

U.S. Department of Labor Program Highlights



Fact Sheet 00-4

The 1998 CPI Revision: Changes in Available Data Series

With release of the Consumer Price Index (CPI) data for January 1998, the CPI will reflect several program improvements. For example, the area sample will be updated to reflect the population distribution from the 1990 (instead of 1980) Census. This makes the CPI more useful because the samples it is based on will better reflect where people now live and shop.

The CPI will also update the expenditure weights used in its market baskets to represent 1993-95 (instead of 1982-84) spending patterns. New expenditure weights improve the CPI because consumers change their purchasing patterns in response to many long-term factors. Without updates the index would overweight many now infrequently purchased items, such as domestic service and phonograph records, and underweight many newly important items, such as adult day care and computer software. In addition, the CPI will, for the first time, use estimates of index variances as a guideline for determining which data series will get published.

As result of the improvements, the list of items and areas for which CPI data will be available will change. Some of the most significant changes include: Effective with the release of the January 1998 Consumer Price Index (CPI) data in February 1998, the list of items and areas published will change, namely:

- Some areas will change publication cycles.
- Many area definitions will change.
- There will be eight major groups instead of seven, and the content of some of the groups will change.
- Item categories, definitions, and publication levels will change.

If you have a contract tied to a local area, or an index series other than "All Items," you will want to see if the contract remains valid.

Although the CPI is a measure of price change for a fixed market basket of goods and services bought by consumers, periodically BLS updates the goods and services for which prices are collected, so the CPI will continue to accurately represent what consumers are buying. In addition, changes in the population size of various cities and regions must be taken into account in the CPI structure, so the CPI will accurately reflect the current population distribution. These periodic adjustments are called "major revisions." There have been five previous major revisions to the CPI, and another is scheduled for January 1998. This fact sheet highlights the most important changes associated with the 1998 CPI Revision and lists additional sources of information about this revision.

Area publication cycle changes

Baltimore and Washington will be combined into one metropolitan area and will be published on a bimonthly basis for odd (January, March, etc.) months. After December 1997, separate CPI's will not be published for either Washington or Baltimore.

Philadelphia and San Francisco, two areas that are now published monthly, will be changed to a bimonthly basis for even (February, April, etc.) months.

Buffalo and New Orleans will no longer be published.

Pittsburgh and St. Louis will change from bimonthly to semiannual publication. (Semiannual indexes represent the index for the first—or second—half of the year and do not represent any single month.)

Seattle and Atlanta will increase their frequency from semiannual to bimonthly for even (February, April, etc.)

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months—and **Tampa** will increase its frequency from annual to semiannual.

Size-class changes

There will be a reduction of city-size classes from four to three. The A population size will represent all metropolitan areas over 1.5 million (plus Anchorage and Honolulu); B/C will represent smaller metropolitan areas (1.5 million or less); and D, all nonmetropolitan urban areas.

Area definition changes

Many of the areas will be redefined, based on the new Office of Management and Budget (OMB) metropolitan area definitions. These changes are hinted at by some of the changes in area titles. For example, the Detroit-Ann Arbor, MI area will be retitled the Detroit-Ann Arbor-Flint, MI area. (For more details, see the list of definition changes for published metropolitan areas.)

Major group structure and content changes

There will be eight major groups instead of seven, and the content of most groups will change. (For more details see the list entitled Highlights of the CPI Item Structure Changes by Major Group and Main Housing Subgroups.)

Changes in the level of detail published

In addition to changes in area and item definitions, there will be some reduction in the number of detailed indexes

available (especially below the U.S. city average level), due to limitations in sample size.

For more information

BLS has more detailed information available on the 1998 CPI Revision. For example, reprints of the December 1996 *Monthly Labor Review* articles on the CPI are available upon request. For these, or other additional information about the CPI, please contact any of the eight BLS regional offices (located in Boston, New York, Philadelphia, Atlanta, Chicago, Dallas, Kansas City, and San Francisco); call our national information staff at (202) 691-7000; or write to:

Bureau of Labor Statistics
Division of Consumer Prices and Price Indexes
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Washington, D.C. 20212-0001

Internet address: <http://stats.bls.gov/cpihome.htm>

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