The PCEPI tracks changes in the prices of goods and services purchased by consumers and those buying items on their behalf. BEA does not collect price or consumption data on its own, so the PCEPI aggregates data collected by BLS to construct the CPIs and Producer Price Indexes (PPIs). Though it largely tracks the same goods and services, some items in the CPI-U are out of scope for the PCEPI, and vice versa. Like the C-CPI-U, the PCEPI uses a different formula and set of expenditure weights than the CPI-U to account for consumer substitution. The PCEPI is available from 1959 onward.

Since the C-CPI-U and PCEPI are meant to account for how consumers shift consumption towards relatively less expensive items, the indices typically report a lower level of inflation and yield higher estimates of real income growth. Between 2000 and 2022, the compound annual growth rates in the C-CPI-U and the PCEPI have been an average of 0.29 percentage points and 0.38 percentage points lower than for the R-CPI-U-RS, respectively. The compound annual growth rate in prices as measured by the R-CPI-U-RS was 2.47 percent, compared to 2.18 percent in the C-CPI-U and 2.08 percent in the PCEPI. These small annual differences have a limited effect on estimates of annual growth in real median income, but compound to have large effects over longer periods. The annual inflation rate between 2021 and 2022 according to the R-CPI-U-RS was 8.09 percent, compared to 7.84 and 6.26 percent according to the C-CPI-U and PCEPI, respectively.

The difference in the annual inflation rate between the R-CPI-U-RS and C-CPI-U from 2021 to 2022 was smaller than the annual average annual difference over the last 2 decades, while the difference between the R-CPI-U-RS and the PCEPI was larger.

**Implications for Income Estimates**

Figure C-1 compares historical median household income from 1967 onward using three different inflation series: (1) the current...