

2013 HOUSE INDUSTRY, BUSINESS AND LABOR

HB 1414

2013 HOUSE STANDING COMMITTEE MINUTES

House Industry, Business and Labor Committee
Peace Garden Room, State Capitol

HB 1414
January 30, 2013
Job 18043

Conference Committee



Explanation or reason for introduction of bill/resolution:

State minimum wage

Minutes:

Testimony 1, 2, 3, 4

Hearing opened.

Representative Zaiser introduced HB 1414. There has not been an increase to the minimum wage since 2007. We have the greatest income disparity that we've had since 1929. There are people living in cars in Fargo. Granted there are not a lot of people who are making only the minimum wage. What I put together is a minimum wage bill, but it needed to be amended (Attachment 1, amendment 13.0736.01001). I'm proposing that these changes become effective 2014, based on the cost of living index, obtained from the Department of Labor.

Representative Louser: Does North Dakota mirror the federal minimum wage?

Representative Zaiser: Right now they do.

Representative Louser: If North Dakota had a larger increase in cost of living than the national average, what impact would that have?

Representative Zaiser: The federal law would override this.

Representative Beadle: Currently we have a tiered minimum wage. Would this change the server's minimum wage rates as well or just the regular hourly rate?

Representative Zaiser: I was told this would be under administrative rules and that is adjusted accordingly.

Representative Becker: The income disparity is up, correct? Isn't the standard of living substantially increased such that all classes have had a tremendously improved status?

Representative Zaiser: That's not my understanding. People are living in a tighter financial situation than their parents.

Representative Becker: Do you agree with what is generally accepted and taught, that minimum wage laws increase unemployment and have an increased disadvantageous affect to the young and minorities?

Representative Zaiser: I have heard that is the case; that it is a disincentive.

Representative Ruby: Have you seen the statistics that every time the minimum wage is increased, there is a drop in the number of entry-level jobs?

Representative Zaiser: I have seen those and it is true in some cases.

Representative Kasper: Have you taken into consideration that we have aid for lower income people, such as food stamps, free health care and heating allowance? Have you done any research to see if the value of those services increases a person's standard of living?

Representative Zaiser: No. When someone is making more money, hopefully there is less government money going out as support.

Representative Kasper: Would you agree that most employers look for employees who put in an extra effort and prove by their work results that they are worthy of salary increases?

Representative Zaiser: I would agree.

Representative Boschee: You spoke of the lack of data for our state and that you've chosen to base it on the Midwest. Do you think there are people who have benefitted from our economic prosperity? Would it be beneficial to look at a long-term study during the interim?

Representative Zaiser: That is an option. The cost is small; nineteen cents an hour. The last time the feds raised it was three and a half dollars. My initial effort was to ascertain what the cost of living is in September and then have it coming into effect in January.

Representative Vigesaa: If we had been on this index currently, what would have been the increased in the minimum wage?

Representative Zaiser: It would have been 2.8% this last year.

Representative Beadle: Do you know what percent of North Dakotans are employed at the minimum wage?

Representative Zaiser: No.

Representative Kreun: Are you thinking this should be a living wage or an entry-level position wage?

Representative Zaiser: That's something I can't determine. Some people would call it a living wage; some would call it minimum wage. I think a living wage would be higher.

Representative Kreun: The last time I paid a minimum wage was over twenty years ago. Is minimum wage something that is actually used in North Dakota?

Representative Zaiser: It's not prolific.

Chairman Keiser: The employment market is requiring employers to pay more than minimum wage. Where do you see this problem existing?

Representative Zaiser: It exists in Fargo.

Support:

Tom Ricker, President of the North Dakota AFL CIO (31:54) testified in support of the bill. There are minimum wage jobs out there. Minimum wage hasn't increased since 2007. I think \$7.25 is way too low for minimum wage. There are areas where that is what people are getting paid.

Representative Ruby: Could you tell me if any of your members make minimum wage?

Ricker: No, but I know there are employers in the Lisbon area who start people at minimum wage.

