

## Methodology on Comparing Wage and Salary Gains to Price Changes

### National Level Analysis

**Wages and Salaries Data** – To start, we use data on monthly total wage and salary income in the United States provided by the [Bureau of Economic Analysis](#), found on Line 3 of Table 2.6. From this table, we use the values from January 2021 (\$9.888 trillion) and July 2024 (\$12.376 trillion) for the first and last months of our analysis. January 2021 is the start month for the State Inflation Tracker, and July 2024 is the most recent month for which wage and salary data are available as of the publication date.

**Consumer Units** – To best match the “per family” calculations done in the State Inflation Tracker, we have to use “consumer units” as the population number. Consumer units are a technical definition used by the Bureau of Labor Statistics (BLS) when measuring consumer expenditures in a given year. Consumer units are only calculated annually, so for this exercise we need the value from 2021 and the value for 2024. The 2021 value of 133,595,000 is provided by the BLS, and was accessed [here](#). As the 2024 value has not yet been released, we estimate its value by multiplying the number of consumer units from 2022 (134,090,000) by the growth rate in the number of consumer units between 2021 and 2022 (roughly 0.37%) to estimate values first for 2023 (134,587,000) and then again for 2024 (135,086,000).

**Change in Average Wages and Salaries** – To calculate the change in average wages and salaries between January 2021 and July 2024, we divide the total wage and salary amounts by the relevant year’s number of consumer units to get \$74,012 for January 2021 and \$91,619 for July 2024. The different between these two averages is \$17,607, which we compare to the \$13,138 increase in prices show by the State Inflation Tracker. This comparison shows that wage and salary growth outpaced inflation by \$4,469 over that period.

### State-by-State Analysis

To complete this analysis at the state level, we instead use quarterly data on wages and salaries at the state level from the Bureau of Economic Analysis contained on Line 50 of table [SQINC4](#). These data go through Q4 2023, which we compare to the reading from Q4 2020 to get as close to the January 2021 start date we use for the national level analysis.

To estimate the number of consumer units in each state, we multiply our national estimates of the number of consumer units by the share of the U.S. population living in each state in the same quarter we use for the wages and salaries data described above. These population values come from Line 20 of table [SQINC4](#). This population weighting lets us account for changes in where people lived between the start of 2021 and the end of 2023.

These methods were used to both accurately measure changes in national and state-level incomes over this period *and* to best match the population used in the JEC Republican’s State Inflation Tracker so that the analysis could be as close to a direct comparison as possible.