Income Measurement for the 21st Century: Updating the Current Population Survey

Final Report

November 2012

John L. Czajka Gabrielle Denmead



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EXECUTIVE SUMMARY

Income is a critical variable for policy analysis, and policy makers rely heavily—albeit not exclusively—on household surveys to develop, evaluate, and refine the many federal and state programs that are designed to supplement the income that individuals and families receive from employment and/or retirement savings. In December 2008, Mathematica Policy Research completed a report that compared the methods and results of collecting and processing income data in eight surveys (see Czajka and Denmead 2008). Funded by Office of the Assistant Secretary for Planning and Evaluation (ASPE) in the Department of Health and Human Services, *Income Data for Policy Analysis: A Comparative Assessment of Eight Surveys* presented extensive, comparative estimates of income and measures of data quality across the eight surveys. By design, the report stopped short of making formal recommendations for improving the collection of income data—either broadly or for individual surveys. Using these findings to develop such recommendations is the obvious next step. To this end, the U.S. Census Bureau and ASPE contracted with Mathematica to produce additional analyses and develop recommendations designed to assist the Census Bureau in improving the collection of income data in its household surveys.

Our work on this project was guided by two overarching principles. The first is that important surveys must be periodically reviewed and updated to avoid obsolescence and mis-measurement. This report addresses the basic structure of the Current Population Survey Annual Social and Economic Supplement (CPS ASEC), and evaluates and determines how it can be modified and updated to reflect on-going social, economic, and financial changes. The second principle is that survey resources (which include not only field costs and post-processing costs but respondent time) must be allocated in proportion to the importance of components of income, with the greatest amount of resources applied to the most important components. The ultimate goals expressed in this second principle may be summed up as balance, focus, efficiency, and cost-effectiveness.

It has long been the prevailing view that the most accurate survey responses about personal and family income were obtained through separate questions about a wide variety of detailed income sources. This view was supported by the research findings of the Income Survey Development Program, and was reflected in the design of the Survey of Income and Program Participation (SIPP) in the early 1980s. The American Community Survey (ACS) was started in the last decade, with a very limited set of income questions. Contrary to the conventional wisdom, the ACS effectively matches the CPS ASEC's estimates of total annual income with this small battery of questions completed by respondents who receive and return their questionnaires primarily by mail. Additionally, the proportion of total income that must be allocated in the ACS is only half the proportion in the CPS ASEC. By any measure, the income module in the CPS ASEC is long, and Census Bureau staff have expressed an interest in reducing its length as part of a general modernization of the CPS ASEC instrument. The markedly lower allocation rates found in the ACS coupled with the latter survey's success in capturing income suggest that reducing the number and complexity of questions could reduce item nonresponse in addition to increasing the accuracy of income responses. Reducing respondent burden in this way might also improve response to nonincome items, such as health insurance coverage, which follow the income module.

At the Census Bureau's request, the bulk of our analysis and recommendations focus on the CPS ASEC, which has been the official data source for estimates of household income and poverty in the U.S for half a century. The SIPP and ACS are of more recent design than the income supplement in the CPS ASEC. The SIPP is currently undergoing a major redesign that includes a reduction in interview frequency from three times to once a year. While it is likely that the

redesigned SIPP will perform differently with respect to income measurement than the current SIPP, many recommendations regarding content and the way that particular sources are identified can be applied to SIPP just as well as to the CPS ASEC. The ACS has severe constraints on the income measurement section, dictated by general legal requirements, the sample design, and the mode of administration (primarily mail-out, mail-back). Nevertheless we offer a number of recommendations for enhancing the income data collected in the ACS as well.

A. Key Findings

Since earnings (wage and salary plus self-employment income) account for 80 percent of all income, a survey's effectiveness in capturing earned income will largely determine how well the survey captures total income. Czajka and Denmead (2008) found that in 2002 the CPS ASEC captured more earnings than the ACS and the SIPP in total, but less than the ACS or SIPP in the bottom quintile. We find for 2009 that these relationships persist. Looking at mean earnings among the poor across surveys (to adjust for their differing counts of poor), we found higher mean wage and salary income in both ACS and SIPP, and a higher proportion of poor families reporting wage and salary income in both surveys. In addition, we found substantially more families with selfemployment income in the SIPP than the CPS ASEC, with the biggest difference among the poor; we also found more families with self-employment income in the ACS than the CPS ASEC at every level of relative income, although the differences were not nearly as large. Since policy analysis often focuses on the lower part of the income distribution, the CPS ASEC's comparatively weaker performance in capturing earnings for low income families stands out as an area for improvement. By restricting work activity data to the longest job held during the reference year and collecting only aggregate earnings for all other work activity, the CPS ASEC limits its effectiveness in capturing earnings for persons with more than one job during the year-some 44 to 49 million earners in the SIPP in 2009.

For older families, retirement income replaces earnings; in fact, the adequacy of Social Security and traditional pension plans has often been measured by the percentage of earnings that they replace. But while Social Security remains the largest single source of financial support in retirement, traditional pensions (with the exception of union-dominated industries) are disappearing in the private sector. Pensions, or defined benefit retirement plans, are being replaced by tax-advantaged retirement accounts (defined contribution retirement plans) to which both employees and employees contribute, and all individuals with earnings can contribute-with limits-to Individual Retirement Arrangements (IRAs) that are not tied to a specific employer. These accounts do not provide fixed, monthly amounts after retirement, but give their owners flexibility to withdraw funds when needed. But whereas pension payments are uniformly counted as income in household surveys, withdrawals from retirement accounts, now in the hundreds of billions annually, are not. In the CPS ASEC, such withdrawals are a small fraction of their size in the SIPP and a negligible fraction of the amounts reported to the Internal Revenue Service (IRS). While retirement income is still dominated by Social Security and traditional pensions, the aggregate holdings in these newer types of accounts already exceed those of traditional pension plans by a substantial margin. The share of retirement income attributable to these newer types of accounts will continue to grow. Absent changes to the CPS ASEC instrument, the survey will underestimate true retirement income by an increasing margin in the years to come.

Collectively, all other sources of income combined were less than 8 percent of total CPS money income in 2009, yet they accounted for more than half of the 31 dollar amounts collected in the survey. Since these sources account for 25 percent of the income of the poor, any simplification of questions about these sources must be carefully designed to avoid reducing the estimated income of

the poor, or increasing the estimated number of poor. Two of the most important sources— Supplemental Security Income (SSI) and public assistance—are already substantially underestimated by the CPS ASEC in comparison with SIPP or the ACS, so the data collected on these two sources should, if anything, be expanded. However, given the infrequency of some of the other sources of income, substantial streamlining is possible.

Building on this last point, another important finding is that families typically reported no more than three sources of income in the CPS ASEC. Given the dominance of wage and salary earnings overall—both in frequency and total dollars—and the comparative importance of Social Security, other retirement income, and non-farm self-employment relative to other sources, the implication is that the majority of families rely on a single type of income—earnings or retirement—frequently supplemented by interest, which is the next most common source after wage and salary earnings but one that produces substantially fewer dollars in comparison. SSI is important among the poor but without displacing earnings and Social Security as the most important sources of income.

Finally, in examining issues of family composition, we found that expanding the CPS family to include unmarried partners of the opposite sex and unrelated children significantly reduced the number of persons classified as poor by 3.6 million or 1.2 percentage points, with greater reductions among children than among adults. In addition, we found that nearly half (45 percent) of the households with unrelated children also contained unmarried partners, suggesting a possible relationship between the two phenomena.

B. Recommendations to Enhance CPS and Other Income Measurement

We provide recommendations for the CPS ASEC, organized by broad source of income as well as family composition, followed by more limited recommendations for the ACS. The last section presents recommendations for the redesigned SIPP along with several other suggestions that surfaced in the course of our analysis or in our previous study.

1. CPS Income Measurement

The current CPS ASEC instrument and interview give disproportionate attention to income sources that contribute little to total income. The ASEC instrument could be refocused, expanding data collection for the most important income sources while streamlining questions on the remaining income sources, for an overall improvement in data with a shorter interview.

Earnings. We believe that the overall importance of earnings as the primary source of income at all income levels demands that the collection of earnings be as strong as the Census Bureau can make it. At present, the CPS ASEC collects information on the work activity that had the longest duration during the year and lumps together with no additional information all other wage and salary income and, in separate amounts, all non-farm and farm self-employment earnings. We recommend that comparable data, including industry, occupation, job vs. self-employment, weekly hours, rate of pay and start and end dates be collected for at least three and possibly four work activities, ordered from current to earliest work activity during the year, before going to the summary amounts for all other earnings. For self-employment, we recommend that the CPS ASEC expand the definition of income to parallel that in SIPP, which includes the salary drawn by a business owner as an employee as well as the profit or loss realized as an owner, and to include self-employment that is not associated with a business, such as consulting. The instrument should also convey that self-employment encompasses partnerships and other forms of business as well as sole proprietorships. In addition, other peripheral questions such as reasons for not working or whether a job search was

undertaken should be carefully reviewed to assess their continued value compared to better information on earned income.

Retirement Income. There are two principal drawbacks to current CPS ASEC questions concerning retirement income. The first is the restriction of retirement questions to traditional pensions and to monthly payments, with almost no acknowledgement of IRAs or defined contribution retirement accounts as possible sources of retirement income, especially if distributions from these accounts occur only once or twice a year. Second is the poor performance of the CPS ASEC on traditional pension income compared to the ACS or SIPP. Currently, the CPS ASEC uses three two-tier questions, which separate retirement, survivor, and disability benefits and ask for two sources for each. We recommend that the CPS ASEC combine retirement, survivor, and disability pensions in one question. The questionnaire should first establish whether anyone in the household received one or more (defined benefit) pensions from a previous employer of the respondent, spouse or other relative, then for each person, allowing for multiple sources, determine the sources and amounts, and, if desired, the reason (retirement/survivor, or disability benefit). We recommend a separate set of questions on distributions or withdrawals (other than rollovers) from defined contribution and IRA retirement accounts, then for each person, allowing for multiple sources, determine the sources and amounts. In addition, the detailed questions for adults and children on the basis for receipt of Social Security benefits should be carefully reviewed to assess their continued value, given that Social Security payments are restricted to one benefit per person despite multiple entitlements.

Other Income Sources. Public assistance is one of the most poorly reported sources of income in the CPS ASEC, but is received principally by low income families with few other sources of income. Better reporting of public assistance is important to accurate measurement of poverty. However, with this exception, income sources other than earnings and retirement are the only ones from which major savings in question length and interview time can come. We recommend combining the three current questions on unemployment benefits into one question, and combining child support, alimony, and financial assistance from others (collectively transfers between households) into a single question. We also recommend dropping the questions on other income, and dropping educational assistance from CPS money income. We recommend a revamped disability income question using a screener, to replace the question on worker's compensation and capture the small amounts of other disability income such as Black Lung benefits, accident or disability insurance, and temporary sickness benefits. For asset income, we recommend retaining the collection of separate amounts for interest, dividends, and the combination of rent, royalties, and estates or trusts. The third item (rent et al.) should be expanded to include any payments from estates and trusts collected under the current retirement, survivor or disability questions, and to capture any additional income from financial investments-a source that is included in the SIPP (but not the CPS ASEC). We also suggest that the Census Bureau clarify that dividends include mutual fund payments characterized as capital gain distributions, that interest and dividends exclude amounts received in retirement accounts, and provide a definition of rental income. We recommend no changes to the questions on SSI, and we recommend a more detailed public assistance sequence modeled on the SSI questions. We also recommend creating a separate question sequence on TANF benefits received on behalf of children, similar to the one for SSI, after the general questions on public assistance for household members.

Family Composition. Alternate family concepts that create families from cohabiting couples (who may be non-family householders, secondary individuals or sub-family reference persons) and/or add unrelated children to non-family householders require a whole set of alternate variables. If any such expanded families will be used in published data, it is very important to users that the

Census Bureau include these alternate family variables in a public use file with the income and poverty measures to which they apply. With regard to the puzzling finding that nearly half (45 percent) of the households with unrelated children also contained unmarried partners, we suggest added emphasis among the interviewers on identifying parental relationships when a young child is living with unmarried partners.