Representative Ruby: Have you seen an increase in wages across the state to go along with the increase in rent and other costs?

Ricker: Wage disparity rate between the wealthiest and the lowest wage earners has been widening for years nationally.

Opposition:

Mike Rud, President of North Dakota Petroleum Marketers, North Dakota Retail and North Dakota Propane Gas Association (35:22) testified in opposition to the bill (Testimony 2).

Representative M. Nelson: What effect would raising the minimum wage have on your members?

Rud: I don't believe it would have much of an effect. Raising the wages of anyone should be left to the private business sector.

Chairman Keiser: Are there areas of the state that are paying minimum wage?

Rud: If there are, they are few and far between.

Bill Shalhoob, Greater North Dakota Chamber of Commerce (38:46) testified in opposition to the bill (Testimony 3).

Rudy Martinson, Executive Director of the North Dakota Hospitality Association (41:50): Took the podium at the request of Chairman Keiser.

Chairman Keiser: Servers were opposed to being included in the last minimum wage bill because their wage is offset by tips. Are they still opposed to being linked to any adjustments in minimum wage?

Martinson: I have not heard any significant policy change from the community of tipped employees who work under that lower minimum wage.

Neutral:

Tony Weiler, Commissioner of Labor for North Dakota (43:33) testified neutrally to the bill (Testimony 4).

Representative M. Nelson: Does the Department of Labor track wages in the state?

Weiler: My office does not track wages, but Job Service may have that information.

Hearing closed.

Representative Ruby moves amendment. Representative Boschee seconded.

Representative Ruby moved for a Do Not Pass as Amended. Representative Vigesaa seconded.

Roll Call Vote

Yes: 8

No: 3

Absent: 4

Carrier: Representative Becker.

January 28, 2013

1/31/13
TD

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1414

Page 1, line 10, replace "Beginning with calendar year 2014" with "Annually"

Page 1, line 11, replace "annually" with "upward"

Page 1, line 11, remove the underscored comma

Page 1, replace lines 12 through 18 with:

"3. No later than January thirty-first of each year, the commissioner shall calculate an adjustment of the minimum wage rate amount based upon the annual increase, if any, that occurred in the twelve-month period ending in December of the previous year as published in the midwest region consumer price index for all urban consumers, all items, published by the bureau of labor statistics of the United States department of labor. The commissioner shall round the adjusted minimum wage rate to the nearest five cents. The adjusted minimum wage rate becomes effective March first immediately following the calculation."

Renumber accordingly

Date: 1-30-2013

Roll Call Vote #: 1

**2013 HOUSE STANDING COMMITTEE
ROLL CALL VOTES**

BILL/RESOLUTION NO. 1414

House Industry, Business, and Labor Committee

Legislative Council Amendment Number 13.0736.01001

Action Taken: Do Pass Do Not Pass Amended Adopt Amendment
 Rerefer to Appropriations Reconsider Consent Calendar

Motion Made By Ruby Seconded By Boschee

Representatives	Yes	No	Representatives	Yes	No
Chairman George Keiser			Rep. Bill Amerman		
Vice Chairman Gary Sukut			Rep. Joshua Boschee		
Rep. Thomas Beadle			Rep. Edmund Gruchalla		
Rep. Rick Becker			Rep. Marvin Nelson		
Rep. Robert Frantsvog					
Rep. Nancy Johnson					
Rep. Jim Kasper					
Rep. Curtiss Kreun					
Rep. Scott Louser					
Rep. Dan Ruby					
Rep. Don Vigesaa					

VOICE

Total Yes _____ No _____
Absent _____

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent:

Date: 1-30-2013

Roll Call Vote #: 2

2013 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 1414

House Industry, Business, and Labor Committee

Legislative Council Amendment Number 13.0736.01001

Action Taken: Do Pass Do Not Pass Amended Adopt Amendment
 Rerefer to Appropriations Reconsider Consent Calendar

