State Inflation Tracker April 2022

JEC REPUBLICANS | MAY 11, 2022

INTRODUCTION

Americans are facing the highest inflation rates in decades, making it harder for them to afford everyday goods and more expensive to raise their families. Each month coinciding with the Bureau of Labor Statistics' release of the Consumer Price Index, JEC Republicans' State Inflation Tracker estimates how much inflation increases costs for American families in each state and how the drivers of inflation continue to vary across the country. Specifically, we ask: how much more must the average household pay today to maintain the same standard of living it achieved in January 2021?

We choose January 2021 as the base month because it was the last time inflation was within recent historical norms. Soon after, prices began to accelerate and inflation continued building with annual inflation rates averaging 3.4 percent in the first half of 2021, 6.0 percent in the second half, and 7.5 percent by January 2022. See our methodology for a full description of our methods and a downloadable data file with a detailed breakdown of inflation costs by state.¹

Prices increased 10.5 percent from January 2021 to April 2022, costing the average American household \$569 in April 2022 alone. Over the 12-month period from May 2022 through April 2023, the inflation that has already occurred will cost the average American household \$6,829 even if prices stop increasing altogether.

Below we report inflation costs by state, inflation costs over time, and inflation costs within four major spending categories.

INFLATION COSTS BY STATE

Figure 1 displays a map of the United States, color coded to reflect the magnitude of inflation costs across the nation. See our <u>online State</u> <u>Inflation Tracker</u> for an interactive version showing three separate statistics for each state: (1) price growth since January 2021, (2) inflation costs imposed on American households in April 2022, and (3) the annual cost of inflation households will face from price increases that have already occurred (i.e., assuming no further price increases going forward).

https://www.jec.senate.gov/public/index.cfm?a=files.serve&File_id=EFE3D9CE-C8E8-4DBC-81A2-394EBAD4D1AA

¹ Jackie Benson, Kevin Corinth, and Kole Nichols. "State Inflation Tracker: Methodology." U.S. Joint Economic Committee Republicans. April 12, 2022. Full data file can be found here:

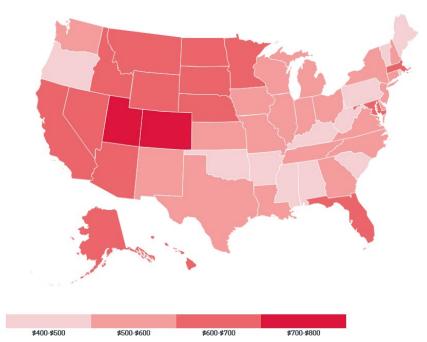


Figure 1: Inflation Rates and Average Household Inflation Costs by State, April 2022, Relative to January 2021 Price Levels

Source: JEC Calculations using: Bureau of Economic Analysis, Personal Consumption Expenditures; Bureau of Labor Statistics, Consumer Expenditure Survey; Census Bureau American Community Survey.

Notes: Inflation rates reflect how much prices have increased since January 2021, and inflation costs reflect how much more the average U.S. household must pay in the current month for the same goods and services it purchased in January 2021. See <u>our methodology</u> for a detailed explanation of these calculations; Jackie Benson, Kevin Corinth, and Kole Nichols. "State Inflation Tracker: Methodology." U.S. Joint Economic Committee Republicans. April 12, 2022.

As Figure 1 shows, inflation rates and inflation costs vary significantly by state. Families in the Mountain West (Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah, and Wyoming) are facing the highest inflation rates, with prices today 12.7 percent higher than in January 2021. Due to a combination of higher inflation rates and higher average household spending, inflation is imposing the highest monthly costs on families in the states of Colorado, Utah, and Arizona. Annualized, families in these states are facing inflation costs of \$9,283 \$9,009 and \$8,252 over the next year, respectively.

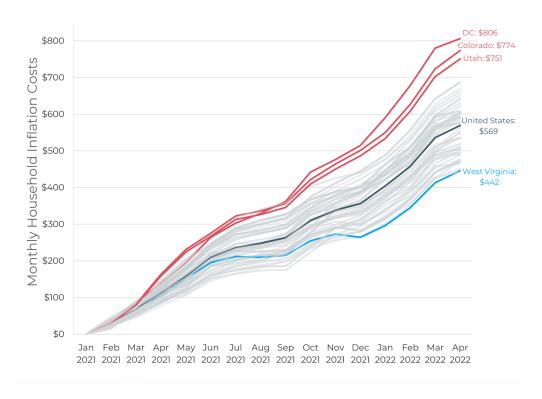
Families in Washington DC are experiencing relatively higher inflation costs due to higher average spending levels. Inflation costs in Washington, DC are estimated to be \$9,674 per household over the next year.

