4%
2005	173.1	2.5%	191.2	2.5%
2006	176.2	1.8%	195.7	2.4%
2007	184.2	4.6%	203.3	3.9%
2008	192.3	4.4%	214.2	5.4%
2009	191.8	-0.2%	218.2	1.9%
2010	191.4	-0.2%	220.0	0.8%
2011	198.3	3.6%	227.9	3.6%
2012	203.1	2.4%	233.8	2.6%

MEDICAL CARE*

2000	272.1	4.3%	260.8	4.1%
2001	282.9	4.0%	272.8	4.6%
2002	–	–	285.6	4.7%
2003	–	–	297.1	4.0%
2004	–	–	310.1	4.4%
2005	344.2	–	323.2	4.2%
2006	356.1	3.5%	336.2	4.0%
2007	367	3.0%	351.1	4.4%
2008	380.6	3.7%	364.1	3.7%
2009	397.0	4.3%	375.6	3.2%
2010	419.7	5.7%	388.4	3.4%
2011	442.0	5.3%	400.3	3.0%
2012	461.3	4.3%	414.9	3.6%

CLOTHING

2000	124.5	-1.0%	129.6	-1.3%
2001	131.1	5.3%	127.3	-1.8%
2002	126.7	-3.4%	124.0	-2.6%
2003	123.2	-2.8%	120.9	-2.5%
2004	123.9	0.6%	120.4	-0.4%
2005	121.3	-2.1%	119.5	-0.1%
2006	126.9	4.6%	119.5	0
2007	123.4	-2.8%	119.0	-0.4%
2008	130.9	6.1%	118.9	-0.1%
2009	135.6	3.6%	120.1	1.0%
2010	139.7	3.0%	119.5	-0.5%
2011	142.8	2.2%	122.1	2.2%
2012	149.0	4.3%	126.3	3.4%

ENERGY

2000	131	12.7%	124.6	16.9%
2001	143.2	9.3%	129.3	3.8%
2002	140.1	-2.2%	121.7	-5.9%
2003	149.9	7.0%	136.5	12.2%
2004	164.4	9.7%	151.4	10.9%
2005	185.4	12.8%	177.1	17.0%
2006	211.2	13.9%	196.9	11.2%
2007	232.2	9.9%	207.7	5.5%
2008	272.9	17.5%	236.7	13.9%
2009	251.5	-7.8%	193.1	-18.4%
2010	260.3	3.5%	211.4	9.5%
2011	288.5	10.8%	243.9	15.4%
2012	291.5	1.1%	246.1	0.9%

*No index was created for Anchorage medical care costs between 2002 and 2004.

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

Few other components of the CPI come close to matching the increases in health care prices. Since 2000, medical care costs in Anchorage have grown by 70 percent — nearly double the growth rate for the overall index.

For comparison, only energy prices are remotely in the same league as medical costs for their rate of increase, though by a distant second. Food and beverage prices have increased over the long term at about the same rate as the overall index, and housing costs have risen slower. (See Exhibit 6.)

Housing is the heavyweight

Housing is usually a household's largest expense, as shown in Exhibit 3, and has the largest weight in the CPI. That means housing has a powerful influence on the overall index — it's also the only component that can sharply diverge from national trends and give an area's index a local flavor.

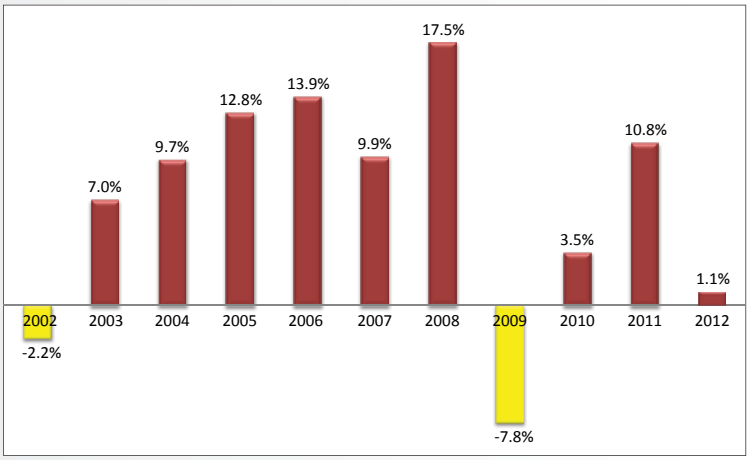
Most other goods and services that fill the CPI market basket are largely dictated by national or international trends. For example, price changes for gasoline, food, clothing, insurance, transportation, health care, and recreation are responses to national and global market conditions.

Between 2007 and 2012, Anchorage housing costs increased by 13.2 percent while the nation's rose 6.3 percent. In 2010, the nation's housing costs fell while Anchorage's increased by nearly 1 percent. These numbers reflect the difference between the tough national housing market of the past five years and Anchorage's relatively healthy market. In future years, this is likely to change as the U.S. housing market continues to recover.

Because of the strong weight housing carries, it is important to know its primary shortcoming. The CPI uses a housing cost configuration called "rental equivalency" that calculates ownership costs based on the current rental value of the same home on the open market. A housing market in flux can complicate this method, because rapidly changing housing prices or rentals can exaggerate the housing portion of the CPI. This is because many homeowners have long-term fixed interest rate mortgages, which reflect past housing market conditions. When a local housing market becomes overheated and prices rise rapidly, property owners with these fixed-rate mortgages are not affected, so the rate of inflation in such an environment would be overstated. In a down market, the reverse is also true.

