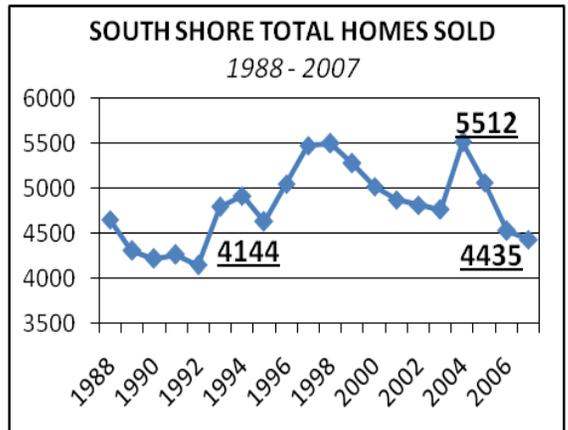




## South Shore Housing Market Weakens as Total Sales Decline for Third Straight Year

The South Shore housing market continued to show signs of weakening as total home sales declined once again in 2007, according to data published by The Warren Group for Banker & Tradesmen. After experiencing a 15% increase from 2003 to 2004, the total number of homes sold has since declined by nearly 20% from 5512 units sold in 2004 to 4435 units sold in 2007 (see graph to the right). This dramatic decline was led by Norwell and Randolph, for which total home sales declined 51% and 47.5% respectively during the three years. The communities of Abington, Braintree, Milton and Weymouth also experienced notable declines in home sales during this period, with sales in each of these four communities declining by more than 30%. Of the eleven communities in the South Shore region, only two experienced increases in total home sales during this three year period, but these increases were substantial. (see graph on right of pg. 4) Both Hanover and Quincy had increases of around 45% in total home sales from 2004 to



2007. These increases helped keep the region as a whole from declining to the lowest level of home sales experienced in this 19 year data series.

Declining median home prices have also contributed to a weakening housing market on the

(Continued on page 4)

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**MetroWest / GMR Employment.** 1

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**Unemployment Rates** 6

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**Calendar of Events**

- EEA Meetings:  
New York City  
Feb. 27 - March 1, 2009

- NABE Meeting:  
Washington D.C.  
March 1 - 3, 2009

- MERC Advisory Board:  
March 27, 2009

- Cost of Living Survey:  
April 16 - 18, 2009

- 17th Annual MERC Conference:  
May 8, 2009

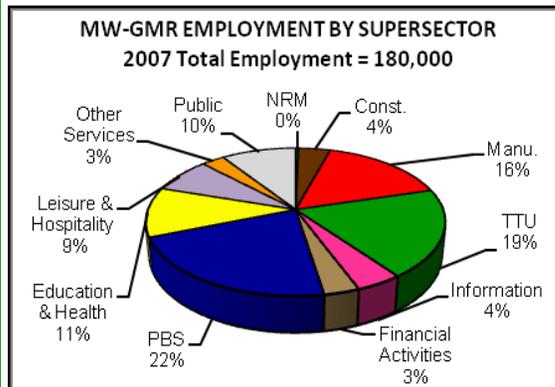
## A Record Result: MetroWest - Greater Marlborough Regional Payroll Tops \$11 Billion

In 2007, total employment in the MetroWest-Greater Marlborough Region topped 180,000 jobs – a new high for the region – up 1.5% over 2006. Total payroll rose to a record \$11.6 billion, up 7.3% from 2006. Average annual wages in the region also recorded their highest levels ever: \$64,300 – up 5.7% from 2006. The gains in employment, payroll, and average wage were not universal through-

out all sectors of the regional economy, however. Some sectors grew; others just emerged from the last recession – while a few were rocked by the trouble in the housing and financial markets.

The North American Industrial Classification System (NAICS) divides workplace establishments into twenty sectors, which are grouped into eleven supersectors, classified by the production process of the primary good or service produced at the establishment. In 2007, three supersectors dominated regional employment: Professional & Business Services (PBS), with 39,000 jobs; Trade, Transportation, & Utilities, with nearly 34,700 jobs; and Manufacturing, with 29,000 jobs (see graph to the left). The Education & Health Services (EHS) supersector led private employment gains in 2007, with 900 new jobs – up 4.8% over 2006 – mostly in the Health Care & Social Assistance sector, which gained 800 new jobs. Manufacturing added over 600 jobs on the year, while TTU gained 500 new jobs, up 2.3% and 1.5% from 2006,

(Continued on page 6)

