changes in consumer behavior.”

Over the period from 2000 to 2018, year-to-year changes in the PCEPI have been largely consistent with the changes in the C-CPI-U. Over that period, the average year-to-year change in prices as measured by the C-CPI-U was 1.87 percent, as compared to 1.83 percent in the PCEPI, 2.12 percent in the CPI-U, and 2.14 percent in the CPI-U-RS.

Both the C-CPI-U and the PCEPI are deemed “superlative” indices, as both account for consumer substitution among goods and services as relative prices change. Since the PCEPI includes purchases from nonprofit institutions in addition to households, the C-CPI-U is the superlative price index that most closely matches the sampling frame of the CPS ASEC and other Census Bureau household surveys.⁸

Figure C-1 and Table C-1 show historical income adjusted using the C-CPI-U compared to the CPI-U-RS from 2000 onward. For 2000, the income estimate in 2019 dollars adjusted using the CPI-U-RS is $62,512, compared to $59,275 when adjusted using the C-CPI-U, a difference of 5.2 percent.

Since the C-CPI-U only exists from 2000 onward, an alternative price index must be used to adjust income for prior years. Figure C-1 and Table C-1 show historical income adjusted using two different methods for the pre-2000 period: the CPI-U-RS and the PCEPI. The CPI-U-RS is the method used currently by the Census Bureau for income estimates and is more reflective of the price changes experienced by households. The PCEPI has historically more closely matched the C-CPI-U and, like the C-CPI-U, is a chained, superlative price index.

For 1967, the estimate of median household income in 2019 dollars using the CPI-U-RS and shown in

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⁷ See <www.bea.gov/data/personal-consumption-expenditures-price-index>.

⁸ The item weights in the C-CPI-U and CPI-U are derived from household survey data in the Consumer Expenditure Survey, which is conducted by the Census Bureau on behalf of BLS. The PCE item weights are derived from surveys such as the Census Bureau’s annual and monthly retail trade surveys, the Service Annual Survey, and the Quarterly Services Survey. See McCully, Moyer, and Stewart (2007) for more information on the differences between the BLS’s price indices (CPI-U and C-CPI-U) and BEA’s price indices (PCEPI).