Motion Made By Ruby Seconded By Vigesaa

Representatives	Yes	No	Representatives	Yes	No
Chairman George Keiser	✓		Rep. Bill Amerman	ab	
Vice Chairman Gary Sukut	✓		Rep. Joshua Boschee		✓
Rep. Thomas Beadle	✓		Rep. Edmund Gruchalla		✓
Rep. Rick Becker	✓		Rep. Marvin Nelson		✓
Rep. Robert Frantsvog		ab			
Rep. Nancy Johnson	✓				
Rep. Jim Kasper		ab			
Rep. Curtiss Kreun	✓				
Rep. Scott Louser		ab			
Rep. Dan Ruby	✓				
Rep. Don Vigesaa	✓				

Total Yes 8 No 3

Absent 4

Floor Assignment Bucker

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

HB 1414: Industry, Business and Labor Committee (Rep. Keiser, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO NOT PASS** (8 YEAS, 3 NAYS, 4 ABSENT AND NOT VOTING). HB 1414 was placed on the Sixth order on the calendar.

Page 1, line 10, replace "Beginning with calendar year 2014" with "Annually"

Page 1, line 11, replace "annually" with "upward"

Page 1, line 11, remove the underscored comma

Page 1, replace lines 12 through 18 with:

"3. No later than January thirty-first of each year, the commissioner shall calculate an adjustment of the minimum wage rate amount based upon the annual increase, if any, that occurred in the twelve-month period ending in December of the previous year as published in the midwest region consumer price index for all urban consumers, all items, published by the bureau of labor statistics of the United States department of labor. The commissioner shall round the adjusted minimum wage rate to the nearest five cents. The adjusted minimum wage rate becomes effective March first immediately following the calculation."

Renumber accordingly

2013 TESTIMONY

HB 1414

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1414

Page 1, line 10, replace "Beginning with calendar year 2014" with "Annually"

Page 1, line 11, replace "annually" with "upward"

Page 1, replace lines 12 through 18 with:

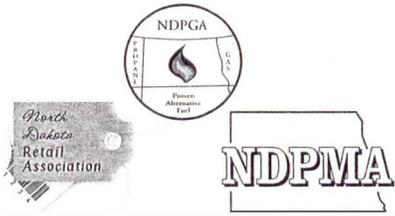
- "3. No later than January thirty-first of each year, the commissioner shall calculate an adjustment of the minimum wage rate amount based upon the annual increase, if any, that occurred in the twelve-month period of December to December of the previous year as published in the midwest region consumer price index for all urban consumers, all items, published by the bureau of labor statistics of the United States department of labor. The commissioner shall round the adjusted minimum wage rate to the nearest five cents. The adjusted minimum wage rate becomes effective March first immediately following the calculation."

Renumber accordingly

①

HB 1414

1-30-2013



North Dakota Retail Association
ND Petroleum Marketers Association
North Dakota Propane Gas Association

LEGISLATIVE BULLETIN

Testimony- HB 1414

January 30, 2013- House IBL Committee

② HB 1414
1-30-2013

Chairman Keiser and Members of the House IBL Committee:

For the record, I'm Mike Rud, President of the North Dakota Petroleum Marketers, North Dakota Retail and North Dakota Propane Gas Associations. On behalf of our nearly 1,000 members, I rise in opposition to HB 1414.

North Dakota's business economy has seen unprecedented growth. As businesses expand, so does the need to hire qualified employees. As a result, salaries have risen dramatically in the states retail service industries. On average, most businesses are reporting salary increases year over year in the 20-25% range.

It's not uncommon to see help wanted signs with wages starting anywhere from \$10-12 per hour, complete with sign on bonuses in many cases up to \$500 for an employee who sticks around for a certain period of time. In the retail sector, it costs a business about \$2,000-\$2500 to fully train and get an employee integrated into a company's system and way of doing things. When you invest that type of money in each person you hire, if they are even an average employee you are going to do what it takes to keep that person on board.

