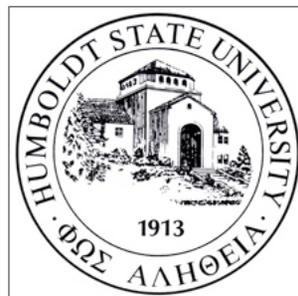


"I pledge to explore and take into account the social and environmental consequences of any job I consider and will try to improve these aspects of any organizations for which I work."

-HSU Graduation Pledge

In spirit of this pledge, the Economics Department asks their students to give back to our community and University. This service legacy project is a real world application of the skills learned as undergraduates and provides real cost of living information to be used by current, past and prospective students as well as community members.

ECONOMIC CAPSTONE  
SPRING 2009



Please contact the Department of Economics with any questions or comments.

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# HUMBOLDT STATE UNIVERSITY

Department of Economics

## Humboldt Living

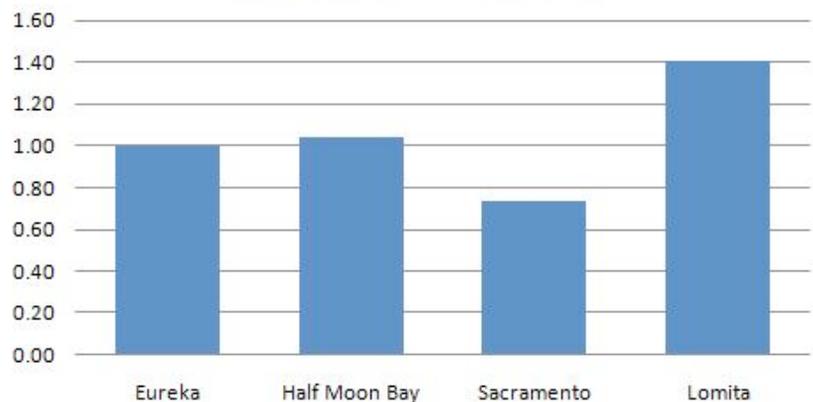
A Cost of Living Comparison

WHAT IS A CPI?

A consumer price index (CPI) takes into account a fixed basket of goods, such as groceries, insurance and rents. The basket is weighted and then compared to a base region. For this analysis, Eureka is the base region.

# Cost of Living Comparison: Eureka, Half Moon Bay, Sacramento, and Lomita

**Regional Cost of Living**



\*Above regional price indexes are deflated by regional wages

*As recent graduates, our prospective careers may require us to venture away from the Humboldt area. We selected these four major metropolitan regions as representations of locations that draw the most Humboldt grads. This analysis asked our contributors to return to their respective hometowns in order to gather data for the following comparative CPI.*

Our market basket is based on the Bureau of Labor Statistics monthly CPI market basket. Total monthly expenditures based on our CPI basket are roughly forty percent of average monthly wages.

Prices alone do not dictate a region's relative cost of living; wages must be a factor as well. Wage rates were found to be lowest in Eureka. Sacramento and Lomita, which are relatively equal, earn almost twenty-five percent more a month than the base region. Half Moon Bay earned the highest wage rate, almost sixty percent more than that of Eureka. Area wages rates, when paired with respective expenditures provide insight to a region's true cost of living.

Rents account for the largest portion of monthly expenditures, representing roughly three fourths. These values display the largest variation between regions.

Monthly rents range from a median price of about \$800 (Sacramento) to \$1800 (Half Moon Bay). This variation corresponds to average monthly wages of each region.

Grocery consumable prices in each region are closely bound to each other. Lomita's value (0.9796) is the lowest, while the other regions

For every region, the expenditures are weighted as follows: 13% groceries, 3% Insurance, 76% rent, 1% Medical, and 7% Media. Each region's weighted price index is divided by its monthly wage index in order to present the relative cost of living.

Setting Eureka as the base region for costs and wages, the completed indexed CPIs deflated by wages for these areas are as follows: Eureka (1.00), Half Moon Bay (1.04), Lomita (1.41), and Auburn-Sacramento (0.74). Auburn-Sacramento is the least expensive area to live when one considers price in relation to wages. Eureka and Half Moon Bay are second and third least expensive areas respectively. Nearly 40 percent more expensive than Eureka, Lomita is the most expensive of the four regions.

only had slight variation. All of the values are within five percent of the base region. This indicates that grocery expenditures are the most consistent throughout the regions.

Medical and car insurance prices are adjusted from yearly values and are prorated on a monthly basis.

Media expense is comprised of a basic cable, home phone, and high speed internet bundle.

|               | EUREKA | HALF MOON BAY | SACRAMENTO | LOMITA |
|---------------|--------|---------------|------------|--------|
| RENT          | 1.00   | 1.84          | 0.88       | 1.96   |
| GROCERIES     | 1.00   | 1.00          | 1.02       | 0.98   |
| MEDIA         | 1.00   | 0.93          | 1.02       | 1.15   |
| CAR INSURANCE | 1.00   | 1.20          | 0.84       | 1.43   |
| MEDICAL       | 1.00   | 1.75          | 1.51       | 1.52   |
| CPI           | 1.00   | 1.65          | 0.91       | 1.76   |
| WAGE          | 1.00   | 1.58          | 1.23       | 1.25   |