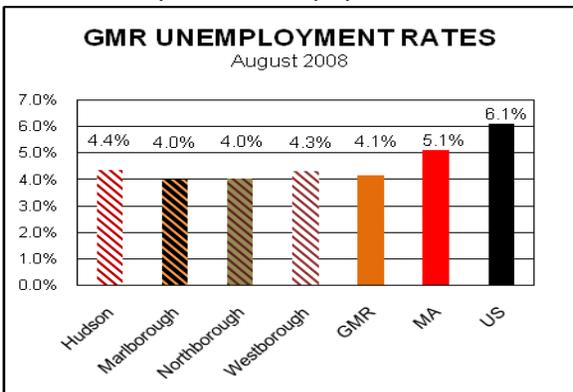


## Greater Marlborough Unemployment Below National Average

Every month the MetroWest Economic Research Center (MERC) at Framingham State College collects unemployment and labor force data for the Greater Marlborough Region (GMR). The GMR consists of four communities: Hudson, Marlborough, Northborough, and Westborough. In August 2008, the total labor force in the GMR was nearly 52,000 individuals. Among the communities in the region, Marlborough had the largest proportion of the labor force with 44% of the total, or approximately 23,000 individuals. Hudson contributed 22% of the total labor force in the region-about half of Marlborough's labor force. Westborough and Northborough each contributed nearly the same proportion of the total labor force in the region 18% and 16%, respectively.

The graph below shows unemployment rates in the GMR in August 2008. Among the communities in the region, Hudson posted the highest unemployment rate of 4.4%, followed by Westborough with a rate of 4.3%. Both Marlborough and Northborough posted unemployment rates of 4%. In comparison to unemployment rates in July 2008, all of the communities in the region showed a decrease of 0.1% in their unemployment rates in August 2008. Similarly, the GMR and the state unemployment rates also decreased 0.1% in August from the previous month. In contrast, the nation's unemployment rate increased by 0.1% from 6% in July 2008 to 6.1% in August 2008.

Historically, annual unemployment rates in the GMR have been consistently lower than the state and national rates, except in 1991 and 1992, when unemployment rates in the GMR were higher than the nation's rates. Over the 18-year period from 1990 to 2007, the GMR and the nation reached their highest unemployment rates of 7.8% and 7.5%, respectively in 1992. The state reached its highest unemployment rate of 8.8% in both 1991 and 1992. After 1992, the GMR, the state, and the nation showed a steady decrease in their unemployment rates until reaching their lowest rates of 2.2%, 2.8%, and 4%, respectively in 2000. Since then, unemployment rates in the GMR, the state, and the nation all increased until 2003 in which they reached their second peak. In the following years, unemployment rates in all regions declined before they started to increase in 2007. In 2007, the GMR, state and national unemployment rates were 4%, 4.9% and 5.1%, respectively. (See graph on left side of pg. 6)

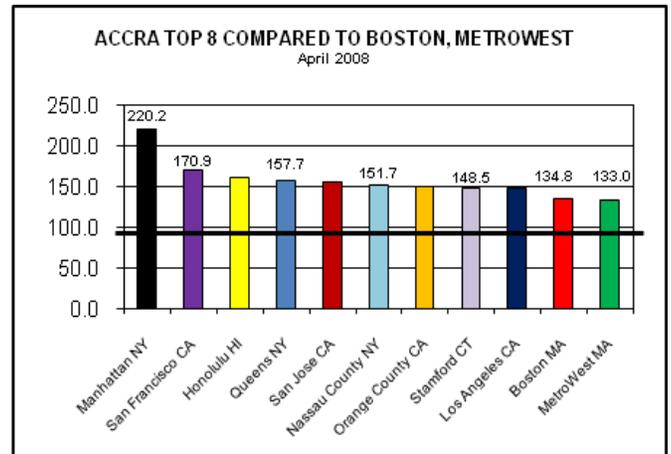


(Continued on page 6)

## MetroWest Cost of Living Above National Average

Three times each year the Center for Community and Economic Research, or C2ER (formerly known as ACCRA), collects cost of living data from a number of urban areas across the country. In each survey a market basket of 57 specific items is priced in every one of the participating areas. The items in this market basket are representative of goods and services that a typical professional or executive household would purchase. The items in the market basket are grouped into six separate categories: Grocery Items, Housing, Utilities, Transportation, Health Care and Miscellaneous Goods and Services. Prices are collected for each item in the market basket and are used to create indexes for the six groups of items. C2ER then uses these six sub-indexes for each area to create a composite or overall index for the community. C2ER calculates the average cost of the market basket for all of the communities participating in the survey and refers to this as the "national average". This national average, which has a value of 100.0, is used as the base for all of the indexes. The indexes are expressed as a percentage of the national average.

The graph to the right shows how the cost of living in MetroWest compared to the areas with the highest cost of living in the April 2008 C2ER survey. Manhattan, New York, had the highest Overall Cost of Living Index with an index number of 220.2, followed by the San Francisco Bay Metropolitan area in a far off second at 170.9. As the graph shows, the MetroWest and Boston indexes are very similar to one another, where Boston has a slightly higher Overall Cost of Liv-



ing Index at 134.8 compared to MetroWest at 133.0. Both are well above the national average of 100. Both Boston and MetroWest were within the top 20 highest Cost of Living communities in the April 2008 C2ER survey, ranking at 18 and 20 respectively.