It's plain to see the job market pay scale because of its ultracompetitive nature in the Great State of North Dakota is taking care of itself. There is no need for the government to tell the business sector what employees are worth.

Again, I would urge a "DO NOT PASS" on HB 1414. Thank you for your time and consideration.

③ HB 1414
1-30-2013



Testimony of Bill Shalhoob
Greater North Dakota Chamber of Commerce
HB 1414
January 30, 2013

Mr. Chairman and members of the committee, My name is Bill Shalhoob and I am here today representing the Greater North Dakota Chamber of Commerce, the champions for business in North Dakota. GNDC is working to build the strongest business environment possible through its more than 1,100 business members as well as partnerships and coalitions with local chambers of commerce from across the state. GNDC also represents the National Association of Manufacturers and works closely with the U.S. Chamber of Commerce. As a group we stand in opposition to HB 1430 and urge a do not pass from your committee on the bill.

GNDC has a long history of opposing minimum wage laws. As employers we are required to follow the higher standard in either federal or state law. We have supported increases in minimum wage in order to mirror federal law and avoid having a double standard. HB 1414 creates the double standard we want to avoid. We believe the market place is the best place to decide what a minimum wage will be. The current economic environment in ND proves our point. In most of ND you cannot hire anyone for the current minimum wage \$7.25. The sign I saw for a fast food restaurant last week end offered a starting wage of \$10.00 per hour and a bonus if the new hire stayed for a few months. Our weekly average wage is increasing at the fastest pace in the United States and now exceeds the national average. I would also point out the increases in this bill are tied to a price index published by NDSU. I am not familiar with this index but do have experience the more often used CPI published by the Department of Labor. It is widely thought the assumptions in that index are flawed and as a result the rate of inflation is over stated every year. Discussions are taking place at the federal level that will attempt to fix the formula and get a more accurate inflation indicator. North Dakota has wisely rejected tying prices to indexes in the past and we should continue that policy by rejecting this bill.

Thank you for the opportunity to appear before you today in opposition to HB 1430. I would be happy to answer any questions.

Champions (for) Business

PO Box 2639 P: 701-222-0929
Bismarck, ND 58502 F: 701-222-1611

www.ndchamber.com

Jack Dalrymple
Governor

Tony J. Weiler
Commissioner



State Capitol - 13th Floor
600 E. Boulevard Ave. - Dept. 406
Bismarck, ND 58505-0340

www.nd.gov/labor
www.nd.gov/humanrights

Testimony on HB 1414
Prepared for the House Industry, Business, and Labor Committee

January 30, 2013

4
HB 1414
1-30-2013

Good afternoon Chairman Keiser and members of the House IBL Committee, my name is Tony J. Weiler, and I am the Commissioner of Labor.

Department Responsibilities

I appear before you today neutral on HB 1414. As you have heard, the state minimum wage is \$7.25 an hour. This has been the state minimum wage since July 24th, 2009. This also mirrors the federal minimum wage. The current minimum wage was set by N.D.C.C. § 34-06-22, which was enacted in 2007. This legislation included an incremental increase in the minimum wage to today's current level. The intent, as I understand it, was to raise the minimum wage to the federal level and any future increases would be made by the legislature if and when the federal minimum wage increases.

I also want to provide the committee with some statistics on the federal minimum wage. The United States Department of Labor's Bureau of Labor Statistics published "Characteristics of Minimum Wage Workers: 2011" in March of 2012. I am providing a link to the entire document.

<http://www.bls.gov/cps/minwage2011.pdf>. I am providing you with one page which shows North Dakota statistics. The study focused on American workers age 16 and over who were paid hourly rates and did not include overtime pay, commissions, or tips. This also excluded self-employed persons whether they were a sole proprietorship or incorporated. The information collected by the Bureau of Labor Statistics focused on workers paid hourly. Salaried, and other non-hourly workers were excluded.

