January 27, 2021

Honorable Chuck Grassley
Chairman
Committee on Finance
United States Senate
Washington, DC  20510

Re: The National Average Wage Index in 2020

Dear Mr. Chairman:

This letter responds to your question about the national average wage index (AWI), which is used in the calculation of Social Security benefits. You asked how much that index changed from 2019 to 2020, according to the Congressional Budget Office’s estimate. (The actual figures will not be known until later this year.)

On the basis of employment data from the Bureau of Labor Statistics and earnings data from the Bureau of Economic Analysis, CBO currently estimates that the AWI declined by 0.5 percent from calendar year 2019 to calendar year 2020. That decrease is smaller than the decline of 3.8 percent that CBO projected in September 2020.

I hope this information is helpful to you. Please let me know if you have any further questions.

Sincerely,

Phillip L. Swagel
Director

cc:  Honorable Ron Wyden
     Ranking Member

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