

HJR

52

STATE COMMITTEE REPORT

DATE: 4/21/94

FURTHER:

DATE TURNED INTO OFFICE: 4/30/94

HESS Committee considered HOUSE JOINT RESOLUTION NO. 52

Urging the Congress to amend the Social Security Act so that the higher cost of living in Alaska is reflected when the per capita income of the state is used as a factor in determining the federal share of Medicaid costs.

and recommends:

- replace with _____ CS _____ (_____) same title
- or adopt previous _____ CS _____ (_____) new title
- attaches amendment(s) technical title change (HB only)

adopts _____ Letter of Intent

further referral to the _____

do pass

do not pass

no recommendation

individual recommendations

NEW FISCAL NOTES

Department	Date	Zero	Fiscal

PREVIOUS FISCAL NOTES

Department	Date	Zero	Fiscal
Health + Soc Serv	3/4/94	✓	

Appropriation No Fiscal Note

DO PASS:

Mike Miller

Andrew A. Jensen

Ben Sharp

OTHER RECOMMENDATIONS:

Steve King
 Chair: Signature and Recommendation

716 W. FOURTH AVE., #240
ANCHORAGE, ALASKA 99501-2133
258-8191

WHILE IN SESSION:
ALASKA STATE CAPITOL
JUNEAU, ALASKA 99801-1182
465-4968

Alaska State Legislature
House of Representatives



DISTRICT 11:
SAND LAKE
SPENARD
TAKU-CAMPBELL

Representative Jim Nordlund
SPONSOR STATEMENT

HJR 52 urges the amendment of the Social Security Act to increase federal funding for Alaska's Medicaid program. Currently, the federal government sets its medical assistance percentages based on each state's per capita income. Those percentages range from 50% to 79%, with Alaska's matching rate set at only 50%.

We all know that Alaska's per capita income appears high until you consider our high cost of living and medical care. An American Chamber of Commerce study shows that health care costs in Anchorage, Fairbanks, Juneau and Kodiak are between 171 and 190% of the national average.

The federal government already takes into account these higher costs by adjusting our poverty guidelines up 25%. Medicare regulations also recognize the higher cost of health care by providing a funding adjustment of 25% for nursing facilities in Alaska.

Amending the Social Security Act to include a similar 25% adjustment in the federal medical assistance formula would increase the percentage for Alaska's Medicaid program to 62%. This would mean an additional \$31,000,000 in federal funding and would require no increase in state General Fund dollars. The savings could be used for other state purposes while Alaska residents in need of Medicaid would still receive the care they need.

An increase in the Federal Medical Assistance Percentage would also increase funding for aid to families with dependent children, foster care assistance and the JOBS program (Job Opportunity and Basic Skills).

Since Medicaid eligibility is determined according to each state's poverty level, the 25% federal adjustment to Alaska's poverty guidelines increases the number of people we have to cover. This is unfair. On one hand the feds tell us we have to cover these individuals, and yet they don't give us the additional assistance to make it equitable. Given the state's current financial situation, it seems that now is the time to request our fair share.

FISCAL NOTE

STATE OF ALASKA
1994 LEGISLATIVE SESSION

BILL NO. HJR 52

Revision Date: 01/26/94 Dept. Affected: Health and Social Services
 Title: Federal share of Medicaid Costs BRU: Medical Assistance Administration
for Alaska Component: All components
 Sponsor: Reps. Nordlund, Brice, Foster, ...
 Requestor: _____ COMPONENT SERIAL NO. 242, 243, 244, 1226, 1434, 1822, 1979

Expenditures/Revenues:

(Thousands of Dollars)

OPERATING	FY95	FY96	FY97	FY98	FY99	FY00
PERSONAL SERVICES	0.0	0.0	0.0	0.0	0.0	0.0
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGES IN REVENUES						
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FUND SOURCE

(Thousands of Dollars)

FUND SOURCE	FY95	FY96	FY97	FY98	FY99	FY00
1002 Federal Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year (FY94) impact: _____

ANALYSIS: (Attach a separate page if necessary)

Revised Alaska specific formula would increase Federal matching funds for Medicaid. If Congress accepts the Alaska specific federal match rate formula requested in the resolution, Alaska assistance programs that rely on this formula would realize an increase in federal match in excess of 40 million dollars.

Prepared by: Kimberly B. Busch *Kimberly Busch* Phone: 465-3355
 Division: Medical Assistance Date: 01/27/94
 Approved by Commissioner: Margaret R. Lowe *Margaret R. Lowe* Date: 1-27-94
 Agency: Department of Health & Social Services

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POSITION PAPER

STATE OF ALASKA * DEPARTMENT OF HEALTH & SOCIAL SERVICES

Position Paper

A resolution urging the Congress to amend the Social Security Act so that the higher cost of living in Alaska is reflected when the per capita income of the state is used as a factor in determining the federal share of Medicaid costs.