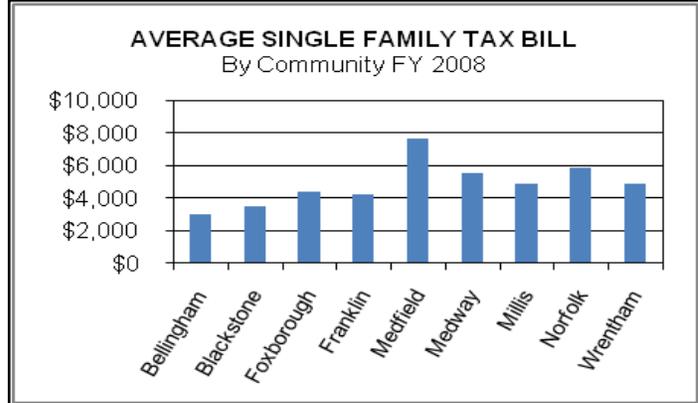
The graph on the lower left of page 8 shows the sub-indexes that made up the Overall Cost of Living Index for MetroWest for April 2008. Each of the sub-indexes is assigned a weight that corresponds to how much it contributes to the overall index. The grocery items index is assigned a weight of

(Continued on page 8)

## Greater Franklin Municipal Expenditures

This article reports on the single family tax bills for the Greater Franklin Region for Fiscal Year 2008. Also included in this article are the general fund expenditures incurred by the communities in the Greater Franklin Region for FY 2007. Nine communities comprise Greater Franklin; Bellingham, Blackstone, Foxborough, Franklin, Medfield, Medway, Millis, Norfolk, and Wrentham. The graph to the right depicts the average single family tax bill for these communities in FY 2008. As in FY 2007, Medfield had the highest average single family tax bill for FY 2008 at approximately \$7,666. Norfolk and Medway had average single family tax bills of \$5,894 and \$5,511, respectively. Foxborough, Millis, and Wrentham followed with tax bills of \$4,424, \$4,842, and \$4,841, respectively. Blackstone and Franklin had average single family tax bills of \$3,484, and \$4,210. Bellingham had the lowest single family tax bill for FY 08, at \$3,040. Beyond raw figures, percentage increases in the average single family tax bill are noteworthy. Franklin's average single family tax bill increased from FY 2007 to FY 2008 by 8.7%, the highest one year percentage increase in the Greater Franklin Region. For the remaining communities, the average single family tax bill percentage increases from FY 2007 to FY 2008 fell between 0.3% in Medway and 2.9% in Bellingham.

FY 2007 general fund expenditures for Greater Frank-



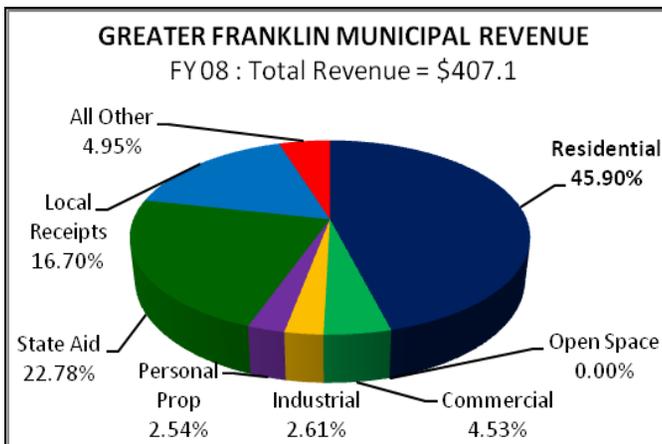
lin amounted to approximately \$325 million. The graph at the top of page 5 illustrates, for each community, the distribution of expenditures among six major categories, Education, Debt Service, Police, Fire and Other Public Safety, Public Works, Fixed Costs and "All Other". For FY 2007 Franklin allocated the highest percentage toward education, 62.5% of general fund expenditures. Foxborough followed Franklin allocating 60.8% of FY 2007 expenditures to education. Medfield, Medway and Bellingham each allocated 59.3%, 58.8%, and 57.1% of the general fund toward education respectively. Blackstone, the community with the small-

(Continued on page 5)

**A message to our readers: Framingham State College is changing all e-mail addresses. MERC's e-mail address will change**  
**From: merc@frc.mass.edu To: merc@framingham.edu**

## Total Tax Levy and State Aid Impact Greater Franklin Municipal Revenue

The MetroWest Economic Research Center at Framingham State College conducts research on the municipal revenue of the Greater Franklin Region every year and has recently completed fiscal year (FY) 2008. Municipal revenue is comprised of the total tax levy, which is divided into five subgroups; state aid, local receipts, and an "all other" category. The five subgroups of the tax levy are personal property, which is composed of furnishings of second homes and inventories and equipment of unincorporated businesses; residential, open space, commercial, and industrial real estate. State aid is any aid given directly to the respective communities for education and general government. However, educational state aid given directly to regional and vocational school districts is not included. Local receipts include vehicle excise taxes, licenses, and charges for services. The "all other" category includes free cash and other available funds.



category includes free cash and other available funds.

