

WTNS Radio OSU Extension Update for October 17, 2022
Healthy People. Healthy Finances. Healthy Relationships.

On today's OSU Extension update for Healthy People, Healthy Finances, & Healthy Relationships we'll talk about Cost of Living, and as always look at some upcoming programs from OSU Extension.

Cost of living has been in the news a lot recently. The federal government announced last Thursday that Social Security benefits will increase by 8.7% in 2023. This is the largest, single increase for the cost of living adjustment (COLA) since 1981.

Not everyone, of course, is receiving Social Security benefits, but it does equate to about 70 million Americans. Often, the private sector will use this COLA as a reference when determining their own increase to wages.

According to the Social Security Administration, the purpose of the COLA is to "ensure that the purchasing power of Social Security and Supplemental Security Income (SSI) benefits is not eroded by inflation." This adjustment is based on the percentage increase in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W).

This information is collected by the US Bureau of Labor Statistics. The CPI-W is measured monthly and looks at the prices paid by urban wage earners and clerical workers for a market basket of consumer goods and services. I was intrigued. Who are these urban wage earners and clerical workers and what exactly is this basket of goods and services?

Currently, urban wage earners and clerical workers make up about 29% of the US population. More than half their household income must come from wage or clerical occupations, and they must have worked at least 37 weeks during the past 12 months. Information is also collected for all urban consumers, but only this subset is used to calculate COLA. Interesting that people in rural nonmetropolitan areas, farming families, and people in the Armed Forces are not included in this data.

This market basket of consumer goods and services includes prices of food, clothing, shelter, fuels, transportation, doctors' and dentists' services, drugs, and other goods and services that people buy for day-to-day living. A variety of methods are used to obtain these prices including personal visits, telephone calls, or web collection by the Bureau's trained representatives.

When I teach the “Real Money. Real World.” financial literacy program in our local high schools and career center, we discuss cost of living as well as the purpose of Social Security. The youth have a pretty strong concept that cost of living is not the same across the board. That living in an urban area is almost always going to cost more than living in a rural area.

However, some surprising data is showing that inflation is increasing at a higher rate in rural areas than in urban. Dr. David Peters, an Iowa State University Extension specialist, found that over the past two years, rural households have experienced 18.5% inflation, whereas urban dwellers have seen an increase of 14.5% on average.

I wonder if there will ever be a different consideration in calculating COLA for rural residents compared to urban residents given this information. US Census data shows that 14% of the US population lives in rural areas, though rural areas make up 97% of the land area. My guess is that it is more challenging and a lot less convenient to collect data about goods and services in rural areas than in urban.

One thing that can help everyone reduce their expenses is to get a handle on spending leaks. These are those seemingly small expenses that we barely notice at the time but can really add up as they become established habits. For tips on reducing spending leaks visit <https://go.osu.edu/spendingleaks> .

Today I’ll leave you with this quote from Tim Costello, “We’ve confused the cost of lifestyle with the cost of living. We’ve lost our perspective.”

And now let’s look at some upcoming programs from OSU Extension. The Take Charge of Your Diabetes During the Holidays program will be Thursday, November 3 from 6:00-7:30 PM at Frontier Power Community Room. This evening will provide you with tips for managing your diabetes during the holidays. Cooking demonstrations and samples will be provided. Register online for this free program at coshocton.osu.edu or call OSU Extension at 740-622-2265.

In closing, at OSU Extension, we are proud to work for Coshocton County to help educate and improve our families, farms, and businesses. Please feel free to contact OSU Extension for more information at 740-622-2265 or visit our website at coshocton.osu.edu. Make it a healthy day!