POSITION

The Department of Health and Social Services strongly supports House Joint Resolution No. HJR 52 which urges Congress to amend the Social Security Act so that the higher cost of living in Alaska is reflected in the formula used to calculate the federal financial contribution for programs including Medicaid and Aid to Families with Dependent Children.

Historically, the federal law has mandated a formula which uses a cost of living differential to set a higher poverty level for Alaska. This has the effect of mandating a greater number of eligibles for such programs as Medicaid and Aid to Families with Dependent Children. The federal law fails to specify the use of a cost of living differential to establish the match rate for federal financial contributions to these same programs. The result is that Alaska receives in excess of 40 million dollars less in federal dollars every year than the amount that we believe an equitable formula would provide to us.

All of the current health care reform proposals except the Chaffee Bill employ the same federal match rate formula. Passage of these proposals will further exacerbate the financial burden to Alaska. Senator Stevens instigated the inclusion of this Alaska-specific language in the Chaffee Bill. This was a very important step that we believe must be taken further. The Social Security Act must be amended this year to include this Alaska specific language.

We support Representative Nordlund's resolution to encourage this action by our Congressional delegation.

Recommended by:

Kimberly B. Busch

Kimberly B. Busch

Director

Division of Medical Assistance

Date:

1-21-94

Approved by:

Margaret R. Lowe

Margaret R. Lowe, M.Ed., Ed.S,
Commissioner

Date:

1-27-94

FEDERAL MEDICAL ASSISTANCE PERCENTAGE

(FMAP)

- THE FEDERAL BUDGET FOR THE MEDICAID PROGRAM WAS APPROXIMATELY \$124,400,000,000 FOR FEDERAL FY 92.
- THE FEDERAL SHARE OF MEDICAID IN ALASKA FOR THAT PERIOD WAS \$107,700,000, OR LESS THAN \$1 OF EVERY \$1000 IN THE FEDERAL BUDGET.
- THE PROPOSED ADJUSTMENT TO THE FMAP FOR ALASKA WOULD INCREASE FEDERAL FUNDING FOR MEDICAID IN ALASKA BY ABOUT \$30 MILLION, OR 10 CENTS FOR EVERY \$230 SPENT BY THE FEDERAL GOVERNMENT FOR MEDICAID NATIONALLY.
- THE PROVIDER TAX PROGRAM, WHICH OVER 30 STATES USE AS A FUNDING DEVICE TO INCREASE THE FEDERAL SHARE OF THEIR MEDICAID PROGRAM COSTS, WILL INCREASE FEDERAL MEDICAID SPENDING BY \$11,300,000,000 IN FY 93.
- THE AMERICAN CHAMBER OF COMMERCE (ACCRA) COST OF LIVING INDEX FOR 1992 SHOWS THE COST OF LIVING FOR 4 COMMUNITIES IN ALASKA WHICH RANGE BETWEEN 130% TO 146% OF THE NATIONAL AVERAGE.
- THE ACCRA INDEX FOR HEALTH CARE COSTS IN THE ALASKA COMMUNITIES IS BETWEEN 171% TO 190% OF THE NATIONAL AVERAGE.
- MEDICARE REGULATIONS RECOGNIZE THE HIGHER COSTS OF HEALTH CARE IN ALASKA BY PROVIDING A FUNDING ADJUSTMENT OF 25% FOR NURSING FACILITIES IN THE STATE.
- ELIGIBILITY FOR MEDICAID IS BASED IN PART ON FEDERAL POVERTY GUIDELINES ESTABLISHED BY THE U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES.
- POVERTY GUIDELINES FOR THE STATE OF ALASKA ARE ADJUSTED UP BY 25% ACCORDING TO THE FEDERAL REGISTER TO REFLECT THE HIGHER COST OF LIVING IN ALASKA.
- ANY ADJUSTMENT TO THE ALASKA FMAP WILL IMPACT NOT ONLY MEDICAID BUT ALSO THE AFDC, FOSTER CARE, AND JOBS PROGRAMS.
- ADJUSTING THE FMAP FOR ALASKA WILL HAVE NO IMPACT ON THE FMAP FOR OTHER STATES.

FY 1994 Federal Financial Participation

Proposed FMAP Increase for Alaska

AFDC - Program

Total Eligible for Federal Match	\$113,600,800
Federal Match @ Proposed Rate	70,432,400
Federal Match @ Current Rate	<u>56,300,400</u>
Proposed Federal Fund Increase	13,632,000

Medicaid - Program

Total Eligible for Federal Match	\$258,035,000
Federal Match @ Proposed Rate	159,981,700
Federal Match @ Current Rate	<u>129,017,500</u>
Proposed Federal Fund Increase	30,964,200

AFDC & Medicaid Increased Federal Funds SFY 94 Budget \$ 44,596,200

The \$44.5 million dollars represents an increase in federal funds to the State of Alaska Medicaid and AFDC programs. This estimation is based on the state FY 94 budget. If the proposed change to the FMAP calculation would pass and be effective for FY94, it would mean that federal participation for funding the Alaska Medicaid and AFDC programs would increase by the \$44.5 million, which would reduce the state portion of the Alaska Medicaid budget by \$30.9 million for FY 94 and reduce state expenditures for AFDC by \$13.6 million. That is, overall the state budget for the programs would not change, but the federal participation would increase, thereby decreasing the state GF expenditure.

