



PRESS RELEASE

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FOR IMMEDIATE RELEASE:

ANNUAL COST OF LIVING INDEX REPORT RELEASED FOR BOZEMAN: CONFIRMS THAT MIT LIVING WAGE CALCULATOR UNDERESTIMATES HOUSING COSTS

BOZEMAN – According to the latest *Cost of Living Index* report, which averaged data from the first three quarters of 2016, Bozeman’s cost of living sat at 0.8 percent above the national average for the year as compared to 264 other urban areas in the United States. Nationwide, the after-tax cost for a professional standard of living ranged from 128 percent above the national average in Manhattan, NY to about 24 percent below the national average in McAllen, TX.

The *Cost of Living Index* compares costs for professional and executive households. The composite *Cost of Living Index* score is based on six categories – housing, utilities, grocery items, transportation, health care and miscellaneous goods & services. The national average composite index is set at 100 each period; so the index conveys relative price levels at a specific point in time. Each place’s index score is expressed as a percentage of the average. The *Index* does not measure inflation (price change over time).

HOUSING: The average monthly rental rate for a two-bedroom, 950 square foot apartment in the Bozeman area that met the index collection specifications was \$1,022 for 2016. This is well above the housing cost estimates used in a recent Massachusetts Institute of Technology (MIT) living wage calculator that were based on federal rent estimates.¹ The MIT calculator assumed that a two-parent, two-child family could rent a two-bedroom apartment in Bozeman for \$771 a month.¹

The average price of a new 2,400 square foot home on an 8,000 square foot lot that met the index collection specifications was \$364,509. Mortgage rates are also taken into consideration when computing the housing index score. The 2016 housing index score was 108.1, meaning that area housing was 8.1 percent above the national average for the year.

ALL OTHER CATEGORIES: For Bozeman residents, two expense categories came in below national averages for the year: utilities and miscellaneous goods & services, which were 8.6 percent and 2.4 percent below average respectively. Health care expenses were 4.3 percent above the national average while groceries were a negligible 0.3 percent above average.

While typically well below the national average, transportation costs were slightly above average for 2016 with an index score of 100.9. This was largely influenced by transportation costs coming in at 9.9 above average as of July, since the annual index score averages the data from the first three quarters of each year. Transportation includes two data points: the price to balance car tires and the price of unleaded gasoline.

¹ Dietrich, Eric. “What a living wage is in Bozeman — and who makes it.” January 18, 2017.

www.bozemandailychronicle.com.

The July price collection period seems to have coincided with area tire shops raising their rates combined with higher summer gas prices.

AREA COMPARISONS: To put Bozeman’s index scores in perspective, the table below includes the cities with the most expensive and least expensive composite scores for the year—Manhattan, New York and McCallen, Texas respectively. The table also includes the most comparable cities to Bozeman in the Western region that participate in the index.

2016 ANNUAL AVERAGE COST OF LIVING INDEX RESULTS							
CITY	COMPOSITE SCORE	GROCERIES	HOUSING	UTILITIES	TRANSPORTATION	HEALTH CARE	MISC. GOODS & SERVICES
SAN FRANCISCO, CA	177.4	131.0	323.1	107.1	135.9	119.5	119.1
COLORADO SPRINGS, CO	94.0	96.8	97.0	72.5	98.2	102.8	94.5
BOISE, ID	91.5	88.8	81.7	83.8	112.9	104.2	95.1
BOZEMAN, MT	100.8	100.3	108.1	91.4	100.9	104.3	97.6
MANHATTAN, NY <i>Most expensive, 2016</i>	228.2	128.2	465.9	127.1	133.6	115.6	148.0
PORTLAND, OR	128.5	117.3	172.7	77.8	107.6	109.9	120.5
PIERRE, SD	102.8	100.1	119.8	99.6	96.3	95.8	94.0
MCALLEN, TX <i>Least expensive, 2016</i>	76.4	82.4	66.8	90.5	81.5	76.4	76.1
CEDAR CITY, UT	89.3	94.5	77.0	87.9	105.9	85.5	93.2
OLYMPIA, WA	102.5	108.4	97.6	102.0	128.1	119.0	95.3
LARAMIE, WY	91.7	98.8	84.0	98.4	101.1	99.6	89.7

The national average composite index is set at 100 each collection period. The index conveys relative price levels at a specific point in time and the index score can be seen as a percentage of the average for all places. The Index does not measure inflation (price change over time).

MORE ABOUT THE COST OF LIVING INDEX

Prospera Business Network provides accurate, dependable information that helps inform and advance local businesses. The *Cost of Living Index* measures regional differences in the cost of consumer goods and services for professional and managerial households in the top income quintile. It is based on more than 50,000 prices covering almost 60 different items for which prices are collected three times a year by chambers of commerce, economic development organizations, and universities in each participating area. Prospera collects prices for the index items in Bozeman and submits its research to be analyzed and compared to other communities.

All items are priced in each place at a specified time and according to standardized specifications. Small differences in the index numbers should not be interpreted as significant. **The Index does not measure inflation** (price change over time). Because each quarterly report is a separate comparison of prices at a single point in time, and because both the number and the mix of participants changes from one quarter to the next, **Index data from different quarters cannot be directly compared.**

ABOUT C2ER, THE COUNCIL FOR COMMUNITY AND ECONOMIC RESEARCH

C2ER is a nonprofit professional organization comprising research staff of chambers of commerce, economic development organizations and agencies, and related organizations throughout the United States and Canada. In its dedication to improving business information through research, C2ER developed the *Cost of Living Index* to meet the need for a measure of living cost differentials among urban areas. Originally titled *Inter-City Cost of Living Indicators Project*, the *Cost of Living Index* has been published quarterly since 1968. For more information about participating in this project or joining C2ER, please visit www.c2er.org or call 703-522-4980.

