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COMMITTEE REPORT  
SENATE

FURTHER:

Date \_\_\_\_\_

Mr. President

The Committee on \_\_\_\_\_ considered \_\_\_\_\_

and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass
- do pass with attached amendment(s)
- replace with/or adopt CS for \_\_\_\_\_
- new title
- same title and recommends \_\_\_\_\_
- and attached a "LETTER OF INTENT"  NEW FISCAL NOTE
- reports it back without recommendation
- recommends referral to \_\_\_\_\_ Committee

MEMBERS SIGNING  
DO PASS

MEMBERS HAVING  
OTHER RECOMMENDATIONS

\_\_\_\_\_  
\_\_\_\_\_  
*Ed Josephson*  
\_\_\_\_\_  
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\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
Chairman

\_\_\_\_\_  
Chairman recommendation

TO: Senator Bill Ray

FROM: Paula d. Scavera

DATE: April 13, 1984

RE: HB 561

SECTION 1

Raises the dollar amount from \$2000 to \$5000 for a small claim case

The court system has a fiscal note for the bill but the House Judiciary zero fiscal note was adopted by the House. This bill has a further referral to Senate Finance.

REQUEST

Bill/Resolution No.: HB 561  
 Title: "Application to the small claims  
 and judicial institution..."  
 Sponsor: \_\_\_\_\_  
 Requestor: \_\_\_\_\_  
 Date of Request: \_\_\_\_\_

FISCAL DETAIL

Agency Affected: Alaska Court System  
 Program Category Affected: \_\_\_\_\_  
 EAU, Program or Subprogram(s) Affected: \_\_\_\_\_

EXPENDITURES/REVENUE: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING					
100 PERSONAL SERVICES					
200 TRAVEL					
300 CONTRACTUAL					
400 SUPPLIES					
500 EQUIPMENT					
600 LAND & STRUCTURES					
700 GRANTS, CLAIMS					
800 MISCELLANEOUS					
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-

CAPITAL					
---------	--	--	--	--	--

REVENUE					
---------	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND					
FEDERAL FUNDS					
OTHER					
TOTAL					

POSITIONS:

FULL-TIME					
PART-TIME					
TEMPORARY					

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis

Prepared By: W. J. Sullivan  
 Division: House Judiciary Committee

Phone: 465-4990  
 Date: 7 February, 1984

Approved by Commissioner: \_\_\_\_\_  
 Agency: \_\_\_\_\_

Date: \_\_\_\_\_

Distribution (by Agency preparing fiscal note):  
 Legislative Finance  
 Legislative Sponsor  
 Requestor  
 Office of Management and Budget  
 Impacted Agency(ies)

12/1/83

AMENDED TITLE:

AN ACT RELATING TO THE SMALL CLAIMS JURISDICTIONAL LIMITATION;  
AND PROVIDING FOR AN EFFECTIVE DATE

GENERAL DOLLARS: \$0 (F. NOTE)

PRIME SPONSOR: BUSSELL.

OTHER DOLLARS: \$0

CO-SPONSORS:

CURRENT STATUS: 3/12/84 PASSED (H)

HB 561 HOUSE ACTION

DATE SEQ PAGE

LEGISLATIVE ACTION

02/01/84	01	2420	FIRST READING -- COMMITTEE REPORTS
02/08/84	02	2489	JUD -- DP04, NR01, OTHER02
02/08/84	03	2489	JUD F/NOTE EQUALS ZERO
03/05/84	04	2806	FIN -- DP06, NR02
03/09/84	05	2873	SECOND READING
03/09/84	06	2873	ADVANCED TO 3RD READING BY UNAN CONSENT
03/09/84	07	2873	THIRD READING
03/09/84	08	2873	PASSED BY DIV 34-01-05
03/09/84	09	2873	EFFECTIVE DATE VOTE SAME AS PASSAGE
03/09/84	10	2874	NOTICE OF RECONSIDERATION GIVEN
03/12/84	11	2895	RECONSIDERATION NOT TAKEN UP

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Official Business

# Alaska State Legislature

## House of Representatives

Office of the Majority Leader

Pouch V  
State Capitol  
Juneau, Alaska 99811

### MEMORANDUM

TO: House Majority Coalition Members

FROM: Representative Ramona Barnes  
House Majority Leader

DATE: March 9, 1984

RE: HB 561 "Act relating to the small claims jurisdictional limitation; and providing for an effective date."

ISSUE \$5000 is a high limit to have for a small claims case.