FACT SHEET IN SUPPORT OF THE FMAP ADJUSTMENT

Sections 1101(a)(8)(B) and 1905(b) of the Social Security Act establishes for each state participating in the Medicaid program a federal matching rate known as the "Federal Medical Assistance Percentage" or FMAP. The FMAP is that percentage of the state's Medicaid expenditures paid by the federal government. The matching rate is established on the basis of the ratio between each state's per capita income and the per capita income of the United States. The intent behind these sections is to assure that states that are poorer in relation to other states will be required to bear a lesser share of the burden of their Medicaid expenditures, with the federal government picking up a larger share. Currently, federal matching rates range from 50% to 79%.

Alaska is unfairly disadvantaged by the current statutory formula. For Alaska the current FMAP rate is 50%, a result of the fact that the Alaska per capita income looks very high in comparison to the per capita incomes of the lower 48 states. However, a simple comparison of per capita income fails to take into account the dramatically higher cost of living and of medical care in Alaska.

Currently Medicare regulations recognize the higher costs in Alaska by providing for an adjustment of 25% for nursing facilities in Alaska. Federal poverty guidelines are also adjusted by 25% for Alaska. The statutory provisions that determine federal matching rates by reference to state per capita income should incorporate a similar cost of living adjustment, so that the share of the Medicaid expenditure burden borne by Alaska will be comparable to that of states where residents with lower per capita incomes also benefit from significantly lower living costs.

The attached legislation to amend sections 1101(a)(8)(B) and 1905(b) would employ an "adjusted per capita income" (per capita income divided by 1.25) to compute the federal matching, FMAP, for Alaska.

FEDERAL MEDICAL ASSISTANCE PERCENTAGE

FMAP BACKGROUND

- FEDERAL FINANCIAL PARTICIPATION FOR THE MEDICAID PROGRAM IS BASED ON THE FEDERAL MEDICAL ASSISTANCE PERCENTAGE (FMAP).
- THE FMAP IS CALCULATED ACCORDING TO A FORMULA BASED ON PER CAPITA INCOME OF THE INDIVIDUAL STATE IN RELATION TO THE PER CAPITA INCOME OF THE UNITED STATES.
- THIS FORMULA IS DEFINED IN THE SOCIAL SECURITY ACT UNDER SECTION 1101 (a)(8)(B) AND SECTION 1905 (b).
- STATE INCOME IS ESTABLISHED AS A DESIGNATED PORTION OF THE NATIONAL INCOME AS DETERMINED AT THE U.S. DEPARTMENT OF COMMERCE, BUREAU OF ECONOMIC ANALYSIS (BEA). PER CAPITA INCOME OF ALASKA IS DERIVED BY THE BEA AS A PORTION OF NATIONAL INCOME STATISTICS.

FMAP FORMULA

THE FORMULA IS DEFINED IN THE SOCIAL SECURITY ACT, SECTION 1101(a)(8)(B) AND SECTION 1905(b).

THE FORMULA IS:

$$\frac{(\text{STATE PER CAPITA INCOME})^2}{(\text{NATIONAL PER CAPITAL INCOME})^2} \times 45\%$$

Population figures are from the U.S. Department of Commerce-U.S. Census Bureau.

Income figures are "personal income" which includes income derived from all sources. Data is from the U.S. Department of Commerce-Bureau of Economic Analysis.

THE FMAP IS USED TO DETERMINE THE FEDERAL MATCH TO FUND PROGRAMS SUCH AS:

- ★ MEDICAID
- ★ AFDC
- ★ FOSTER CARE
- ★ JOBS PROGRAM

ANY ADJUSTMENTS MADE TO THE FMAP WILL IMPACT THE FEDERAL FUNDING AVAILABLE TO THESE PROGRAMS.

FY 1994 Federal Financial Participation

Proposed FMAP Increase for Alaska

AFDC - Program

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AFDC & Medicaid Increased Federal Funds

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This letter is to update you with additional information in support of the change we would like to propose to the Social Security Act regarding the Federal Medical Assistance Percentage (FMAP), the federal matching for Medicaid and other programs. At this time we would like to share with you the results of our continued research and other efforts to bring equity to the matching formula for the states of Alaska and Hawaii.

On December 12, 1991 Congress passed the Medicaid Voluntary Contribution and Provider Specific Tax Amendments of 1991. This law was enacted to establish new limitations on Federal Financial Participation (FFP) when states receive funds donated from providers and revenues generated by certain health care related taxes. This legislation was conceived in response to financing methods developed in some states as a method of shifting the burden of Medicaid financing to increase Federal participation, a practice labeled as "a financing scam" and "sleight of hand" by OMB Director, Richard Darman.

