

# **The Wyoming Cost of Living Index**

## **Policies & Procedures**

**Division of Economic Analysis**

**Department of Administration &  
Information**

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## Chapter 1

### Wyoming Cost of Living Index Overview

Section 1. Geographic Coverage. As currently defined by the Wyoming Cost of Living Index (WCLI) Rules, there are 27 cities and towns in Wyoming in which price collection shall occur. Below is a list of all 27 communities, by county.

<u>County</u>	<u>Community</u>	<u>County</u>	<u>Community</u>
Albany County:	Laramie	Natrona County:	Casper
Big Horn County:	Greybull	Niobrara County:	Lusk
	Lovell	Park County:	Cody
Campbell County:	Gillette		Powell
Carbon County:	Rawlins	Platte County:	Wheatland
Converse County:	Douglas	Sheridan County:	Sheridan
Crook County:	Sundance	Sublette County:	Pinedale
Fremont County:	Lander	Sweetwater County:	Green River
	Riverton		Rock Springs
Goshen County:	Torrington	Teton County:	Jackson
Hot Springs County:	Thermopolis	Uinta County:	Evanston
Johnson County:	Buffalo	Washakie County:	Worland
Laramie County:	Cheyenne	Weston County:	Newcastle
Lincoln County:	Kemmerer		

Section 2. Regional Breakdown of the WCLI. The WCLI will be composed of five regional areas; Northwest, Northeast, Central, Southeast, and Southwest. The Northwest Region will be composed of Teton, Park, Hot Springs, Washakie, and Big Horn counties. The Northeast Region will contain Sheridan, Johnson, Campbell, Crook, and Weston counties. The Central Region will contain Fremont, Natrona, and Converse counties. The Southeast Region will be composed of Carbon, Albany, Laramie, Platte, Niobrara, and Goshen counties. The Southwest region will be composed of Sweetwater, Uinta, Lincoln, and Sublette counties.

Section 3. Categories and Items used in the WCLI. As defined by the WCLI rules the WCLI shall be made up of item in the following categories: Food, Housing, Apparel, Transportation, Medical, and Recreation & Personal Care. Prices for 140 items will be collected for purposes of calculating the WCLI. A pricing sheet from the most recent WCLI will be included with these Policies and Procedures as Appendix A to show the items and their descriptions.

Section 4. Use of Item Weights in the WCLI. Once the "Relative importance of components in the Consumer Price Indexes: U.S. city average, Table I" has been obtained, the weights shall be recalculated for the WCLI prior to the calculation of the 2<sup>nd</sup> Quarter WCLI. The Division will strive to keep the category weights for the WCLI similar to the category weights found in the Consumer Price Index (CPI-U). A mapping of the transformation from CPI-U weights to WCLI weights will be included with these Policies and Procedures as Appendix B.

Section 5. Data Published by the Division of Economic Analysis from the WCLI. In addition to the Comparative Index and Inflation Rate the Division will also make available as much data from the WCLI as can easily be made available to the public without violating any agreements to keep such data private to obtain the data.

## Chapter 2

### Price Collection

Section 1. Price Collection Sheets. The Division of Economic Analysis will provide each enumerator with a price sheet that will be used to collect the prices used in the WCLI. Each price sheet will include the title and detailed description of the item being priced. Also, the individual items are listed under their respective major category (food, housing, apparel, transportation, medical care, and recreation and personal care). Appropriate space will be provided for recording the price of each item. Additionally, up to six different stores may be priced for each item, and when available, the name of the stores where the items are located will be provided. Space will also be allocated for the enumerators to add more stores if less than six are listed.

The price sheets will be updated before each semi-annual price collection for the WCLI. Any new stores or changes in store names will be reflected in the price sheets before each price collection period. The Division of Economic Analysis will also request any feedback from the enumerators on how to improve the descriptions of the items in the index or the availability of the items, and appropriate changes will be made when deemed necessary. If an item is to be replaced, prices for the new item must be collected for two consecutive price collection periods before it is incorporated into the index so that consistency and comparability is maintained.