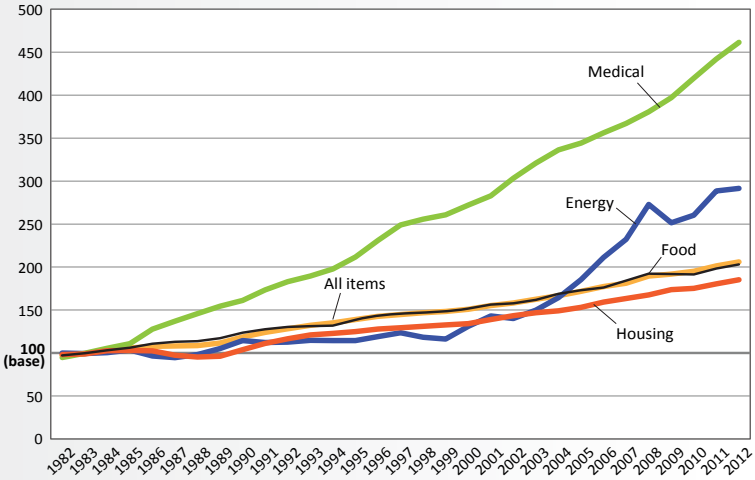
To eliminate the influence of a fluctuating housing market on the CPI, the bureau produces an index that excludes housing: "CPI All Items Less Shelter." (See Exhibit 4.) Using the Less Shelter index

5 Energy Costs On a Wild Ride
Anchorage CPI, 2002 to 2012



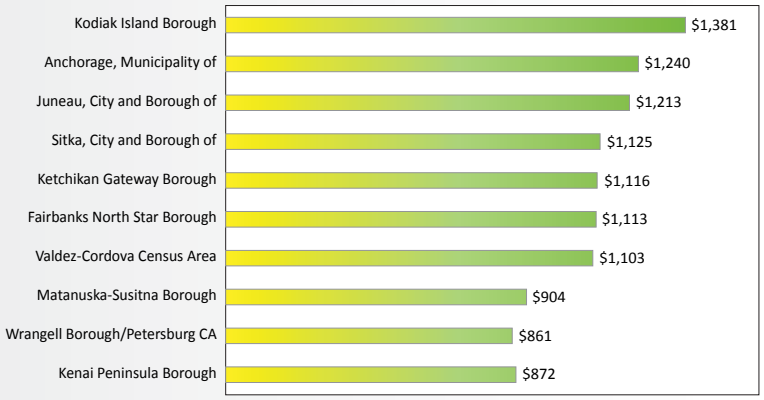
Source: U.S. Department of Labor, Bureau of Labor Statistics

6 Food Tracks With Overall Index
Basic living costs, Anchorage CPI, 2012



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

7 Rent Highest in Kodiak, Anchorage
Two-bedroom apartments, 2012



Sources: Alaska Department of Labor and Workforce Development, Research and Analysis Section; and Alaska Housing and Finance Corporation, 2012 Rental Market Survey

8 Average House Prices
Single-family by area, 2012

Juneau, City and Borough	$342,738
Anchorage, Municipality	$340,053
Kodiak Island Borough	$313,506
Statewide	$295,362
Bethel	$285,792
Ketchikan Gateway Borough	$280,980
Matanuska-Susitna Borough	$248,812
Kenai Peninsula Borough	$243,474
Fairbanks North Star Borough	$237,695

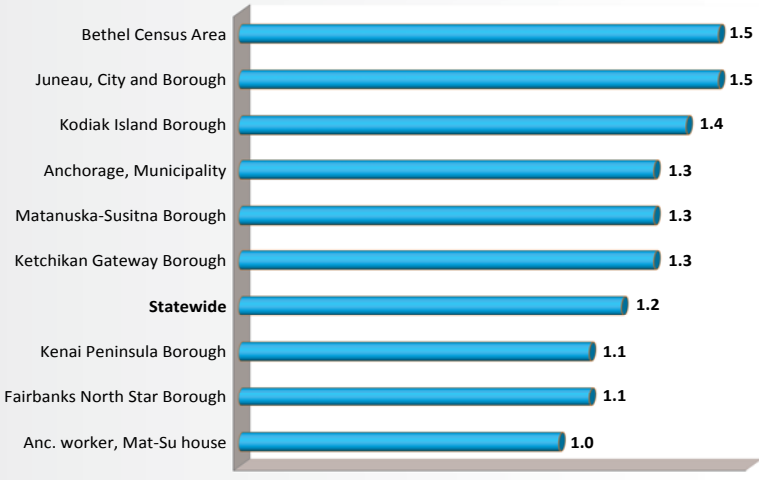
Sources: Alaska Department of Labor and Worforce Development, Research and Analysis; and Alaska Housing Finance Corporation

to compare Anchorage to the nation shows less difference between the two over the years.

Housing most expensive in Juneau, Anchorage, and Kodiak

Although the CPI is only produced for Anchorage, a variety of other surveys and studies measure the cost of living in other Alaska communities and make it possible to compare costs between areas.

9 Bethel, Juneau Homes Least Affordable
Paychecks needed to buy average house, 2012



Sources: Alaska Department of Labor and Workforce Development, Research and Analysis Section; and Alaska Housing Finance Corporation

However, they can't be compared to the Anchorage CPI. (See the sidebar on page 5 for an explanation of these sources.)

Because housing gobbles up such a large slice of a household's income, it tends to be a reliable indicator of an area's cost of living. Housing costs vary dramatically based on supply, vacancy rates, quality, the local economy, building costs, and demographics.

The Alaska Housing Finance Corporation contracts with the Alaska Department of Labor and Workforce Development each year to collect housing data for a number of communities around the state, shown in exhibits 7 and 8. As in past years, the surveys show rental rates and home prices are most expensive in Juneau, Anchorage, and Kodiak.

Rental costs vary considerably by area, the types of rentals available, and number of bedrooms. These details are available at the Alaska Housing Finance Corporation Web site: www.ahfc.us.

Housing affordability also takes earnings into account

The Alaska Housing Finance Corporation and the department also create an index that measures housing affordability in eight areas. Affordability takes earnings into account instead of just housing prices, as higher earnings can help offset higher housing costs.