Currently there are at least 29 states operating 34 different provider tax or donation programs which cost the federal government \$6.8 billion in FY 92. The George Washington University publication "State Health Notes" begins its June 29 issue with the headlines "Illinois Explores New Provider Tax; Other States May Follow". The lead article states that Illinois Governor Jim Egan has decided to press the issue with the new provider tax legislation by modifying the state's existing assessment program to protect an estimated \$735 million in federal matching funds. This exemplifies the magnitude of and tenacity for these programs which are designed to draw Medicaid money from the federal government to subsidize state Medicaid expenditures.

In spite of HCFA's best efforts to demolish this type of federal underwriting of Medicaid, the legislation which Congress finally enacted has been less effective than was hoped for by that agency. Future costs associated with this method of burden-shifting are shown in the current Federal Medicaid baseline spending projections. The following table shows amounts included in the fiscal year 1993 Federal Medicaid budget associated with State tax and donation programs. These projections which were derived from estimates provided by states show projected federal Medicaid spending associated with these programs (in billions of dollars)

FY93	11.3
FY94	14.4
FY95	18.0
FY96	22.00

The States of Alaska and Hawaii however, have never used a provider tax "scam" or collected provider donations to "creatively" fund our Medicaid programs. Medicaid in Alaska

has always been paid for with 50% FFP and 50% State general funds void of any contrived funding mechanism. At this time we still are not initiating a device to finance our Medicaid program through the use of "artificial" provider taxes or donations. All we are seeking is to have our programs funded in terms of dollars that recognize our true costs in these unique settings.

CONSIDERATIONS FOR EQUITY

COST OF LIVING

Alaska is unfairly disadvantaged by the current statutory formula. Alaska's current federal matching rate is 50%, a result of the fact that the Alaska per capita income looks very high in comparison to the per capita incomes of the lower 48 states. However, a simple comparison of per capita incomes fails to take into account the dramatically higher cost of living in Alaska and the even more egregious cost of health care in the state. According to the most recent OPM survey data, residents of Juneau experience a cost of living that exceeds the national standard by more than 32%. The cost of living is even higher in more remote Alaska locations.

These data are confirmed in a study by the American Chamber of Commerce Research Association (ACCRA). Quarterly the association produces the ACCRA Cost of Living Index to provide a reasonably accurate measure of living cost differences among urban areas. The four Alaska communities included in this index all registered current living costs at more than 30% above the average for all participating areas. The Composite Index score for Anchorage was 131%, Fairbanks--130%, Juneau--133%, and Kodiak--146%.

The attached chart displays the ACCRA cost of living data for 34 representative communities when sorted by Health Care Cost standing. The cost of health care in Alaska far exceeds that of any other state. The health care segment of the ACCRA unadjusted composite index reveals the index for Alaska as: Anchorage--179%, Fairbanks--190%, Juneau--182% and Kodiak--171% of the national average.

The ACCRA index reflects cost differentials for a midmanagement standard of living. This standard is set by a weighting structure in which home ownership costs are more heavily weighted than they would be if the index were designed to reflect the average costs for all urban consumers. The remaining charts demonstrate the change in the ranking status of urban areas where the index is recalculated based on a consumer package more in line with a Medicaid eligible's spending ability. That is to say, the mortgage cost has been removed from the calculation. These charts are prepared from ACCRA data for a representative selection of 34 communities: big-small; urban-rural; and nationwide.

When the cost of the mortgage is removed from the composite figure the two Alaska communities included in the 34 immediately come to the top of the list with an even more

substantial gap between Alaska and the other states regarding consumer prices. (Kodiak is now at 141% and Anchorage at 127% with the next two communities, Washington D.C. and Los Angeles, at nearly 10 and 15 percentage points less than Anchorage in living costs.) This large gap demonstrates that Federal match for Medicaid cannot buy services in Alaska comparable to the lower 48 states.

The principals of benefit adequacy and horizontal equity support cost of living differentials in program funding. A health care program receiving federal funding should provide horizontal equity which means adequate and equal treatment of people in similar circumstances. Uniform benefits seemingly would provide horizontal equity in dollar terms. However, if the cost of living varies substantially, the purchasing power of a given amount of money is higher in areas with lower living costs, and the amount of services purchased in one location would not be affordable in another location with a higher cost of living. Financial adjustment to reflect cost of living differences would equalize the real purchasing power of the programs and produce equal treatment for the Alaska Medicaid population.

PROGRAM ELIGIBILITY AND COSTS

Medicaid in Alaska has several program areas where coverage is based on federal poverty levels as a guiding criteria. These programs probably account for at least half of the Medicaid eligible population and an even greater percentage of people actually served under Medicaid. The poverty level is established for the 48 states by family size; guidelines are updated annually from the Department of Health and Human Services.

As prescribed by Federal regulations, the poverty levels for Alaska are set at 125% of poverty in the 48 states, and poverty levels in Hawaii are 115% of US poverty. The Federal Register states this adjustment simply and clearly, "In view of substantially higher costs of living in Alaska and Hawaii, the OEO Income Poverty Guidelines for determining program eligibility in Alaska will be 25% higher, and in Hawaii 15% higher, than the national guidelines."

