

Information about the Data



The Bureau of Labor Statistics is the "principal fact-finding agency for the Federal Government in the broad field of labor economics and statistics," according to its mission statement. The Bureau's "data must satisfy a number of criteria, including relevance to current social and economic issues, timeliness in reflecting today's rapidly changing economic conditions, accuracy and consistently high statistical quality, and impartiality in both subject matter and presentation."

The Bureau of Labor Statistics generates the Producer price index and Consumer price indexes. The Bureau's Consumer Expenditure Survey has served, among other purposes, to help the Bureau adjust the Consumer price index.

The Consumer Expenditure Survey data is presented in Consumer Units.

In the present analysis, empty tomb, inc. combined and aggregated the data to present the information in its present form.

In addition to the fact that the "CPI is used to adjust federal tax brackets for inflation,"¹ a glimpse into the wide-ranging, Consumer Expenditure Survey-based network of CPI usage in American culture is gained from the following information:

The CPI is the most widely used measure of inflation and is sometimes viewed as an indicator of the effectiveness of government economic policy. It provides information about price changes in the Nation's economy to government, business, labor, and private citizens and is used by them as a guide to making economic decisions. In addition, the President, Congress, and the Federal Reserve Board use trends in the CPI to aid in formulating fiscal and monetary policies.

The CPI and its components are used to adjust other economic series for price changes and to translate these series into inflation-free dollars. Examples of series adjusted by the CPI include retail sales, hourly and weekly earnings, and components of the National Income and Product Accounts²

The CPI is often used to adjust consumers' income payments (for example, Social Security) to adjust income eligibility levels for government assistance and to automatically provide cost-of-living wage adjustments to millions of American workers. As a result of statutory action the CPI affects the income of about 80 million persons: the 51.6 million Social Security beneficiaries, about 21.3 million food stamp recipients, and about 4.6 million military and Federal Civil Service retirees and survivors. Changes in the CPI also affect the cost of lunches for 28.4 million children who eat lunch at school, while collective bargaining agreements that tie wages to the CPI cover over 2 million workers. Another example of how dollar values may be adjusted is the use of the CPI to adjust the Federal income tax structure. These adjustments prevent inflation-induced increases in tax rates, an effect called bracket creep³

Data from the Consumer Expenditure Survey conducted in 2001 and 2002, involving a national sample of more than 30,000 information families, provided detailed information on respondents' spending habits. This enabled BLS to construct the CPI market basket of goods and services and to assign each item in the market basket a weight, or importance, based on total family expenditures⁴

¹ "Price Index Undergoes Statistical Adjustment," an Associated Press (Washington) article appearing in the Champaign (Ill.) News-Gazette, April 19, 1998, sec. C, p. 1.

² Consumer Price Indexes "Addendum to Frequently Asked Questions"; U.S. Department of Labor, Bureau of Labor Statistics, Division of Consumer Prices and Price Indexes; Last Modified Date: March 28, 2005; <http://www.bls.gov/cpi/cpiadd.htm#2_1>; pp. 1-2 of 5/31/06 10:54 AM printout.