

BLS to Maintain Current Reference Base of 1982-84=100 for most CPI index series

The Bureau of Labor Statistics (BLS) previously indicated its intention to change the numerical reference base for both the Consumer Price Index for All Urban Consumers (CPI-U) and the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) from their present 1982-84=100 base to a 1993-95=100 base, effective with release of the January 1999 index in February 1999. BLS also indicated that the alternate, or 1967=100 base, would be discontinued in 1999 as well. This plan was initially described in the December 1996 Monthly Labor Review, a publication which contained several articles that dealt with the 1998 CPI Revision.

The BLS has now decided not to implement this rebasing plan. Instead, the BLS will maintain the reference base of 1982-84=100 used for most items. In addition, the 1967=100 reference base will continue to be the alternate base for the All Items indexes. This decision is based in part on the fact that historical data have less precision after rebasing. Rebasing is simply an arithmetic transformation that does not substantively impact the index. Because the rebased index values are smaller, however, the loss of precision due to rounding is more serious. In addition, retaining the old index reference bases would spare users the inconvenience associated with conversion.

Changes in the numerical reference base should not be confused with the plans by BLS to update the market basket of the CPI. With release of the January CPI in February 1998, the expenditure weights applied to CPI categories will be based on consumer spending patterns for 1993-95.

If you have any questions about our plans to maintain the current CPI reference base of 1982-84=100, please contact Patrick Jackman at area code 202-606-6952.