

# The Effects of Changes to the Current Population Survey, Annual Social and Economic Supplement (ASEC) Estimates of Income

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This presentation summarizes a paper presented at the Allied Social Science Association Meetings in Boston, MA, January 2015. The paper is available on line at:

<http://www.census.gov/content/dam/Census/library/working-papers/2015/DEMO/ASSA-Income-CPSASEC-Red.pdf>

# Outline

- Reasons for a redesigned instrument
- Survey instrument changes
- Impact of changes on income estimates
- Summary of findings

# CPS ASEC

- Widely-used survey conducted by the government
  - Basis of official national poverty statistics
  - Official estimate of median household income
- Suffers from misclassification and underreporting of income

# Reasons for Income Redesign

- Improve data quality
  - Address misreporting, item nonresponse, and errors resulting from respondent fatigue
  - Under-reporting of means-tested programs
  - Under-reporting of income amounts
- Take better advantage of an automated instrument
  - Aid in respondent recall
  - Decrease errors resulting from respondent fatigue

# Reasons...cont.

- Reflect the changing retirement environment
  - Aggregate holdings in newer types of retirement accounts exceeds those of traditional pension plans
  - Under-reporting of retirement, pension, and annuities
- Improve clarification and reporting of asset income
  - Includes interest, dividends, and property income

# Content Tests

- Conducted a limited telephone interview field test in March 2013
  - Indicated likely increases in income reciprocity and higher income amounts
- Second test using split panel of the 2014 ASEC
  - 30,000 households eligible for redesigned, 68,000 eligible for traditional
  - Compare estimates based on the traditional questions to redesigned questions

# Overview of Changes to the Income Section of the ASEC

- Separation of “Source” and “Amount” questions
  - Dual-pass approach
- Three different tailored skip patterns
- Removal of family income screener
  - In traditional questionnaire, only households with a combined family income of less than \$75,000 are asked means-tested transfer program questions

# Overview of Changes to the ASEC...cont.

- Income range follow-ups for “Don’t know” or “Refused” income amounts
- Distinguishing between retirement accounts and other interest earning assets
- Collect withdrawals and distributions amounts from retirement accounts
- Revised disability, survivor, and retirement questions



# Dual-pass Approach

## Redesign Questions

**During 2013, did you or anyone in this household receive any social Security payments from the U.S. government?**

**Who?**

**Now I will ask you about the amount of income you and others in this household received from various sources in 2013. Let's start with you.**

**How much did you receive in Social Security payments in 2013?**

- **First Pass- identify all sources of income**
- **Second Pass- collect amounts**

# Tailored Skip Patterns

- Lower-income households
  - Public assistance, food stamps (SNAP), WIC, free and reduced school lunches, public housing and energy assistance come first
- Households with a member aged 62+
  - Disability, Social Security, SSI, Veterans' benefits, Pensions, Annuities, and Retirement accounts come first
- Default (all others)
  - Closely follows traditional questionnaire order

# Income Range Follow-ups

## Redesign Questions

**Could you tell me if you received**

- **less than \$10,000,**
- **between \$10,000 and \$20,000, or**
- **over \$20,000**

**in Social Security payments in 2013?**

**Did you receive**

- **less than \$1,000,**
- **between \$1,000 and \$5,000, or**
- **over \$5,000**

**in Social Security payments in 2013?**

- For Don't know/ Refused redesigned ASEC presents an income bracket with range values.
- The values in the brackets depended on the source of income.
- Second range question only if lowest value is chosen in first range.

# Pensions, Annuities and Retirement Accounts

## Redesign Questions

**During 2013 did you receive any pension income from a previous employer or union?**

**During 2013 did you receive any income from an annuity?**

**At any time during 2013 did you have any retirement accounts such as a 401(k), 403(b), IRA, or other account designed specifically for retirement savings?**

- Retirement and annuities are stand-alone questions separated out of pensions
  - The redesigned instrument asks specifically about pensions, then annuities and then retirement accounts

# Withdrawals/Distributions from Retirement Accounts

## Redesign Questions

**Did you withdraw any money or receive a distribution from your [ACCOUNT TYPE] in 2013?**

**Did you re-invest or "roll over" any of the money into an IRA or some other kind of retirement plan?**

- For each retirement account identified there is a new question on withdrawals and distributions.
- For respondents 70+, 'including distributions required to take'.
- Roll over to another account?

# Interest from Retirement Accounts

## Redesign Questions

**Within [ACCOUNT TYPE] , how much did you earn in interest or dividends during 2013? Please include small amounts reinvested or credited to the account.**

**The Census Bureau can estimate the amount earned in this account based on the size of the account. How much money did you have in your [ACCOUNT TYPE] at the end of 2013?**

- Interest/dividends earned on each retirement account.
- New screen that allows the respondent to give us the 'Total amount in the account' and the Census Bureau will calculate interest earned.

