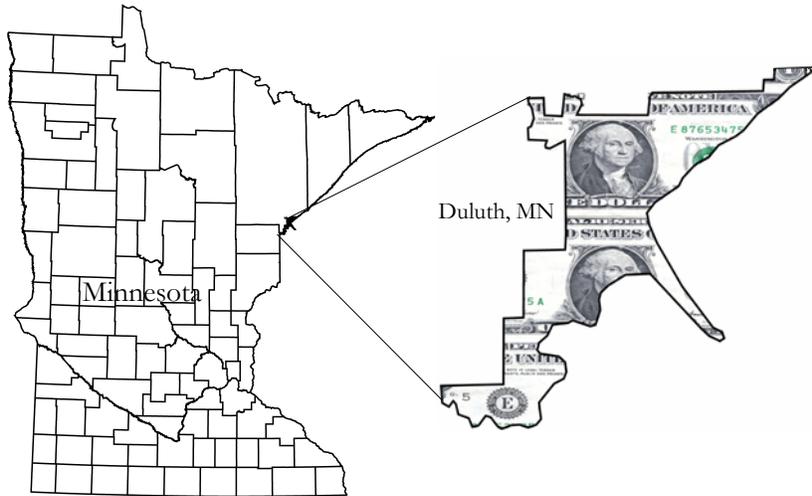


# Cost of Living



## Cost-of-Living Index

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### COLI Conducted and Prepared by

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### Supporting Roles

- University of Minnesota– Duluth, Bureau of Business & Economic Research (BBER)
- Minnesota Department of Economic Security (MDES)

### About the Index

ACCRA is a nonprofit organization promoting excellence in research for economic and community development.

The ACCRA produces the *Cost of Living Index* to provide a useful, reasonable and accurate measure of living cost differences among urban areas.

Items on which the Index is based have been carefully chosen by ACCRA to reflect the different categories of consumer expenditures. Weights assigned to relative costs are based on

government survey data on expenditure patterns for **professional and executive** households. All items are priced nationally on specified dates and according to standardized specifications.

### Interpreting the Index

The *ACCRA Cost of Living Index* measures **relative** price levels for consumer goods and services in participating areas. The average for all participating areas, both metropolitan and non-metropolitan, equals 100, and each participant's

### Location of Duluth, MN



## ACCRA Cost of Living Index

Third Quarter 2002

Average for 324 Urban Areas=100

| Urban MSA and City | 100%<br>Composite<br>Index | 16%<br>Grocery<br>Items | 28%<br>Housing | 8%<br>Utilities | 10%<br>Transportation | 5%<br>Health Care | 33%<br>Misc. Goods<br>and Services |
|--------------------|----------------------------|-------------------------|----------------|-----------------|-----------------------|-------------------|------------------------------------|
| Duluth, MN         | 102.7                      | 98.3                    | 104.4          | 108.9           | 100.9                 | 99.3              | 103.0                              |
| Minneapolis, MN    | 106.1                      | 98.9                    | 103.7          | 114.1           | 119.0                 | 121.2             | 103.5                              |
| Rochester, MN      | 102.1                      | 94.7                    | 104.6          | 107.4           | 97.2                  | 120.6             | 100.8                              |
| St. Cloud, MN      | 94.6                       | 95.1                    | 88.1           | 89.6            | 107.9                 | 98.9              | 96.5                               |
| Sioux Falls, SD    | 92.6                       | 97.7                    | 85.1           | 98.0            | 98.0                  | 90.7              | 93.8                               |
| Grand Forks, ND    | 91.9                       | 95.1                    | 87.5           | 82.7            | 95.4                  | 96.3              | 94.5                               |
| Chicago, IL        | 135.7                      | 119.7                   | 185.5          | 116.6           | 120.7                 | 135.4             | 110.3                              |

Source: ACCRA, [www.accra.org](http://www.accra.org)

## GOODS & SERVICES SAMPLED

The items for this *Index* are listed below. Establishment samples are selected to reflect a mid-management standard of living. Weights are shown for the component indexes. Further explanations on each product weight for the index and specifications can be found at [www.accra.org](http://www.accra.org).

### GROCERY ITEMS (16%)

Meats  
T-bone steak  
Ground beef or hamburger  
Sausage  
Frying chicken  
Chunk light tuna  
Dairy Products  
Whole milk  
Eggs  
Margarine  
Parmesan cheese, grated  
Produce  
Potatoes  
Bananas  
Iceberg Lettuce  
Bakery Products  
Bread, white  
Tobacco  
Cigarettes  
Misc. Grocery Products  
Coffee  
Sugar  
Corn flakes  
Sweet peas  
Tomatoes  
Peaches  
Facial tissue  
Dishwasher powder  
Shortening  
Frozen orange juice  
Frozen corn  
Baby food  
Soft drink

### HOUSING (28%)

Apartment, monthly rent  
Total new home purchase, 2,400 sq. ft. home  
Mortgage rates  
P & I monthly payment

### UTILITIES (8%)

Total home energy cost  
Electricity  
Other home energy  
Telephone

### TRANSPORTATION (10%)

Commuter fare  
Auto maintenance  
Gasoline

### HEALTH CARE (5%)

Hospital room  
Office visit, doctor  
Office visit, dentist  
Antibiotic ointment

### MISC. GOODS & SERVICES (33%)

Hamburger sandwich  
Pizza  
Fried chicken  
Haircut  
Beauty salon  
Toothpaste  
Dry cleaning  
Man's dress shirt  
Boy's underwear  
Man's slacks  
Major appliance repair  
Newspaper subscription  
Movie  
Bowling  
Tennis balls  
Child's game  
Liquor  
Beer  
Wine

index is read as a *percentage* of the average for all places.

The index reflects cost differentials for professional and executive households in the top income quintile (20%). Operationally, this standard of living is set by the weighting structure.

Because the number of items priced is limited, it is not valid to treat percentage differences between areas as exact measurements. Small differences, however, should not be construed as significant –or even as indicating correctly which area is more expensive.

ACCRA has opted to produce an index that adequately measures differences in goods and services, rather than to produce an inaccurate measure that

attempts to incorporate taxes levied on real and intangible property, retail purchases and income.

## Participating Areas and How Data Collected

Areas included in this survey are those who have volunteered to participate in a particular quarter.

The Duluth Chamber of Commerce and the St. Louis County Planning Department teamed up to collect data from an array of businesses across Duluth on specified dates. A range of three to five prices were collected for each product. ACCRA then averaged and calculated all weighted goods and services.



## ACCRA Cost-of-Living Index Measuring a Specific Standard of Living

The question the *ACCRA Cost-of-Living Index* is designed to answer is: How do urban areas compare in the cost of maintaining a standard of living appropriate for moderately affluent professional and managerial households.

The first thing to note about this question is that it's not at all the same as comparing average standard of living. The index is designed to compare the costs of a particular standard of living in all areas-and it doesn't matter whether that standard of living is typical of the overall population of your area.

The kind of household on which the *ACCRA Cost-of-Living Index* is based has the following characteristics

- Household consists of both spouses and one child
- Household income is in the top quintile (20%) for the area. In Duluth, the top 20% would earn about \$65,000 and over
- Both spouses hold college degrees; at least one has an established professional or managerial career
- Products and services surveyed geared towards this household makeup