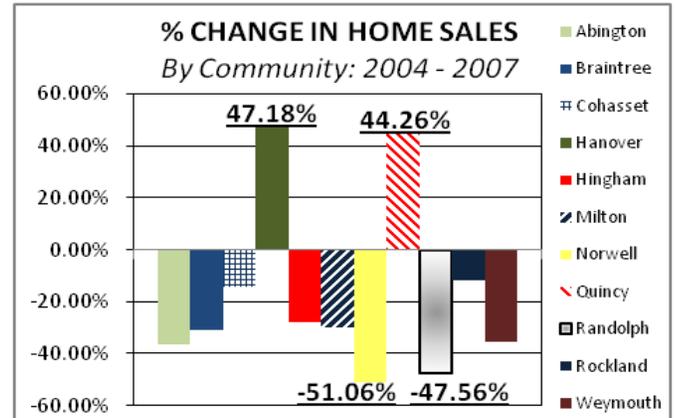
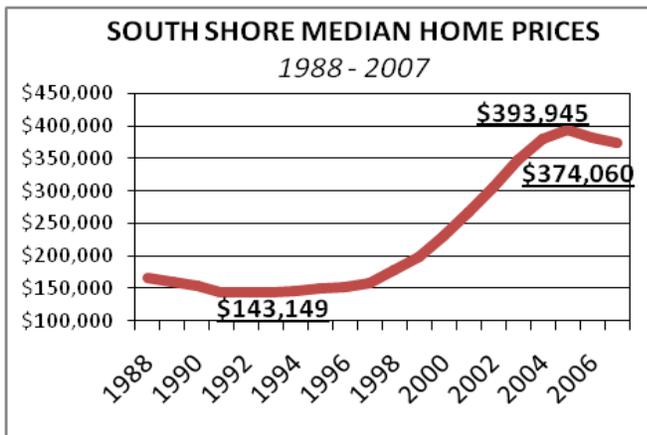
Total municipal revenue for Greater Franklin in FY2008 was approximately \$407 million, over a nine million dollar increase from FY2007's total municipal revenue. The Greater Franklin Region received approximately 56%, or \$226 million, of its municipal revenue from the total tax levy (see graph to the left). About 83% of the total tax levy came from residential real estate taxes. The remaining components of municipal revenue for FY2008 include state aid, local receipts, and "all other", with approximately 23%, 17%, and 5% of total municipal revenue respectively. The amounts of change in percentages of each category between FY2007 and FY2008 were: total tax levy increased by 1.07% (from 54.57% to 55.58%), state aid increased by 0.58% (from 22.20% to 22.78%), local receipts decreased by 0.31% (from 17.01% to 16.70%), and the "all other"

(Continued on page 5)

## South Shore Housing Market

(Continued from page 1)

South Shore. During the housing boom of the late 1990's and the early 2000's, estimated median household prices on the South Shore experienced significant increases. Starting in 1992 and continuing until 2005, home prices in the South Shore shot up nearly 175% from a low of roughly \$143,000 to a high of around \$394,000, (see graph below). However, since 2005, the year after home sales began to decline, median home prices in the South Shore dropped 5% to \$374,000. That's a decrease of roughly \$20,000 in a two year period. This decrease was led by Abington and Norwell, each of which experienced a 10% loss of more than \$35,000 in median home prices. Hanover was the only town that realized an increase in median home prices in this two year period, increasing by a negligible 1%. It is impor-



tant to note that changes in these median prices do not reflect appreciation or depreciation in the value of individual homes, but rather a different mix of homes sold each year.

With overall home sales as well as median home prices declining, the condition of the South Shore housing market seems to be weakening. However, the rate at which home sales have been declining has slowed from roughly 10% per year from 2004 - 2006 to a decline of only 2% per year from 2006 - 2007. This coupled with a slowing decline in median home prices points to the possibility of a light at the end of this tunnel.

By: Garrett Mezzetti - MERC Senior Intern III

The most recent data for 2008 show that the South Shore housing market may soon stabilize. Total homes sold in October 2008 has **increased** more than 5% from October of 2007. However, median home prices are still declining, dropping another 5.5% in October 2008 as compared to October 2007.