Section 2. Price Collection. The methods used to collect the price data for the WCLI may include the use of local newspapers from the cities and towns in which price collection occurs, mailing price collection surveys, and enumerators collecting the price data listed on the price sheets provided. Local newspapers will be used to collect rental data on apartments, houses, and mobile homes for the three months of the quarter for which the WCLI is being conducted. Price collection surveys will be mailed to gas utility companies, electric utility companies, telephone utility companies, water utility companies, hospitals, auto insurance companies, and some doctors and dentists who have requested the mailed survey be used. The price sheets will be used by the enumerators to collect all price data that are listed on the sheets with the exception of those items that are described as "DO NOT COMPLETE". The enumerators will collect the price data by either physical inspection of the described items at the stores where the items are located or by calling the establishments where the item is located or provided and describing the item's description and recording the price.

The price survey mailed to gas companies for every city in which price data are collected will ask for the average monthly residential cost per residence, excluding sales tax, for each month within the quarter being priced. Also, the minimum monthly service/customer charge and the unit cost per CCF will be requested at the 200 CCFs of consumption level. The survey mailed to electrical companies for every city in which price data are collected will ask for the average monthly residential cost per residence, excluding sales tax, for each month within the quarter being analyzed. Also, the minimum monthly/service/customer charge and unit cost per KWH at the 800 KWHs of consumption level will be requested. The water survey will ask for the monthly water service charge for 9000 gallons, excluding tax, for every city in which price data are collected.

The telephone survey will ask for the monthly rate, including tax, for a private residential line, no extensions, with touch tone service and EAS charges as appropriate for every city in which price data are collected. The price survey mailed to hospitals, where available, for every

city in which price data are collected will request the daily cost for a semi-private room on a medical/surgical floor with intermediate or medium acuity level and the fee charged for a complete urinalysis, with micro, CPT code 81000 or 81001. The survey mailed to collect automobile insurance rates for each county in the state will ask for the six month insurance rate for a three year old Ford Taurus GL 4-door sedan, gasoline powered, and driven 7500 miles or more per year. Also, the primary driver is a 27 year old married male, and the coverage is 100/300/50, \$50,000 medical, \$100 deductible comprehensive, \$250 deductible collision, towing, and uninsured motorist 100/300. Some doctors and dentists have asked that rather being surveyed on the phone by the enumerators, a pricing survey be mailed. The doctor pricing survey will ask for the price of a routine office visit/CPT code 99212. The dentist pricing survey requests the fees for the following; ADA 0120 (periodic oral exam), ADA 0274 (4 bite wing X-rays), and ADA 1110 (preventive scaling and polishing).

The cost of a one-way bus fare from Cheyenne to Rock Springs, the cost of a one month subscription with home delivery to the Casper Star Tribune, as well as the price of a first class stamp will be collected. These values will be uniform throughout the state and will be collected by the Division of Economic Analysis.

Section 3. Rental Data. The Division will collect monthly rental values on the following; apartments, houses, mobile homes, and mobile home lots. Apartment, house, and mobile home lot rents will be collected from the classified section of the local newspaper for every city in which price data are collected, the enumerators will collect rental values by contacting local rental companies. Mobile home lot rents will be collect by the enumerators by contacting appropriate businesses and asking for the rent value of the business' mobile home lots. The rental data will be collected for the three months of the quarter for which the WCLI is being conducted.

Apartment rent data will be collected on two bedroom, unfurnished dwellings, excluding gas and electric utilities. Housing rent data will be collected on two or three bedroom, single family homes, excluding gas and electric utilities. Mobile home rent values will reflect total monthly rental expenses, including lot rent. Mobile home lot rent data will be collected on single wide lots, including water.

## Chapter 3

### Data Entry and Review

Section 1. Entry. Price data from all sources will be entered into a central data entry computer file. The data from the price collection sheets, price survey letters, and rental data computer file will be collected into the central data entry file. The price data collected by the enumerators will be entered into the data entry sheets for each individual city. The data received from the price surveys will be entered into the corresponding cells in the data entry sheets and into any other appropriate files as explained below. The rental data collected through the newspapers will initially be entered into separate rental files where an average rental cost is calculated for each rental category for each city in the WCLI. After the rental data collected by the enumerators is incorporated with the data located in the rental files and appropriate checks have been made (described in Chapter 3, Sections 3 and 4), the final average rent values will be entered into the data entry sheets.