10 Alaska Cities Expensive for Professional Households

Council for Community and Economic Research index,* first quarter 2013

Region and city	Total index	Groceries	Housing	Utilities	Transport.	Medical	Misc.
Alaska							
Anchorage	126.5	124.1	151.1	104.0	102.6	135.3	123.2
Fairbanks	135.4	130.0	135.3	221.0	109.6	144.0	119.1
Juneau	133.8	123.4	161.5	172.8	112.1	146.9	109.0
Kodiak	135.1	144.2	127.7	168.4	135.9	134.9	126.6
West							
Portland, OR	116.9	110.8	138.0	102.3	111.5	113.6	109.1
Honolulu, HI	171.0	158.0	262.6	157.2	125.7	112.4	129.5
San Francisco, CA	168.6	122.6	310.0	95.8	120.1	114.7	118.7
Los Angeles-Long Beach	130.5	104.9	197.5	106.4	108.9	110.2	104.0
Las Vegas, NV	99.4	108.4	97.1	85.6	94.3	102.4	103.6
Reno, NV	89.7	98.9	84.9	72.3	101.6	93.9	90.3
Seattle, WA	121.5	113.1	145.7	97.4	121.7	113.2	113.5
Spokane, WA	94.4	94.1	86.9	94.9	93.9	106.6	99.2
Tacoma, WA	106.5	99.6	96.6	108.4	110.3	110.0	115.1
Boise, ID	92.3	91.7	85.6	87.4	95.3	104.5	96.7
Bozeman, MT	100.9	102.7	107.0	88.5	87.9	104.6	103.5
Cheyenne, WY	94.5	107.8	88.4	101.0	84.2	93.6	96.2
Southwest/Mountain							
Salt Lake, UT	92.7	95.5	84.1	86.3	92.7	96.5	100.3
Phoenix, AZ	94.0	98.3	92.9	97.4	91.1	90.2	93.8
Denver, CO	103.2	99.9	113.4	99.8	89.2	102.5	102.6
Dallas, TX	94.9	99.4	78.7	108.6	100.7	94.7	100.1
Houston, TX	99.8	87.6	108.0	98.7	97.2	100.3	99.2
Midwest							
Cleveland, OH	102.2	109.3	95.7	100.8	102.7	100.8	105.0
Chicago, IL	114.8	106.3	129.3	97.4	130.9	90.2	109.0
Southeast							
Orlando, FL	110.8	106.0	134.6	97.6	11.5	93.4	99.7
Mobile, AL	92.9	105.9	77.9	111.7	95.1	84.3	94.2
Atlanta, GA	96.6	100.3	87.8	91.6	103.4	105.2	100.3
Atlantic/New England							
New York City / Manhattan, NY	227.1	146.4	461.7	131.6	131.8	105.1	148.6
Boston, MA	140.5	125.2	176.7	147.2	108.6	125.0	129.0
Philadelphia, PA	121.9	122.2	140.5	126.5	106.5	98.1	114.0

*The average is represented by an index value of 100. Index numbers are a comparison to the average for all cities for which volunteers collected data.

Source: The Council For Community And Economic Research

11 Beer and a Steak Highest in Kodiak

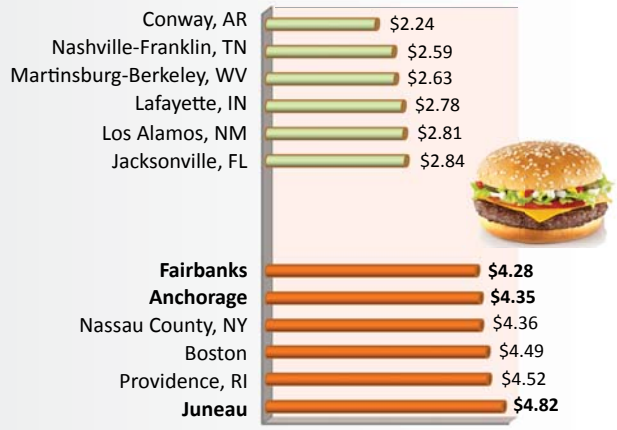
Select items, first quarter 2013

	T-bone steak, 1 lb.	Dentist visit	Haircut	Veterinary exam, annual	6-pack, Heineken
Anchorage	$11.79	$125.40	$18.00	$59.40	$10.39
Fairbanks	$11.99	$141.40	$13.24	$45.19	$10.75
Juneau	$10.49	$151.25	$19.00	$70.00	$9.49
Kodiak	$12.15	$130.00	$27.00	$71.00	$10.49
Average, U.S. Cities	$10.19	$84.68	$13.87	$46.69	$8.52
High U.S. City	$14.74	$151.25	$27.00	$100.00	$13.39
Low U.S. City	$7.72	$54.25	$7.00	$26.67	$6.74

Source: The Council For Community And Economic Research

12 The Quarter Pounder Index

Spendiest in Juneau, 2013



Sources: The Council for Community and Economic Research; and Nerd Wallet, May 12, 2013

The resulting number represents how many average monthly paychecks it would take to qualify for a 30-year mortgage with an average interest rate and a 15 percent down payment. (See Exhibit 9.)

A single family home in the Matanuska-Susitna Borough purchased by Anchorage workers continues to be the most affordable, requiring just shy of one person's paycheck to qualify. This helps explain the huge daily flow of commuter traffic between the Mat-Su Borough and Anchorage.

Juneau, on the other hand, has high earnings but not high enough to offset its home prices, making Juneau's housing among the least affordable of the eight areas.

Alaska's cities are high cost

The Council for Community and Economic Research publishes detailed cost-of-living surveys in more than 300 U.S. cities each quarter and yearly. This index tracks costs for 59 specific items and classifies results in categories such as groceries, housing, utilities, transportation, health care, and miscellaneous goods and services. The average is set at 100.

The index's consumption pattern is styled after a professional or executive household in the top income quartile, with average expenditures of 14 percent on food, 27 percent for housing, 10 percent for utilities, 12 percent for transportation, 5 percent for health care, and 32 percent for miscellaneous goods and services.

As expected, the 2013 survey showed that costs of living in Anchorage, Fairbanks, Juneau, and Kodiak were well above the national average. (See Exhibit 10.)

Anchorage's cost index weighed in at 126.5, or 26.5 percent above the national average. The Fairbanks index registered 135.4, Juneau at 133.8, and Kodiak at 135.1.

Housing in Alaska cities wasn't the only component to drive up overall costs. Expenditures in most categories were above the U.S. city average, with Anchorage's utility costs as the single exception. Natural gas continues to contain costs for Anchorage consumers.

The biggest cost differentials in Alaska's marketplace were utilities, housing, and health care. Fairbanks registered the largest utilities index of all 307 cities at a whopping 221. Another standout was Juneau, with a housing index of 161.5.