### MERC Interns - Fall 2008

#### Senior Intern

Garrett Mezzetti

#### Intern II

Stephanie Bogus  
Andrew Gallant  
Andres Gomez  
Patrick Langan  
Justin Smith



#### Intern I

Suman Bala  
Shaun Daly  
Kristin Johnson  
Sara Khan  
Birava Patel  
Stephanie Seeley

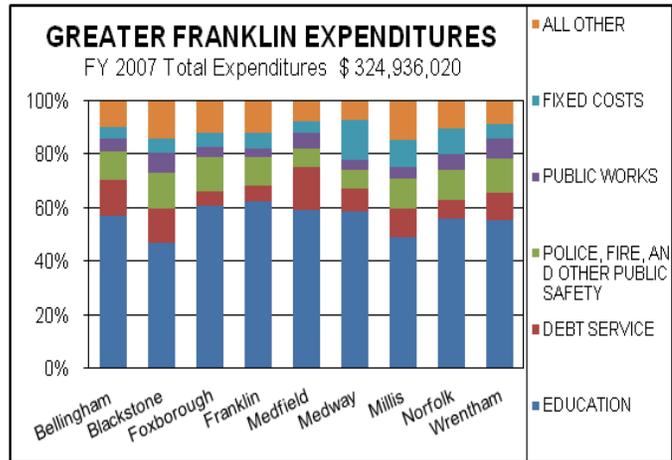
*"[a] leading example of economic development assistance among the state colleges...that directly benefits employers, Chambers of Commerce, nonprofit organizations, school districts, legislators, residents, and community groups"* - Massachusetts State Senate Task Force Report on Public Higher Education, commending MERC on its program.

## Greater Franklin Municipal Expenditures

(Continued from page 3)

est population allocated the lowest percentage of FY 2007 general fund to education, with 47.3%. As a region, Greater Franklin spent 58.3% of general funds on education. Medfield allocated the highest percentage at 16.1% towards Debt Service. Bellingham and Blackstone followed Medfield, allocating 13.6%, and 12.4% respectively toward Debt Service. Millis and Wrentham allocated 10.8%, and 10.1% toward Debt Service. Franklin, Medway and Norfolk allocated 6.1%, 8.4%, and 7.2% toward Debt Service. The community which allocated the least of its respective general funds in FY 2007 toward Debt Service, was Foxborough with 5.4% (approx \$2.1 million).

Greater Franklin dedicated 10.40% (\$ 33,793,346) of FY 2007 general funds toward Police, Fire, and Other Public Safety. The communities which allocated the highest percentage toward Police, Fire, and Other Public Safety were Blackstone and Wrentham, about 13% each. Foxborough, Millis and Norfolk allocated 12.8%, 11.2% and 11.1% to Police, Fire, and Other Public Safety. Bellingham and Franklin were next in this category, at 10.7% and 10.4%. Medfield and Medway allocated the lowest, both with 7.1%. Allocation toward Public works in Greater Franklin for FY 2007 fell between 7.5% in Blackstone and Wrentham, to 3.4% in Franklin. Regarding Fixed Costs, communities allocated between 3.9% in Medfield, to 14.9% in Medway. In the final expenditure category "All Other" Millis allocated the highest percentage at 14.4%, compared to Med-



way which allocated the least at 7.0%. In conclusion the graphs display the variability among the communities of Greater Franklin, both with respect to residential tax bills and categories of spending within the general fund.

**By: Andres Gomez - MERC Intern II**

Municipalities report budgeted revenue, actual revenue and actual expenditures to the Massachusetts Department of Revenue (DOR) and its Division of Local Services (DLS). MERC uses the underlying information as well as Division of Local Services reports to prepare analysis for the local regions.

## Total Tax Levy and State Aid Impact Greater Franklin Municipal Revenue

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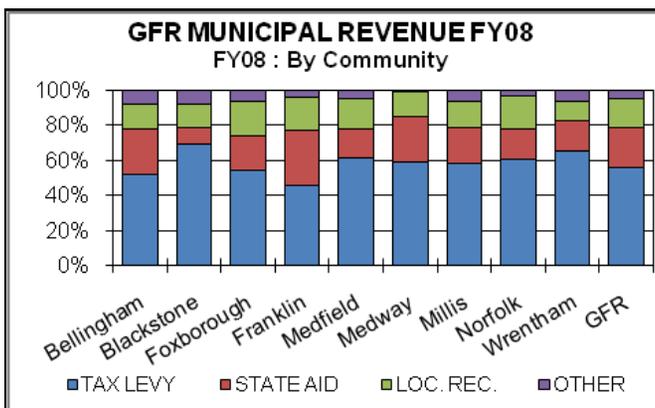
category decreased by 1.33% (from 6.28% to 4.95%).