The price sheets used by the enumerators to collect price data should begin to be received by the Division of Economic Analysis during the week after the pricing of the items is completed. The data from the price sheets will be entered in the central data entry file within four weeks of the end of the price collection period. Throughout the WCLI price collection and analysis period, responses to the price surveys mailed out to various sources (described in Chapter 2, Section 2) will be received by the Division of Economic Analysis. The responses can be sent back in the self addressed stamped envelope provided by the division or in the form of fax or e-mail. As the responses are received, the data contained within the surveys will be entered into the appropriate files.

The data received from the gas and electric utility price surveys are entered into three data sheets. The average monthly cost of gas and electricity for the price collection quarter will be entered into the data entry sheet for each individual city for use in the comparative index. Also, these average monthly costs will be entered into a rate comparison sheet which is primarily used as a quick reference to track the data that has been received and what still needs to be collected. Additionally, for gas, the cost of 200 CCFs of consumption, and for electricity, the cost of 800 KWH's of consumption, is entered into a separate sheet for use in the inflation index. The separate inflation sheet will also have the previous year's data entered to complete the comparison.

The telephone, water, and hospital price survey data will be entered into the appropriate cell in the data entry sheets for each city, with the price survey from the hospital providing data for a hospital room and lab test. Also, this data will also be entered into the rate comparison sheet. The cost of auto insurance provided by the price survey is entered only into the data entry sheets as is the cost data received from the few doctors and dentists that request the price survey letters be used.

Price data will be collected by the Division for five items used in the WCLI. Hotel/motel rent, floor coverings, auto purchase (new and used), health insurance, and financial and miscellaneous items are assumed to be uniform throughout the state and are only a factor in the inflation calculation. For comparative index calculations, each of these items will have the number "one" entered for their value in all cities. For use in the inflation index, the inflation rates calculated for the US CPI-U will be used. The Detailed CPI reports issued by the US Department of Labor, Bureau of Labor Statistics - Table 1, Consumer Price Index for All Urban

Consumers is where the required information is located. For items except new and used cars, only the unadjusted percent change is needed, and for new and used cars, the relative importance and unadjusted percent change will be required. This information is entered into the separate sheet used in the inflation index. The second quarter WCLI will use the June Detailed CPI reports and the fourth quarter WCLI will use the December Detailed CPI reports to collect the needed information.

**Section 3. Preliminary Check.** A preliminary check for accuracy will be completed on the data entered into the computer files within six weeks of the completion of the price collection period. In this initial check, obvious outliers will be addressed. For example, if \$4500 was entered for apartment rent, it is most likely a data entry error, and should be corrected. Also, when entering data from the price sheets, if the enumerator has entered a price but has noted the item does not match the description, this must be noted and determined if the price should be eliminated because it does not match the item description.

Also, to ensure that the data has been entered correctly from the price sheets, two people, one reading from the price sheets and the other checking the entries on the computer, should check through each city's price sheet to be sure that no mistakes were made in data entry. By completing these initial check procedures, obvious errors will be corrected and more advanced checks can begin.

**Section 4. Advanced Checks.** An advanced check of the data recorded for use in the WCLI will be completed within eight weeks of the completion of the price collection period. A statistics sheet is included with the central data entry file which records the statewide mean, minimum, and maximum values for each of the items priced. If the recorded minimum or maximum value is three or more standard deviations away from the mean, this value is flagged and needs to be checked for accuracy. Also, for each county's data entry sheet, the average after tax value is recorded along with the statewide average for each item. If the county average is less than 66% or more than 150% of the statewide average, then the item is examined for accuracy.

## Chapter 4

### Comparative Index

Section 1. Calculations. The formulas in the WCLI Rules will be used to calculate the Comparative Index.

Section 2. Checks. After the Comparative Index has been calculated the Division will review the intermediate calculations and the final index to check for problem areas. In each community any category above 108 or below 92 will be reviewed, with the exception of the housing category. The housing category will be reviewed if it exceeds 115 or is below 85. The housing index numbers are further from 100 due to the large variation in rental rates across the state and the stretching of the housing that results. In addition, the apparel category within every community is reviewed automatically.