Although inflation is high everywhere, families in the New England (Massachusetts, Connecticut, New Hampshire, Rhode Island, Vermont, and Maine) are facing relatively lower inflation rates with prices 9.0 percent higher today than in January 2021. Families in West Virginia, Mississippi, and Arkansas are facing the lowest inflation costs; however, these costs are still substantial. Assuming prices stop increasing moving forward, families in these states would face \$5,309, \$5,349, and \$5,419 in additional costs over the next year, respectively.

INFLATION COSTS OVER TIME

As inflation relative to January 2021 rises, so do the monthly costs to American families. Figure 2 details these costs each month, showing the distribution of inflation cost trends across all states and how they compare to the U.S. inflation cost trend overall.

Figure 2: Average Monthly Household Inflation Costs by State, Relative to January 2021 Price Levels, January 2021 through April 2022



Source: JEC Calculations using: Bureau of Economic Analysis, Personal Consumption Expenditures; Bureau of Labor Statistics, Consumer Expenditure Survey; Census Bureau, American Community Survey.

Notes: Inflation costs reflect how much more the average U.S. household must pay for the same goods and services it purchased in January 2021. See <u>our methodology</u> for a detailed explanation of these calculations; Jackie Benson, Kevin Corinth, and Kole Nichols. "State Inflation Tracker: Methodology." U.S. Joint Economic Committee Republicans. April 12, 2022.

Inflation costs increased from \$536 in March 2022 to \$569 in April 2022 for the average American household, a \$33 increase in monthly inflation costs. From March to April, inflation costs grew the most in the states of New Jersey (\$56), New York (\$55), and Colorado (\$50). In the remaining states, inflation costs grew by between \$8 and \$48. Inflation costs in Washington, DC grew by \$26 from March to April.

INFLATION COSTS BY CATEGORY

Just as inflation costs vary by state and over time, they also vary across product categories. Households that spend disproportionately more on items whose prices increased the most face higher total inflation costs. Overall inflation costs reported above are calculated based on a set basket of goods and services purchased by the average American household.² Alternatively, category-specific inflation costs capture the added costs of purchasing specific categories of goods and services on the basis of their specific inflation rates.

Table 1 reports estimates of the additional costs American households face when they purchase items within four spending categories: food, shelter³, transportation, and energy.⁴

In the United States overall, the spending category with the highest inflation costs is transportation, driven by rising auto and gas prices. Families in Colorado are facing the highest transportation inflation costs (\$345); families in Illinois, Alaska, and California are facing highest food inflation costs (\$86 each); and families in Colorado are facing the highest shelter (\$128) and energy (\$197) inflation costs. Families in Washington, DC are experiencing higher transportation (\$374) and energy (\$200) inflation costs than any of the states.

 $^{^2}$ This analysis uses the Consumer Price Index for All Urban Consumers (CPI-U), which represents about 88 percent of the total U.S. population. According to the Bureau of Labor Statistics, the CPI-U "is based on the expenditures of almost all residents of urban or metropolitan areas, including professionals, the self-employed, the poor, the unemployed, and retired people, as well as urban wage and clerical workers."

Stephen B. Reed and Kenneth J. Stewart, "Why does BLS provide both the CPI-W and CPI-U?" Bureau of Labor Statistics, February 2014, https://www.bls.gov/opub/btn/volume-3/why-does-bls-provide-both-the-cpi-w-and-cpi-u.htm#_edn2.

³ Shelter inflation measures how fast housing prices are rising for home buyers and renters. ⁴ Inflation costs within transportation and energy are not mutually exclusive because both categories capture rising motor fuel prices.

Table 1: Average Monthly Household Inflation Costs by State and Spending Category, April 2022, Relative to January 2021 Price Levels