# Non-Retirement Accounts

## Redesign Questions

**Now I will ask about assets that may have paid interest or dividends in 2013 outside of the retirement account(s).**

**Did you have money in an interest-earning checking account?**

**How much did you receive in (interest/dividends) during 2013, including even small amounts reinvested or credited to accounts?**

**How much did you receive in capital gains distributions in 2013?**

- New questions designed to identify interest/dividends earned from non-retirement accounts
- Respondents with stocks/mutual funds are asked about capital gains

# Income Summary Measures: 2013

## CPS ASEC Traditional and Redesigned

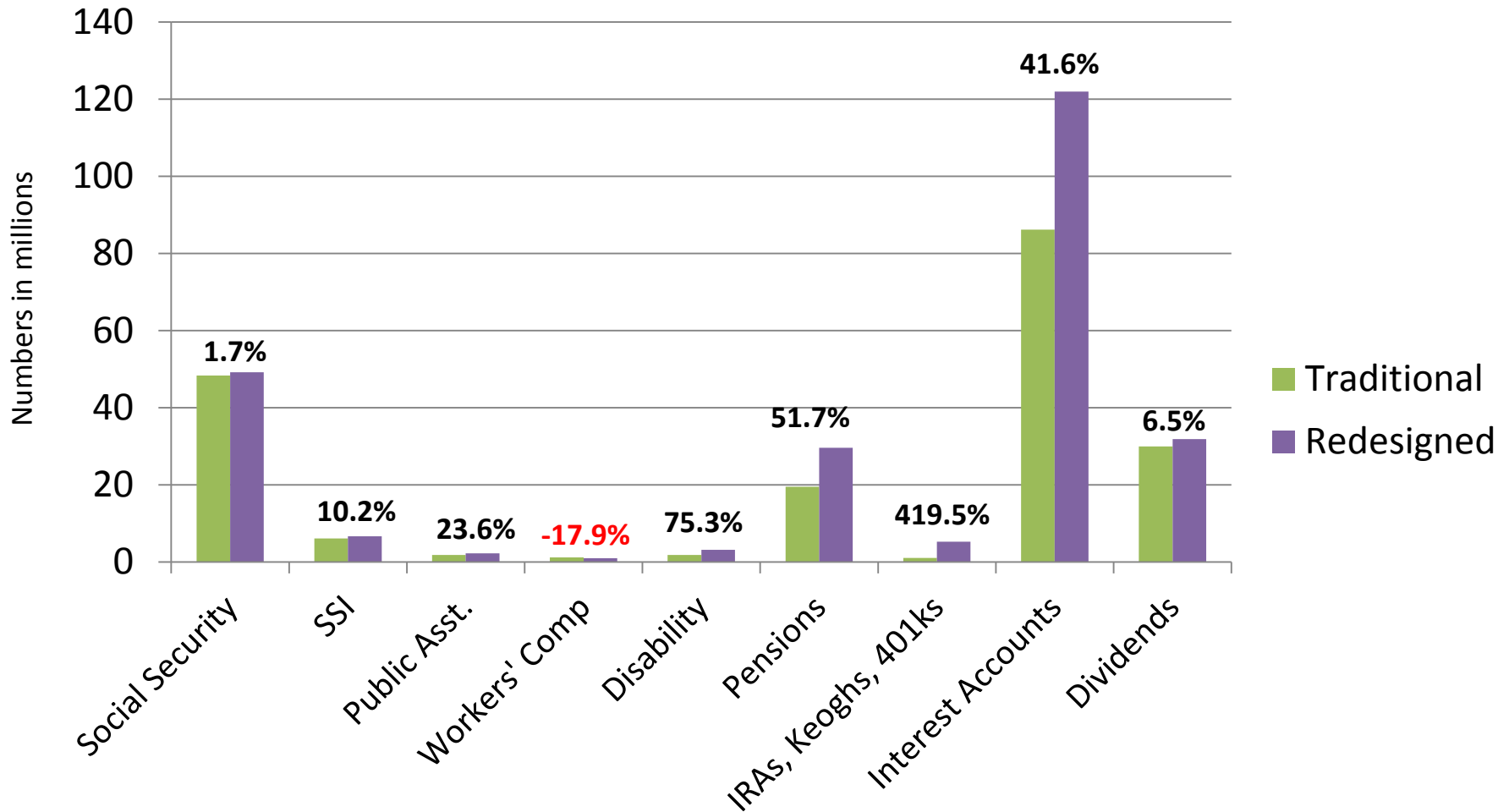
Subgroup	Traditional Median Income (T)	Redesigned Median income (R)	Percentage Change in Median Income $[(R - T)/T]$
<b>All Households</b>	\$51,939	\$53,514	*3.0
Family households	\$65,587	\$67,323	*2.6
Married-couple	\$76,509	\$79,832	*4.3
White, not Hispanic	\$58,270	\$60,450	*3.7
Age of Householder 45 to 54 years	\$67,141	\$70,802	*5.5
Age of Householder 65 years and older	\$35,611	\$37,252	*4.6

\*An asterisk preceding an estimate indicates change is statistically different from zero at the 90 percent confidence level.

Source: U.S. Census Bureau, Current Population Survey, 2014 Annual Social and Economic Supplement.