ANSWER A court can hear a civil case as a small claims case only if both parties to the dispute agree. If one of the parties does not want to use small claims procedures, then he still has the option of having the case tried using the formal rules of civil procedure, even if his claim is for less than \$5,000.

If a \$5000 limit is adopted, it will allow the district courts and magistrates to try cases in a very quick and simple fashion, without lawyers or a jury. Many low-value cases are currently tried with formal rules, using attorneys and juries, at great expense to the parties and to the state.

RB/rt

STATE OF ALASKA 1984 LEGISLATIVE SESSION  
FISCAL NOTE

Revision Date: \_\_\_\_\_

REQUEST

Bill/Resolution No.: HB 561  
 Title: Small Claims Jurisdiction  
Limitation  
 Sponsor: Bussell  
 Requestor: \_\_\_\_\_  
 Date of Request: \_\_\_\_\_

FISCAL DETAIL

Agency Affected: Alaska Court System  
 Program Category Affected: \_\_\_\_\_  
Administration of Justice  
 BRU, Program or Subprogram(s) Affected:  
Trial Courts

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES		80.7	85.5	90.6	96.0	101.8
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT		6.1				
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING		86.8	85.5	90.6	96.0	101.8
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND		86.8	85.5	90.6	96.0	101.8
FEDERAL FUNDS						
OTHER						
TOTAL		86.8	85.5	90.6	96.0	101.8

POSITIONS:

FULL-TIME		3	3	3	3	3
PART-TIME						
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis

Prepared By: ROBERT G. FISHER Phone: 264-0561  
 Division: ALASKA COURT SYSTEM Date: 2/16/84

Approved by Commissioner: [Signature] Date: 2/16/84  
 Agency: ALASKA COURT SYSTEM

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

12/1/83

ALASKA COURT SYSTEM

HB 561 - SMALL CLAIMS JURISDICTIONAL LIMITATION

FISCAL IMPACT

The Civil Division of the Anchorage Clerk's Office, which is the court location with the greatest number of small claims filings, anticipates that a jurisdictional increase from \$2,000 to \$5,000 would result in a 15-20% increase in small claims filings. Some of these cases would be matters previously handled in District Court. Others would be new to the system, representing legal problems with a relatively low dollar amount involved for which persons are reluctant to incur the costs entailed for an attorney, but which they wish to handle themselves in small claims court.

Additionally, some litigants would be willing to waive the amount of their claim over \$5,000 and proceed in small claims court, balancing the waiver of the claim amount against the savings in attorney fees in small claims.

Judicial resources should not be impacted by the increase since most of these types of cases are already in the system. However, additional clerical help will be required. The small claims procedures involves an extensive amount of clerical assistance, including mailing notices for litigants and substantial time expended in advising the public. General District Court matters require only simple filing and journaling of documents. This impact could be handled by the addition of three (3) positions with costs calculated below. One and one-half of these positions would be located in Anchorage and the other one and one-half would be utilized on a statewide basis, primarily in the larger courts such as Fairbanks, Juneau and Ketchikan.

PERSONNEL:

<u>Position</u>	<u>Salary</u>	<u>Benefits</u>	<u>Total Cost</u>
1½ Court Clerk I (Range 8B-Anchorage)	\$28,926	\$20,475	\$39,401
1½ Court Clerk I (Range 8B-Statewide)	<u>30,744</u>	<u>10,559</u>	<u>41,303</u>
Total Personnel Costs			\$80,704
Equipment (one-time cost)			<u>6,051</u>
TOTAL FY 85 COST			<u>\$86,755</u>

Western Regional Office

CIVIL LITIGATION IN ALASKA  
IMPROVEMENT THROUGH SIMPLIFICATION

A REPORT TO THE  
SUPREME COURT OF ALASKA  
BY THE NATIONAL CENTER FOR STATE COURTS

FREDERICK G. MILLER, STAFF ATTORNEY  
LARRY L. SIPES, REGIONAL DIRECTOR  
DECEMBER 1983



National Center for State Courts  
720 Sacramento Street  
San Francisco, California 94108

adoptions, child in need, domestic violence if child custody is an issue, or guardianship of a minor. By accelerating steps in the appellate process, which are explained in detail in the recommendations, final decisions would be obtainable in these cases within not more than 170 days from judgment.