2. ACS Income Measurement

Opportunities to improve income measurement in the ACS are more limited than for the CPS ASEC. The ACS is unlikely to expand beyond its current eight income questions for the foreseeable future. However, within the eight question limit we have identified a number of places where wording changes would improve reporting. We also suggest replacing one question with a new question to improve the coverage of income sources.

Earnings. With respect to wages, the small print on the questionnaire says to report amounts before deductions for taxes, bonds, dues, or other items. A better list of inclusions that would fit in the same space would be: taxes, retirement, health insurance or other deductions. The instructions could mention additional deductions that have become very common, such as flexible spending, dependent care, and transportation benefits. The goal remains to obtain gross income before any and all deductions. Under self-employment income, the ACS questionnaire (unlike the CPS ASEC) explicitly includes partnerships along with proprietorships. People who performed any additional work—such as consulting—that they would report on their tax returns as self-employment should be instructed to include such income here.

Retirement Income. There is currently no small print under Social Security, but it would be useful to add a note to ask respondents to report the amount before deductions for taxes or Medicare premiums. SSI also has no small print either, but a note reminding respondents to include both federal and state payments could improve reporting. For both Social Security and SSI the instructions should make clear that benefits received by a household member on behalf of a child should be included in the adult member's income (no income is assigned to children under age 15). For other retirement income, the first step to obtaining improved reporting is to reword what is currently the pension question to add distributions from IRAs and 401(k) plans, that are currently not mentioned. Modifications to the instructions that are mailed to sample households would have to accompany such changes.

SSI and Public Assistance. Combining the public assistance question with SSI would free up a question that could be devoted to sources not explicitly mentioned in the ACS questions. In any case, "cash" should be added in front of any mention of public assistance in the questionnaire and instructions. Following our CPS ASEC recommendation regarding public assistance, we recommend that the Census Bureau add to the instructions for this item that respondents be sure to include benefits received by or on behalf of children.

Asset Income. The question on income from financial assets could be modified to replace "royalty income or income from estates and trusts" with "other investment, property or asset income." The instructions mention royalties and payments from an estate or trust fund, and they also mention mutual funds. The instructions should be changed to drop references to IRAs and Keoghs to eliminate any double-counting.

All Other Sources. The final question currently requests "any other sources of income received regularly," and gives four examples: veterans' payments, unemployment compensation,

child support, and alimony. If public assistance is combined with SSI, the first three items can be removed to a separate question, and alimony can be dropped. The catch-all question could then specifically mention other sources for inclusion here to create a more conventional "other income" question. Lastly, the use of the term "regularly" may discourage respondents from reporting income that they received for only part of the year. We would recommend that "regularly" be replaced with "during the past 12 months" to encourage more complete reporting of such sources.

Family Composition. The fact that the ACS does not identify relationships among persons who are unrelated to the householder severely limits the ability of users to construct unrelated subfamilies. Given the growing use of ACS data to construct alternative poverty measures for states and metropolitan areas, an expansion of the relationship data collected in the ACS would be welcomed by many users, and we recommend that the Bureau seriously consider such a revision when the opportunity presents itself.

3. SIPP and Other Subjects

Our recommendations with respect to SIPP are less specific than for the other Census Bureau surveys, since the re-engineering of the core SIPP as an annual survey makes the relevance of our empirical findings to the new instrument uncertain. Other suggestions that surfaced in the course of our analysis or in our previous study are also discussed below.

SIPP. A number of our recommendations regarding retirement income in the CPS ASEC could be applied to the SIPP as well. In particular, SIPP should make more use of the terms distribution and withdrawal in referring to the income taken from retirement accounts generally and should replace the regular versus lump sum distinction with something that more effectively differentiates between withdrawals for consumption and withdrawals for other purposes. To reduce the length of the SIPP questionnaire, the Census Bureau could explore a more streamlined approach to collecting interest and dividend income. Lastly, we recommend that the re-engineered SIPP capture at least as much household relationship information as does the CPS—specifically including all the enhancements that we recommended above.

Changing Retirement Systems and Measured Wealth. Surveys collecting data on wealth do not include the vested value of pension or Social Security coverage, but treat defined contribution accounts such as 401(k)s, 403(b)s, as well as IRAs, as personal assets. The magnitude of defined contribution retirement assets has increased greatly over the past 25 years, as employers have shifted away from the defined benefit plans, distorting changes over time in the distribution of wealth that are based on survey data. Research is needed to measure how the shift from defined benefit pensions to defined contribution systems has affected measures of wealth, especially measures of changing inequality of wealth. One approach would be to capitalize the vested value of pensions, which is likely to be much larger for persons with high earnings than for those with low earnings, and recalculate the change in the distribution of wealth over time with all retirement "assets" included. A simpler analysis might calculate Gini-coefficients of wealth as measured in surveys over the last 25 years, without as well as with retirement assets.

State and Local Government Retirement Benefits. Data on federal, state, and local government retirement payments are collected and published by the Governments Division of the U.S. Census Bureau. Traditionally, state and local retirement systems have been defined benefit or pension plans, and only data on such plans are collected. However, over the last few years increasing numbers of fiscally-pressed states and localities have created defined contribution retirement plans as alternatives or replacements for their traditional and unsustainable pensions. We recommend that

the Governments Division collect information on the contributions (both employee and employer) and payments of these relatively new public employee defined contribution retirement plans, just as it does with defined benefit plans.

IRA Distributions and Retirement Account Rollovers. There is no publicly available source of administrative data on amounts withdrawn or distributed from IRAs, nor are there any administrative data publicly available on flows between defined contribution accounts and IRAs, although IRS studies state that such flows are the major source of rollovers into IRAs. It would be highly desirable for IRS to routinely publish comprehensive statistics from Form 5498 and Form 1099-R showing contributions, withdrawals, payments and rollovers by type of IRA or retirement plan, as well as annual statistics from matched tax returns currently used by staff for special studies.

Timing of Income Data Collection. Our prior study produced an unexpected finding that allocation rates (and non-response rates) for the income questions in the ACS were higher in March, April, May and June than for other months. This suggests that changing the timing of the bulk of the CPS income supplement, from March to February, could significantly reduce overall and item non-response rates. Such a change would be a major structural shift but warrants further study to determine the stability of the pattern over time. A first step could be taken by replicating the earlier work on a current internal ACS file to determine if the monthly differentials in response rates have persisted. A second step would compare CPS ASEC income reporting among households responding in February, March, and April to confirm that the ACS results extend to this more relevant context.

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I. INTRODUCTION

Income is a critical variable for policy analysis, and policy makers rely heavily albeit not exclusively on household surveys to develop, evaluate, and refine the many federal and state programs that are designed to supplement the income that individuals and families receive from employment and/or retirement savings. In December 2008, Mathematica Policy Research completed a report that compared the methods and results of collecting and processing income data in eight surveys (see Czajka and Denmead 2008). Funded by the Office of the Assistant Secretary for Planning and Evaluation (ASPE) in the Department of Health and Human Services (HHS), Income Data for Policy Analysis: A Comparative Assessment of Eight Surveys presented extensive, comparative estimates of income and measures of data quality across the eight surveys. By design, the report stopped short of making formal recommendations for improving the collection of income data either broadly or for individual surveys. However, using these findings to develop such recommendations is the obvious next step. To this end, the U.S. Census Bureau and ASPE contracted with Mathematica to produce additional analyses and develop recommendations designed to assist the Census Bureau in improving the collection of income data in its household surveys in three specific ways: (1) enhancing the collection of data on retirement income, (2) revising the definition of family units, and (3) optimizing both the degree of question detail and the topics for detailed income information among the many income sources. This report presents the findings and recommendations that were generated by this research, in which three Census Bureau surveys are examined: (1) the Current Population Survey Annual Social and Economic Supplement (CPS ASEC), (2) the Survey of Income and Program Participation (SIPP), and (3) the American Community Survey (ACS).

At the Census Bureau's request, the bulk of our analysis and recommendations focus on the CPS ASEC, which has been the official data source for estimates of household income and poverty

in the U.S for half a century. The other surveys, the SIPP and ACS, are of more recent overall design than the income supplement in the CPS ASEC. The SIPP is currently undergoing a major redesign, with reduction in interview frequency from three times to once a year. While it is likely that the redesigned SIPP will perform differently with respect to income measurement than the current SIPP analyzed in this report, recommendations regarding content and the way that particular sources are identified can be applied to SIPP just as well as to the CPS. The ACS has severe constraints on the income measurement sections, dictated by general legal requirements, the sample design, and the mode of administration (primarily mail-out, mail-back). Nevertheless, we offer a number of recommendations for enhancing the income data collected in the ACS, recognizing that no increase in the number of income questions can be made in the near term, but that questions can be reworded or changed somewhat.

Our work on this project was guided by two overarching principles. The first is that important surveys must be periodically reviewed and updated to avoid obsolescence and mis-measurement. We recognize the difficulty of keeping surveys current and the challenge of securing the resources to conduct periodic, in-depth reviews and to develop and implement the revisions resulting from such reviews. At the same time, piecemeal additions and adjustments (the pattern with the CPS ASEC for decades) address short-term needs but have often been counter-productive in the long run. This report addresses the basic structure of the CPS ASEC, and evaluates and determines how it can be modified and updated to reflect on-going social, economic, and financial changes. The second principle is that survey resources (which include not only field costs and post-processing costs but respondent time) must be allocated in proportion to the importance of components of income, with the greatest amount of resources applied to the most important components. As the value added by additional components declines, there is some level beyond which any further detail should be dropped. The ultimate goals expressed in this second principle may be summed up as balance, focus, efficiency, and cost-effectiveness. Unless this principle is applied in practice, the instrument may grow to an unwieldy length, and new resources may not be allotted to the most important components of income as new income components are added.

In applying the first principle, we find that to bring income measurement in the Census Bureau's household surveys into the 21st century requires taking account of changes in job mobility, the emergence of new forms of non-Social Security, non-pension retirement income that will supplant more traditional retirement sources in the future, and the decline in importance of certain other sources of income. It also requires acknowledging trends in living arrangements by reconsidering the way that household members are formed into families for the purpose of measuring the incidence of poverty. In applying the second principle, we show the critical need to focus survey resources on the most important components of income, where importance is defined both by the overall distribution of income by source and by its distribution within levels of relative income. Although the current income module is long, most of the questions would generate very few dollars even if they worked as well as possible, and nearly a third of the aggregate income that the survey measures is produced by imputation. Key here are findings from our earlier research, summarized in Chapter II, that strongly suggest that reducing the overall number of questions in the CPS ASEC and the SIPP while refocusing their content might have little adverse effect on the quality of responses, and might also reduce item nonresponse. Fewer questions might also reduce respondent fatigue, eliciting more accurate responses in a shorter interview, with improved data on topics such as health insurance that occur toward the end of the interview

Our recommendations are presented after the analysis in each substantive chapter and regrouped and extended in the concluding chapter. Chapter II provides relevant background on the measurement of income and poverty in the Census Bureau's household surveys. Chapter III presents estimates of CPS ASEC income by source, which underlie the next three chapters, which present most of our empirical findings. Chapter IV focuses on earned income. The chapter reviews the approach that is used to collect data on earnings in the CPS ASEC, compares estimates among

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the three surveys, and then examines the components of reported earnings in the CPS ASEC and SIPP. Based on these empirical findings, several recommendations for improving the collection of earnings data in the CPS ASEC are presented. Chapter V examines retirement income, beginning with a review of the key sources of retirement income and how their relative importance is changing. The chapter then compares estimates of retirement income from the CPS ASEC with the superior estimates from SIPP and from another survey-the Survey of Consumer Finances, conducted by the Federal Reserve Board. After presenting additional findings on elements of retirement income measurement in the CPS ASEC, the chapter concludes with recommendations for improving the collection of retirement income data in the CPS ASEC, SIPP, and the ACS. Chapter VI looks at the remaining sources of income collected in the CPS ASEC, providing comparative estimates across surveys. The recommendations at the end of the chapter give particular attention to the relative importance of these additional sources and what this might imply about measurement. Chapter VII takes up issues involving the family unit in poverty measurement, exploring the implications of expanding the family concept in different ways. Consequences for both the quality of the data collected and the resulting estimates of poverty are considered. Chapter VIII summarizes our principal findings and presents the full set of recommendations.