Federal financial participation for the Medicaid program is based on the Federal Medical Assistance Percentage (FMAP) which is calculated according to a formula based on per capita income in the state in direct relation to the per capita income of the United States. This formula is defined in the Social Security Act under section 1101(a)(8)(B) and section 1905(b). It is to this formula that we hope to add very simple language which will reflect consideration for our documented higher living costs and higher medical care costs in the states of Alaska and Hawaii-only.

The methodology used by the federal government to determine the FMAP available to Alaska and Hawaii for the Medicaid program truly produces inequity and diminishes our two states' abilities to purchase care for our Medicaid populations. Amending the Social Security Act to correct this inequity would have increased the federal match by approximately

\$40,000,000 in SFY 93 in Alaska and \$54,000,000 in Hawaii for both the medically indigent people and the health care industry. While significant for these two states, this is an increase of less than 0.2% in federal matching for Medicaid program expenditures. By adjusting the FMAP formula it provides the federal government the opportunity to recognize the true value of per capita income in the financing side of Medicaid for Alaska and Hawaii as it already recognizes our higher living costs in determining who and how many are eligible for program benefits, and still have no impact on the FMAP of other states.

The following is a copy of the language proposed to amend the FMAP formula in a way which will provide relief from the horizontal inequity experienced in the states of Alaska and Hawaii in relationship to our burden of providing higher cost medical care for an expanded Medicaid eligible population. Please contact Kim Busch, Director of Medical Assistance in the Department of Health and Social Services, at 465-3355 for more information regarding the FMAP formula and the proposed amendment to the Social Security Act.

Proposed Amendment to the Social Security Act

Section 1905(b) of the Social Security Act [42 U.S.C. § 1396d(b)] shall be amended to read as follows:

The term "Federal medical assistance percentage" for any State shall be 100 per centum less the State percentage; and the State percentage shall be that percentage which bears the same ratio to the 45 per centum as the square of the per capita income of such State bears to the square of the per capita income of the continental United States (including Alaska) and Hawaii; except that (1) for Alaska and Hawaii, the State percentage shall be that percentage which bears the same ratio to 45 per centum as the square of the adjusted per capita income of such State bears to the square of the per capita income of the 50 states; (2) the Federal medical assistance percentage shall in no case be less than 50 per centum or more than 83 per centum; and (3) the Federal medical assistance percentage for Puerto Rico, the Virgin Islands, Guam, the Northern Mariana Islands, and American Samoa shall be 50 per centum. "Adjusted per capita income" for Alaska shall be determined by dividing the state three year average per capita income by 1.25, and for Hawaii by dividing the state three year average per capita income by 1.15. The Federal medical assistance percentage for any State shall be determined and promulgated in accordance with the provisions of section 1101(a)(8)(B) of this title. Notwithstanding the first sentence of this section, the Federal medical assistance percentage shall be 100 per centum with respect to amounts expended as medical assistance for services which are received through an Indian Health Service facility whether operated by the Indian Health Service or by an Indian tribe or tribal organization (as defined in section 1603 of Title 25).

COST OF LIVING ANALYSIS
COL SORT by HEALTH CARE COST STANDING

	Location	Health Care 5%	Composite 100%	Grocery 13%	Housing 28%	Utility 9%	Trans. 10%	Misc 35%
1	Anchorage, AK	178.5	131.0	132.1	141.1	98.5	106.9	131.1
2	Kodiak, AK	171.4	145.7	160.6	156.8	172.8	112.2	130.2
3	Washington, DC	142.2	134.4	118.6	175.8	113.7	130.4	112.4
4	Los Angeles, CA	136.5	132.6	107.7	185.3	80.0	119.6	116.4
5	Springfield, MA	118.4	118.7	109.9	135.8	134.9	111.2	108.3
6	Phoenix, AZ	117.0	100.5	100.0	92.6	100.1	106.8	102.9
7	Klamath Falls, OR	112.6	93.1	96.5	89.6	75.6	105.0	93.0
8	Albany, NY	112.5	114.2	110.8	119.8	128.2	104.4	110.3
9	Pittsburg, PA	111.0	107.3	103.4	97.5	149.7	107.8	104.9
10	Visalia, CA	110.1	114.9	107.8	128.9	118.8	106.5	108.4
11	Dallas, TX	107.3	99.1	100.8	93.1	116.0	103.2	96.5
12	Vermillion, SD	106.7	98.4	100.0	88.8	102.7	90.0	100.0
13	Midland, MI	104.8	109.2	106.0	124.6	87.5	100.1	106.9
14	Charleston, SC	103.5	99.4	93.7	96.7	99.2	90.2	105.9
15	Santa Fe, NM	103.3	107.3	98.2	133.4	84.9	102.3	97.7
16	Gainesville, FL	102.4	101.7	95.8	107.0	82.5	107.7	102.7
17	Springfield, IL	102.4	97.8	103.0	92.7	90.6	101.2	100.3
18	Carlsbad, NM	102.3	88.7	102.5	73.8	66.8	106.0	94.1
19	Milwaukee, WI	101.2	104.9	99.5	124.0	95.5	102.1	95.3
20	Sioux Falls, SD	99.4	92.2	97.1	88.7	84.5	99.7	91.9
21	Cincinnati, OH	98.7	106.7	102.7	112.6	94.2	102.6	109.1
22	Cheyenne, WY	97.8	99.2	106.3	95.1	81.1	103.8	103.5
23	Bloomington, IL	96.7	102.7	98.1	98.0	130.1	101.5	102.3
24	Pueblo, CO	96.4	86.0	97.1	73.3	78.5	83.2	93.2
25	Memphis, TN	96.3	94.7	100.0	82.9	89.8	101.5	101.4
26	Tulsa, OK	94.7	88.5	98.3	72.7	90.6	91.4	95.3
27	Macon, GA	94.3	100.1	96.7	94.2	106.6	95.6	106.6
28	Baton Rouge, LA	93.8	97.7	100.5	84.8	117.9	100.7	101.6
29	Birmingham, AL	93.5	99.2	96.2	94.8	121.4	98.7	99.2
30	Bellingham, WA	90.3	93.5	94.3	92.1	84.8	91.0	97.7
31	Lubbock, TX	87.5	94.0	99.3	86.3	83.9	97.3	100.9
32	Louisville, KY	85.2	92.1	88.2	89.2	79.7	92.9	99.7
33	Fort Wayne, IN	83.7	90.6	84.2	89.8	98.3	98.6	86.6
34	Fayetteville, AR	74.9	87.9	94.2	76.4	86.6	95.6	94.8