G. District Court Jurisdiction

The personal injury and commercial task forces concluded that the monetary jurisdiction of the District Court is unrealistically low and would appreciably reduce the number of cases in the Superior Court if increased. This in turn would presumably expedite the processing of cases in the Superior Court. The task forces therefore recommended increasing District Court jurisdiction to include actions involving up to <sup>(or higher) limit - 993,</sup> \$25,000. As both recommendations are virtually identical, the recommendation is included in this report in the personal injury recommendations only at page 33.

H. Civil Rule 41: Voluntary Dismissal

Both the personal injury and the commercial task forces have recommended changes to Civil Rule 41 to assure that cases are not voluntarily dismissed to avoid court control of caseload. The personal injury task force recommends that a case governed by its proposed new Civil Rule 16.2 may not be dismissed without approval by the court. The commercial task force recommends additional language to Civil Rule 41 requiring certification of the reasons for dismissal.

V. PERSONAL INJURY TASK FORCE RECOMMENDATIONS

The task force recommends the following addition to existing Civil Rule 16 to provide for status conferences.

A. New Civil Rule 16.2: Status Conference

- (a) A status conference shall occur in each action filed in the Third District in which any party seeks damages for injury to person or property. The Judge in whose court the action is pending shall schedule and conduct the conference not more than 30 days following the last day on which a response to the complaint could have been filed. If service of process has not been completed the parties shall notify the court and the conference shall be continued until 30 days after service is completed.
- (b) Each party shall furnish to the other parties the following items or information and shall do so not later than the fifth day preceding the status conference:
- |                          |                              |
|--------------------------|------------------------------|
| 1) photographs           | 6) medical reports and bills |
| 2) statements            | 7) tax returns               |
| 3) diagrams              | 8) insurance policies        |
| 4) investigative reports | 9) expert witness reports    |
| 5) contracts             |                              |

The documents to be produced are examples of those which would be subject to discovery under Civil Rule 34.

- (c) Each party shall attend the status conference in person or by counsel and shall be prepared to specify the discovery planned by that party. It is the intention that this Rule and the conference held herein be held after the parties have produced as much discoverable information about the incident complained of as possible in order to permit realistic evaluation of the case for possible settlement purposes or to draft a realistic litigation schedule to bring the case to conclusion within one year.
- (d) The Judge shall enter an order at the conclusion of the conference (1) setting a date not more than 180 days following the conference by which discovery shall be completed by all parties; (2) setting a date not more than 120 days following the conference for a second status conference if the Judge is persuaded for good cause that discovery cannot be completed within 180 days; (3) scheduling a pretrial conference, as provided in this Rule, not more than 30 days following the date set, if any, for completion of discovery.

- (e) In all cases where it appears to the court that the case should be considered as a complex case, then the court shall issue an order exempting the case from the time constraints of this Rule. The request for exemption shall be by motion under Civil Rule 77.
- (f) The Judge in whose court the action is pending shall order a party or counsel who fails to comply with any order issued pursuant to this Rule to pay \$200 for the first, \$300 for the second, and \$500 for each subsequent act of noncompliance. The Judge by written order may reduce, suspend, or eliminate an otherwise required payment upon a written and verified showing of good cause filed with the Court by which a party or counsel establishes that noncompliance was excusable.
- (g) All sanctions for violations of this Rule shall be considered under the provisions of Civil Rules 37 and 95.
- (h) A case assigned under this rule may not be dismissed under Civil Rule 41 without approval of the Court. Any stipulations between the parties or attorneys as to anything scheduled under this rule are invalid until approved by the court and the parties may not rely on such stipulation as an excuse to fail to comply with time limits, etc. unless the court has approved the same.

B. District Court Jurisdiction

Jurisdiction of the District Courts should be increased to encompass actions in which the amount of monetary damages involved does not exceed \$25,000. *(or the jurisdictional limit)*

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ALASKA STATE LEGISLATURE  
HOUSE OF REPRESENTATIVES  
RESEARCH AGENCY

Pouch Y, State Capitol  
Juneau, Alaska 99811  
(907) 465 3991

February 3, 1984

MEMORANDUM

TO: Joseph Brewer  
House Judiciary Committee

FROM: David Teal *Teal*  
Legislative Analyst

RE: Inflation Rates in Alaska

The following pages from the Alaska Department of Labor's publication entitled Alaska Planning Information describe the Anchorage Consumer Price Index (CPI). Although the reader is cautioned against use of the CPI as a measure of inflation, the index is frequently used for that purpose. The Anchorage CPI from 1969 through September of 1982 is listed on page 78. More recent figures are presented in the attached article published by the Institute of Social and Economic Research. The article also discusses some problems with the index and its use as a measure of the rate of inflation in Alaska.

