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Municipal Finance Law Since 1971

The Municipal Cost Index is Now on Smart Cities Dive. Here's What You Need to Know.

Since 1978, American City & County's proprietary tool has helped local governments determine the cost of providing services to their residents.

Budgeting is one of the most important roles of government operations. Estimating the amount of money a government will need in the future can be challenging, however, when inflation and other market factors can be unpredictable. It's vital for public officials and their staffs to have tools at the local level to help estimate future costs.

The [Municipal Cost Index](#) is one such tool. First published by American City & County in September 1978, the MCI was designed to determine the rate of inflation of municipal costs, i.e., the cost of providing services to city and county residents. Its inputs are the monthly consumer price index, produced by the U.S. Bureau of Labor Statistics; the producer price index, produced by the U.S. Department of Commerce; and the construction cost index, published by the Engineering News-Record.

Each of those figures is given a proprietary weight to reflect the composition of local government purchases in the base year, initially established as 1967. In April 1988, the base year was updated to 1982. It is a fixed-weighted type of index, reflecting only changes in price over specific periods of time at the national level.

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