High costs of living distinguish Alaska cities from most other places in the nation. Only eight other surveyed U.S. cities' costs trumped Alaska, and these were concentrated in California, New York, Boston, and Stamford, Conn. The most expensive place overall was Manhattan, topping the list at 221.5. The least expensive place to live was Harlingen, Texas, at 80.6.

Alaska's expensive burgers

Digging deeper into the Council for Community and Economic Research's raw data makes it possible to compare how much 59 individual items would cost in various places.

These items, which have very little weight in the overall index, include things such as a haircut, a visit to the dentist, a t-bone steak, and a six-pack of Heineken beer. (See Exhibit 11.) For example, it costs more to buy a t-bone steak and a six-pack in Alaska than it would in the Lower 48, but not much more. Dental visits, on the other hand, are considerably more expensive in Alaska.

The organization Nerd Wallet, a personal financial Web site, recently received considerable national attention when they used this data set to publish the Quarter Pounder Index, which compares prices around the nation for the McDonald's staple. (See Exhibit 12.) Three of Alaska's cities ranked near the top of the list of the nation's most expensive Quarter Pounders, with the spendiest sandwich in Juneau at $4.82.

13 **The Cost of Food and Other Select Items**
By area, March 2013

Community	Food at home for a week*	Percent of Anchorage	Electricity 1,000 kwh	Heating oil (#1)/gallon	Unleaded gas/gallon	Propane per gallon	Lumber 2"X4"X8'
Anchorage	$170.64	**100%**	$145.35	$3.79	$3.86	$3.83	$3.43
Bethel	$325.76	**191%**	$379.15	$6.80	$7.13	$10.12	$6.11
Cordova	$180.73	**106%**	$326.41	$4.69	$4.68	$4.30	$5.72
Fairbanks	$163.70	**96%**	$224.82	$4.10	$3.94	$3.94	$3.78
Haines	$217.31	**127%**	$204.22	$4.36	$4.59	n/a	$4.19
Homer	$186.89	**110%**	$199.69	$3.87	$4.25	$4.50	$3.99
Juneau	$182.18	**107%**	$128.18	$4.32	$3.96	$4.15	$3.39
Kenai-Soldotna	$173.95	**102%**	$196.90	$3.62	$4.15	$4.13	$3.06
Ketchikan	$182.78	**107%**	$112.80	$4.32	$4.19	$3.71	$3.58
Nome	$308.53	**181%**	$293.73	$6.25	$6.19	$7.53	$6.49
Palmer-Wasilla	$163.10	**96%**	$155.12	$4.22	$3.95	$4.25	$3.45
Portland, OR	*$146.03*	***86%***	*$100.00*	*$4.15*	*$3.54*	*$2.83*	*$2.75*
Sitka	$208.46	**122%**	$99.75	$4.16	$4.34	$3.31	$3.59
Tok	$222.75	**131%**	$328.20	$4.45	$4.25	$3.47	$4.55
Unalaska/Dutch Harbor	$235.27	**138%**	$334.27	$4.49	$4.80	$5.91	$6.64
Valdez	$213.20	**125%**	$290.50	$4.25	$4.51	$3.87	$4.82

*Weekly cost for a family of four with children ages 6-11.
Source: University of Alaska Fairbanks, Cooperative Extension Service

Food costs the most in Bethel

Four times a year, the University of Alaska Fairbanks' Cooperative Extension Service surveys communities around the state to determine the cost of food at home for one week for a family of four with children between ages 6 and 11, based on a market basket of items with a minimum level of nutrition. (See Exhibit 13.) The survey also

Calculating index changes

Movements of the indexes from one period to another are usually expressed as percent changes rather than index points, because index points are affected by the level of the index in relation to its base period. The following example illustrates the computation of index points and percent changes.

Index Point Change

Anchorage CPI, 2012…….....205.9
Less CPI for previous period, Anchorage 2011.....201.4
Equals index point change.....4.5

Percent Change

Index point difference……4.5
Divided by the previous index……201.4
Equals…….....0.022
Results multiplied by 100……0.022 x 100
Equals percent change, Anchorage CPI 2011……2.2

How much would $1,000 in 2000 buy in 2012?

The Anchorage CPI can answer the often-asked question, "How can I take a dollar amount from some earlier year and make it current with today's dollar value?" Use the simple equation below.

2012 Anchorage CPI (most recent, Exhibit 5).....205.9
Divided by 2000 Anchorage CPI (also in Exhibit 5).....150.9
Equals.....1.364
Then multiply 1.364 ($1,000 in the year 2000 dollars) = $1,364 in current or 2012 dollars.
See labor.alaska.gov/research/cpi/inflationcalc.htm for an inflation calculator. The calculator can also deflate dollars to an earlier year's value.

14 Rural Fuel Costs High
Price survey, January 2013

Community[1]	Heat. fuel #1, residential	Gasoline, regular	Method of transportation
Anvik	$6.00	$6.00	Barge
Arctic Village	$10.00	$10.00	Air
Atqasuk[2]	$1.40	$4.10	Barge/Air
Barrow[3]	–	$6.20	Barge
Chenega Bay	$7.26	$7.33	Barge
Cordova	$4.31	$4.64	Barge
Delta Junction	$4.19	$4.09	Truck
Dillingham	$7.04	$6.84	Barge
Emmonak	$6.34	$6.65	Barge
Fairbanks	$4.12	$3.65	Refinery/Truck
Glennallen	$4.29	$4.22	Truck
Gambell	$7.01	$7.58	Barge
Homer	$3.97	$3.80	Barge/Truck
Hoonah	$4.63	$4.20	Barge
Hooper Bay	$7.09	$6.98	Barge
Hughes	$9.00	$8.25	Air
Huslia	$7.00	$7.00	Barge
Juneau	$4.27	$3.63	Barge
Kodiak	$4.09	$3.60	Barge
Kotzebue	$6.07	$6.29	Barge
Nelson Lagoon	$5.50	$5.65	Barge
Nenana	$4.18	$4.18	Truck
Nondalton	$6.55	$7.27	Air
Pelican	$5.24	$5.09	Barge
Petersburg	$4.13	$3.67	Barge
Port Lions	$5.56	$5.35	Barge
Russian Mission	$5.75	$6.20	Barge
Unalaska	$4.54	$4.35	Barge
Valdez	$4.25	$4.26	Refinery/Barge