\* \* \*

If you have additional questions on this subject, we would be pleased to help. You may also wish to speak with John Boucher of the Research and Analysis Section of the Department of Labor. He can be reached at 465-4500.

Attachments

The new method for calculating homeownership prices is named *rental equivalency*. BLS will estimate homeownership prices on the basis of what it costs to rent similar houses. This method will solve the problem caused by the exclusion of AHFC-financed houses from the survey. During 1983 and 1984 the CPI-U and CPI-W will use differing methodologies, which will probably result in significant divergence in the 2 measures. The effect of the methodology change in slowing or speeding the rate of change in the CPI cannot be predicted with any assurance.

### COMPARISON OF ANCHORAGE TO UNITED STATES

The Anchorage CPI rose less rapidly than the national CPI from October 1967 through October 1973. This trend reversed during the pipeline buildup, reflecting the inflationary impact of drastic economic expansion. Price increases slowed once the pipeline work force and related infrastructure were in place. During the peak pipeline years, 1976 and 1977, Anchorage prices increased at roughly the national rate. A new trend began after completion of the pipeline with Anchorage prices increasing less rapidly than the rest of the nation. Decreased population and consumer spending, and overbuilding during the pipeline era caused this shift.

Following the 1980 domination of residential lending by AHFC an accurate comparison of Anchorage

**Table VII-3**  
**Anchorage CPI**  
**January 1969 to Present**

		Wage and Clerical			Wage and Clerical	All Urban Consumers 1/
1969	January	103.7	1978	January	179.2	
	April	105.3		March	180.8	180.7
	July	105.6		May	184.0	184.2
	October	107.3		July	188.6	188.5
1970	January	107.9		September	192.8	193.2
	April	108.2		November	194.8	194.7
	July	109.6	1979	January	197.3	198.1
	October	111.5		March	200.5	201.0
1971	January	111.6		May	202.5	203.5
	April	111.7		July	206.4	207.4
	July	113.0		September	210.9	213.2
	October	114.4		November	211.8	213.7
1972	January	114.2	1980	January	215.9	218.2
	April	115.8		March	220.2	223.5
	July	115.9		May	223.1	226.5
	October	116.9		July	224.8	228.4
1973	January	116.4		September	226.7	230.9
	April	117.4		November	232.0	236.5
	July	120.4	1981	January	235.0	240.1
	October	123.8		March	236.2	241.1
1974	January	125.6		May	240.1	244.6
	April	129.8		July	241.7	246.1
	July	134.0		September	245.9	250.5
	October	140.0		November	249.3	253.7
1975	January	142.9	1982	January	248.6	253.0
	April	150.0		March	254.5	260.0
	July	153.8		May	258.0	263.8
	October	157.4		July	259.1	263.6
1976	January	158.8		September	258.9	263.4
	April	161.7				
	July	164.9				
	October	167.6				
1977	January	169.4				
	April	172.6				
	July	177.4				
	October	177.3				

Source: U.S. Department of Labor, Bureau of Labor Statistics

1/ Series began March 1978

and U.S. price trends is not possible. It appears that Anchorage prices are actually increasing somewhat faster than the national rate, although it cannot be proven that this is the case. The rapid economic expansion in 1981 and 1982 could be expected to result in faster price increases than would otherwise occur.

## URBAN FAMILY BUDGET

While the rate of change of the Consumer Price Index for Anchorage can be compared to the rate of change of CPI's in other areas, actual price comparisons to other areas are not possible based on CPI data. Other data available do allow interarea cost comparisons. U.S. Department of Labor, Bureau of Labor Statistics produces *Urban Family Budgets and Comparative Indexes for Selected Urban Areas* which provide a comparison of costs for Anchorage, 28 other areas outside Alaska and an urban U.S. average. It contains estimated income required to support low, medium and high budget standards of living for a hypothetical family of 4. Budgets do not represent how families actually spend their money, nor are they intended to represent a minimum level of adequate income. The budgets are only intended