II. MEASUREMENT OF INCOME AND POVERTY IN THE CPS: BACKGROUND

As a context for the empirical analysis presented in Chapters III through VII, this chapter reviews key aspects of the measurement of income and poverty in the CPS ASEC, and has a more limited discussion of income measurement in the SIPP and the ACS. The chapter discusses the collection of income data, the official approach to measuring poverty, and the modifications introduced by a new Supplemental Poverty Measure, followed by an overview of income measurement in the other two surveys. The final two sections discuss the role of population estimates in the measurement of aggregate income, noting differences among the surveys, and then reviews key findings from our earlier research that helped to frame the objectives of the present study.

A. Collection of Income Data

While the CPS is the official source of monthly data on the employment status of the U.S. population, the survey has also collected income data for more than 60 years. Once a year, the CPS collects detailed annual income data for the prior calendar year, in the ASEC supplement. The supplement, the survey's universe and respondents, and the sources of income collected are described below.

1. The ASEC Supplement

The ASEC supplement, which is sponsored by the Census Bureau, is the source of official estimates of income and poverty for the U.S. The supplement is administered to all CPS respondents in March of each year and to a supplemental sample of Hispanic households that have completed their CPS sample rotation. As part of a sample expansion in 2002, the ASEC supplement is also administered to a subset of the CPS households in February and April. The term ASEC dates from the sample expansion, which rendered the term "March supplement" obsolete.¹ In addition to income, the ASEC supplement collects information on household and family composition at the time of the survey, employment during the prior calendar year, migration, and health insurance coverage.

2. Universe and Respondents

The nominal universe for the CPS ASEC is the civilian noninstitutional population, but the survey universe includes active duty military living with one or more related civilians age 15 or over, on or off base. While active duty military are excluded from the universe for the monthly labor force estimates, their adult civilian family members are included in the labor force statistics and, therefore, their housing units must be included in the sample. The active duty military who are included in the CPS ASEC sample are included in the estimates of income and poverty that are prepared from the supplement.

The CPS ASEC interviews a single household respondent to collect data about all household members 15 and older (and a small amount of data on younger children). The need to complete the labor force survey within a two-week period limits extended call-backs, which might be needed to conduct multiple interviews within a household. When households include more than a single, nuclear family, a single respondent may not be familiar with all of the annual amounts by individual

¹ Officially, the March supplement was known as the Annual Demographic Survey and the dataset the Annual Demographic File prior to 2002.

income sources that the CPS ASEC requests. This may contribute to item nonresponse or inaccurate answers, but we are not aware that this particular aspect of CPS ASEC income data collection has been studied, and given the time constraints of the survey, this is not an area where the Census Bureau can consider a change in practice.

3. Sources of Income Collected

Table II.1 lists the individual sources of income about which data are collected in the CPS ASEC. Major sources are broken out into their component sources, showing the maximum level of source detail that can be obtained from the survey. Based on this classification there are 21 major sources and 13 component sources for a total of 31 unique sources (a major source with component sources is not counted as a unique source). The income received from these sources constitutes "Census money income."

Most of the sources listed in Table II.1 correspond to survey questions in the ASEC income module, but this is not true in every case. For example, types of pensions are requested in follow-up questions asked about household members who were reported to have received retirement income or survivor's income. The measurement of individual sources is described in Chapters IV, V, and VI.

B. Poverty Measurement: The Official Approach

As the source of official statistics on poverty in the U.S., the CPS ASEC reflects and to some degree implicitly defines the official concepts through its measurement of family composition and income. Thus we use the terms CPS family and CPS money income in describing the official measure of poverty. In reviewing the official approach to measuring poverty, we distinguish between and separately discuss the unit of analysis for poverty measurement, the concept of family income, and the poverty thresholds to which family income is compared in determining poverty status.

1. Unit of Analysis

Poverty is defined and measured at the family level except for individuals who do not reside with family members. If a family is poor, then all the members of the family are considered poor.

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Below we discuss the concept of the CPS family used in the official measure of poverty, and we explain how family composition is defined in relation to annual income. Poverty measurement does not encompass all members of the population, and we identify the segments of the population that lie outside the universe for official poverty measurement.

a. The Census Family

The basic sampling unit for the CPS is the household or occupied dwelling unit. Based on the CPS ASEC, the Census Bureau publishes extensive statistics on household income. Median household income is a widely cited statistic. For a given household, household income is the combined income of all household members 15 and older. However, poverty measurement is based on the family rather than the entire household. Following established Census Bureau practice, families consist of related persons within the household, where relationship is defined as based on blood, marriage, or adoption.

Within each household, one person is the householder, in whose name the dwelling unit is owned or rented. If the householder has relatives (related by blood, marriage, or adoption) living in the household then he or she and these relatives are the primary family. If the householder has no relatives present, then he or she is considered a non-family householder.

Household members not related to the householder but to each other constitute an unrelated subfamily if they are married to each other or are parent and child. In this case the child(ren) must be under 18, never married and not the parent(s) of other children in the household. No other relationships (or ages) are treated as an unrelated subfamily. Thus two adult siblings or a parent and adult child will be treated as unrelated individuals, and a mother, her daughter under 18, and the daughter's child will be treated as one unrelated subfamily (the daughter and child) and one unrelated individual (the older mother). These inconsistencies in the CPS family concept for primary families and for subfamilies are a function of the very limited relationship data that were collected for persons unrelated to the householder when the official poverty measure was established in 1969.

Redefining unrelated subfamilies to incorporate the more extensive relationship data later added to the CPS would change the poverty measure, and the Census Bureau is not authorized to do so.

The CPS also identifies subfamilies within the primary family, but all members of the primary family are treated as a single unit in the official measure of poverty. Related subfamilies are defined the same way as unrelated subfamilies but include only persons related to the householder

Another relevant aspect of the CPS family definition involves the treatment of persons who are living elsewhere temporarily. Students who are temporarily living at school are counted as members of the family with which they usually reside, and the CPS does not conduct interviews in school dormitories at all. Because this treatment of students differs from the residency rule that is used in the decennial census and the ACS, we use the term CPS family rather than census family to describe the family concept used in the CPS ASEC and the official measure of poverty.

b. Composition at a Fixed Point in Time

Over time, family composition is not fixed. Families form, add members, lose members, and break up or dissolve. Because the family plays a critical role in poverty measurement by determining whose incomes should be combined and compared to a common poverty threshold, the point in time chosen to ascertain family composition affects measured poverty. The official poverty measure defines family composition at a fixed point in time—specifically, the time of the CPS ASEC interview. Each family member's income for the prior calendar year is included in determining the family's income for the prior year, even though some of them may not have been members of the family during part or even all of that year. Likewise, the incomes of persons who were members of the CPS ASEC family for part or all of the prior year but are no longer members at the time of the interview are not included. Thus the income of a spouse who died or moved away from the CPS ASEC sample member before the interview is not included in determining that sample member's poverty status for the prior year. If a couple married the week before the survey, their family income for the survey reference year is the sum of their separate incomes in the prior calendar year, even though they may have lived apart for some or all of the year. Similarly, if a couple divorced the month before the survey and the former wife is in the CPS sample, her income for the purpose of poverty measurement is her own income for the prior year. If she had no income of her own—that is, if her former husband provided all of the couple's income—then her income for the survey reference year is zero, even though an absence of income did not remotely describe her economic circumstances during the prior year.

Defining family composition at a fixed point in time greatly simplifies the measurement of poverty and reduces the amount of data that must be collected for the prior year, but in cases where family composition did change between the start of the prior year and the interview, this simplification can result in a misrepresentation of a family's economic well-being during the prior year. Czajka and Denmead (2008) explored the implications of different approaches to defining family composition over time, and we examine some related issues in Chapter VII.

c. Persons outside the Poverty Universe

Reflecting the universe of the CPS ASEC, poverty is defined only for members of the resident civilian non-institutional population plus those members of the armed forces on active duty who reside with adult civilian family members.² However, there is one additional exclusion from the official poverty universe as an artifact of the survey process. Income information is not collected for persons under 15 (except for certain benefits that an adult receives on behalf of children), and therefore children under 15 who are not living with relatives cannot be assigned a poverty status and are excluded from the poverty universe. That is, their poverty status is undefined.

2. Family Income

Putting these pieces together, for poverty measurement, family income is the total income from the sources listed in Table II.1 that all persons who were members of the CPS family at the ASEC

² The incomes of active duty military personnel who are living with adult, civilian family members are included in their families' incomes, and the armed forces personnel themselves are counted as family members.

interview received during the prior calendar year—regardless of where or with whom they may have been living throughout the year.

3. Thresholds

The poverty threshold for a family of a given size and composition represents the amount of money that the family would have to spend in a year to purchase minimally adequate food, clothing, shelter, and a little more. Defined in the 1960s based on food expenditure data from that period and an earlier study relating food expenditures to a broader set of necessities, the thresholds have been updated since that time only for inflation. In other words, the thresholds used to measure poverty today are the same thresholds that were created in the 1960s—just converted to today's dollars. The Census Bureau is responsible for updating and publishing the poverty thresholds.

Most if not all assistance programs that use the "poverty level" to define income eligibility use "poverty guidelines", a variant on the official poverty thresholds, which are calculated by ASPE at the beginning of each calendar year and are a simplification of the poverty thresholds. For example, unlike the thresholds, the guidelines do not differentiate between child and adult family members nor between elderly and non-elderly heads of households.³

While the official poverty thresholds are defined for an annual reference period, the concept of income relative to poverty is often applied to monthly income. Most means-tested assistance programs use monthly income to determine eligibility. A monthly threshold is simply 1/12 the annual threshold, without adjustment for seasonality.

³ The poverty thresholds—and the guidelines that are derived from them—include only a nominal amount for medical expenditures, which have grown tremendously as a share of family expenditures since the 1960s and are much higher for the elderly than for younger persons. This may be their most glaring weakness, but is partially offset by the exclusion of non-cash benefits including all health insurance, Medicare and Medicaid from Census money income.

C. Supplemental Poverty Measure

In 2009, the Office of Statistical Policy in the Office of Management and Budget formed an interagency working group to develop recommendations for creating a new Supplemental Poverty Measure that would address many of the limitations of the official measure.⁴ The new measure would not replace the official measure, nor would it be used to determine eligibility for any program, but it would give concrete expression to the Census Bureau's continuing efforts to improve the measurement of poverty—more so than the multiple, experimental measures that the Census Bureau released previously (and will continue to release in the future).

Reflecting in large part the recommendations issued in 1995 by a National Academy of Sciences panel, the Supplemental Poverty Measure departs from the official poverty measure in several key respects (Interagency Technical Working Group on Developing a Supplemental Poverty Measure 2010). Among them it:

- Adds the cash value of some non-cash assistance to Census money income; this includes nutrition, energy, and housing assistance
- Converts the income concept from money income to disposable income by subtracting payroll taxes and federal and state income taxes as well as work-related expenditures for child care and commuting
- Takes partial account of medical expenditures by subtracting from disposable income the cost of health insurance premiums and out-of-pocket medical expenses
- Revises the poverty thresholds to make use of current data on expenditures for food, clothing, shelter, and utilities, and incorporates an adjustment to shelter costs to differentiate among renters, owners paying a mortgage, and owners no longer paying a mortgage
- Expands the family concept to include unmarried partners and unrelated children who are cared for by the (primary) family

The first Supplemental Poverty Measure produced under this initiative was released in the fall of

2011, not long after the publication of the official measure.

⁴ This description is from a notice that appeared in the Federal Register (Vol. 75, No. 101, pp. 29513 to 29514) on May 26, 2010.
The Working Group did not provide as much guidance with respect to family composition as it did with respect to the other dimensions of the new measure. One goal of this project is to provide assistance to the Census Bureau in further developing the new family concept.

D. Income Measurement in Other Census Bureau Surveys: An Overview

We include two other Census Bureau household surveys besides the CPS ASEC in our examination of income measurement: the SIPP and the ACS. Here we provide a brief overview of their collection of income data and how it differs from that of the CPS ASEC.