The graph below displays the percentage of municipal revenue derived from each of the subcategories for the nine communities that make up Greater Franklin. For all nine communities, the total tax levy produces most of the total municipal revenue with contributions between 46% and 69%. State

aid has the next widest range of contribution to total municipal revenue for the nine communities, between 10% in Blackstone, and 31% in Franklin. However, it should be noted that Blackstone belongs to regional school districts for both middle and high schools. State aid is given directly to the regional school districts and is not included in the 10%. Local receipts had a range of 9%, between 11% in Wrentham, and 20% in Franklin. The "all other" category is the smallest portion of total municipal revenue contributing between 1% in Medway and 8% in Bellingham and Blackstone for a range of 7%.

Overall, the majority of municipal revenue is comprised of residential real estate taxes followed by state aid. The smallest portions of the tax levy are from personal and industrial property taxes. For all nine communities in Greater Franklin, local receipts and the "all other" category combine for approximately 21% of the total municipal revenue.

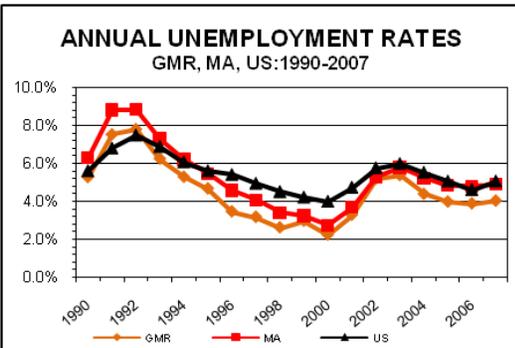
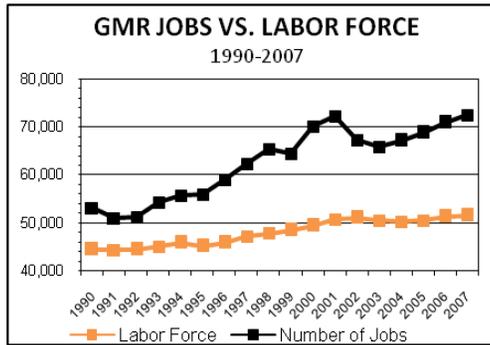
**By: Justin Smith - MERC Intern II**



## Greater Marlborough Unemployment

(Continued from page 2)

The graph to the right shows a comparison between the total number of jobs and the total number of individuals in the labor force in the GMR from 1990 to 2007. "Jobs" refers to jobs located in local area establishments in the GMR, while the labor force is comprised of the GMR residents currently employed or unemployed. The total number of jobs and the total labor force in the GMR both reached their highest peaks in the 18-year period in 2007 with a total job count of about 72,400 and a total labor force of about 51,500. The lowest total number of jobs and the total labor force were recorded in 1991 with approximately 50,900 jobs and 44,200 individuals.



Over the 18-year period, the total number of jobs was always more than the total number of individuals in the labor force in the region. This implies that the region was a net importer of labor during the entire period. In 1991, the GMR experienced its smallest gap between the number of jobs and the total labor force of about 6,700, while the largest gap occurred of approximately 21,500 in 2001.

By: Stephanie Bogus - MERC Intern II

**Did you know?** : There are 6 categories of unemployment rates (U-1 through U-6). MERC uses is the U-3 rate, which is the official unemployment rate. The six categories are described below using the US rate.

Measure	Sept 2008
<b>U-1</b> Persons unemployed 15 weeks or longer, as a percent of the civilian labor force	2.3%
<b>U-2</b> Job losers and persons who completed temporary jobs, as a percent of the civilian labor force	3.3%
<b>U-3</b> Total unemployed persons, as a percent of the civilian labor force (the official unemployment rate)	6.0%
<b>U-4</b> Total unemployed persons plus discouraged workers, as a percent of the civilian labor force	6.4%
<b>U-5</b> (U-4) plus all other "marginally attached" workers, as a percent of the civilian labor force	7.1%
<b>U-6</b> Total unemployed persons, plus all "marginally attached" workers, plus all persons employed part time for economic reasons, as a percent of the civilian labor force plus all "marginally attached" workers	11%

## MetroWest - Greater Marlborough Payroll

(Continued from page 1)

respectively. PBS added a net of 100 new jobs, up 0.3%, with 400 new jobs in the Professional and Technical Services sector offset by a loss of 300 jobs in the Administrative and Waste Services sector. Public sector employment in the region also rose in 2007, with a gain of 700 jobs – a 4.4% increase over 2006. In contrast, Construction and Financial Activities lost jobs, down 3.2% and 7.2%, respectively. Overall, the region experienced a net gain of 2,700 new jobs in 2007, a 1.5% increase over 2006.