**Table VII-4**  
Yearly CPI and Percentage Change  
Wage and Clerical Workers Only

	Year	United States		Seattle		Anchorage		Fairbanks 3/	
		CPI	% Change	CPI	% Change	CPI	% Change	CPI	% Change
OCTOBER	1967	100.0	-	100.0	-	100.0	-		
	1968	105.7	5.7	106.0 //	6.0	102.6	2.6		
	1969	111.6	5.6	110.6 //	4.3	107.3	4.4		
	1970	118.1	5.8	114.9 //	3.9	111.5	3.9		
	1971	122.6	3.8	117.6 //	2.3	114.4	2.6		
	1972	126.6	3.3	121.2 //	3.1	116.9	2.2		
	1973	136.6	7.9	131.4 //	8.4	123.8	5.9		
	1974	153.0	12.0	147.9 //	12.6	140.0	13.1		
	1975	164.6	7.6	159.7 //	8.0	157.4	12.4		
	1976	173.3	5.3	167.9 //	5.1	167.6	6.5		
NOVEMBER	1977	184.5	6.5	182.5 //	8.7	177.3	5.8		
	1978	201.8	9.4	202.1	10.7	194.8	9.9		
	1979	227.6	12.8	221.5	9.6	211.8	8.7	107.9 2/	
	1980	256.4	12.7	259.4	17.1	232.0	9.5	119.6 2/	10.8
	1981	280.4	9.4	285.7	10.1	249.3	7.5	126.8 2/	6.0

Source: U.S. Department of Labor, Bureau of Labor Statistics.

1/ CPI is for November rather than October of years listed.

2/ CPI is for December rather than November of year listed.

3/ Discontinued February 1982 due to budget constraints.

**Table VII-5**  
Annual Total Budget for a 4-Person Family  
Autumn 1981 1/

Budget Level	Urban U.S.	Anchorage	Seattle-Everett
Lower	\$15,323	\$22,939	\$17,124
Intermediate	\$25,407	\$31,890	\$25,881
Higher	\$38,060	\$45,119	\$37,396

Source: U.S. Department of Labor, Bureau of Labor Statistics.

1/ Source of data, methods of calculations and quantities of goods and services for each budget level are described in detail in BLS Bulletin 1570-5.

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## CHAPTER VII COST OF LIVING MEASURES

### INTRODUCTION

This section summarizes several cost of living measures which are frequently requested. Because there are several different measures, the user of these types of data needs to carefully evaluate different available measures to determine which is most useful for a particular application. Outlined in Table VII-1 is a description of the various measures discussed in detail.

### CONSUMER PRICE INDEX

The Consumer Price Index (CPI) is a commonly misunderstood economic statistic despite frequent reports in the media. Following is a brief explanation of how the CPI is used, how it is computed, what it does and does not measure, and how to use it. Changes in CPI methodology and use are also considered. The U.S. Department of Labor, Bureau of Labor Statistics (BLS) produces a CPI for the United States and for selected urban areas. There are no CPI's for an entire state. In Alaska, a CPI is currently produced bimonthly for Anchorage.

### USES

The CPI has 3 major uses. It measures the change in prices over time of a constant market basket of goods. This measure is an important economic statistic, and is crucial in evaluating government policy and private investment decisions. To convert the CPI from the actual index number to a percentage, use the following procedure:

#### INDEX POINT CHANGE

CPI current index	263.4
Less previous index	250.5
Equals index point change	12.9

#### Percentage change

Index point difference	12.9
Divided by previous index	250.5
Equals change	0.0515
Multiplied by 100	0.052 x 100
Equals percentage change	5.2%

This example illustrates that market basket prices for *all urban consumers* in Anchorage increased 5.2% between September 1981 and 1982.

The CPI is also used as a deflator of other dollar-denominated economic indexes. Time series data in *real*, or inflation-free dollars are produced in this manner. To adjust (discount) dollars for the effect of inflation from any given year, use the following procedure:

CPI for past time	250.5
Divided by CPI for current time	263.4
Equals	0.951
Multiplied by current dollars	x\$1,000.00
Equals past dollars	\$951.03

The above example illustrates that \$1,000.00 dollars in Anchorage in September 1982 would be the equivalent of \$951.03 in September 1981.

A third use of the CPI is to escalate income and transfer payments. Many union contracts, government entitlement programs such as social security and food stamps, and private contractual agreements such as leases and child support contain escalation clauses based on the CPI. BLS estimates that a 1% increase in the national CPI results in a \$2.5 increase in government expenditure.

Although the CPI is frequently reported in the media as the *inflation rate* or *cost of living increase*, this is technically not correct. The CPI is based on a constant market basket of goods which was last revised in 1972. For this reason, it is *prices* which are measured, not the *cost of living*. To measure the actual *cost of living*, the market basket would have to be revised more frequently to account for changing consumption patterns. It would also have to take into account living costs such as income taxes, which are not a component of the CPI market basket.