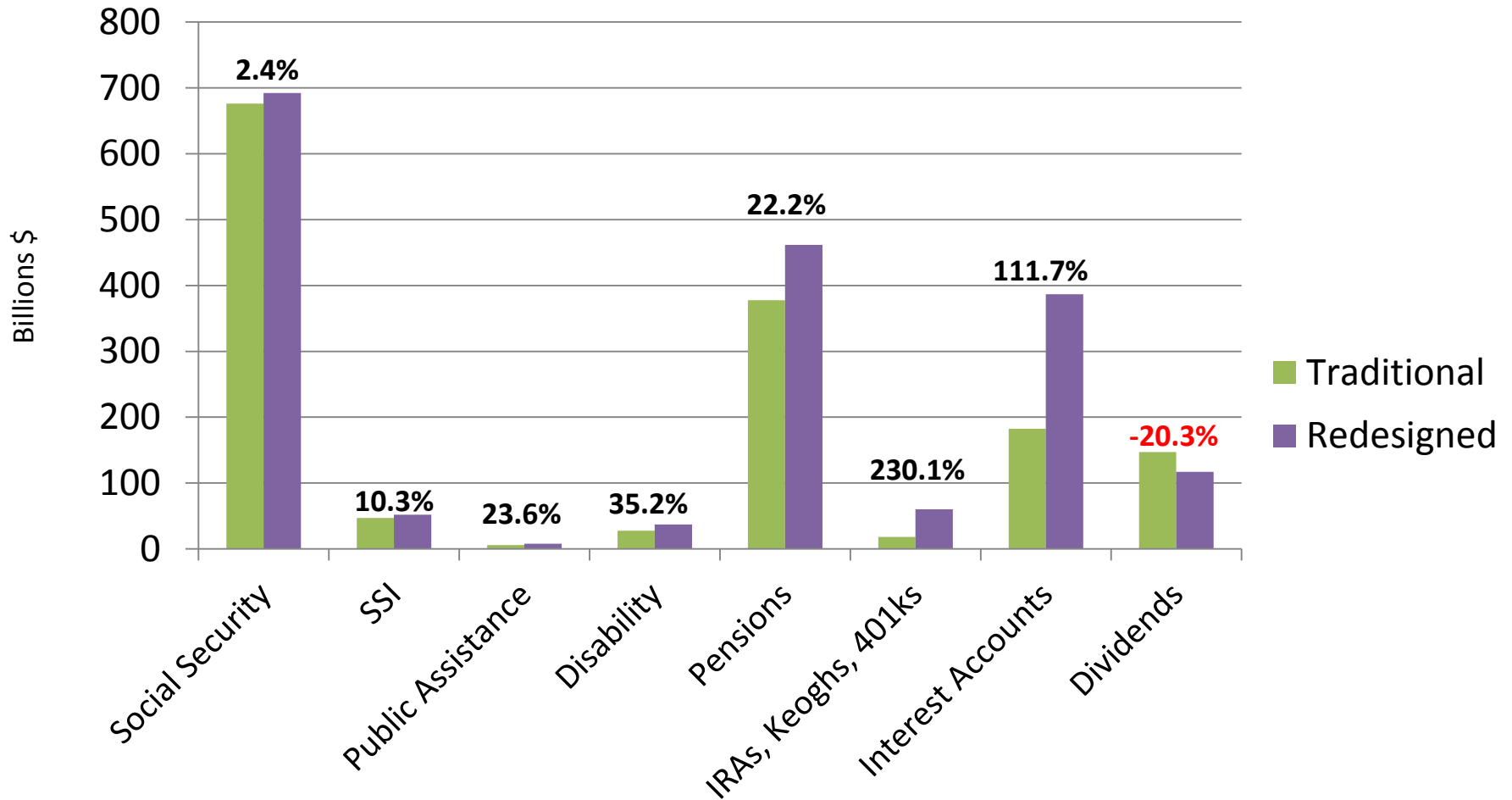


# Income Reciprocity by Source: 2013



Source: U.S. Census Bureau, Current Population Survey, 2014 Annual Social and Economic Supplement.

# Aggregate Income by Source: 2013



Source: U.S. Census Bureau, Current Population Survey, 2014 Annual Social and Economic Supplement.

# Income Distribution Measures: 2013

Shares of Aggregate Income by Percentile	Traditional Estimate (T)	Redesigned Estimate (R)	Percentage Change [(R-T)/T]
Lowest quintile	3.2	3.1	*-4.2
Second quintile	8.4	8.2	*-2.3
Middle quintile	14.4	14.3	-0.8
Fourth quintile	23.0	23.0	0.2
Highest quintile	51.0	51.4	0.8
Top 5 percent	22.2	22.3	0.3

An asterisk preceding an estimate indicates change is statistically different from zero at the 90 percent confidence level.

Source: U.S. Census Bureau, Current Population Survey, 2014 Annual Social and Economic Supplement.

# Summary of Findings

- Redesigned ASEC showed increases in household medians, income reciprocity, and aggregates
- Increases in reporting of targeted income sources- public assistance, retirement and asset income
- The Census Bureau used the redesigned ASEC as the full production instrument in 2015

# Thank You

## Contact Information:

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