[1]This is a partial list of the 100 communities surveyed.
[2]The North Slope Borough subsizes heating fuel.
[3]Barrow uses natural gas as a source of heat.
Source: Department of Commerce, Community, And Economic Development, Current Community Conditions: Fuel Prices Across Alaska, January 2013 Update

15 Geographic Cost Differentials
By community or area, 2008

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

Community / area	
Anchorage (base area)	**1.00**
Fairbanks	1.03
Parks/Elliott/Steese Highways	1.00
Glennallen Region	0.97
Delta Junction/Tok Region	1.04
Roadless Interior	1.31
Juneau	1.11
Ketchikan/Sitka	1.09
Southeast Mid-Size Communities	1.05
Southeast Small Communities	1.02
Mat-Su	0.95
Kenai Peninsula	1.01
Prince William Sound	1.08
Kodiak	1.12
Arctic Region	1.48
Bethel/Dillingham	1.49
Aleutian Region	1.50
Southwest Small Communities	1.44

Source: The McDowell Group for the State of Alaska

tracks costs of fuel, utilities, and lumber.

The 2013 results show the most expensive groceries by far were in Bethel, at $325.76 per week. The cheapest groceries in Alaska were in Palmer-Wasilla at $163.10 per week, followed closely by Fairbanks and Anchorage. For comparison, the same market basket would have been $146.03 in Portland.

The survey's strength is its geographic coverage; few others in the state cover so many communities. Its primary weakness is its limitation to food and a couple of other items, making it just a partial measurement of the cost of living. Another drawback is that the market basket items are identical everywhere, though buying habits can vary considerably by town.

According to the March 2013 study, a family of four would find the lowest food costs in urban Alaska: Palmer-Wasilla, Fairbanks, Anchorage, and Kenai-Soldotna. The highest food costs were in remote communities serviced mostly by air. The mid-range areas tended to be small places on a major transportation system such as the highways or the Alaska Marine Highway. These towns included Valdez, Tok, and Sitka.

Location isn't everything, though. The size of the market, the level of competition, and the relative closeness to larger urban areas are other determinants in the cost of food.

Heating fuel tops $10 a gallon in Arctic Village

In January of 2013, the average price for heating oil in Alaska was $5.86, compared to $3.98 for the nation.

The Alaska Department of Commerce, Community, and Economic Development conducts a detailed semiannual survey of heating fuel and gasoline prices in 100 communities around the state. (See Exhibit 14.)

Between January of 2012 and January of 2013, overall heating fuel prices rose 3 percent and gasoline prices rose 2 percent. The highest price for fuel oil was $10 per gallon in Arctic

16 Military Index
Cost of living, 2013

Location	Index
Anchorage	128
Barrow	156
Bethel	156
Clear Air Station	130
College	130
Cordova	138
Delta Junction	132
Fairbanks	130
Homer	136
Juneau	134
Kenai (inlcudes Soldotna)	136
Ketchikan	142
King Salmon (incl Bristol Bay Borough)	136
Kodiak	138
Nome	156
Petersburg	142
Seward	132
Sitka	140
Spuce Cape	136
Tok	132
Unalaska	136
Valdez	138
Wainwright	156
Wasilla	124
Other	156

Note: The U.S. average is set at 100.
Source: Department of Defense, OCONUS, effective January 2013

17 State Adjustment Factors
Corps of Engineers civil works projects, 2013

South Carolina	0.83	Indiana	1.00
Oklahoma	0.85	Maryland	1.00
Arkansas	0.87	Maine	1.02
North Carolina	0.87	Ohio	1.03
Louisiana	0.88	West Virginia	1.03
South Dakota	0.88	Michigan	1.04
Texas	0.88	Missouri	1.04
Georgia	0.89	New Hampshire	1.05
Alabama	0.89	Washington D.C.	1.05
Mississippi	0.90	Washington	1.06
Tennessee	0.90	Wisconsin	1.06
Wyoming	0.91	Nevada	1.07
North Dakota	0.92	Oregon	1.07
Florida	0.93	Pennsylvania	1.08
Kansas	0.94	Delaware	1.11
New Mexico	0.94	Minnesota	1.14
Utah	0.94	Illinois	1.15
Arizona	0.95	New York	1.15
Idaho	0.95	Rhode Island	1.15
Virginia	0.95	Hawaii	1.17
Nebraska	0.97	California	1.18
Iowa	0.98	Alaska	1.19
Montana	0.98	Connecticut	1.19
Vermont	0.98	Massachusetts	1.19
Colorado	0.99	New Jersey	1.19
Kentucky	0.99		

Note: The national average is set at 1.00.
Source: U.S. Army Corps of Engineers, March 2013

Village, and the lowest was $3.85 in Akutan.

A dated but thorough study

In 2009, the state released the 2008 Alaska Geographic Differential Study, which was primarily conducted to adjust state workers' salary levels by area. (See Exhibit 15.)

Although the study is somewhat dated, it remains the most comprehensive intrastate cost-of-living study and will likely remain in that position for a long time due to its detailed and broad coverage.

Unlike other surveys, this one created market baskets and weights for each community, making it useful for looking at the overall difference in cost of living between places as well as comparing items within specific categories.

Military has its own index

Another index with broad coverage is the Department of Defense's index, called OCONUS, for all its overseas locations including Alaska and Hawaii. OCONUS, which is updated frequently, covered 25 areas in 2013. (See Exhibit 16.)

For the most part, the OCONUS results line up with other cost-of-living data in this article, but the major difference is its exclusion of housing.

Corps of Engineers tracks construction costs

The U.S. Army Corps of Engineers' involvement in civil works projects around the nation allows them to assemble a range of data on construction costs at the state level. The Corps has used these numbers to adjust construction costs on a state-by-state basis. (See Exhibit 17.)

Not surprisingly, construction is expensive in Alaska. Alaska shared the top place on the list with three other states and fell in closely with a number of other states.