1. Survey of Income and Program Participation

SIPP was designed to serve multiple objectives. Among these were the estimation of program eligibility and the estimation of short-term income dynamics. To address these goals SIPP collects monthly income from most of the sources that it measures, through interviews at four-month intervals, in which respondents are asked to report on the income received in each of the preceding four months. The frequency of interviews and the monthly data collection should improve the reporting of income that is received on an irregular basis—for example, from periodic short-term jobs or benefits received for part of the year. There is evidence from SIPP, however, that collecting income at such a detailed level has adverse effects on reports of income received on a steady basis—particularly from employment (see Roemer 2000). In addition to collecting income by month, SIPP attempts to interview every adult sample member although, in practice, SIPP accepts many proxy interviews. When successful, however, this contrasts with the CPS's use of a single household respondent. In theory, this could lead to improved reporting—especially in large households, where no single respondent is likely to have full knowledge of all household members' incomes, and certainly not by month and source.

The 2008 SIPP panel public use files include up to 68 individual income amounts for each person 15 and older at the time of each interview. These income sources are listed in Table II.2.

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Despite this greater level of detail than we find in the CPS ASEC, there are sources for which the

SIPP collects less detail than the CPS ASEC:

- SIPP does not separate self-employment earnings into farm and non-farm (although, in theory, one could use the industry reported for each self-owned business to produce such a breakdown)
- SIPP does not separate retirement, survivor, and disability pensions but collects a single, combined amount from each of five types of employers, in addition to what it collects for Social Security and Railroad Retirement
- Most other retirement, disability, or survivor benefits that are not identified as pensions are combined in a single variable
- SIPP no longer captures income from estates or trusts in a separate variable (formerly income type 37), so such income cannot be pooled with rent and royalties as it is in the CPS ASEC; income from estates and trusts is now included, inexplicably, with other government income
- SIPP does not collect educational assistance

Areas where SIPP captures sources or detail not picked up in the CPS ASEC include the following:

- SIPP collects lump sum income from selected sources; lump sum income is not collected in the CPS
- SIPP collects interest from 6 different types of accounts and collects dividends from 4 different types of accounts; in each case, separate amounts are requested from own and joint accounts; the CPS, by contrast, collects one interest total and one dividends total for each adult
- SIPP collects income from six additional, minor sources that do not appear to be included in specific CPS ASEC sources; we classify these as "other income" in Table II.2

These and other differences will be discussed further in Chapters IV through VI in the context of

comparing CPS ASEC and SIPP estimates of income by source.

2. American Community Survey

The ACS was designed to replace the decennial census long form by collecting the same type of data on a rolling basis rather than only once every ten years. Since 2005, the ACS has collected data from approximately 2 million households each year. A group quarters sample, including the institutionalized population, was added in 2006, making the ACS representative of the entire resident population of the U.S.

The ACS collects data throughout the year, with a sample allotted to each month. Initially, each sample household is sent a questionnaire that is to be completed and returned by mail. If a household does not return its questionnaire within a reasonable period of time, the Census Bureau will attempt to contact the household for a telephone interview. Households that do not respond to the telephone follow-up are subsampled, with one-third being designated for intensive in-person follow-up and the remaining two-thirds removed from the sample. The weighted response rate is around 97 percent. About two-thirds of the total responses are submitted by mail—that is, completed without the assistance of an interviewer.

For income, the reference period is the past 12 months, which the Census Bureau interprets as the 12 months ending the calendar month prior to the interview. For a family interviewed in January, then, the reference period for annual income is the previous calendar year. For a family interviewed in December, the reference period for income is the 12-month period beginning in December of the previous calendar year and ending in November. For a given survey year, therefore, the reference period for income spans a 23-month period centered on the prior December. In the income statistics that the Census Bureau publishes from the ACS, reported incomes are indexed to the calendar year in which the interviews were conducted. Poverty is handled in a different but equivalent way. Unadjusted income is compared to poverty thresholds that reflect the actual reference period of each family's reported income. Thus the annual income collected from a family that was interviewed in January would be compared to an annual poverty threshold for the preceding calendar year, and the annual income collected from a family that was interviewed in December would be compared to an annual poverty threshold for the 12 months beginning the previous December.

The ACS collects income for eight sources, which are listed in Table II.3. Four of the eight sources combine two or more individual sources. Sources that are collected in the CPS ASEC but not named specifically in the ACS questionnaire or instructions are regular income from a 401(k) or

equivalent plan, worker's compensation, educational assistance, and the set of sources listed in Table II.1 as other retirement/survivors/disability benefits, which include income from paid-up life insurance, accident or disability insurance, Black Lung benefits, state temporary sickness benefits, and any other retirement, disability, or survivor benefits.

E. Population Estimates by Survey: A Determinant of Aggregate Income

The aggregate income estimated by a survey is a function of not just the income that is reported by respondents or imputed to individuals and families but the population estimates that are incorporated into the sample weights. For reasons that we will explain, CPS ASEC, SIPP, and ACS estimates of annual income for the same calendar year reflect narrowly different population totals. In addition, the three surveys produce somewhat different distributions of families by income relative to poverty. These distributional differences are relevant to the comparisons of income by poverty level presented in several of the later chapters. In addition, we find that estimates of aggregate income differ depending on whether we apply person weights to person-level income or apply family weights to income that has been summed to the family level.

1. Population Size

While all three surveys provide estimates of calendar year 2009 income, the estimates represent the population at three different points in time. The 2009 ACS is weighted to July 1, 2009 while the 2010 CPS ASEC is weighted to March 1, 2010. As a longitudinal survey designed for both crosssectional and multi-year panel estimation, SIPP has both monthly cross-sectional weights and prospective longitudinal weights. To weight the retrospective 2009 calendar year data that we assembled for SIPP sample households present in December 2009, we used the survey's December 2009 calendar month weights, which have a reference date of December 1. In addition to these differences in reference period, there are differences in the population controls to which the three surveys were weighted. The population estimates used to weight the SIPP and the ACS are produced at a later date and reflect more current information on births, deaths, and migration than those that are used to weight the CPS ASEC.

Most of the tables in this report group people into families and unrelated persons—the unit of measurement for poverty and, therefore, a suitable unit of analysis for income. Differences among the surveys in their estimates of the total number of households and how the members of households are assigned to families compound the differences in population controls and survey reference periods. Most notably, the ACS does not collect relationship information for people who are unrelated to the householder, and the ACS treats college students living away from home as belonging to separate households (both the CPS ASEC and SIPP place such students at their parents' homes until they move out more permanently). As a result of these differences, the ACS will tend to have proportionately more unrelated individuals than the other two surveys although this result is muted for estimates of families and unrelated individuals by poverty status, as students living in dormitories are considered outside the poverty universe in the ACS. The differences in family counts that result from all of these factors have implications for estimates of aggregate income that should be noted, and in presenting some of our findings below we take the additional step of expressing income amounts per capita or per family.

The number of families and unrelated individuals represented by the three surveys range from 129.4 million for the ACS to 132.5 million for the CPS ASEC, with SIPP falling between the two at 131.1 million (Table II.4). The ACS population is 97.7 percent of the size of the CPS ASEC population, and the SIPP population is 98.9 percent of the size of the CPS ASEC population. Even if there were no differences in mean income among the three surveys, these differences in the family counts would tend to depress the SIPP estimates of aggregate income relative to the CPS ASEC and depress the ACS estimates of aggregate income relative to both other surveys.

Differences in reference period account for only a small part of the observed differences in the family counts. If we interpolate July 1 and December 1 values from the 2009 and 2010 CPS ASEC

population totals, we obtain figures that are 2.0 million higher than the July 1 ACS population total and 1.0 million higher than the December 1 SIPP population total. The difference between the CPS ASEC and the ACS is what we would expect if the control dates for the two surveys were two years apart instead of just nine months while the difference between the CPS ASEC and the SIPP is what we would expect if the control dates were more than a year apart instead of just three months.

2. Population Distribution by Relative Income

When families and unrelated persons are distributed by family income relative to poverty, the biggest difference across the surveys occurs among families and persons below 100 percent of poverty. SIPP has 1.9 million fewer families and unrelated persons in poverty than the CPS ASEC and 2.3 million fewer than the ACS. In the next higher category, 100 to 150 percent of poverty, this pattern reverses. SIPP has the most families and persons in this category, and the ACS has the fewest, but the difference between the two surveys is much smaller at 0.8 million than it is below poverty. SIPP has the fewest families and individuals in this category, and the CPS ASEC has the most, but the difference between SIPP and the CPS ASEC is less than 0.2 million. In the next lower category, 250 to 400 percent of poverty, SIPP has 1.0 million more than the CPS ASEC and 1.4 million more than the ACS.

Because of the differences in the overall population size among the surveys, the percentage distribution of families and unrelated persons by income relative to poverty can tell a somewhat different story than the numerical distribution. Consistent with the numbers, however, the ACS has the highest percentage of families and unrelated individuals in poverty at 16.3 percent compared to 15.6 percent for the CPS and 14.4 percent for the SIPP. This is somewhat surprising because half of the 2009 ACS sample is reporting income from 2008 rather than 2009, and overall incomes were higher in 2008 (and the poverty rate lower) than in 2009. Estimates of the near poor (between 100 and 150 percent) are very similar, but about two-thirds of the difference between the SIPP and ACS

poor is offset by SIPP's greater number of families and unrelated individuals between 100 and 200 percent of poverty. Finally, the ACS has the highest fraction of families above 400 percent of poverty while the CPS ASEC has the lowest, even though the latter had the largest number of families and unrelated persons at this income level. When we compare aggregate incomes across the categories of relative income, it will be important to consider how the distributions of families and unrelated persons differ across the three surveys.

3. Family versus Person Weights

Because income is recorded at the person level in all three surveys, but can be summed to the family or household level, an estimate of aggregate income for the entire population can be calculated from person-level income using person weights, from family-level income using family weights, or from household-level income using household weights. The results will differ because the person weights of householders and family reference persons (and their spouses)—which are also the household and family weights, respectively—tend to be lower than the person weights of other adults in the household.⁵ Assigning person weights to personal income yields higher totals than assigning family or household weights to the same income.

The full impact is shown in Table II.5. In both the 2009 and 2010 CPS ASECs, aggregate income calculated with person weights is nearly a full percentage point higher than aggregate income calculated with family weights. In the 2010 file the difference is \$58.3 billion or 0.73 percent. In the 2009 file the difference is \$78.5 billion or 0.97 percent. For consistency, all of the estimates of aggregate income presented in this report were calculated with person weights.

⁵ This outcome is a result of the application of coverage adjustments, which differentially increase the weights of males—particularly young adults—and the fact that CPS ASEC weighting scheme constrains the weights of husbands and their wives to be equal. With this constraint, much of the coverage adjustment for males is forced onto other household members and adult males living alone.

F. Prior Findings

Comparisons of survey income data with benchmarks constructed from administrative records show that surveys tend to understate total income for most sources (see, for example, Vaughan 1993, Coder and Scoon-Rogers 1996). This suggests that when one survey is compared to another, the survey that captures more income is probably doing a better job of measurement. Of the five surveys examined by Czajka and Denmead (2008) that cover the general population and are conducted by the federal government, the CPS ASEC captured the most total income. Yet the ACS, working with a much more limited set of income questions, captured 98 percent as much as the CPS ASEC, and if income was expressed per capita, to adjust for the fact that the ACS represented, on average, a population nine months earlier than the CPS ASEC, the difference between the two surveys was reduced to 0.2 percent.

However, the performance of the two surveys was not identical for all categories of income sources. The CPS ASEC captured 2.8 percent more earned income (that is, wages and salaries plus self-employment income) than the ACS, and over 9 percent more Social Security. But with only five broad questions, the ACS captured a combined total of eight percent more than the CPS ASEC from all other income sources. Furthermore, while the CPS ASEC and the ACS captured the same total income from the bottom quintile, the differences by source of income were larger than for all income levels. Specifically, the ACS captured 17 percent more of all other income sources in the bottom quintile. Lending support to the suggestion that the CPS ASEC may be picking up too little earnings from the bottom quintile, the SIPP, which was explicitly designed to improve income measurement for lower income families, captured 14 percent more earned income than the CPS ASEC over the same calendar year, 12 percent less Social Security, and 15 percent more for all non-Social Security uncarned income.