Prepared using data from the ACCRA COST OF LIVING INDEX, First Quarter 1992 for a representative selection of 34 communities.
 The index reflects cost differentials for a midmanagement (\$32,000/yr.) standard of living.

*COST OF LIVING ANALYSIS
COL SORT by COMPOSITE STANDING*

	<i>Location</i>	<i>Composite 100%</i>	<i>Grocery 13%</i>	<i>Housing 28%</i>	<i>Utility 9%</i>	<i>Trans. 10%</i>	<i>Health Care 5%</i>	<i>Misc 35%</i>
1	Kodiak, AK	145.7	160.6	166.8	172.8	112.2	171.4	130.2
2	Washington, DC	134.4	118.6	176.0	113.7	130.4	142.2	112.4
3	Los Angeles, CA	132.6	107.7	185.3	80.0	119.0	136.5	116.4
4	Anchorage, AK	131.0	132.1	141.1	98.5	108.9	178.5	131.1
5	Springfield, MA	118.7	109.9	135.8	134.9	111.2	118.4	106.3
6	Visalia, CA	114.9	107.0	128.9	118.8	106.5	110.1	108.4
7	Albany, NY	114.2	110.8	110.8	128.2	104.4	112.5	110.3
8	Midland, MI	109.2	106.0	124.0	87.5	100.1	104.8	106.8
9	Pittsburg, PA	107.3	103.4	87.5	149.7	107.8	111.0	104.9
10	Santa Fe, NM	107.3	98.2	133.4	84.8	102.3	103.3	97.7
11	Cincinnati, OH	106.7	102.7	112.6	94.2	102.8	98.7	109.1
12	Milwaukee, WI	104.9	99.6	124.0	95.5	102.1	101.2	95.3
13	Bloomington, IL	102.7	98.1	88.0	130.1	101.5	96.7	102.3
14	Gainesville, FL	101.7	95.9	107.0	82.5	107.7	102.4	102.7
15	Phoenix, AZ	100.6	100.0	82.6	100.1	106.8	117.0	102.9
16	Macon, GA	100.1	96.7	94.2	108.6	95.6	84.3	106.6
17	Charleston, SC	99.4	93.7	88.7	99.2	90.2	103.5	105.9
18	Birmingham, AL	99.2	89.2	94.8	121.4	98.7	83.5	99.2
19	Cheyenne, WY	99.2	106.3	95.1	81.1	103.6	87.8	103.5
20	Dallas, TX	99.1	100.0	93.1	118.0	103.2	107.3	96.5
21	Springfield IL	97.8	103.0	92.7	90.6	101.2	102.4	100.3
22	Baton Rouge, LA	97.7	100.5	84.8	117.9	100.7	93.8	101.6
23	Vermillion, SD	96.4	100.0	88.8	102.7	90.0	106.7	100.0
24	Memphis, TN	94.7	100.0	82.9	89.8	101.5	86.3	101.4
25	Lubbock, TX	94.0	89.3	86.3	83.8	97.8	87.5	100.9
26	Bellingham, WA	83.5	84.3	92.1	84.8	81.0	80.3	97.7
27	Klamath Falls, OR	83.1	86.6	89.8	75.6	105.9	112.6	93.0
28	Sioux Falls, SD	92.2	97.1	88.7	84.5	89.7	89.4	91.8
29	Louisville, KY	92.1	88.2	89.2	79.7	92.9	82.2	89.7
30	Fort Wayne, IN	90.6	94.2	89.8	98.3	98.6	83.7	86.6
31	Carlsbad, NM	89.7	102.5	73.8	66.8	108.0	102.3	94.1
32	Tulsa, OK	88.5	88.3	72.7	90.6	91.4	84.7	95.3
33	Fayetteville, AR	87.9	94.2	78.4	88.6	95.6	74.9	94.8
34	Pueblo, CO	86.0	97.1	73.3	78.5	83.2	86.4	93.2

