

Methodology:

In 1977 the Standard Deduction was \$60. If we wanted to show what the Resource Limit and Standard Deduction implemented in 1977 would look like today if there had been no change in law, we need to adjust those 1977 figures into current dollars. The Bureau of Labor Statistics (BLS) produces various types of Consumer Price Indexes (CPI) that can be used to make comparisons between dollar figures in different years taking into account inflation. For our purposes we need to use the CPI for all items other than food since this was the index designated by law to make adjustments to the Standard Deduction.

The CPI data table for all items other than food from the BLS website shows a value of 59.8 for July 1977 and a value of 208.831 for July 2007. (The next page provides instructions on how to find this data on the BLS website.) Dividing the July 2007 index number (208.831) by the July 1977 index number (59.8) produces the appropriate inflator (3.492157) which can be used to translate a figure from 1977 into current terms.

To translate \$60 into 2007 terms we also multiply it by the inflator (3.492157) which gives us: \$210.

Based on these calculations we can conclude that if the 1977 Standard Deduction had not been changed by law, today it would be \$210.

Instructions to find CPI data from the BLS website:

The first step is to go to the BLS CPI-U database found here:

<http://data.bls.gov/PDQ/outside.jsp?survey=eu>

As shown below, in section 1 you should select “U.S. City Average”; in section 2 you should select “All items less food” (You’ll need to scroll down, it’s almost at the bottom.); in section 3 you should select “Seasonally Adjusted” and in Section 4 you just need to click on “Get Data.”

The screenshot shows a web browser window titled "Bureau of Labor Statistics Data - Windows Internet Explorer". The address bar shows the URL <http://data.bls.gov/PDQ/outside.jsp?survey=eu>. The page content is titled "Consumer Price Index - All Urban Consumers (Current Series)" and includes a "HELP" button. The page is divided into four numbered sections:

- 1 Select an Area**: A search box with a "Find" button. Below it is a list of areas, with "U.S. city average" selected.
- 2 Select one or more Items**: A search box with a "Find" button. Below it is a list of items, with "All items less food" selected.
- 3 Select Seasonal Adjustment**: Two radio buttons: "Seasonally Adjusted" (checked) and "Not Seasonally Adjusted" (unchecked).
- 4**: A "Get Data" button, a link "OR for Multiple Queries", and an "Add To Your Selection ->" button. Below these is a text box that says "Your Selection: (0 series selected) NOTE: Select a maximum of 200 series."

By default the next screen will just show the CPI for years 1997-2007. Since we need the number for July 1977, on the top of the page next to “Change Output Options” you need to select 1977 to 2007 and click on “Go.”

In the new data table that will appear, you will be able to find the number for July 1977 (59.8) and for July 2007 (208.831).