With respect to North Dakota, the Bureau of Labor Statistics found 208,000 employees were paid hourly rates in the state. Of those, 6,000 were at minimum wage, and 5,000 were below the minimum wage. This signified 5.3 percent of workers paid hourly rates, with 2.9 percent at minimum wage and 2.4 percent below minimum wage. Those below minimum wage would most likely include employees who are tipped employees. These employees have to earn at least minimum wage based on the amount of tips they receive or their employer is required to ensure their hourly rate is \$7.25 per hour. Therefore, it appears that

there are only 2.9 percent of North Dakotans who are paid hourly that make minimum wage.

The most recent numbers from Job Service North Dakota indicate that approximately 400,000 people are employed in North Dakota at this time, meaning the overall percentage of North Dakota workers making minimum wage is even smaller.

My concern with the bill is that it requires the Commissioner of Labor, beginning in the year 2013, to calculate an adjustment to the minimum wage. The increase is to be based upon a calculation found in the "North Dakota Consumer Price Survey prepared by North Dakota State University." I am not familiar with the Consumer Price Survey, and my research has led me to believe that this is something newly launched by the NDSU Extension Service. I found a news release from the NDSU Extension Service dated October 25, 2012, indicating that NDSU began a 16-month effort to assess the impacts of certain food and gas prices by region, community, and business size. (See attached news release). Although the information appears to provide statistics beginning in September of 2012, an Extension Service economist stated that it was not intended to be a comprehensive study but a snapshot of prices for a small basket of common food items easily found in most stores, as well as gas prices.

Further, it indicates that the North Dakota consumer price survey will continue through the year 2013, at which time it appears it will end. The obvious concern here is that there currently is no overall North Dakota consumer price index, and this North Dakota survey only continues through 2013. That begs the question of what the Commissioner of Labor is supposed to base the percentage increase on.

I would be happy to answer any questions the committee would have.

Table 3. Employed wage and salary workers paid hourly rates with earnings at or below the prevailing Federal minimum wage by State, 2011 annual averages