Based on data from the ACCRA COST OF LIVING INDEX, First Quarter 1992
for a representative selection of 34 communities.
The index reflects cost differentials for a midmanagement standard of living.

\\FMAP\COL-100%.WK3

COST OF LIVING ANALYSIS
COLSON' by HOUSING

	Location	Composite 100%	Grocery 13%	Housing 28%	Utility 9%	Trans. 10%	Health Care 5%	Misc 35%
1	Los Angeles, CA	132.6	107.7	185.3	80.0	119.6	136.5	116.4
2	Washington, DC	134.4	118.6	175.8	113.7	130.4	142.2	112.4
3	Kodiak, AK	145.7	160.6	156.8	172.8	112.2	171.4	130.2
4	Anchorage, AK	131.0	132.1	141.1	98.5	106.9	178.5	131.1
5	Springfield, MA	118.7	109.9	135.0	134.9	111.2	118.4	106.3
6	Santa Fe, NM	107.3	88.2	133.4	84.0	102.3	103.3	97.7
7	Visalia, CA	114.9	107.8	128.9	118.8	106.5	110.1	108.4
8	Midland, MI	109.2	106.0	124.6	87.5	100.1	104.8	106.9
9	Milwaukee, WI	104.9	99.5	124.0	95.5	102.1	101.2	95.3
10	Albany, NY	114.2	110.8	119.8	128.2	104.4	112.5	110.3
11	Cincinnati, OH	106.7	102.7	112.6	94.2	102.6	98.7	109.1
12	Gainesville, FL	101.7	95.9	107.0	82.5	107.7	102.4	102.7
13	Bloomington, IL	102.7	98.1	98.0	130.1	101.5	96.7	102.3
14	Pittsburg, PA	107.3	103.4	97.5	149.7	107.8	111.0	104.8
15	Charleston, SC	89.4	83.7	86.7	99.2	90.2	103.5	105.8
16	Cheyenne, WY	99.2	106.3	95.1	81.1	103.6	97.8	103.5
17	Birmingham, AL	99.2	88.2	84.8	121.4	98.7	93.5	99.2
18	Macon, GA	100.1	98.7	94.2	106.6	95.6	94.3	108.6
19	Dallas, TX	99.1	100.8	93.1	116.0	103.2	107.3	98.5
20	Springfield IL	97.2	103.0	92.7	90.8	101.2	102.4	100.3
21	Phoenix, AZ	100.5	100.0	92.8	100.1	106.8	117.0	102.9
22	Bellingham, WA	93.5	94.3	92.1	84.8	91.0	90.3	97.7
23	Fort Wayne, IN	90.6	94.2	89.8	98.3	98.6	83.7	86.6
24	Klamath Falls, OR	93.1	98.5	89.8	75.8	105.0	112.8	93.0
25	Louisville, KY	92.1	88.2	89.2	79.7	92.9	85.2	88.7
26	Vermillion, SD	88.4	100.0	88.8	102.7	90.0	108.7	100.0
27	Sioux Falls, SD	92.2	87.1	88.7	84.5	99.7	99.4	91.9
28	Lubbock, TX	94.0	99.3	86.9	83.9	97.3	87.5	100.9
29	Baton Rouge, LA	97.7	100.6	64.8	117.9	100.7	93.8	101.6
30	Memphis, TN	84.7	100.0	82.9	89.8	101.5	98.3	101.4
31	Fayetteville, AR	87.8	94.2	78.4	88.6	95.6	74.9	94.8
32	Carlsbad, NM	88.7	102.5	73.8	66.8	106.0	102.3	94.1
33	Pueblo, CO	88.0	87.1	73.3	78.5	83.2	96.4	93.2
34	Tulsa, OK	88.5	88.3	72.7	90.6	91.4	94.7	95.3

Based on data from the ACCRA COST OF LIVING INDEX, First Quarter 1992
for a representative selection of 34 communities.
The index reflects cost differentials for a midmanagement standard of living.