By CAROLINE SCHULTZ

Alternate Measures of Unemployment

Six rates measure different underemployed groups

The unemployment rate reported each month measures the number of jobless people who are available to work and have actively sought employment in the past four weeks, as a proportion of the civilian labor force.

This rate is one of the most important national economic indicators, with widespread application for policy makers, the business community, and the public. Its popularity is due to its reliability as a gauge of overall labor market conditions and its historical performance as a business cycle indicator. It's also relatively straightforward compared to other indicators, such as gross domestic product or trade measures, because most people have been affected by unemployment at some point.

How the rate was developed

Despite its prevalence, the modern definition of unemployment is a relatively new economic concept. During the Great Depression, there was no official standard for unemployment, but the federal government hired an abundance of out-of-work statisticians to work for New Deal programs. The Works Progress Administration and the U.S. Census Bureau developed the modern concept of unemployed to mean both "willing and able to work" and "actively seeking work."

The inclusion of the requirement that an unemployed person be seeking work was controversial because it was without basis in traditional economic theory, but it allowed statisticians to easily distinguish between different kinds of nonworkers. It also allowed for the definition of the "civilian labor force" to be determined by a person's actions – either working or seeking work.

Labor force = employed plus unemployed

During the late 1930s and early 1940s, the Census Bureau and the WPA developed and refined the survey methods for estimating the size of the labor force, aided by concurrent developments in the field of statistics. With the dissolution of the WPA, the Census Bureau took over the survey, now known as the Current Population Survey, or CPS.

In 1959, the Bureau of Labor Statistics assumed responsibility for content, analysis, and reporting of the CPS, although the Census Bureau still conducts the survey. Since the development of the CPS, there have been numerous reviews of the concept and definition of unemployment, but those studies only resulted in minor refinements to the official measure.

The alternate rates

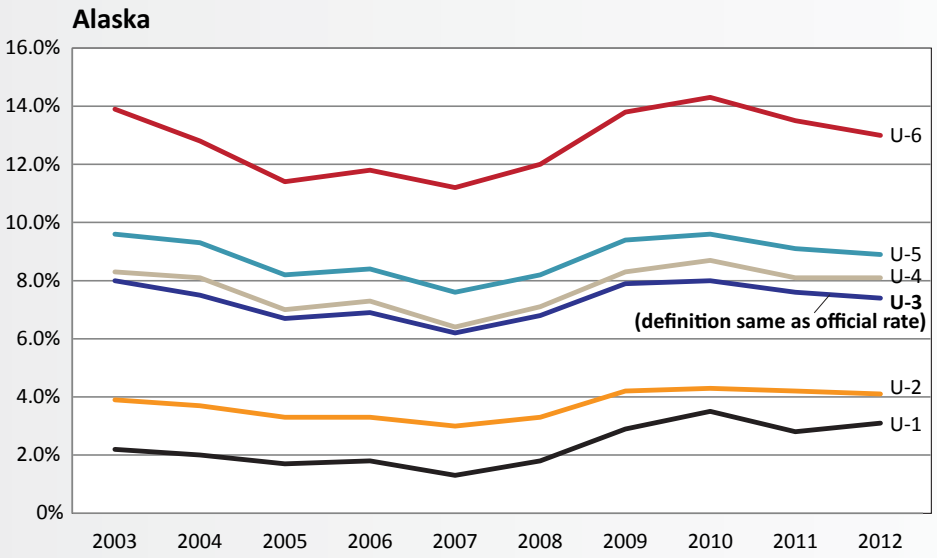
Despite widespread acceptance of the concept of

How the Bureau of Labor Statistics defines the six alternate measures

- **U-1 (narrowest measure):** Those unemployed 15 weeks or longer, as a percentage of the civilian labor force
- **U-2:** Job-losers and people who completed temporary jobs, as a percentage of the civilian labor force
- **U-3 (definition used for reported unemployment rate):** Total unemployed, as a percentage of the civilian labor force
- **U-4:** Total unemployed plus discouraged workers, as a percentage of the civilian labor force plus discouraged workers
- **U-5:** Total unemployed plus discouraged workers and all other marginally attached workers, as a percentage of the civilian labor force plus all marginally attached workers
- **U-6 (broadest measure):** Total unemployed plus all marginally attached workers, plus total employed part time for economic reasons, as a percentage of the civilian labor force plus all marginally attached workers

1 The Other Measures of Labor Underutilization

2003 to 2012



Source: U.S. Bureau of Labor Statistics

Alaska

Rate	2010	2011	2012
U-1	3.5%	2.8%	3.1%
U-2	4.3%	4.2%	4.1%
U-3	8.0%	7.6%	7.4%
U-4	8.7%	8.1%	8.1%
U-5	9.6%	9.1%	8.9%
U-6	14.3%	13.5%	13.0%

U.S.

Rate	2010	2011	2012
U-1	5.7%	5.3%	4.5%
U-2	6.0%	5.3%	4.4%
U-3	9.6%	8.9%	8.1%
U-4	10.3%	9.5%	8.6%
U-5	11.1%	10.4%	9.5%
U-6	16.7%	15.9%	14.7%

unemployment, it was not without its detractors. Most critics claimed the requirement that an unemployed person must have recently sought work was too restrictive and excluded what are now known as "discouraged workers" — people who want to work but have stopped searching because of a perceived lack of jobs. Other critics desired a better measure of the degree of hardship the unemployed faced.

In response, BLS first developed seven alternate measures of labor underutilization in the 1970s, known as the U-1 through U-7 indicators. A major overhaul of the CPS in 1994 led to a revised set of alternative indicators, which were released in 1995. The new alternative indicators ranged from U-1 through U-6, with the official national unemployment rate as U-3. (See the sidebar on page 14 for more detail on each.)

The official concept of unemployment, used in U-3, includes everyone without a job who is available and has looked for work in the past four weeks. The unemployed population is divided by the labor force, which is the sum of the employed and unemployed. Many people who do not work are considered outside the labor force, including full-time students, the incarcerated, retirees, and those who haven't sought work in the past month.

The U-1 and U-2 rates are narrower measures than U-3 and were designed to reflect the significance of unemployment and possible degrees of financial hardship.