Last year marked a watershed year for total payroll in the MetroWest-Greater Marl-

borough Region. For the first time, payroll in every supersector stood above the previous peak levels set before the 2001 recession. Manufacturing led payroll gains in 2007, with a remarkable increase of \$375 million, up 14.8% from 2006. PBS payroll grew by \$160 million, TTU payroll grew by \$90 million, and Information payroll grew by \$60 million; up 5.4%, 5.3%, and 8.5%, respectively. The only supersector to record declining payroll in 2007 was Financial Activities, which lost \$22 million in payroll over 2006 totals – a 5.3% decline. This loss was driven entirely by losses in the Finance & Insurance sector, for

(Continued on page 7)

### September, 2008 UNEMPLOYMENT RATES Not Seasonally Adjusted (Preliminary Data)

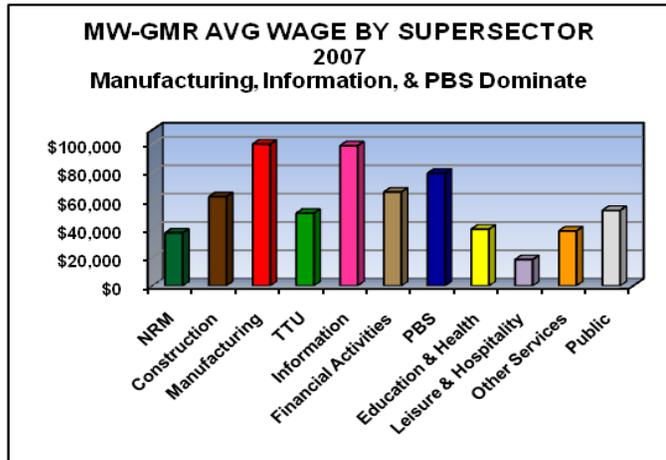
<b>495/MW</b>	<b>4.3%</b>
<b>Blackstone Valley</b>	<b>5.5%</b>
Blackstone	7.2%
Douglas	5.0%
Grafton	4.9%
Hopedale	5.1%
Mendon	4.1%
Millbury	5.5%
Millville	6.0%
Northbridge	6.0%
Sutton	4.6%
Upton	5.1%
Uxbridge	6.2%
<b>Greater Franklin</b>	<b>4.9%</b>
Bellingham	6.0%
Blackstone	7.2%
Foxborough	4.9%
Franklin	4.3%
Medfield	4.2%
Medway	4.6%
Millis	4.8%
Norfolk	4.6%
Wrentham	4.4%
<b>Greater Marlborough</b>	<b>4.3%</b>
Hudson	4.8%
Marlborough	4.0%
Northborough	4.5%
Westborough	4.6%
<b>MetroWest</b>	<b>4.0%</b>
Ashland	4.4%
Framingham	4.1%
Holliston	3.7%
Hopkinton	4.1%
Natick	3.9%
Sherborn	3.4%
Southborough	3.9%
Sudbury	3.9%
Wayland	3.8%
<b>Milford</b>	<b>5.2%</b>
<b>South Shore</b>	<b>5.3%</b>
Abington	5.5%
Braintree	5.3%
Cohasset	3.9%
Hanover	4.5%
Hingham	4.2%
Milton	4.4%
Norwell	4.5%
Quincy	5.6%
Randolph	6.2%
Rockland	5.6%
Weymouth	5.3%
<b>Massachusetts</b>	<b>5.3%</b>
<b>United States</b>	<b>6.0%</b>

## MetroWest - Greater Marlborough Payroll

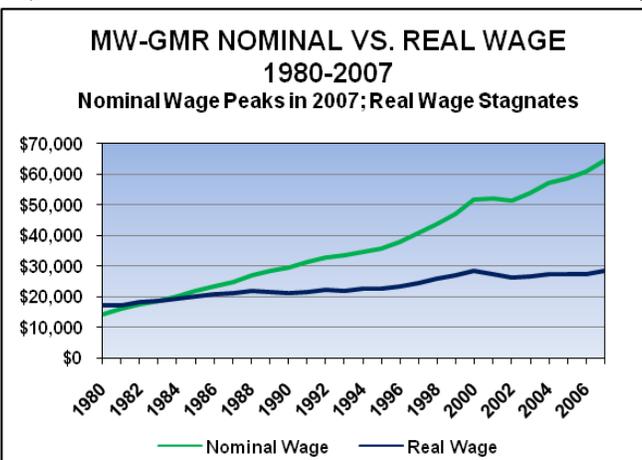
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which payroll declined by \$23 million from 2006. Overall, the region gained almost \$800 million in payroll in 2007, a 7.3% increase.