State	Number of workers (in thousands)				Percent distribution				Percent of workers paid hourly rates		
	Total paid hourly rates	At or below minimum wage			Total paid hourly rates	At or below minimum wage			At or below minimum wage		
		Total	At minimum wage	Below minimum wage		Total	At minimum wage	Below minimum wage	Total	At minimum wage	Below minimum wage
Total, 16 years and over..	73,926	3,829	1,677	2,152	100.0	100.0	100.0	100.0	5.2	2.3	2.9
Alabama.....	1,147	74	43	31	1.6	1.9	2.6	1.4	6.5	3.7	2.7
Alaska.....	212	4	1	3	0.3	0.1	0.1	0.1	1.9	0.5	1.4
Arizona.....	1,517	85	20	65	2.1	2.2	1.2	3.0	5.6	1.3	4.3
Arkansas.....	746	49	33	16	1.0	1.3	2.0	0.7	6.6	4.4	2.1
California.....	8,706	139	53	86	11.8	3.6	3.2	4.0	1.6	0.6	1.0
Colorado.....	1,222	49	9	40	1.7	1.3	0.5	1.9	4.0	0.7	3.3
Connecticut.....	870	25	4	21	1.2	0.7	0.2	1.0	2.9	0.5	2.4
Delaware.....	213	11	3	8	0.3	0.3	0.2	0.4	5.2	1.4	3.8
District of Columbia.....	94	4	1	3	0.1	0.1	0.1	0.1	4.3	1.1	3.2
Florida.....	3,891	246	73	173	5.3	6.4	4.4	8.0	6.3	1.9	4.4
Georgia.....	2,041	196	105	91	2.8	5.1	6.3	4.2	9.6	5.1	4.5
Hawaii.....	321	15	8	7	0.4	0.4	0.5	0.3	4.7	2.5	2.2
Idaho.....	379	19	12	7	0.5	0.5	0.7	0.3	5.0	3.2	1.8
Illinois.....	3,095	109	29	80	4.2	2.8	1.7	3.7	3.5	0.9	2.6
Indiana.....	1,730	108	54	54	2.3	2.8	3.2	2.5	6.2	3.1	3.1
Iowa.....	941	53	28	25	1.3	1.4	1.7	1.2	5.6	3.0	2.7
Kansas.....	802	56	27	29	1.1	1.5	1.6	1.3	7.0	3.4	3.6
Kentucky.....	1,077	63	30	33	1.5	1.6	1.8	1.5	5.8	2.8	3.1
Louisiana.....	1,011	75	33	42	1.4	2.0	2.0	2.0	7.4	3.3	4.2
Maine.....	381	14	3	11	0.5	0.4	0.2	0.5	3.7	0.8	2.9
Maryland.....	1,274	65	27	38	1.7	1.7	1.6	1.8	5.1	2.1	3.0
Massachusetts.....	1,539	60	11	49	2.1	1.6	0.7	2.3	3.9	0.7	3.2
Michigan.....	2,550	117	29	88	3.4	3.1	1.7	4.1	4.6	1.1	3.5
Minnesota.....	1,544	78	47	31	2.1	2.0	2.8	1.4	5.1	3.0	2.0
Mississippi.....	686	58	37	21	0.9	1.5	2.2	1.0	8.5	5.4	3.1
Missouri.....	1,543	109	54	55	2.1	2.8	3.2	2.6	7.1	3.5	3.6
Montana.....	271	10	6	4	0.4	0.3	0.4	0.2	3.7	2.2	1.5
Nebraska.....	532	29	15	14	0.7	0.8	0.9	0.7	5.5	2.8	2.6
Nevada.....	670	22	9	13	0.9	0.6	0.5	0.6	3.3	1.3	1.9
New Hampshire.....	368	14	4	10	0.5	0.4	0.2	0.5	3.8	1.1	2.7
New Jersey.....	1,795	99	41	58	2.4	2.6	2.4	2.7	5.5	2.3	3.2
New Mexico.....	459	20	6	14	0.6	0.5	0.4	0.7	4.4	1.3	3.1
New York.....	3,930	199	91	108	5.3	5.2	5.4	5.0	5.1	2.3	2.7
North Carolina.....	2,055	140	65	75	2.8	3.7	3.9	3.5	6.8	3.2	3.6
North Dakota.....	208	11	6	5	0.3	0.3	0.4	0.2	5.3	2.9	2.4
Ohio.....	3,224	150	27	123	4.4	3.9	1.6	5.7	4.7	0.8	3.8
Oklahoma.....	828	56	36	20	1.1	1.5	2.1	0.9	6.8	4.3	2.4
Oregon.....	1,010	12	4	8	1.4	0.3	0.2	0.4	1.2	0.4	0.8
Pennsylvania.....	3,400	193	97	96	4.6	5.0	5.8	4.5	5.7	2.9	2.8
Rhode Island.....	289	11	3	8	0.4	0.3	0.2	0.4	3.8	1.0	2.8
South Carolina.....	1,078	79	42	37	1.5	2.1	2.5	1.7	7.3	3.9	3.4
South Dakota.....	253	13	7	6	0.3	0.3	0.4	0.3	5.1	2.8	2.4
Tennessee.....	1,455	101	48	53	2.0	2.6	2.9	2.5	6.9	3.3	3.6
Texas.....	5,896	473	259	214	8.0	12.4	15.4	9.9	8.0	4.4	3.6
Utah.....	765	35	15	20	1.0	0.9	0.9	0.9	4.6	2.0	2.6
Vermont.....	182	4	1	3	0.2	0.1	0.1	0.1	2.2	0.5	1.6
Virginia.....	1,697	121	57	64	2.3	3.2	3.4	3.0	7.1	3.4	3.8
Washington.....	1,686	31	6	25	2.3	0.8	0.4	1.2	1.8	0.4	1.5
West Virginia.....	462	34	20	14	0.6	0.9	1.2	0.7	7.4	4.3	3.0
Wisconsin.....	1,711	78	32	46	2.3	2.0	1.9	2.1	4.6	1.9	2.7
Wyoming.....	167	10	5	5	0.2	0.3	0.3	0.2	6.0	3.0	3.0