Within each category examined individual items will be reviewed to determine the reason for the unusually high or low index number. When the item or items have been identified, the prices collected for those items will be reviewed to determine their accuracy. They will be compared to prices collected for the same item in other communities, prices collected for the same item in the same community the previous pricing period, and if need, by contacting merchants in the community to verify the price.

## Chapter 5

### Inflation Index

Section 1. Calculations. The formulas in the WCLI Rules will be used to calculate the Inflation Index.

Section 2. Checks. After the Inflation index has been calculated, the Division will review the intermediate calculations and the final index to check for problem areas. In each community any category less than 0% or greater than 9.9% will be reviewed as well as any category more than 5% different from the State Wide Average inflation rate for that category. In addition, the apparel category within every community is reviewed automatically.

When the item or items have been identified, the prices collected for those items will be reviewed to determine their accuracy. They will be compared to prices collected for the same item in other communities, prices collected for the same item in the same community the previous pricing period, and if need, by contacting merchants in the community to verify the price. In addition, prices from the year ago period will be reviewed to determine if prices were collected in the same or comparable stores, that sales prices were not collected, or other unusual factors were not present. If adjustments need to be made they should be made to the prior period's prices.

## Chapter 6

### Price Enumerator Guidelines

Section 1. General. The WCLI is the only Wyoming specific inflation information available, and is used by numerous businesses, individuals, and local governments in the state. In addition, parts of the WCLI will be used to adjust the block grants that the school districts receive under the new education finance plan. It is very important that the prices collected are correct, and that as many prices as possible are collected for each item, in each surveyed city.

The WCLI pricing takes place twice a year, representing the second and fourth quarter periods of the calendar year. Specifically, the pricing period for the second quarter consists of the five days (Wednesday - Sunday) following July 4th. The fourth quarter pricing period consists of the five days (Wednesday - Sunday) following January 1st. The completed pricing sheets should be mailed back to the Division on the Monday following the pricing period. If a delay is anticipated, please notify the Division.

Section 2. Store protocol. When visiting a store to survey prices, price enumerators should introduce themselves to the manager and explain (if necessary) the price collection process. The Division will provide a generic "To Whom It May Concern" letter that can be shown to managers if verification is needed. It may be useful to mention to the manager that all information collected is confidential and will be released only in an aggregate format. No actual prices or store names are released. If price collecting problems are encountered with a store, please call the Division and we will contact the store and try to resolve the problem.

Section 3. Price collection specifics. The following is a list of pricing situations (and recommendations) that may arise when collecting prices.

1. Be careful to price the item that is specified; for example, item #4 is Bread - White, 16 oz., lowest price. This item will usually cost \$.33 to \$.59 a loaf but if you accidentally priced the OroWeat brand, the price could be as high as \$2.19 a loaf. The problem now becomes one where we have a wrong price that we can't use and we are also missing the correct price for that town. In general, if you can't find the specified item or the suggested alternative, please record a price for the next closest size available. If the 5 lb. bag of sugar isn't available but the 4 lb. is, record the 4 lb. price and the size on the price sheet. If an item is not available in a store (such as item #60 - mattress/box springs), then record **NA** for not available. But be sure to check the Yellow Pages to verify that the item is not carried by any business in your town.
2. When recording prices for clothing, record the regular price for the item and if the item is on sale, record the sale price as well in the space provided. Also, please collect prices from as many locations as possible. If you know of a new store, please write in the name of the store and price this store. If a store has gone out of business, please note this also on the price sheet.
3. It is not necessary to obtain all prices in person. Some examples of prices that may be obtained over the phone include restaurants ( items 43 - 45), plumber, day care, dry cleaners, laundromat, labor cost, lube, doctor office visit, dentist, optometrist, haircut, movie, bowling, TV repair and alcohol (items 137 - 139). When soliciting prices over the phone, be very careful in describing the item!

Section 4. Compensation. Each price enumerator must sign and date the invoice attached to the pricing sheets. To receive compensation, this form must be returned to the Division along with the completed pricing sheets. The payment process begins as soon as the Division has received these items.