Findings from Czajka and Denmead underscore the critical importance of earned income in measures of family income and poverty. Earnings comprised at least 82 percent of total income in the five Federal surveys, and over 90 percent of total income for those under 65. Yet the CPS ASEC obtains less information about work activity and sources of earnings in the prior calendar year than it does about Social Security, property income or an extensive list of program and transfer payments other than retirement (some of them now extremely rare) that make up only three percent of total income and less than ten percent of the income of the poor. Other income surveys collect data separately on multiple jobs during the year, as well as multiple self-employment activities. The CPS ASEC collects detailed data only on the longest-duration work activity during the calendar year, be it a job or farm or non-farm self-employment, which is supplemented by summary questions to capture any additional earnings. If interview topics were selected in order of their contribution to measuring income and poverty, the time allocated to earnings and to newer forms of retirement payments would be increased while questions on infrequent income sources would be combined for an overall reduction in interview time.

The success of the ACS in measuring income with a small battery of questions strongly suggests that reducing the overall number of questions in the CPS ASEC and the SIPP while refocusing their content might have little adverse effect on the quality of data collected. It is quite possible that an improvement in data quality would be achieved if these changes to the instrument also reduced item nonresponse and possibly unit nonresponse and attrition as well. The CPS ASEC will likely always have higher nonresponse rates than other surveys with identical questions, because it is a supplement to the basic monthly labor force survey. Some of the monthly survey respondents decline to participate in the ASEC, and their responses are wholly imputed. However, even when these whole person imputations were excluded, Czajka and Denmead still found substantially lower allocation rates for each ACS income source and for aggregate income by quintile than in the CPS ASEC. With minor exceptions, this pattern held for individual sources within each income quintile as well. This finding raises the possibility that question simplification may also reduce item nonresponse. Fewer questions may also reduce respondent fatigue and elicit more accurate responses throughout the interview and improve the data for topics such as health insurance coverage that are covered toward the end of the interview.

We continue this theme in the next chapter, where we examine the distribution of income by source in the CPS ASEC and, for comparison, the SIPP, to establish the relative importance of the sources the CPS ASEC measures.

Table II.1. Sources of Income Collected in the 2010 CPS ASEC

Major Source and Component Sources
Wage and salary earnings
Non-farm self-employment income or loss
Farm self-employment income or loss
Unemployment compensation
Worker's compensation
Social Security benefits
Railroad Retirement benefits
Supplemental Security Income
Public assistance or welfare (cash) ^a Welfare or welfare-to-work (or state program name) General assistance Emergency assistance/ short-term cash assistance Some other program
Veterans' payments Income from a pension Pension from a company or union Federal civil service pension U.S. military retirement pay State or local government pension
Regular withdrawal from an IRA/Keogh/401(k)
Other retirement/survivors/disability benefits Income from paid-up life insurance or annuity Accident or disability insurance Black Lung State temporary sickness Other retirement, disability or survivor benefits
Interest
Dividends
Rent, royalties, estates, or trusts
Child support
Alimony income
Financial assistance from others
Educational assistance
Other income not included above ("anything else")

^a Respondents are asked to identify the source of public assistance, and the four types shown here are listed, but the public use file identifies only TANF/AFDC, other, or both.

Table II.2. Sources of Income in the 2008 SIPP Panel

Major Source and Component Sources

Wage and salary earnings Earnings from job 1 Earnings from job 2 Income from moonlighting or extra jobs beyond two Severance pay

Self-employment earnings Income from first business Income from second business Profit from first business Profit from second business

Unemployment compensation State unemployment compensation Supplemental unemployment benefits

Worker's compensation

Social Security benefits Social security for self (15+) Social security for a child/children

Supplemental Security Income Federal SSI for adult Federal SSI for child/children State SSI

Public assistance or welfare Public assistance General assistance or general relief Other welfare

Veterans' payments

Income from a pension Pension from a company or union Federal civil service pension U.S. military retirement pay State government pension Local government pension

Regular withdrawal from an IRA/Keogh/401k

Railroad Retirement benefits

Employer disability payments

Other retirement/survivors/disability benefits Income from paid-up life insurance or annuity Other retirement, disability or survivor benefits Own sickness, accident, or disability insurance

Table II.2 (continued)

Major Source and Component Sources

Interest

Interest from joint checking account Interest from own checking account Interest from joint savings account Interest from own savings account Interest from joint money market account Interest from own money market account Interest from joint CDs Interest from own CDs Interest from jointly held municipal/corporate bonds Interest from own municipal/corporate bonds Interest from jointly held government securities Interest from own government securities

Dividends

Amount of dividend check from jointly held mutual funds Amount of dividend check from solely held mutual funds Dividends credited to jointly held margin account Dividends credited to solely held margin account Amount of dividend check from jointly held stocks Amount of dividend check from solely held stocks Dividends credited to jointly held margin account (stocks) Dividends credited to solely held margin account (stocks)

Net rental income or royalties

Net rent on property owned jointly with spouse Net rent on property owned solely Net rent on property owned jointly with others Royalties

Income from other financial investments

Child support

Alimony income

Financial assistance from others

Other income

Casual or incidental earnings Miscellaneous cash income Other government income^a Foster child care payments Interest received on mortgage(s) owned with spouse Interest received on mortgage(s) owned solely

Pension/retirement lump sum Pension/retirement lump sums Lump sum withdrawal from an IRA/Keogh/401(k)

Other lump sum income

^a Includes income from estates or trusts, which is collected separately and was previously reported as a separate amount but is now combined with other government income.

Table II.3. Sources of Income in the 2009 ACS

Source of Income

Wage and salary earnings

Self-employment earnings

Interest, dividends, net rental income, royalty income, or income from estates and trusts

Social Security or Railroad Retirement

Supplemental Security Income

Public assistance or welfare

Retirement, survivor, or disability pensions^a

Any other sources of income received regularly^b

^a The ACS instructions mention benefits from companies and unions, federal, state, and local governments, and the U.S. military. They also ask the respondent to include regular income from annuities and IRA or Keogh retirement plans but do not mention 401(k) plans.

^b Other sources named in the ACS question are Veterans' payments, unemployment compensation, child support, and alimony. The instructions add all other regular payments such as Armed Forces transfer payments, assistance from private charities, and regular contributions from persons not living in the household.

			Family Income as Percent of Poverty					_
Survey	Population Control Date	< 100%	100% to < 150%	150% to < 200%	200% to < 250%	250% to < 400%	400% +	Total
			Thousands of Families and Unrelated Persons					
2010 CPS ASEC 2008 SIPP Panel 2009 ACS	3/1/2010 12/1/2009 7/1/2009	20,723 18,813 21,121	12,874 13,068 12,305	13,002 12,987 11,840	11,959 11,473 10,759	27,720 28,725 27,279	46,188 46,006 46,083	132,467 131,072 129,386
		SIPP and	SIPP and ACS Families and Unrelated Persons as Percent of CPS					
2008 SIPP Panel 2009 ACS	12/1/2009 7/1/2009	90.79 101.92	101.51 95.58	99.89 91.06	95.93 89.97	103.62 98.41	99.61 99.77	98.95 97.67
			Percentage Distribution					
2010 CPS ASEC 2008 SIPP Panel 2009 ACS	3/1/2010 12/1/2009 7/1/2009	15.64 14.35 16.32	9.72 9.97 9.51	9.82 9.91 9.15	9.03 8.75 8.32	20.93 21.92 21.08	34.87 35.10 35.62	100.00 100.00 100.00

Table II.4.Families and Unrelated Persons by Calendar Year 2009 Family Income as Percent of Poverty:
CPS ASEC, SIPP, and ACS

Source: Mathematica tabulations of 2010 CPS ASEC, 2008 SIPP Panel, and 2009 ACS.

Note: All estimates reflect the household (non-institutional) population and exclude unrelated persons under 15. The ACS estimates also exclude college students living in dormitories, as they are considered outside of the poverty universe.

Survey	Family Weight ^a	$PersonWeight^{\flat}$	Difference	Percentage Difference	
2010 CPS ASEC	8,014,306	8,072,590	58,284	0.73	
2009 CPS ASEC	8,050,708	8,129,180	78,472	0.97	

Table II.5. Comparative Estimates of CPS ASEC Aggregate Income with Family versus Person Weights, Calendar Years 2008 and 2009

Source: Mathematica tabulations of 2009 and 2010 CPS ASEC.

^a Based on the application of the family weight (the person weight of the family head) to the sum of family members' personal incomes (family income).

^b Based on the application of each person's weight to that person's income.

III. CPS ASEC INCOME BY SOURCE

In Chapter II we listed the unique sources of income that are identified in the CPS ASEC public use file, and we noted that these sources do not correspond directly to the dollar amounts requested from household members in the survey instrument. Here we examine the structure of the CPS ASEC income module, focusing in particular on the amounts that are requested and their relationship to the sources listed in Chapter II. Section A describes the structure of the income module in the 2010 CPS ASEC questionnaire and the specific items of income that it requests. Section B examines the relative importance of these sources for families and unrelated individuals. Section C looks at levels of nonresponse, which vary by source, and Section D presents estimates of the extent to which each of 20 sources occurs in combination with other sources.

A. Structure of the CPS ASEC Income Module

The CPS ASEC income module requests up to 31 individual amounts for each household member 15 and older. These 31 amounts are shown in Table III.1 along with the questions that were used to elicit these amounts in the 2010 CPS ASEC and the major sources of income with which the individual amounts are associated. Most of the amount questions are preceded by screeners that first ask if anyone in the household received such income and, if so, which household members did so. The "you" in each question would be replaced by the household member's name.

While annual amounts are requested, respondents are invited to respond in whatever units of time they can best describe their income (for example, weeks or months). Additional questions then establish the number of time units in which they received such income, and the interviewer's computer then calculates an annual amount, which the respondent is asked to confirm. This sequence is repeated for each reported amount.⁶

⁶ Only the final annual amount appears on the public use file, with no indication of how it was obtained. To investigate how months are reported, it would be necessary to access the Census Bureau's internal files.

Some amounts that are collected separately are combined on the public use file. For example, three different types of unemployment compensation are collected, but only their total is reported on the public use file. In other cases a single amount representing one of multiple types of income is collected, and the source is identified separately on the public use file. For example, public assistance income may represent one of four different types of assistance. The most complex arrangement involves retirement, survivor's, or disability income. In each case two or three amounts are requested, representing one of 8 or 10 different sources. Some of the same sources are included under each general type of income. For example, pensions from private employers or unions may be reported as retirement income, and/or survivor's income, and/or disability income.⁷ In Chapter II we focused on the individual sources, and a private employer pension was one such source. In this chapter we focus instead on the way that the data are collected.

Questions about employment and the earnings from such employment are asked first. The amount is asked for earnings from the longest job, which is usually wage and salary employment but may be self-employment in either a business or farm. Up to three additional amounts are then requested—one each for all other wage and salary earnings, all other non-farm self-employment income, and all other farm self-employment income. Up to three amounts are collected for unemployment compensation, representing different types of benefits, although only the total is reported on the public use file, so the amounts collected from each type cannot be ascertained with these data. For most of the remaining sources of income only a single amount is requested, the major exception being survivor, disability, or retirement income, as noted above.

B. How Much Do Individual Sources Contribute to Total Income?

To develop an empirical basis for assessing the relative importance of the different sources of income collected by the CPS ASEC, we examine, in turn, the relative frequency with which families

⁷ Multiple payments, for different reasons, are possible in most pension systems, although not in Social Security, e.g., a widow may receive her own earned pension as well as survivor's benefits from her deceased husband's employer.

and unrelated persons—the units for which the official estimates of poverty are calculated—received each source of income, the relative amount of total income that they received from each source, and the mean amount received from each source among those who received that source. The 31 sources that the CPS collects are reduced to 26 on the public use file. We collapse the multiple reports of survivor's, disability, and retirement income into one source of each type because very few people report more than one such amount, as we will show in Chapter V. We also divide the earnings from the longest job into wage and salary income, non-farm self-employment income, and farm selfemployment income and then combine the result in each case with other reported earnings of the same type. This reduces four earnings amounts to three, giving us 20 sources in all.