U-1 includes anyone unemployed 15 weeks or longer. This subset of the U-3 population was thought to face greater financial hardship because of the extended period without work.

The U-2 rate was also developed to measure hardship, but was limited to the subset of the unemployed population who lost their jobs. Job-losers were also thought to suffer greater financial hardship than those who willingly quit or were new entrants into the labor force. U-2 is typically larger than U-1, but because it measures a different subset of the unemployed population, it could theoretically be smaller than the U-1 rate.

The broader measures of labor underutilization, U-4 through U-6, include people outside the labor force. These rates are calculated as percentages of the civilian labor force plus other groups, including discouraged and marginally attached workers.

Discouraged workers (included in U-4, U-5, and U-6) are those who are not in the labor force, want and are available for work, and had looked for a job sometime in the prior 12 months. They are not counted as unemployed because they had not searched for work in the past four weeks, specifically because they believed no jobs were available.

Marginally attached workers (included in U-5 and U-6) are a broader group that includes discouraged workers. Those considered marginally attached are willing to work but have not looked for work in the previous four weeks for any reason, not just because of a perceived lack of available jobs.

Workers employed part-time for economic reasons, included in U-6, are those working less than 35 hours per week who want to work full time, are available to do so, and gave an economic reason for working part-time — for example, their hours had been cut or they were unable to find a full-time job. This group is also referred to as "involuntary part-time workers." The U-6 rate differs from the others because it includes people who are working, making it a measure of underemployment rather than unemployment.

States' measures

BLS began producing official unemployment estimates for states in 1976 but didn't start releasing alternate measures of labor underutilization at the state level until 2003. Because CPS results alone are not statistically suitable for monthly release for states, BLS releases the U-1 through U-6 rates on a four-quarter moving-average basis.

The way Alaska's monthly unemployment rate is calculated differs from the national U-3 rate because it isn't based solely on the CPS sample; rather, the model also incorporates data from monthly employment estimates and unemployment insurance claims. This model-based estimate reduces volatility and improves the accuracy of the state's unemployment rate. Because it's calculated differently, the state's official unemployment rate can differ slightly from the U-3 rate even though it uses the same definition of unemployment.

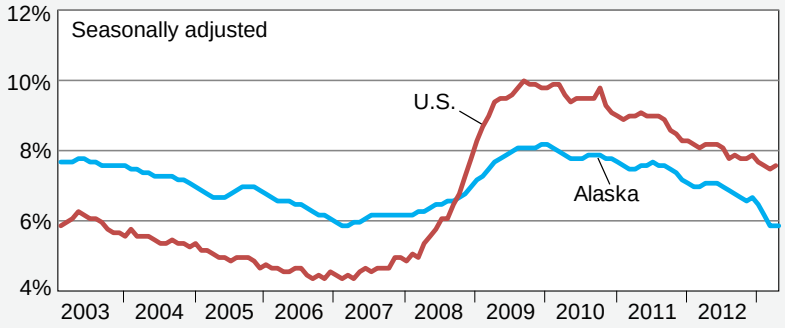
Alaska's U-1 through U-6 rates have tracked historically with the official unemployment rate, but at higher and lower levels. (See Exhibit 1.) Before the recession, Alaska's underutilization rates were higher than the equivalent U.S. rates. In 2003, Alaska had the second-highest U-3 through U-6 rates among all states, after Oregon. Things changed during the recession as many states' unemployment increased faster than Alaska's, and by 2012, Alaska's labor underutilization rates fell somewhere in the middle.

Employment Scene

The month in numbers

1 Unemployment Rates

January 2003 to May 2013



Source: Alaska Department of Labor and Workforce Development, Research and Analysis; and U.S. Bureau of Labor Statistics

2 Statewide Employment

Nonfarm wage and salary

Alaska	Preliminary 5/13	Revised 4/13	Revised 5/12	Year-over-year change 5/12	90% confidence interval	
Total Nonfarm Wage and Salary[1]	333,800	326,500	337,300	-3,500	-9,577	2,577
Goods-Producing[2]	44,000	43,900	45,500	-1,500	-4,466	1,466
Service-Providing[3]	289,800	282,600	291,800	-2,000	–	–
Mining and Logging	17,800	17,500	17,000	800	-435	2,035
Mining	17,200	17,000	16,700	500	–	–
Oil and Gas	14,300	14,100	13,600	700	–	–
Construction	17,100	15,700	16,500	600	-913	2,113
Manufacturing	9,100	10,700	12,000	-2,900	-5,259	-541
Wholesale Trade	5,900	5,900	6,300	-400	-739	-61
Retail Trade	36,900	35,200	36,300	600	-184	1,384
Food and Beverage Stores	6,100	6,000	6,300	-200	–	–
General Merchandise Stores	10,200	9,800	9,800	400	–	–
Transportation, Warehousing, Utilities	23,600	21,300	22,800	800	-34	1,634
Air Transportation	6,000	5,600	6,000	0	–	–
Information	6,100	6,000	6,300	-200	-475	75
Telecommunications	4,000	3,900	4,200	-200	–	–
Financial Activities	13,500	13,100	13,400	100	-767	967
Professional and Business Services	28,700	27,900	28,900	-200	-1,556	1,156
Educational[4] **and Health Services**	47,400	47,700	46,400	1,000	-135	2,135
Health Care	33,800	33,500	33,000	800	–	–
Leisure and Hospitality	33,200	29,500	34,800	-1,600	-4,269	1,069
Other Services	11,600	11,400	11,800	-200	-1,021	621
Government	82,900	84,600	84,800	-1,900	–	–
Federal Government[5]	15,200	14,900	16,700	-1,500	–	–
State Government[6]	25,700	26,900	26,000	-300	–	–
State Government Education[7]	7,500	8,700	7,500	0	–	–
Local Government	42,000	42,800	42,100	-100	–	–
Local Government Education[8]	23,000	24,100	24,000	-1,000	–	–
Tribal Government	3,400	3,400	3,600	-200	–	–

