

# Wyoming Cost of Living Index

## Overview and Uses of the WCLI



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# What is the WCLI?

- Composed of Two Separate Indexes
  - Comparative Index
  - Inflation Index
- Every County in the State is represented
  - Currently, Comparative Index uses price data from 28 Wyoming Cities.
  - Currently, Inflation Index uses price data from 27 Wyoming Cities.

## More about the WCLI

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- 140 items are priced in six different item categories.
  - Food
  - Housing
  - Apparel
  - Transportation
  - Medical
  - Recreation and Personal Care

# Surveyed Cities for the WCLI

Laramie County – Cheyenne

Big Horn County – Lovell & Greybull

Johnson County – Buffalo

Natrona County – Casper

Converse County – Douglas

Uinta County – Evanston

Fremont County – Riverton & Lander

Campbell County – Gillette

Teton County – Jackson

Lincoln County – Kemmerer (South Lincoln)  
Afton (North Lincoln)

Albany County – Laramie

Niobrara County – Lusk

Weston County – Newcastle

Park County – Cody & Powell

Sublette County – Pinedale

Carbon County – Rawlins

Sheridan County – Sheridan

Sweetwater County – Rock Springs &  
Green River

Crook County – Sundance

Hot Springs County – Thermopolis

Goshen County – Torrington

Platte County – Wheatland

Washakie County – Worland

# Collecting the Data for the WCLI

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- One of the few economic reports that uses Wyoming specific data.
- Price data is specific to Wyoming.
- Item weights currently are taken from the Consumer Price Index (CPI).
- A Wyoming Consumer Expenditure Survey is being developed and will be used to determine item weights using Wyoming specific data.

# Pricing Survey Letters (PSL)

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- Pricing Survey Letters are sent to collect data that would not be easily collected by local enumerators.
- Sent to collect electric, natural gas, water, telephone, and hospital data.
- Also, car insurance data and some doctor's and dentist's prices are collected using pricing survey letter.

# PSL: Convenient and Accurate

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- Send out around three weeks before enumerators collected prices.
- Assume data is accurate.
- Must and do receive 100% return rate.
- Most data is returned in timely manner.
- Data is received throughout the project timeline.
- Call on late Pricing Survey Letters.

# Enumerator Pricing Sheets

- Price the Wednesday, Thursday, Friday after New Years (4Q) and after the 4<sup>th</sup> of July (2Q).
- 28 cities are priced in all the counties.
- Most of the 140 items are priced by the enumerators.
- Send them a “To Whom it my concern” letter if they encounter problems.



# Data Entry...and more Data Entry

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- Pricing sheets are returned over the span of about a week.
- Once the pricing sheets are returned, the data is entered into a spreadsheet.
- After data from the pricing sheets are entered, pricing data from the PSL are included in the spreadsheet.
- When all available data is entered, it is double checked to ensure accuracy.

# Let the Data Checking Begin...

- If a city doesn't have an item to price, a regional average is used.
- The first step in vetting the data is to check the average price of every item in each county against the statewide average (Advanced Check).
- If an item's average price is below 66% or above 150% of the statewide average, it is flagged for close scrutiny.
- A flagged item price is either kept, deleted, or a regional average is added.

# Comparative Index – What is it?

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- Uses Current Period Data Only.
- Ranks each county from most to least expensive.
- Item category index numbers presented.
- Lincoln County is split into North (Afton) and South (Kemmerer).

# Preparing the Comparative Index

- Working off a initial run of the Comparative Index, flag the item category values that are above 108 or below 92.
- Flagged item category index values for each city are reviewed closely.
- Possible actions include adding a regional average, deleting a price, or leaving the data alone.
- Process is repeated until all flagged index numbers are reviewed,

# Inflation Index – what is it?

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- Each inflation number is an annual calculation, the 2Q03 inflation number measures the price increase from the 2Q02.
- Item category inflation values are reported.
- Item category weights are represented.
- Regional inflation rates are recorded.

# Preparing the Inflation Index

- Additional spreadsheets are utilized, (previous years data).
- Working off an initial run of a county inflation report for each item category, flag the item categories that have a negative price change or an inflation rate above 9.9%.
- After the county inflation report has been completely vetted, another report that displays regional and item category inflation rates is reviewed (flag the inflation rates that are negative or above 5%).

# Calculating Housing Rental Values

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- A separate project itself.
- Data mainly collected through newspaper classifieds of each city surveyed.
- Extra rental observations are collected through calling communities where data is difficult to collect through the newspaper (smaller cities).

# Finishing the WCLI Report

- Once both the Comparative Index and all Inflation Index numbers are finalized, they are reformatted into the data sheet containing Tables I, II, & III.
- A two page write-up analyzing the current quarters WCLI report is also included in the final release.
- Map of the surveyed communities is also included.



# Uses of the Comparative Index

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- Adjust salaries (or anything else) between counties in Wyoming.
- Identify new “shocks” to a region’s economy, i.e. coal bed methane in the northeast.
- Recognized key or driving components of a consumers budget, i.e. Housing category drives the All Items ranking.

