

Salary Commission August 2024

Consumer Price Index

- The U.S. Bureau of Labor Statistics calculates the Consumer Price Index monthly and annually.
- The Consumer Price Index: The CPI measures the average change in the prices paid for a market basket of goods and services.
- There are generally two indicators that are used to determine the escalation of wages, the CPI-U and CPI-W.
- The CPI-U represents about 87 percent of the total U.S. population and is based on the expenditures of *all* families living in urban areas. The size of the population coverage of the CPI-U makes it a very common measure used in employment sectors.
- The CPI-W is a subset of the CPI-U and is based on the expenditures of families living in urban areas who meet additional requirements related to employment: more than one-half of the family's income has to be earned from clerical or hourly-wage occupations. The CPI-W represents about 32 percent of the total U.S. population.
- The CPI-U can serve as a good economic indicator showing where prices are going and can also be used to measure how much a dollar of income will purchase—changes that show whether there is an increase or decrease in purchasing power with the same amount of money. In other words, it's a common way to measure inflation since it objectively measures increases in the cost of consumer goods and services.
- The City of Olympia uses the CPI-U as a reference point in wage adjustments for independent employees (not covered by a bargaining unit); CPI-U is also used in collective bargaining where the parties agree to use the factor as a way to determine bargained wage increases.
- Our comparable cities also use the CPI-U for their job classifications and in turn as the City considers wage increases, we are considering the CPI-U as well as comparable cities.
- For additional information on the Consumer Price Index, please see: [Consumer Price Index Frequently Asked Questions: U.S. Bureau of Labor Statistics \(bls.gov\)](#)

*Disclaimer: This is not intended as a proposal from Human Resources to the Salary Commission. It is only intended to provide additional information for your consideration.