Because the CPS ASEC is known to understate some of these sources of income relative to the SIPP, we conclude this section with a comparison of SIPP and CPS ASEC estimates of the relative frequency of these sources of income.

1. Receipt of Income by Source

Table III.2 shows the percent of families and unrelated individuals receiving each of the 20 sources of income by poverty class. Based on recipiency, the dominant source of income is earnings, comprised of wages and salaries and farm and non-farm self-employment income, followed by interest and Social Security income. Overall and within each poverty class, wage and salary earnings were the most common source, with the percent of families and unrelated individuals (hereafter just "families") who received such income rising with the level of family income. In all, 73.2 percent of families received wage and salary income in 2009, but this varied from a low of 40.4 percent among families below poverty to a high of 90.0 percent among families above 400 percent of poverty. Another 8.2 percent of families had non-farm self-employment earnings while just 1.3 percent had farm earnings. Like wage and salary earnings, both types of self-employment earnings grew in frequency as family incomes rose.

Interest was reported by 44.3 percent of all families, with recipiency rising steeply with rising income. Only 12.3 percent of families in poverty reported interest income compared to 69.6 percent of families above 400 percent of poverty. Interest was less common than Social Security income in the bottom three poverty classes even though Social Security income—reported by 25.2 percent of families—was only half as common as interest income among all families. Unlike earnings and interest, the receipt of Social Security income did not rise with relative income across the entire distribution. Rather, the receipt of Social Security income peaked for those with income between 100 and 150 percent of poverty, and then declined with increasing income. Its incidence among families above 400 percent of poverty was only 1.3 percentage points higher than its incidence among families below poverty.

Two other sources of income were received by at least 10 percent of families: dividends and retirement income. Dividends were not nearly as common as interest, being reported by 16.1 percent of families, with receipt rising as family income increased. Retirement income was received by 11.5 percent of families. For this source the probability of receipt increased with rising family income but leveled off above 250 percent of poverty.

Of the other less-common income sources, 13 in all, some increased with rising income, some decreased, and some were essentially flat. The only source that rose progressively with relative income was the combination of net rent, royalties, estates, or trusts. We would expect means-tested benefits to decline with rising income, and we see that pattern for Supplemental Security Income (SSI) and public assistance. Child support and financial assistance from others also declined with rising income but not as steeply as SSI and public assistance.

2. Contributions to Total Income by Source

Another way to measure the relative importance of the 20 income sources is to compare their shares of total income. Table III.3 shows the percentage distribution of total income by source for all families by poverty class.

Wage and salary earnings dominated all sources, of course, accounting for 48.4 percent of the income of the poor and 79.9 percent of the income of those above 400 percent of poverty. Social Security, which partially replaces earnings for the elderly, was the next largest source at all income levels except the highest, where non-farm self-employment and other retirement income accounted for higher fractions of total income. Social Security accounted for only 7.1 percent of total income among all families compared to 75.9 percent for wage and salary earnings. Among the poor, however, Social Security income represented 20.3 percent of total income, and among the near poor (100 to 150 percent of poverty), where it peaked, Social Security provided 24.9 percent of total income. Among families above 400 percent of poverty, however, Social Security contributed only 3.6 percent of total income while other retirement income contributed 3.9 percent, and non-farm self-employment earnings contributed 4.5 percent.

It is striking how little most other sources contributed to the total income received by families at each level of relative income. Outside of wage and salary earnings and Social Security income, only one other source contributed as much as five percent of the total in any income class. SSI accounted for 9.2 percent of the total income of poor families, but it declined in importance very rapidly as income rose. Among the near poor, SSI was only 3.3 percent of total income, and it represented only half a percent of total income overall.

Among the poor, 5 other sources each provided at least two percent of total income while 12 sources provided less than that. With the downturn in the economy, unemployment or strike benefits accounted for 5.0 percent of the total income of the poor; this figure was less than 2 percent a year earlier.⁸ Non-farm self-employment earnings represented another 4.5 percent. Each of the other sources—public assistance or welfare, educational assistance, and child support—accounted for 2.3 to 2.6 percent of the total income of the poor. Aside from non-farm self-employment income, which represented 3.2 to 4.5 percent of total income at every income level, each of these sources declined in importance as income rose. Above poverty, no more than 5 sources of income contributed as much as 2 percent of total income in any income class, with the sources changing some as income rose.

Several sources contributed uniformly little to total income. Alimony accounted for less than 0.1 percent of total income in any income class. Other income was nearly as unimportant, providing 0.3 percent of the income of the poor but no more than 0.11 percent in any other income class. Other sources that provided less than one percent in every income class were farm self-employment earnings, worker's compensation, veterans' payments, survivor's income, and disability income. Dividends and the combination of net rent, royalties, estates, or trusts exceeded that level only among families above 400 percent of poverty.

3. Mean Income by Source

Table III.4 reports mean income from each source among recipient families by family income as a percent of poverty. With the exception of SSI, the means for every source generally increase with relative income, with only an occasional small decline for particular sources between particular income classes. For most sources—all but the ones that are means-tested—this is understandable and consistent with what we observed for aggregate income. But for sources that decline in

⁸ The standard error of the difference is just a small fraction of a percent, due to the size of the CPS ASEC sample and the 50 percent overlap in sample addresses between ASEC samples one year apart.

frequency as family income rises and especially for public assistance, where benefits should decrease and ultimately disappear as income increases, this result makes little sense. Even for SSI, where the mean benefit peaks among families between 200 and 250 percent of poverty, the average benefit in the top income class is 50 percent higher than the average benefit in the bottom income class. The high means among families with incomes above 400 percent of poverty almost certainly reflect misreported sources or poor imputations—the latter a subject that we will revisit.

Setting aside the unexpected patterns by relative income, we find that even among sources that are negligible overall, the mean amounts among families that received such sources are comparable to those for most other sources. The smallest mean in all but one poverty class belongs to interest income, which is the second most common source but, clearly, one that provides comparatively little income to its many recipients. Dividends have the second lowest mean in every poverty class except the poor, where both interest and net rent and royalties are lower. These findings suggest that, within an income class, most of the sources that people report receiving make relatively similar contributions to their family income. The differential rates of receipt by source are what determine their importance in the aggregate.

4. Estimates from SIPP

The Census Bureau started the 2008 SIPP panel in September 2008, so the first full calendar year for which the survey provides estimates is 2009. Our review of SIPP income data focuses on 2009, then—as does our comparison of SIPP with the CPS ASEC and ACS below. We constructed a file of calendar year 2009 data for all persons who were present in sample households in December 2009. All such sample members had December 2009 cross-sectional sample weights that were post-stratified to December 1 population controls. For each sample member we constructed 2009 calendar year income by summing his or her monthly income, by source, for January through December. If a sample member was missing from the sample for any month, we compensated for the missing income data by applying a ratio adjustment to the income summed over the months that

the sample member was present. Poverty for the calendar year was estimated using the adjusted incomes for family members and unrelated individuals based on the composition of sample households in December 2009. Annual income for each family or unrelated individual was compared to the 2009 annual poverty threshold corresponding to the size and composition of the unit. This is analogous to the way that poverty is calculated in the CPS ASEC, where family composition is fixed at a point in time following the end of the reference year. For the CPS ASEC, however, family composition is fixed at the time of the interview, which is two to four months after the end of the reference year.

Table III.5 shows the percentage distribution of SIPP income by source for all families by poverty class. Some collapsing of the CPS ASEC sources identified in the earlier tables is necessary to align the SIPP sources with the CPS ASEC. SIPP does not separate self-employment into farm and non-farm, so Table III.5 present self-employment income as a single source. In addition, SIPP measures retirement income differently than does the CPS ASEC. To make these sources as comparable as possible between the two surveys, we have combined the sources that the CPS ASEC classifies as retirement, survivor's and disability income into a single source for SIPP. We have excluded the lump sum income that SIPP captures but the CPS ASEC does not, and we have created a separate source for income from other financial investments, which, in theory, should be included in CPS money income but is not captured in an obvious way. Conversely, SIPP does not collect any type of educational assistance. These adjustments yield 17 sources in all for SIPP.

In examining the SIPP results, we looked for sources commanding a greater share of total income in the SIPP than in the CPS ASEC, suggesting that the CPS ASEC could measure them more fully. We are particularly interested in minor sources that show very little income in the CPS ASEC. We see marked differences among some of the major sources. Self-employment accounts for nearly twice as large a share of total income in the SIPP as in the CPS while wage and salary earnings account for a smaller share of total income in the SIPP (combined earnings represent nearly the

same share of total income in the two surveys, however). Both Social Security and the combination of retirement, survivor's, and disability income account for somewhat larger shares of total income in the SIPP than in the CPS ASEC. However, interest represents three times as large a share of total income in the CPS ASEC as in the SIPP, while dividends are twice as large in the CPS ASEC.

Among minor sources we find only small differences in shares of total income, with each survey finding comparatively larger shares for some sources than the other survey. SIPP attributes more income to SSI and public assistance than does the CPS ASEC, but the CPS ASEC finds twice as much income due to rents, royalties, estates, or trusts as SIPP finds in rent or royalties alone. SIPP finds narrowly larger shares than the CPS ASEC in child support and alimony, but the CPS ASEC finds much more than the SIPP in financial assistance from others. At the same time, SIPP finds much more "other" income than the CPS ASEC, and the SIPP source, income from other financial investments, is even larger than other income. To the extent that there is a pattern, SIPP attributes larger shares of total income to entitlement programs and other income than does the CPS ASEC.

Despite the differences we have noted, the SIPP results do not alter out principal conclusion from the CPS ASEC analysis presented earlier. Wage and salary earnings dominate all other sources regardless of poverty level, but the sources that are next most important vary by poverty level. Most of the remaining sources of income collected in the two surveys account for a very small share of total income overall and at every poverty level.

C. Nonresponse to Income Questions by Source

Differential item nonresponse by source provides an indication that some sources are giving respondents more difficulty or that questions about them are considered more intrusive than others. We measure nonresponse for individual sources and across all sources by the proportion of aggregate dollars allocated (imputed) due to nonresponse. Table III.6 reports the percentage of total dollars allocated due to item nonresponse in the 2010 CPS ASEC.

Allocation due to item nonresponse was 21.7 percent overall—that is, 21.7 percent of total income was allocated due to item nonresponse. Item nonresponse showed substantial variation by source but relatively little by relative income except within some sources, and in those instances small sample sizes appear to be the likely explanation. The highest frequencies of allocation occurred for interest (60.2 percent) and dividends (54.6 percent). Farm self-employment income was next at 35.8 percent, followed by non-farm self-employment at 31.9 percent. By contrast, wage and salary earnings had an allocation rate of 19.3 percent. The lowest allocation rate—just 12.4 percent—belonged to other income. After other income, child support had the next lowest allocation rate at 14.2 percent. The allocation rates for SSI and unemployment or strike benefits were similarly low.

The high allocation rates for both farm and non-farm self-employment are easy to understand. Net income is a complex function of gross income and a variety of expenses, which respondents are not likely to know unless they have already prepared their tax returns for the survey reference year. For interest and dividends, the explanation is less simple. It is possible that respondents may not be familiar with the amounts because in most cases they are not paid directly to the owner or not paid in cash. However, Czajka and Denmead found that the ACS had an allocation rate of only 18.5 percent for property income, which consists of interest, dividends, net rental income, royalty income, and income from estates and trusts. For the same combination of income sources the allocation rate was 62.6 percent in CPS ASEC and 60.8 percent in the SIPP. In fact, Czajka and Denmead found that the amounts of property income actually reported and not allocated in the ACS were two-and-a-half times as large as the unallocated amounts reported in the CPS ASEC: \$256 billion as compared to \$99 billion.

CPS respondents who answer the monthly labor force questions may be unwilling to sit through the much longer ASEC supplement, or they may find that they are unable to answer the supplement questions for one or more household members. When little or no supplement data are collected for a household member—or an entire household—the Census Bureau imputes the entire supplement for that person or household, using as covariates the data collected in the monthly labor force questionnaire. Cases that were subject to these "whole person imputations" are identified in the field FL_665. Since these sample members do not have any imputation flags on their income data—as there was no item nonresponse—the FL_665 flag must be used in combination with the item nonresponse flags in order to identify all imputed values. To identify all cases with imputed values on a particular field one can simply add the cases flagged on FL_665 to those identified through imputation flags as having imputed (or allocated) values. We confirmed this with income data from both the 2009 and 2010 CPS ASEC files.

