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## Moment of Truth Releases Updated Version of "Measuring Up: The Case for the Chained CPI"

Chained CPI (Consumer Price Index) has received a great deal of attention in budget discussions, with members of both parties proposing that it be utilized to index provisions in the federal budget. President Obama has reiterated his support for switching to chained CPI as part of a broader deficit reduction framework. In order to help policymakers and others better understand the budgetary and policy implications of this policy and clear up misconceptions about the policy, the Moment of Truth project released an updated version of ["Measuring Up: the Case for the Chained CPI."](http://www.momentoftruthproject.org/sites/default/files/MeasuringUpCaseForTheChainedCPI.pdf) (<http://www.momentoftruthproject.org/sites/default/files/MeasuringUpCaseForTheChainedCPI.pdf>)

The paper includes revised savings projections *latest projections* on the budgetary impact of using the more accurate measure of inflation to index provision in the federal budget reflecting the enactment of the American Tax Relief Act and a discussion of the distributional consequences of switching to the chained CPI. The paper also highlights the increased savings that would be produced by the policy and suggests that any impact on vulnerable populations could be offset by targeted policies to assist those populations instead of continuing to use an inaccurate measure of inflation for everyone.

Switching to chained CPI represents a technical correction that will achieve significant deficit reduction in addition to more accurately achieving the policy goal of indexing the federal budget to inflation. As the authors state in the paper:

*Addressing the country's fiscal challenges will require many hard choices to both spending programs and the tax code. Fortunately, switching to the chained CPI is not one of those hard choices. The chained CPI is a rare opportunity for policymakers to enact a technical fix that would generate significant savings over the decade and beyond, both from higher revenues and reduced spending.*

**For more information about this paper or the Moment of Truth Project, please contact Lawrence Kluttz at [kluttz@crfb.org](mailto:kluttz@crfb.org).**

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*The Moment of Truth project is a non-profit, non-partisan effort which seeks to foster honest discussion about the nation's fiscal challenges, the difficult choices that must be made to solve them, and the potential for bipartisan compromise that can move the debate forward and set our country on a sustainable path. The Moment of Truth project is a project of the Committee for a Responsible Federal Budget.*

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