ABOUT PROSPERA BUSINESS NETWORK

Prospera is a local nonprofit that leads the way in building strong businesses, establishing powerful partnerships, and sustaining vibrant communities throughout southwestern Montana. We provide a range of services including confidential business counseling, premier events and trainings, small business loans, grant assistance, and timely economic research. Prospera proudly hosts the statewide Montana Women's Business Center, a program partially funded by the U.S. Small Business Administration. Since 1985, all of Prospera's offerings have been provided at no-cost or low-cost thanks to the support of our industry-leading members, generous sponsors, and visionary charitable donors. To learn more visit: ProsperaBusinessNetwork.org.

Below are media release items compiled by C2ER.

This report represents the tenth edition of a new format for the Cost of Living Index. Beginning with the fourth quarter of 2007, C2ER has annually published an unweighted average of prices accumulated from the previous three quarters. The data presented represent average prices submitted for the first three quarters of 2016. For further details on the annual average methodology, please visit our website at coli.org.

Among the 264 urban areas that participated in the 2016 *Cost of Living Index*, the after-tax cost for a professional/managerial **standard of living ranged from more than twice the national average in New York (Manhattan), NY, to more than 20 percent below the national average in McAllen, TX.** The *Cost of Living Index* is published quarterly by C2ER – The Council for Community and Economic Research.

The Ten Most and Least Expensive Urban Areas in the Cost of Living Index (COLI)

Year-End Review of Three Quarters in 2016
National Average for 264 Urban Areas = 100

Most Expensive			Least Expensive		
Ranking	Urban Areas	COL Index	Ranking	Urban Areas	COL Index
1	New York (Manhattan) NY	228.2	1	McAllen TX	76.4
2	Honolulu HI	190.5	2	Harlingen TX	79.4
3	San Francisco CA	177.4	3	Richmond IN	79.9
4	New York (Brooklyn) NY	173.6	4	Kalamazoo MI	80.1
5	Orange County CA	151.6	5	Ashland OH	81.5
6	Washington DC	149.2	6	Cleveland TN	82.7
7	Oakland CA	148.7	7	Tupelo MS	82.8
8	Boston MA	148.1	8	Martinsville-Henry County VA	82.8
9	Stamford CT	145.9	9	Memphis TN	83.0
10	Seattle WA	145.1	10	Hattiesburg MS	83.8

The *Cost of Living Index* measures regional differences in the cost of consumer goods and services, excluding taxes and non-consumer expenditures, for professional and managerial households in the top income quintile. It is based on more than 50,000 prices covering almost 60 different items for which prices are collected three times a year by chambers of commerce, economic development organizations, or university applied economic centers in each participating urban area. Small differences in the index numbers should not be interpreted as significant.

The composite index is based on six components – housing, utilities, grocery items, transportation, health care, and miscellaneous goods and services.

Since it is cold and flu season, which communities have the highest and lowest prices of orange juice and Advil?

C2ER collects more than 50,000 prices from communities across the US for the COLI. Two of those items, orange juice and Advil, are essential for those suffering from seasonal bouts of flu and colds. Below is a list of the most, and least, expensive places to buy those items.

The Five Most and Least Expensive Places to Buy Orange Juice Averaged over Three Quarters in 2016 Average for 264 Urban Areas in 2016 = \$3.50

Most Expensive			Least Expensive		
Ranking	Urban Areas	Price	Ranking	Urban Areas	Price
1	Hilo HI	\$6.34	1	Chapel Hill NC	\$2.56
2	Honolulu HI	\$5.69	2	St. George UT	\$2.60
3	Kodiak AK	\$5.17	3	Cedar City UT	\$2.62
4	Oakland CA	\$4.82	4	Allen TX	\$2.79
5	Juneau AK	\$4.80	5	Jackson-Madison County TN	\$2.82

The Five Most and Least Expensive Places to Buy Ibuprofen Averaged over Three Quarters in 2016 Average for 264 Urban Areas in 2016 = \$9.29

Most Expensive			Least Expensive		
Ranking	Urban Areas	Price	Ranking	Urban Areas	Price
1	Minot ND	\$14.30	1	Jackson-Madison County TN	\$6.33
2	Honolulu HI	\$13.56	2	Bowling Green KY	\$6.56
3	Hilo HI	\$12.87	3	Charlotte NC	\$6.63
4	Hartford CT	\$11.99	4	Joplin MO	\$6.71
5	Los Angeles-Long Beach CA	\$11.88	5	Birmingham AL	\$6.86

The quarterly Cost of Living Index is available by subscription at: \$175 per year for the print edition, \$165 per year for the PDF version, or \$275 per year for an electronic (excel) version. Send check, payable to C2ER, P.O. Box 100127, Arlington VA 22210-0407, or subscribe on the Internet at coli.org.

If you need additional information on the Cost of Living Index or other COLI-related products such as the COLI Web Calculator, COLI Historical Index, County-Level Index, or Library Web Application, please contact Jennie Allison at jallison@crec.net or Erol Yildirim at ey@crec.net or by phone at 703-522-4980.

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