In the 2010 CPS ASEC, 10.5 percent of total income was allocated through whole person imputations (Table III.7). The fraction of income allocated in this manner does not vary by poverty level but does vary by source. Allocation rates by source ranged from 7.7 percent for survivor's income to 14.2 percent for farm self-employment earnings. This variation by source of income implies that sample members with substantial missing data for the supplement were different from those with more complete data from the supplement. Because the missing responses were imputed, however, the higher allocation rates for some income sources versus others do not necessarily imply that sample members with whole person imputations had, say, more non-farm self-employment earnings or less survivor's income than other sample members. We also find that while there was little variation in the allocation of total income by poverty class, individual sources occasionally had substantial variation. We note, for example, that the allocation rate for public assistance or welfare increased sharply above 200 percent of poverty, exceeding 40 percent for families above 250 percent of poverty. These allocations appear to involve small amounts imputed to a source that rarely occurs at these poverty levels.

Table III.8 reports the combined impact of allocation for item nonresponse and supplement nonresponse. Overall, 32.2 percent of total income was allocated. This ranged from a low of 22.7 percent for other income to a high of 72.5 percent for interest income. Dividends had a combined allocation rate above 60 percent while unemployment or strike benefits, SSI, public assistance, and child support had rates at or below 26 percent. High allocation rates identify income sources that require special attention in any revision of the CPS ASEC income questions.

Table III.9 reports allocation rates from the 2009 ACS, and, for comparison, Table III.10 reports allocation rates from the 2010 CPS ASEC mapped to ACS sources. For total income, ACS allocation rates continue to be less than half the allocation rates observed in the CPS ASEC, with 15.5 percent of total ACS income allocated compared to 32.2 percent in the CPS ASEC. The two surveys exhibit different patterns of allocation by income level, with allocation rates declining with rising income in the ACS but falling in the CPS. Among the poor, the 21.1 percent allocation rate in the ACS is about three-quarters of the corresponding rate in the CPS ASEC, but among families above 400 percent of poverty, the 13.9 percent allocation rate in the ACS is only 43 percent of the 32.6 percent allocation rate in the CPS ASEC. As in 2002, the ACS allocation rates show much less variation by source than do the CPS ASEC allocation rates. Most striking, the ACS allocation rate for interest, dividends, and other asset income was 14.0 percent versus 61.4 percent in the CPS ASEC. Also, the ACS allocation rate for retirement, survivor, or disability pensions was only 12.5 percent compared to 33.7 percent in the CPS ASEC. Among the poor, however, the ACS allocation rates for wage and salary and self-employment earnings, about 24 percent, were not far below the CPS ASEC allocation rates for these same sources, between 28 and 29 percent.

D. Income Sources in Combination

One way to reduce the number of questions in the income supplement without sacrificing source detail is to combine several sources under a single question that first establishes whether a sample member had any income from these sources and, if so, follows up with additional questions to determine the specific sources and amounts. The CPS ASEC uses this strategy for retirement, survivor, and disability income, and while the findings that we present in Chapter V indicate substantial underreporting for some of these sources, the notion of grouping related sources to collect data with fewer questions remains appealing—particularly for sources that occur infrequently.

To provide some empirical information to assist us in identifying subsets of income sources that might be grouped together, we produced two tabulations. The first tabulation indicates for each of the 20 major sources of income how often a family that reported this source also reported each of the other 19 sources. The second tabulation shows how many additional sources of income were reported, conditional on reporting each one of the 20 sources.

Income sources with high frequencies overall tend to have high conditional frequencies as well. For example, more than half of those reporting a source other than Social Security, SSI, survivor's income, or retirement income reported receiving wage and salary earnings, and at least 40 percent of those with all but a handful of sources reported interest income, with recipients of SSI and public assistance being the least likely to report interest (Table III.11). Given this pattern, we focus on identifying high conditional frequencies for income sources that are themselves comparatively rare. For instance, among families with alimony income, 32.8 percent also reported receiving child support, which is far above the frequency of child support for recipients of any other source of income. Alimony is far less common than child support (and becoming rarer with the passage of time), so even among recipients of child support the incidence of alimony income was only 3.0 percent, but that was far higher than the incidence of alimony conditional on any other source. Together these results provide a compelling argument for combining the two sources. Similarly, 41.7 percent of the families with income from rent, royalties, estates, or trusts also reported income from dividends while 16.5 percent of those with dividends also reported income from rent, royalties, estates, or trusts. Financial assistance from others was also much more common among recipients of educational assistance and public assistance or welfare than among recipients of other sources. Likewise, receipt of other income was highest among recipients of public assistance or welfare, and receipt of worker's compensation was much higher among recipients of disability income (and vice

versa) than among recipients of other sources. These findings suggest ways in which low frequency sources might be grouped together to reduce the number of income questions.

Turning to the second tabulation, we find considerable variation by source in how often families had few versus many additional sources of income. In particular, we find that some sources occurred most often with no more than one additional source while other sources occurred most often with at least three additional sources. The determining factor is whether the income source is likely to be the main source of support for a family or an ancillary or additional source of income to supplement the main source of support.

Of those families that reported wage and salary earnings, 30.3 percent reported no other source of income (Table III.12). SSI was similar: 26.0 percent of the families with SSI reported no other source. Previous research using CPS ASEC data has shown that a sizable fraction of the elderly report no income besides Social Security (Fisher 2007).⁹ Not surprisingly, then, we find that 17.3 percent of the families receiving Social Security reported no additional income. We also find that 14.4 percent of the families receiving public assistance or welfare and 12.9 percent of the families with either non-farm self-employment earnings or financial assistance from others reported no additional income. For wage and salary earnings, SSI, and public assistance or welfare at least 50 percent of the recipient families reported no more than one additional source of income, and more than 80 percent reported no more than two additional sources. For families receiving Social Security, the third most common source after wage and salary earnings and interest, 44.5 percent reported at most one other source of income, and 71.3 percent reported no more than two additional sources. One other source stood out in the same way. Among families receiving financial assistance from others, 46.2 percent received at most one other source of income and 76.2 percent

⁹ SIPP finds a much lower proportion of the elderly reporting only Social Security income (Fisher 2007).

reported no more than two additional sources. With families relying so heavily on one or two sources of income, it is important that these sources be measured accurately.

Conversely, there were only three sources for which at least half of the families who reported such income reported three or more additional sources. These were net rent, royalties, estates, or trusts (64.6 percent reported at least three additional sources); farm self-employment income (63.0 percent); and dividends from stocks or mutual funds (51.2 percent). Three other sources were very close to 50 percent in the proportion of families reporting at least three additional sources: other income (49.8 percent), survivor's income (49.6 percent), and retirement income (47.6 percent). For recipients of these sources, it is important to pick up the income from the most important of the additional sources in order to ensure the fullest accounting of total family income.

E. Conclusion

As a summary of this chapter and background for the next three chapters, Table III.13 shows the distribution of CPS ASEC total income by broad category and poverty level, using combinations of the 20 major sources shown in previous tables. Earnings, the subject of Chapter IV, account for over half of the income of poor families, rising to 85 percent of the income of families above 400 percent of poverty. Social Security in combination with retirement, survivor's, or disability income, the subject of Chapter V, accounts for more than 20 percent of the income of families below 250 percent of poverty and at least 8 percent of total income above that level. The remaining sources, which we summarize as asset income, government transfers, transfers between persons, and other income, and which are the subject of Chapter VI, account for over 20 percent of the income of the poor but progressively less as income rises. The dominance of earnings, even among the poor, is notable. Beyond that, the most important sources vary with relative income. Social Security and government transfers are nearly as important to the poor as earnings yet they account for only 5 percent of the total income of families above 400 percent of poverty. Asset income and transfers between persons exceed 2 percent of total income only at the top (assets) or bottom (transfers) of the income distribution. What the CPS ASEC picks up as other income never exceeds 0.3 percent of total income. Within these broad categories, individual sources are often very small. These patterns along with evidence presented in this chapter on how different sources occur in combination suggest ways in which the CPS ASEC income module could be redesigned to reduce its overall length. While Chapters IV and V focus on how to improve collection of the dominant sources of income, Chapter VI considers ways to improve the efficiency of the CPS ASEC income module.

Estimates of allocation rates indicate that nearly one-third of the income measured with the 2010 CPS ASEC was imputed. The highest rates of allocation were found on interest and dividends—two widely-held sources from which families tend to receive only small amounts. Self-employment earnings also had comparatively high nonresponse rates but were much less common than interest and dividends. Most other sources had allocation rates within a few percentage points of the overall rate. Changes to the survey instrument that reduce the level of nonresponse—particularly for sources that account for the largest share of income within a poverty class—would improve the value of the data collected.

Sequence	Initial Question(s) Used to Elicit Dollar Amounts	Associated Source	Notes
	What was your longest job during 2009?		
1a	How much did you earn from this employer before taxes and other deductions during 2009?	Earnings from longest job (if wage and salary)	а
1b	What were your net earnings from this business/farm after expenses during 2009?	Earnings from longest job (if business or farm)	
2	How much did you earn from all other employers before taxes and other deductions during 2009?	Other wage and salary earnings	
3	How much did you earn from (your own business/any other businesses) after expenses?	Other non-farm self-employment	
4	How much did you earn from your farm after expenses?	Other farm self-employment	
5	How much did you receive in State or Federal unemployment compensation during 2009?	Unemployment compensation	
6	How much did you receive in Supplemental Unemployment Benefits during 2009?	Unemployment compensation	
7	How much did you receive in Union Unemployment or Strike Benefits during 2009?	Unemployment compensation	
8	How much did you receive in Worker's Compensation during 2009?	Worker's Compensation	b
9	How much did you receive in Social Security payments in 2009?	Social Security	С
10	How much did you receive in Social Security payments for children in this household in 2009?	Social Security	с
11	How much did you receive in Supplemental Security Income payments in 2009?	Supplemental Security Income	
12	How much did you receive in Supplemental Security Income on behalf of children in 2009?	Supplemental Security Income	
	At any time during 2009, even for one month, did you receive any CASH assistance from a state or county welfare program such as (State Program Name)?		d
13	During 2009, how much cash assistance did you receive?	Public assistance	
	At any time during 2009 did you receive any Veterans' payments?		е

Table III.1. Individual Amounts Requested for Every Household Member 15 and Older: 2010 CPS ASEC

Table III.1 (continued)

Sequence	Initial Question(s) Used to Elicit Dollar Amounts	Associated Source	Notes
14	How much did you receive before deductions in 2009?	Veterans' payments	
	Did you receive any survivor benefits in 2009 such as widow's pensions, estates, trusts, insurance annuities, or any other survivor benefits (other than Social Security/VA benefits)?		f
15	How much did you receive (from first source) in 2009?	Survivor's income from first source	
16	How much did you receive (from second source) in 2009?	Survivor's income from second source	
17	How much did you receive (from third source) in 2009?	Survivor's income from third source	g
	Did you receive any income in 2009 as a result of your health problem (other than Social Security/VA benefits)?		h
18	How much did you receive (from first source) before deductions in 2009?	Disability income from first source	
19	How much did you receive (from second source) before deductions in 2009?	Disability income from second source	
	During 2009 did you receive any pension or retirement income from a previous employer or union, or any other type of retirement income (other than Social Security/VA benefits)?		i
20	How much did you receive (from first source) in 2009?	Retirement income from first source	
21	How much did you receive (from second source) in 2009?	Retirement income from second source	
22	How much did you receive (from third source) in 2009?	Retirement income from third source	g
	At anytime during 2009 did you:		
	Have money in any kind of money market fund, interest earning checking account, or savings account?		
	Have any Treasury notes, IRAs, certificates of deposit, or any other investments which pay interest?		
23	How much did you receive in interest from these sources during 2009, including even small amounts reinvested or credited to accounts?	Interest	
24	How much did you receive in dividends from stocks or mutual funds during 2009, including dividends that were reinvested?	Dividends	

Table III.1 (continued)

Sequence	Initial Question(s) Used to Elicit Dollar Amounts	Associated Source	Notes
25	How much did you receive in income from rent, roomers or boarders, estates, trusts, or royalties after expenses during 2009?	Rent, royalties, estates, or trusts	
26	How much did you receive in educational assistance during 2009?	Educational assistance	j
27	How much did you receive in child support payments in 2009?	Child support	
28	How much did you receive in alimony payments in 2009?	Alimony	
29	How much did you receive in regular financial assistance (from friends or relatives not living in this household) in 2009?	Financial assistance from others	
30	How much did you receive in income from hobbies, home businesses, farms, or business interests not already covered during 2009?	Other income	k
31	How much did you receive in income from any severance pay, welfare, emergency assistance, other short-term cash assistance, foster child care payments, or any other money income not already covered during 2009?	Other income	k

^a Earnings are reported for a single, longest job, either wage and salary employment or self-employment.