NOTE: Data exclude all self-employed persons whether or not their businesses are incorporated. Users are reminded that these data are based on a sample and therefore are subject to sampling error; the degree of error may be quite large for less populous States. It is not possible to determine whether workers surveyed in the CPS are actually covered by the Fair Labor Standards Act (FLSA) or by individual State minimum wage laws. Thus, some workers reported as earning the prevailing Federal minimum wage may not in fact be covered by Federal or State minimum wage laws. Also, there are a number of States that have minimum wages that exceed the Federal minimum wage. At the same time, the presence of a sizable number of workers with wages below the prevailing Federal minimum wage does not necessarily indicate violations of the FLSA or applicable State laws, because there are numerous exclusions and exemptions to these minimum wage statutes. Hourly earnings do not include overtime pay, commissions, or tips.



NDSU Extension Assessing Food, Gas Price Trends

NDSU Extension has launched the North Dakota Consumer Price Survey.

Food, gas and housing prices are impacting consumers across North Dakota.

The North Dakota State University Extension Service has begun a 16-month effort to assess those impacts. Extension's family economics program team developed the North Dakota Consumer Price Survey to determine trends in food and gas prices by region, community and business size.

"This survey is not intended to be a comprehensive study but a snapshot of prices for a small basket of common food items that can easily be found in most stores selling food," Extension family economics specialist Debra Pankow says.

Extension agents throughout the state plan to collect prices for a specific list of items at their local grocery stores and supermarkets during the first two weeks of each month. The items are everyday products such as milk, eggs, bread, cereal, coffee and peanut butter. The agents also survey gas prices.

In the initial survey in September, they found that the total cost of the food on their list ranged from \$33.09 to \$50.36, with consumers in the oil-impacted counties paying more than those in the rest of the state. The average cost of this package of food was \$42.24 in the oil-impacted counties, compared with \$40.69 elsewhere.

"The size of the community may have an impact on the price of milk," says Ward County Extension agent Lori Scharmer. "In our smallest communities, the average price of a gallon of 2 percent milk is \$5.68, with the highest price being \$6.65. In our largest communities, the average price was \$4.02, with the lowest price \$3.25."

Where the products are sold also seems to make a difference. The package of food cost an average of \$43.67 at smaller, local grocery stores, while it cost an average of \$39.28 at large supermarkets.

Some products had wide price variations. For example, a 14-ounce box of Cheerios ranged from \$2.69 to \$6.99. The high price was at a local grocery store and the low price was at a national chain store.

Gas prices also varied. The cost of a gallon of regular gas ranged from \$3.65 to \$4.14.

The agents gathered prices from 60 stores in 37 counties.

Pankow says those involved in the monthly survey are anxious to see how North Dakota prices compare with the Consumer Price Index, one of the most widely reported measures of inflation.

The Consumer Price Index for All Urban Consumers (CPI-U) in the Midwest rose 0.3 percent in September, following a 0.7 percent advance in August, according to the U.S. Bureau of Labor Statistics. Higher prices for motor fuel, up 2.7 percent, had the greatest impact on the index.

Overall, energy costs rose 1.6 percent during September, while food prices edged down 0.1 percent and the index for all items less food and energy was 0.2 percent higher.

From September 2011 to September 2012, the CPI-U for the Midwest rose 1.9 percent. The energy index, which includes motor fuel and household fuels, was up 2.2 percent, and food prices advanced 1.2 percent. Excluding food and energy, the CPI-U increased 2 percent during the year.

The North Dakota Consumer Price Survey will continue through 2013.

NDSU Agriculture Communication - Oct. 25, 2012

Source: Debra Pankow, (701) 231-8593, debra.pankow@ndsu.edu

Source: Lori Scharmer, (701) 857-6450, lori.scharmer@ndsu.edu

Editor: Ellen Crawford, (701) 231-5391, ellen.crawford@ndsu.edu