3 Unemployment Rates

Boroughs and census areas

	Prelim. 5/13	Revised 4/13	Revised 5/12
SEASONALLY ADJUSTED			
United States	**7.6**	**7.5**	**8.2**
Alaska Statewide	**5.9**	**5.9**	**7.1**
NOT SEASONALLY ADJUSTED			
United States	**7.3**	**7.1**	**7.9**
Alaska Statewide	**6.0**	**6.2**	**6.9**
Anchorage/Mat-Su Region	**5.1**	**5.3**	**6.0**
Municipality of Anchorage	4.7	4.8	5.6
Matanuska-Susitna Borough	6.5	7.0	7.7
Gulf Coast Region	**6.5**	**7.1**	**7.7**
Kenai Peninsula Borough	6.7	7.4	8.0
Kodiak Island Borough	4.7	4.7	5.7
Valdez-Cordova Census Area	7.8	8.9	8.3
Interior Region	**6.0**	**6.4**	**6.9**
Denali Borough	6.1	15.8	7.6
Fairbanks North Star Borough	5.2	5.5	6.0
Southeast Fairbanks Census Area	9.5	10.5	10.5
Yukon-Koyukuk Census Area	13.3	13.8	14.7
Northern Region	**9.0**	**8.4**	**10.1**
Nome Census Area	11.2	10.3	12.0
North Slope Borough	4.7	4.3	5.3
Northwest Arctic Borough	13.9	13.4	15.7
Southeast Region	**5.3**	**6.1**	**6.2**
Haines Borough	6.3	8.1	7.2
Hoonah-Angoon Census Area	11.4	18.0	12.8
Juneau, City and Borough of	3.9	4.3	4.5
Ketchikan Gateway Borough	5.3	6.5	6.3
Petersburg Census Area[1]	7.4	8.7	10.5
Prince of Wales-Hyder Census Area	11.8	12.0	13.1
Sitka, City and Borough of	4.6	4.5	5.7
Skagway, Municipality of	2.7	14.4	3.4
Wrangell, City and Borough of	6.2	7.1	7.0
Yakutat, City and Borough of	7.5	8.1	8.7
Southwest Region	**14.2**	**13.0**	**14.5**
Aleutians East Borough	18.3	7.3	19.7
Aleutians West Census Area	14.4	8.7	14.6
Bethel Census Area	15.2	15.3	15.2
Bristol Bay Borough	3.2	7.1	4.1
Dillingham Census Area	8.7	8.8	9.6
Lake and Peninsula Borough	6.6	8.3	7.4
Wade Hampton Census Area	22.1	21.0	22.3

Sources for Exhibits 1, 2, and 3: Alaska Department of Labor and Workforce Development, Research and Analysis Section; and U.S. Department of Labor, Bureau of Labor Statistics

A dash means confidence intervals aren't available at this level.

[1]Excludes the self-employed, fishermen and other agricultural workers, and private household workers. For estimates of fish harvesting employment and other fisheries data, go to labor.alaska.gov/research/seafood/seafood.htm.

[2]Goods-producing sectors include natural resources and mining, construction, and manufacturing.

[3]Service-providing sectors include all others not listed as goods-producing sectors.

[4]Private education only

[5]Excludes uniformed military

[6]This number is not a count of state government positions, but the number of people who worked during any part of the pay period that included the 12th of the month (the same measure used for all employment numbers in this table). The numbers can vary significantly from month to month; when attempting to identify trends, annual averages are more useful.

[7]Includes the University of Alaska. Variations in academic calendars from year to year occasionally create temporarily large over-the-year changes.

[8]Includes public school systems. Variations in academic calendars from year to year occasionally create temporarily large over-the-year changes.

Employer Resources

Current GED exam will expire at the end of 2013

A new version of the GED high school equivalency test will be released in January. More than 5,000 Alaskans who have started the current GED test have until Dec. 31 to pass all five sections — or start over in January.

Current GED test takers have three chances within this calendar year to take each test in writing, reading, math, social studies, and science. An average of 450 is required to pass, and the score on each test must be at least 410.

Beginning in 2014, the GED test will be taken on computer only and will include four tests, with writing and reading combined as language arts. While most test questions will remain multiple choice, the new test will include some essay questions.

"The new computer-based test measures critical thinking skills and provides immediate feedback that will help GED test takers understand their strengths and weaknesses," said Amy Iutzi, the Alaska Department of Labor and Workforce Development's program director for Adult Basic Education and the GED.

For more information, call the state ABE/GED office at (907) 465-8714 or e-mail GED@Alaska.Gov.

For GED testing centers information, go to jobs.alaska.gov/abe/GED_test_centers.pdf.

Employer Resources is written by the Employment Security Division of the Alaska Department of Labor and Workforce Development.

Safety Minute

Falling into the water is a risk for many Alaska workers

Drowning is the fifth leading cause of death in the United States, according to the Centers for Disease Control and Prevention. In 2010, 88 percent of drowning cases the U.S. Coast Guard responded to involved victims who weren't wearing life jackets.

The CDC also reported that more than 50 percent of nonfatal drowning victims require hospitalization compared with a hospitalization rate of 6 percent for all unintentional injuries. Nonfatal drowning injuries can cause severe brain damage resulting in long-term physical disability.

Drowning is a risk any time a worker is near water. In Alaska, people frequently work on, near, and over oceans, bays, inlets, lakes, ponds, rivers, streams, and manmade impoundments. The shock of an unexpected immersion in cold Alaska waters can also profoundly affect breathing, nerves, and muscle strength, which significantly reduces a victim's swimming and self-rescue abilities.

Where the danger of drowning exists, employers should:

- Provide guardrails or other protection against falls into the water.
- Provide U.S. Coast Guard approved personal floatation devices (life jackets) and life rings.
- Avoid having employees work in isolation.
- Develop and evaluate a plan for rescue in case a worker falls into the water.
- Pay special attention to slip, trip, and fall hazards, and the types of tools that will be used near water.

Safety consultants with the Alaska Department of Labor and Workforce Development's Occupational Safety and Health Section provide free assistance and tools to help your work site reduce injuries. AKOSH is within the Labor Standards and Safety Division. For more information, call (800) 656-4972 or visit labor.alaska.gov/lss/oshhome.htm.

Safety Minute is written by the Labor Standards and Safety Divison of the Alaska Department of Labor and Workforce Development.