\\FMAP\house-elwk3

COST OF LIVING ANALYSIS
COL SORT by COMPOSITE STANDING
COMPARISON OF LIVING COSTS WITH and WITHOUT MORTGAGE PAYMENTS

	<i>Location</i>	<i>With Mortgage Composite</i>	<i>Without Mortgage Composite 100%</i>	<i>Grocery 18%</i>	<i>Utility 13%</i>	<i>Trans. 14%</i>	<i>Health Care 7%</i>	<i>Misc 48%</i>
1	Kodiak, AK	145.7	141.0	160.8	172.8	112.2	171.4	130.2
2	Anchorage, AK	131.0	120.7	132.1	98.5	106.9	172.5	131.1
3	Washington, DC	134.4	117.9	118.6	119.7	130.4	142.2	112.4
4	Los Angeles, CA	132.8	111.8	107.7	80.0	118.6	136.5	116.4
5	Springfield, MA	118.7	111.7	109.9	134.9	111.2	118.4	106.3
6	Albany, NY	114.2	111.6	110.8	128.2	104.4	112.5	110.3
7	Pittsburg, PA	107.3	110.7	103.4	149.7	107.0	111.0	104.9
8	Visalia, CA	114.9	109.1	107.8	118.8	106.6	110.1	108.4
9	Bloomington, IL	102.7	104.2	98.1	130.1	101.5	98.7	102.3
10	Cincinnati, OH	108.7	104.1	102.7	94.2	102.6	98.7	109.1
11	Phoenix, AZ	100.5	103.2	100.0	100.1	106.8	117.0	102.9
12	Midland, MI	109.2	102.8	105.0	87.5	100.1	104.0	108.9
13	Baton Rouge, LA	97.7	102.5	100.5	117.9	100.7	93.8	101.6
14	Macon, GA	100.1	102.1	98.7	106.6	95.8	94.3	108.8
15	Dallas, TX	99.1	101.1	100.8	116.0	103.2	107.3	96.5
16	Birmingham, AL	89.2	100.7	98.2	121.4	98.7	93.5	99.2
17	Cheyenne, WY	98.2	100.6	108.3	81.1	103.6	87.8	103.6
18	Charleston, SC	99.4	100.2	83.7	99.2	90.2	103.5	105.8
19	Springfield, IL	97.8	99.6	103.0	90.6	101.2	102.4	100.3
20	Gainesville, FL	101.7	99.3	95.0	82.5	107.7	102.4	102.7
21	Vermillion, SD	86.4	99.1	100.0	102.7	90.0	106.7	100.0
22	Memphis, TN	94.7	99.0	100.0	88.8	101.5	96.3	101.4
23	Milwaukee, WI	104.0	97.1	99.5	95.5	102.1	101.2	95.3
24	Santa Fe, NM	107.3	98.8	98.2	84.8	102.3	103.3	87.7
25	Lubbock, TX	94.0	98.7	99.3	83.9	97.3	87.6	100.9
26	Tulsa, OK	88.5	94.4	98.3	90.6	91.4	94.7	95.3
27	Klamath Falls, OR	83.1	94.2	98.5	75.8	105.0	112.6	93.0
28	Carlsbad, NM	88.7	94.1	102.6	68.8	106.0	102.3	94.1
29	Bellingham, WA	93.5	93.7	94.3	84.8	91.0	90.3	97.7
30	Siox Falls, SD	92.2	93.2	97.1	84.6	99.7	99.4	91.9
31	Louisville, KY	92.1	92.9	88.2	79.7	92.8	85.2	99.7
32	Fayetteville, AR	87.9	92.1	84.2	66.8	95.6	74.8	94.8
33	Fort Wayne, IN	90.8	90.6	94.2	98.3	98.8	83.7	88.8
34	Pueblo, CO	86.0	90.6	97.1	78.5	83.2	98.4	93.2

Prepared using data from the ACCRA COST OF LIVING INDEX, First Quarter 1992
 for a representative selection of 84 communities nationwide.
 WOH-SCRT 1-43

COST OF LIVING ANALYSIS
COL SORT by COMPOSITE STANDING

COMPARISON OF LIVING COSTS WITH and WITHOUT MORTGAGE
PAYMENTS

OBSERVATIONS - How the Housing Cost Factor skews the composite index.

When mortgage payment is removed from the composite cost of living determination, the variance or range of difference between highest and lowest is reduced by 9.4 percentage points.

Prioritizing the communities based on the composite number w/mortgage, there are 12 cities in the range of 100% \pm 5.0%.

Prioritizing the communities based on the composite number without mortgage, there are 17 cities, or one-half the population, in the range of 100% \pm 5.0%.

The cost of a mortgage is 28% of the composite figure when it is included; this is more than twice the weight of any other single factor accumulated. (Groceries are next high at 13%.)

The range in the mortgage factor is from 185.3 in Los Angeles and 175.8 in Washington DC to 72.7 in Tulsa. This is a difference of 112.6 percentage points.

The one overriding assumption in all these numbers is: this Index reflects cost differentials for a midmanagement standard of living; a family of four with income at \$32,000 annually.

The possibility of these AFDC and Medicaid recipients paying a mortgage for housing at this income level is unrealistic. For this reason the mortgage payment was dropped from the COL calculations.

Furthermore, there are several programs which subsidize housing expenses for the poverty and near-poverty income levels, thereby rendering any comparison of housing costs ineffective at this income level.