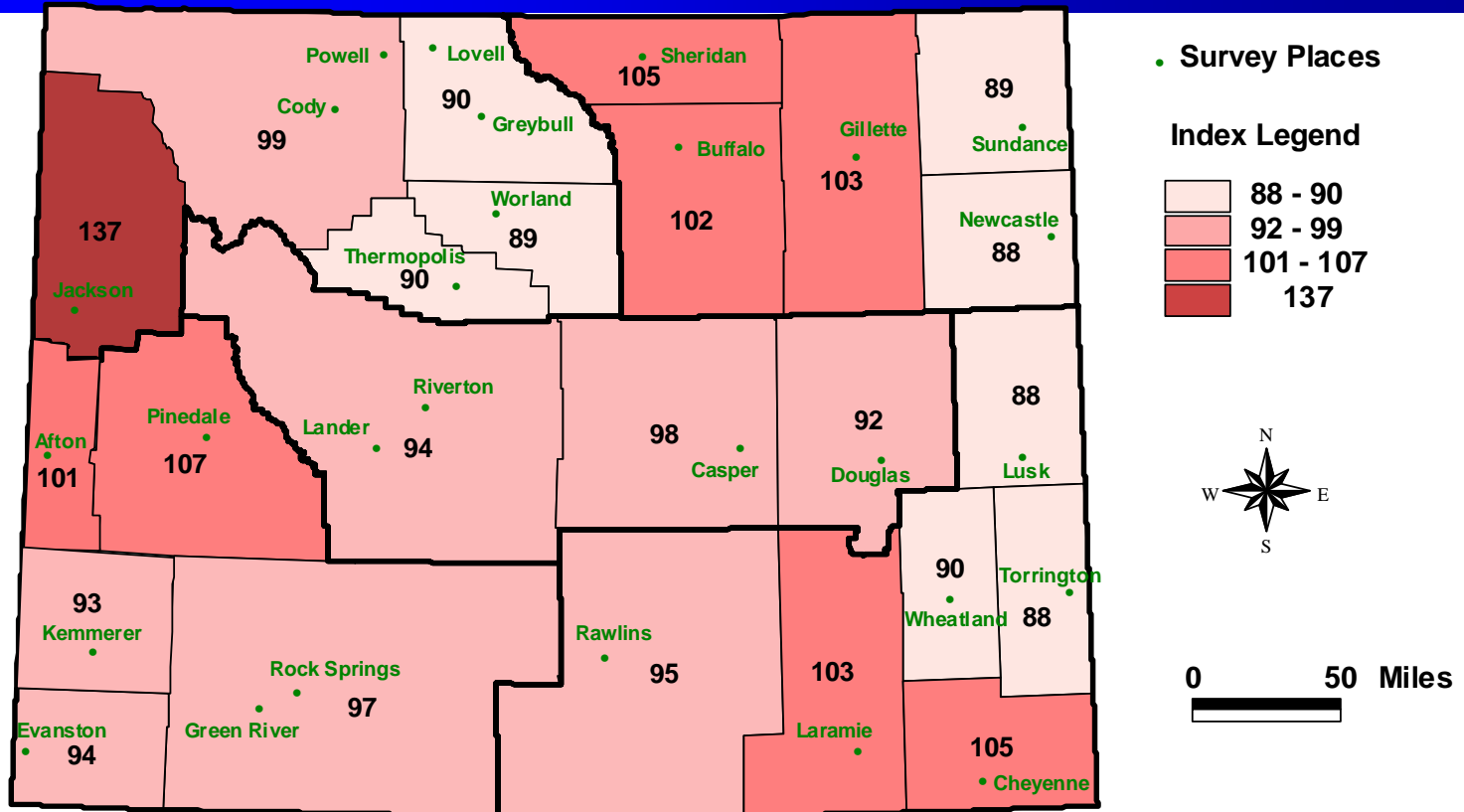
# More uses of the Comparative Index

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- Identify regional patterns and distinctions (see next graph).
- Used in the School Finance Model.
- Economic Development and Employee Recruitment.

# Wyoming Comparative Cost of Living Index - 2Q03

(with surveyed communities in each county)



Note: Starting with the 2Q03 WCLI report, North Lincoln County (Afton) is included in the comparative index, and is tabulated separately from South Lincoln County (Kemmerer)

Source: Wyoming Department of A & I, Economic Analysis Division

# Uses of the Inflation Rates

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- Inflation calculations are the most requested WCLI data.
- Used to adjust housing/apartment rental rates (written into contracts).
- Used for Cost of Living Adjustments (COLA), written into union or municipal agreements.

## More Inflation Index uses...

- Since the Statewide All Items price change is a general measure of inflation, it has been used to adjust many numbers.
- Citizens and businesses like to use the WCLI as a general measure of inflation because it is Wyoming specific data.
- Item category inflation rates assist in determining what is driving overall price changes.

# The Regional Inflation Rates

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- Alternative to the Statewide All Items inflation number, used for many of the same purposes.
- Some people prefer to use a more regional or localized inflation value.
- Regional inflation numbers are more volatile because of a smaller sample size, users are cautioned.

## Other uses of Regional Inflation

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- Pick up regional economic changes, both good and bad, i.e. mineral booms and busts.
- Also, help to determine if activity has leveled off and if new economic activity is being maintained.
- Determine what regions of the State are driving the overall inflation.

# How to Contact Us...

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