Last year also showed remarkable gains in average annual wages in the MetroWest-Greater Marlborough Region. Manufacturing led all supersectors with an average wage of \$100,000; which was up 12.3% over 2006 and overtook Information, the previous highest wage supersector. Information paid the second highest average wage in the region: \$98,900; up 8.8%; followed by PBS in third at \$79,500; up 5.2%. Financial Activities – at \$66,200 – and Construction – at \$62,900 – rounded out the top five supersectors in terms of average annual wages – up 2.1% and 3.9%, respectively, shown in the graph to the right. Noteworthy sectors included Management of Companies & Enterprises, paying an average wage of \$106,900; Utilities: \$97,300; Professional & Technical Services: \$94,300; and Wholesale Trade: \$89,500. All supersectors recorded an increase in average wages, except EHS, for which average wages dropped 2.4% to \$40,000. Average wages for the region as a whole rose 5.7% to \$64,300. (See graph above)



Not all that glitters is gold however, and these increased average wages are no exception. Real average wages – wages adjusted for inflation – in the MetroWest-Greater Marlborough Region CCSA have stagnated. Over the decade 1998-2007, the regional real average annual wage was up 9.8%, compared with a 46.8% rise in the regional nominal (non-inflation adjusted) average annual wage.



After a 9.7% jump in the real average wage between 1998 and 2000, the real average wage grew by only 0.5% to \$28,300 (measured in 1982-84 dollars) over the next eight years, compared with a 24.5% rise in the nominal average wage – almost all gains in nominal wages in the region over the past eight years were wiped out by inflation (see graph to the left)

In summary, 2007 recorded modest gains in employment for the MetroWest-Greater Marlborough Region, led by Education & Health Services and Manufacturing. Payroll in the region also rose over 2006, led by huge gains in Manufacturing. Regional average annual wages rose over the year, but inflation has kept real wages relatively flat over the decade.

By: Andrew Gallant - MERC Intern II



### Save the Date!

17th Annual MERC Conference  
**Surviving Recession...**

Combined MetroWest and Greater Marlborough Economies  
**Friday May 8, 2009**  
8-10:30 AM

Forum, D. Justin McCarthy Center  
Framingham State College

Registration will be through  
MetroWest Chamber of Commerce  
[www.MetroWest.org](http://www.MetroWest.org)



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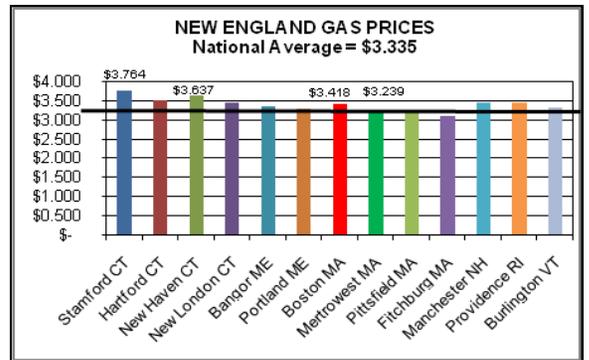
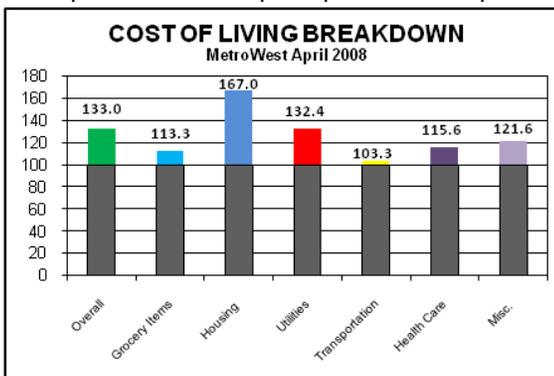
To:

## MetroWest Cost of Living

(Continued from page 2)

13%, Housing has a weight of 28%, the Miscellaneous Goods and Services Index has a weight of 35%, the Transportation and Utilities Indexes both have a weight of 10% and the Health Care Index has a weight of 4%. The Housing Index was the largest contributor to the overall MetroWest cost of living at 167.0 while the Transportation Index was the smallest at 103.3, barely making it above the national average of 100 for the index.

One of the items priced in the April survey was a gallon of gasoline. In the graph to the right, the average gasoline prices are shown for the New England Metropolitan areas that participated in the April C2ER Cost of Living Survey.



These prices are compared to the national average of 3.355 dollars represented by the solid horizontal line in the graph. As the graph shows the New England community with the highest average gas price in April 2008 was Stamford, Connecticut followed closely by New Haven, Connecticut with average prices of \$3.764 and \$3.637 per gallon, respectively. Five out of the thirteen areas in New England that were surveyed had an average gas price below the national average, MetroWest included. MetroWest's average gas price for April 2008 was in the middle of these five lowest average gas prices at 3.239 dollars per gallon.

By: Patrick Langan - MERC Intern II

The gasoline prices above were recorded for the April, 2008 Cost of Living Survey. As of November 17, 2008, shortly before this article went to print, the Energy Information Administration reports that the average price of a gallon of gasoline in the U.S. had dropped to roughly \$2.02.