		Percent					
		Increase	Total	Food	Shelter	Transportation	Energy
State	Rank	in Prices	Inflation	Inflation	Inflation	Inflation	Inflation
		Since Jan	Costs	Costs	Costs	Costs	Costs
		2021					
United States	25	11%	\$569	\$69	\$66	\$266	\$146
Alabama	8	10%	\$478	\$65	\$39	\$255	\$133
Alaska	43	10%	\$640	\$86	\$78	\$292	\$171
Arizona	49	13%	\$688	\$70	\$113	\$306	\$175
Arkansas	3	12%	\$452	\$50	\$42	\$234	\$140
California	44	10%	\$643	\$86	\$78	\$293	\$172
Colorado	51	13%	\$774	\$79	\$128	\$345	\$197
Connecticut	28	9%	\$577	\$49	\$54	\$255	\$150
Delaware	31	11%	\$591	\$62	\$83	\$274	\$147
DC	52	11%	\$806	\$84	\$113	\$374	\$200
Florida	40	11%	\$610	\$64	\$85	\$283	\$151
Georgia	19	11%	\$535	\$56	\$75	\$248	\$133
Hawaii	41	10%	\$622	\$83	\$75	\$283	\$166
Idaho	42	13%	\$630	\$64	\$104	\$281	\$160
Illinois	33	11%	\$594	\$86	\$62	\$285	\$151
Indiana	17	11%	\$518	\$75	\$54	\$249	\$132
Iowa	21	11%	\$536	\$65	\$49	\$261	\$122
Kansas	29	11%	\$581	\$71	\$53	\$283	\$132
Kentucky	7	10%	\$475	\$65	\$39	\$253	\$132
Louisiana	15	12%	\$508	\$57	\$47	\$263	\$157
Maine	4	9%	\$465	\$40	\$44	\$206	\$121
Maryland	36	11%	\$602	\$63	\$84	\$279	\$149
Massachusetts	39	9%	\$607	\$52	\$57	\$269	\$158
Michigan	20	11%	\$536	\$78	\$56	\$257	\$136
Minnesota	46	11%	\$662	\$80	\$60	\$322	\$151
Mississippi	2	10%	\$446	\$61	\$36	\$237	\$124
Missouri	30	11%	\$587	\$71	\$53	\$285	\$134
Montana	45	13%	\$652	\$66	\$107	\$290	\$166
Nebraska	35	11%	\$600	\$73	\$54	\$292	\$137
Nevada	48	13%	\$686	\$70	\$113	\$306	\$175
New Hampshire	26	9%	\$574	\$49	\$54	\$254	\$150
New Jersey	24	9%	\$562	\$78	\$57	\$232	\$121

Table 1 Continued: Average Monthly Household Inflation Costs by State and Spending Category, April 2022, Relative to January 2021 Price Levels

		Percent					
		Increase	Total	Food	Shelter	Transportation	Energy
State	Rank	in Prices	Inflation	Inflation	Inflation	Inflation	Inflation
		Since Jan	Costs	Costs	Costs	Costs	Costs
		2021					
New Mexico	34	13%	\$594	\$60	\$98	\$265	\$151
New York	23	9%	\$552	\$77	\$56	\$228	\$119
North Carolina	14	11%	\$506	\$53	\$71	\$235	\$126
North Dakota	38	11%	\$605	\$73	\$55	\$294	\$138
Ohio	16	11%	\$511	\$74	\$53	\$245	\$130
Oklahoma	5	12%	\$470	\$52	\$44	\$243	\$145
Oregon	9	10%	\$489	\$65	\$59	\$223	\$131
Pennsylvania	6	9%	\$473	\$66	\$48	\$195	\$102
Rhode Island	12	9%	\$496	\$42	\$46	\$219	\$129
South Carolina	11	11%	\$492	\$51	\$69	\$228	\$122
South Dakota	37	11%	\$604	\$73	\$55	\$294	\$138
Tennessee	13	10%	\$502	\$68	\$41	\$267	\$139
Texas	32	12%	\$591	\$66	\$55	\$306	\$183
Utah	50	13%	\$751	\$76	\$124	\$335	\$191
Vermont	10	9%	\$490	\$42	\$46	\$217	\$128
Virginia	27	11%	\$576	\$60	\$81	\$267	\$143
Washington	22	10%	\$548	\$73	\$66	\$250	\$147
West Virginia	1	11%	\$442	\$46	\$62	\$205	\$110
Wisconsin	18	11%	\$520	\$75	\$54	\$250	\$132
Wyoming	47	13%	\$670	\$68	\$110	\$299	\$171

Source: JEC Calculations using: Bureau of Economic Analysis, Personal Consumption Expenditures; Bureau of Labor Statistics, Consumer Expenditure Survey; Census Bureau, American Community Survey.

Notes: Inflation rates reflect how much prices have increased since January 2021, and inflation costs reflect how much more the average U.S. household must pay in the current month for the same goods and services it purchased in January 2021. See our methodology for a detailed explanation of these calculations; Jackie Benson, Kevin Corinth, and Kole Nichols. "State Inflation Tracker: Methodology." U.S. Joint Economic Committee Republicans. April 12, 2022.

Jackie Benson Kevin Corinth Kole Nichols Joint Economic Committee