## METHODOLOGY

The CPI market basket includes all types of expenditures that typical consumers make, from medical

**Table VII-1**  
**Cost of Living Measures**

	CONSUMER PRICE INDEX (CPI)	URBAN FAMILY BUDGET	COST OF FOOD AT HOME	FEDERAL GOVERNMENT COST OF LIVING ADJUSTMENT
Description	Measures Rate of Change in Price of a Fixed Market Basket of Goods Relative to a Base Year of 1967	Estimated Income By Expenditure Necessary to Support Assumed Standards of Living in a Hypothetical family of 4 at Low, Intermediate and High Budget Levels	Cost of Food, Wood, Fuel, Electricity for Various Family Groups for a Week	Price Survey of Cost of Living Differentials for Federal Government Workers
Responsible Agency	U.S. Dept. of Labor Bureau of Labor Statistics	U.S. Dept. of Labor Bureau of Labor Statistics	University of Alaska Cooperative Extension Service	U.S. Office of Personnel Management
Source of Data	Bureau of Census Monthly Survey of Prices	Bureau of Census Price Survey and Consumer Price Index	Price Survey	Price Survey
Time Period	Bimonthly (Anch.) Monthly (US) Annual	Autumn of Each Year (Discontinued after 1981)	Quarterly	Annual
Industry Detail	None	None	None	None
Geographic Detail	85 Areas 28 SMSA's 4 Regions (South, Northeast, Northcentral, West) for 5 Population classes 36 Select Areas U.S. City Average	24 Major Metropolitan Areas, 4 Nonmetropolitan Areas Anchorage Urban U.S. Average	Select Alaskan Communities, Alaska and U.S.	Anchorage, Fairbanks, Juneau, Balance of State and Washington, D.C.
Published in	BLS News Releases	BLS News Releases	Cooperative Extension Service Newsletter	Office of Personnel Management Newsletter

services and fuel, to food and entertainment. Each month, Bureau of Census employees check actual prices in all surveyed urban areas.

Survey results are given to BLS and the CPI is computed by assigning weights to each good, depending on the importance of the good in the average consumer's expenditures. An index is available for individual components as well as a total for all items.

There are 2 sets of weightings, one for *all urban consumers*, and the other for *wage and clerical workers* which result in 2 CPI's for each urban area. The *all urban consumer* CPI (CPI-U) approximates the buying habits of 80% of the noninstitutional civilian population. The *wage and clerical* CPI (CPI-W) approximates the buying habits of 40% of noninstitutional civilian population. The *all urban consumers* CPI was begun in 1978. Previously only the *wage and clerical* CPI was available.

The form the CPI takes is a number rounded to one decimal place comparing the current cost of the market basket to the cost in an arbitrary base year. The base year currently being used is 1967. Rebasings of the index was scheduled for 1980 but has been indefinitely postponed due to federal budget constraints.

#### HOMEOWNERSHIP METHODOLOGY REVISION

Beginning in January 1983 for the CPI-U and January 1985 for the CPI-W, the method for calculating the homeownership component will be changed. Currently, BLS surveys house sale prices and mortgage prices to calculate the homeownership component. In Anchorage, the housing component is about 50% of the total for both CPI's, with homeownership constituting a large portion of housing. BLS does not include Alaska Housing Finance Corporation (AHFC)-financed houses or loans in its survey. AHFC finances almost all house sales in Anchorage. BLS, lacking sufficient sample in Anchorage, uses prices from similar-sized cities in the Western region as a substitute. While this procedure is satisfactory in many instances, in this case the result is a seriously flawed CPI, as Anchorage housing and mortgage prices have changed differently than the prices which are used as a substitute.

Table VII-2  
Fairbanks CPI  
February 1979 to February 1982 1/

		Wage and Clerical	All Urban Consumers
1979	February	100.0	100.0
	April	101.6	101.4
	June	103.7	103.9
	August	105.5	105.2
	October	108.1	108.2
	December	107.9	107.9
1980	February	110.4	110.2
	April	112.8	112.7
	June	113.5	113.4
	August	115.1	115.0
	October	117.6	117.4
	December	119.6	119.3
1981	February	121.8	121.5
	April	123.6	123.2
	June	124.9	124.3
	August	125.7	125.3
	October	126.2	125.8
	December	126.8	126.7
1982	February	128.0	128.1

Source: U.S. Department of Labor, Bureau of Labor Statistics

1/ Discontinued due to budget constraints.