

Dates of Publication

Surveys are conducted quarterly:

March, June, September, December

Cost of Food at Home for a Week in Alaska

September 1998

21 Communities Surveyed

Up to three stores in each of 21 communities were surveyed during September of 1998 for the cost of a specific set of food and non-food items. The 104 food items selected were taken, with some modification, from the USDA Low-cost Food Plan which is itself based on a nationwide survey of eating habits of Americans, conducted in 1977-78. All costs were adjusted to reflect local sales tax where applicable.

Weekly food consumption rates for a family of 4, children 6 - 11 years, form the basis of the expressed food costs. All other costs are ratios of that cost as calculated from the USDA Cost of Food at Home survey issued September, 1998. The cost for this family of 4 can be calculated from the table by summing the individual members. For smaller families such a sum would be too low and should be adjusted up by 20%, 10% or 5% for families of 1, 2 or 3 persons respectively. Similarly, the sum for larger families would be too high and downward adjustments of 5% and 10% are suggested for 6 and 7 or more member families. These adjustments reflect that some economies may be realized when preparing foods for larger families.

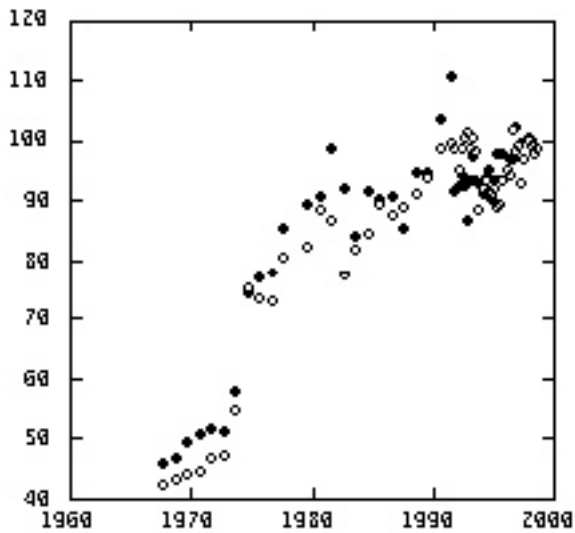


Figure 1. Food cost trends in Anchorage (open circles) and Fairbanks (closed circles) from 1967 to present.

Figure 1 shows that the cost of food in Anchorage and Fairbanks has not changed linearly over the last 30 years. For instance, a dramatic increase in food prices occurred in these communities in the early 1970's which was sustained for about 10 years, and after which food prices fell to a level consistent with the expected increase over the same period. These cost increases were contemporaneous with the construction activities of the Alaska oil pipeline from Prudhoe Bay to Valdez.

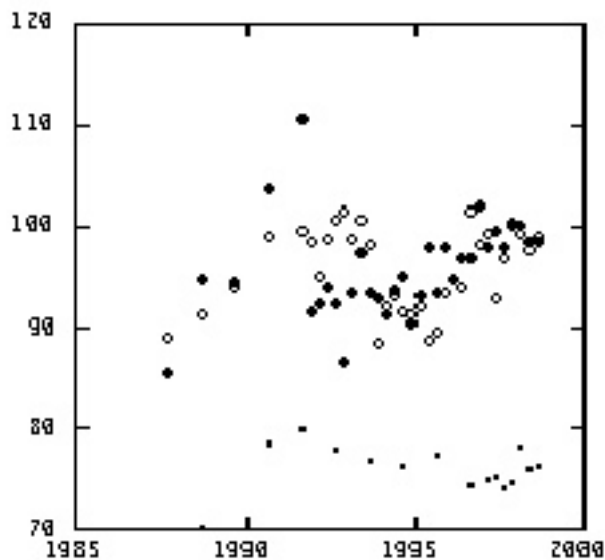


Figure 2. Food cost trends in Anchorage (open circles), Fairbanks (closed circles) and Portland (closed boxes) from 1988 to present. Although among surveys deviations of 5 to 10% are not unexpected, there appeared to be another sustained decrease in food costs in Fairbanks and Anchorage in the early 1990's. Figures 2 and 4 highlight this phenomenon and indicate that Fairbanks food costs were generally but not always slightly higher. These communities may have enjoyed the benefits of increased competition as large grocery outlets opened doors, although it is noteworthy that food costs by our methodology were falling in Portland, OR well.

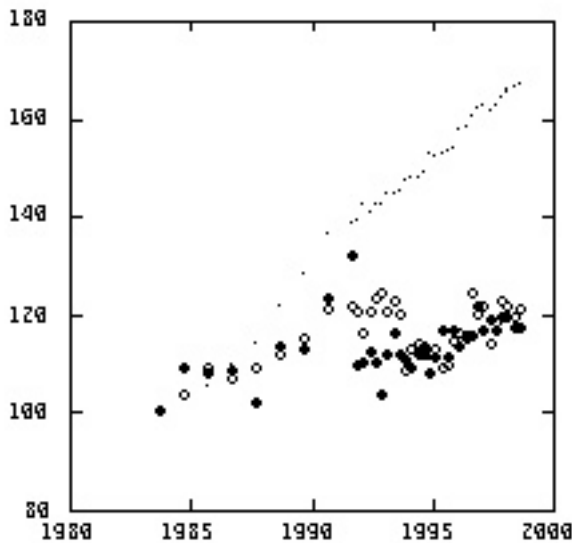


Figure 3. The relative change in the cost of food in Anchorage (open circles), Fairbanks (closed circles) and the national average (points).

Were falling food costs a national trend at that time? While there is not the space to fully explore food cost trends in this publication, Figure 3 shows relative food costs taken as the national average derived from USDA surveys compared to Anchorage, Fairbanks and Portland, OR derived from Alaska Cooperative Extension surveys. These figures are the percentage of September 1983, the first survey conducted under the present methodology. It is apparent that food costs have been rising by both methods of estimate and that the national average does not reflect phenomena detected in the local markets surveyed according to our protocol.



Figure 4. Consumer Price Index annual average percent change values and the surveyed food costs in dollars for Anchorage (open circles, upper line) and Portland, Oregon (closed boxes, lower line).

Another line of inquiry involves the US Bureau of Labor Statistic's Consumer Price Index (CPI). The CPI reports the annual percent change in the cost of living in 87 communities in the United States, including Portland and Anchorage. The CPI represents the rate of change in a conglomeration of weighted costs, part of which is food costs. The CPI does not report actual dollar costs, much as a vertical speed indicator in an airplane does not indicate altitude. Figure 4 shows the CPI in Anchorage and Portland from 1983 to 1997. The CPI was showing a similar downward trend in cost increases in both communities which is presumably related to simultaneously falling food costs in real dollars. Interestingly, the two communities show similar perturbations in food costs but in a more pronounced fashion in Anchorage. Notably, the early 1990's saw a drop in Anchorage food costs that were sustained for several consecutive surveys. At less than half the population, Anchorage might be expected to respond more quickly to market pressures.

Further information on the USDA survey is available from the USDA Center for Nutrition Policy and Promotion and on the world wide web at <http://www.usda.gov/fcs/cnpp.htm>. To see the results of Alaska Cooperative Extension's Food Cost Survey on the world wide web, point your browser to: www.uaf.edu/ces/fcs/