^b The source is requested; four possible sources are provided.

^c The reason for receiving Social Security benefits is requested; multiple possible answere are provided.

^d The type of program is requested; four are listed. The public use file identifies TANF/AFDC, other, or both.

^e The type of payment is requested; five are listed.

- ^fAmounts from up to three sources are requested from a list of 10.
- ⁹ Amount is included in the total on the public use file, but the source is not identified.

^h Amounts from up to two sources are requested from a list of 10.

ⁱ Amounts from up to three sources are requested from a list of eight.

^j The type of assistance is requested; five are listed.

^kA source specified by the respondent is requested.

		Family Income as Percent of Poverty					
Income Source	< 100%	100% to < 150%	150% to < 200%	200% to < 250%	250% to < 400%	400% +	Total
Wage and salary earnings	40.35	57.26	64.11	73.05	81.37	90.05	73.19
Non-farm self-employment earnings	6.13	6.65	6.84	7.04	7.68	10.65	8.23
Farm self-employment earnings	0.55	0.69	0.76	1.24	1.17	2.09	1.31
Unemployment or strike benefits	6.48	10.55	10.33	11.38	11.04	7.76	9.10
Worker's compensation	0.45	0.68	0.95	1.00	1.14	0.89	0.87
Social Security	18.34	36.77	36.27	31.42	26.56	19.65	25.25
Supplemental Security Income	10.24	7.20	4.01	2.83	1.99	0.85	3.67
Public assistance or welfare	5.58	2.20	1.03	0.81	0.31	0.09	1.36
Veterans' payments	0.67	1.37	2.10	2.02	2.46	2.66	2.07
Survivor's income ^a	0.65	1.34	2.74	2.92	2.76	2.33	2.16
Disability income ^a	0.71	1.34	1.46	1.30	1.22	1.09	1.14
Retirement income ^a	1.27	4.59	9.66	13.95	15.87	15.26	11.49
Interest	12.26	21.08	30.14	36.97	46.76	69.58	44.31
Dividends from stocks or mutual funds	2.16	3.72	6.44	9.48	13.44	31.78	16.08
Net rent, royalties, estates, or trusts	1.30	2.07	3.23	4.17	5.67	11.45	6.28
Educational assistance	5.60	6.11	6.81	6.39	5.98	5.21	5.78
Child support	5.01	4.91	4.19	4.13	3.97	2.02	3.58
Alimony income	0.15	0.27	0.31	0.26	0.31	0.27	0.26
Financial assistance from others	3.43	3.04	2.61	1.71	1.02	0.54	1.65
Other income ^b	0.98	0.73	0.86	0.76	1.02	1.08	0.97

 Table III.2.
 Percent of Families and Unrelated Individuals Receiving Each Source of Income in 2009, by Family Income as a Percent of Poverty: 2010

 CPS ASEC

^a Separate amounts from as many as two sources are reported in the public use file.

^b Additional income, which may be from one of the preceding sources but is mostly undefined.
Income Source	< 100%	100% to < 150%	150% to < 200%	200% to < 250%	250% to < 400%	400% +	Total
Total Income	100.00	100.00	100.00	100.02	100.00	100.00	100.00
Wage and salary earnings	48.45	54.16	59.39	66.53	73.82	79.92	75.94
Non-farm self-employment earnings	4.54	4.42	4.12	3.21	3.32	4.47	4.19
Farm self-employment earnings	-0.14	0.22	0.27	0.23	0.21	0.37	0.32
Unemployment or strike benefits	4.99	4.52	3.23	2.83	1.83	0.58	1.23
Worker's compensation	0.31	0.29	0.34	0.28	0.22	0.09	0.14
Social Security	20.26	24.89	22.21	16.58	9.94	3.61	7.11
Supplemental Security Income	9.18	3.33	1.34	0.81	0.39	0.07	0.49
Public assistance or welfare	2.35	0.39	0.19	0.08	0.03	0.00	0.08
Veterans' payments	0.45	0.55	0.61	0.56	0.57	0.41	0.46
Survivor's income ^a	0.43	0.41	0.56	0.64	0.56	0.45	0.48
Disability income ^a	0.57	0.64	0.54	0.41	0.32	0.15	0.24
Retirement income ^a	0.79	1.18	2.44	3.69	4.91	3.90	3.86
Interest	0.82	0.69	1.02	0.92	1.16	2.66	2.15
Dividends from stocks or mutual funds	0.23	0.23	0.26	0.43	0.58	1.47	1.15
Net rent, royalties, estates, or trusts	0.05	0.18	0.36	0.36	0.44	1.09	0.86
Educational assistance	2.56	1.60	1.35	1.21	0.86	0.39	0.63
Child support	2.30	1.04	0.76	0.61	0.47	0.13	0.31
Alimony income	0.08	0.08	0.09	0.06	0.07	0.07	0.07
Financial assistance from others	1.47	1.08	0.82	0.48	0.21	0.08	0.21
Other income ^b	0.30	0.11	0.10	0.10	0.09	0.06	0.08

Table III.3. Percentage Distribution of Total Income by Source in 2009, by Family Income as a Percent of Poverty: 2010 CPS ASEC

^a Separate amounts from as many as two sources are reported in the public use file.

^b Additional income, which may be from one of the preceding sources but is mostly undefined.

Income Source	< 100%	100% to < 150%	150% to < 200%	200% to < 250%	250% to < 400%	400% +	Total
Total Income (including zero)	7,335	18,882	26,295	34,638	50,220	119,712	60,941
Wage and salary earnings	8,806	17,861	24,361	31,545	45,563	106,251	63,234
Non-farm self-employment earnings	5,435	12,561	15,830	15,816	21,679	50,303	31,049
Farm self-employment earnings	-1,914	6,001	9,462	6,378	8,897	21,329	14,764
Unemployment or strike benefits	5,645	8,090	8,221	8,601	8,338	9,001	8,224
Worker's compensation	5,112	8,078	9,510	9,641	9,767	11,569	9,862
Social Security	8,101	12,781	16,102	18,279	18,795	22,011	17,163
Supplemental Security Income	6,578	8,727	8,770	9,898	9,780	9,629	8,067
Public assistance or welfare	3,085	3,382	4,733	3,625	4,885	3,808	3,386
Veterans' payments	4,978	7,527	7,705	9,684	11,556	18,631	13,584
Survivor's income ^a	4,826	5,738	5,372	7,548	10,166	23,323	13,694
Disability income ^a	5,962	8,962	9,716	10,800	13,210	17,050	12,612
Retirement income ^a	4,592	4,853	6,634	9,153	15,534	30,617	20,478
Interest	491	617	889	865	1,241	4,574	2,953
Dividends from stocks or mutual funds	797	1,146	1,071	1,567	2,168	5,536	4,362
Net rent, royalties, estates, or trusts	293	1,668	2,903	3,009	3,909	11,419	8,391
Educational assistance	3,358	4,929	5,222	6,551	7,191	9,048	6,669
Child support	3,369	4,000	4,779	5,079	5,976	7,782	5,265
Alimony income	3,971	5,435	7,999	7,670	11,967	28,854	15,826
Financial assistance from others	3,137	6,690	8,211	9,645	10,162	17,658	7,759
Other income ^b	2,230	2,897	3,118	4,403	4,636	7,165	4,966

 Table III.4.
 Mean Amount Per Family and Unrelated Individual Receiving Each Source of Income in 2009, by Family Income as a Percent of Poverty:

 2010 CPS ASEC

^a Separate amounts from as many as two sources are reported in the public use file.

^b Additional income, which may be from one of the preceding sources but is mostly undefined.

	verty						
Income Source	< 100%	100% to < 150%	150% to < 200%	200% to < 250%	250% to < 400%	400% +	Total
Total Income	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Wage and salary earnings	54.20	53.68	60.09	64.59	69.47	73.75	70.87
Self-employment earnings	0.04	4.70	5.74	4.99	5.80	10.68	8.86
Unemployment compensation	5.52	4.69	3.90	2.49	1.69	0.50	1.20
Worker's compensation	0.36	0.43	0.22	0.35	0.20	0.10	0.15
Social Security benefits	17.33	23.39	19.52	17.17	11.30	4.41	7.87
Supplemental Security Income	10.12	5.80	2.68	1.36	0.52	0.08	0.72
Public assistance or welfare	3.61	0.59	0.39	0.15	0.06	0.01	0.13
Veterans' payments	0.43	0.48	0.47	0.56	0.71	0.43	0.49
Retirement, survivor's, or disability income	1.39	3.00	4.23	5.87	7.66	7.06	6.75
Interest	0.49	0.42	0.47	0.51	0.58	0.77	0.69
Dividends	0.33	0.15	0.22	0.32	0.43	0.71	0.59
Net rental income or royalties	0.05	0.18	0.08	0.20	0.29	0.54	0.43
Income from other financial investments	0.01	0.08	0.15	0.04	0.16	0.44	0.34
Child support	3.99	1.58	1.06	0.90	0.58	0.15	0.43
Alimony income	0.14	0.17	0.09	0.09	0.14	0.07	0.09
Financial assistance from others	1.22	0.34	0.29	0.09	0.03	0.01	0.06
Other income ^a	0.77	0.31	0.40	0.33	0.36	0.30	0.33

 Table III.5.
 Percentage Distribution of Total Income by Source in 2009, Excluding Lump Sum Income, by Family Income as a Percent of Poverty: 2008

 SIPP Panel

^a Includes incidental or casual earnings, miscellaneous cash income, foster child care payments, other government income, income from estates and trusts (which SIPP combines with other government income), and mortgage interest received.

	Family Income as Percent of Poverty								
Income Source	< 100%	100% to < 150%	150% to < 200%	200% to < 250%	250% to < 400%	400% +	Total		
Total Income	19.3	20.2	21.3	21.4	20.8	22.1	21.7		
Wage and salary earnings	18.6	18.3	18.5	19.1	18.9	19.5	19.3		
Non-farm self-employment earnings	24.0	26.3	27.3	25.0	33.0	32.8	31.9		
Farm self-employment earnings	41.6	41.7	24.8	40.1	36.9	35.9	35.8		
Unemployment or strike benefits	14.7	16.0	14.1	13.4	13.7	14.8	14.4		
Worker's compensation	14.6	15.4	14.9	13.4	18.6	18.6	17.3		
Social Security	22.9	23.1	26.8	27.9	24.4	22.7	24.3		
Supplemental Security Income	13.1	13.6	19.4	14.7	19.4	21.6	15.8		
Public assistance or welfare	12.3	13.0	10.4	9.0	12.5	18.7	12.2		
Veterans' payments	21.5	15.3	15.6	27.4	19.4	20.4	20.2		
Survivor's income ^a	21.3	23.5	19.7	24.4	25.7	21.9	22.8		
Disability income ^a	29.7	28.1	23.6	20.2	20.7	28.2	25.3		
Retirement income ^a	31.6	27.9	25.3	30.4	26.6	23.1	24.3		
Interest	56.2	61.1	59.9	55.9	54.0	61.0	60.2		
Dividends from stocks or mutual funds	42.5	58.9	57.7	53.1	50.6	55.0	54.6		
Net rent, royalties, estates, or trusts	-7.5	21.6	19.7	12.6	17.2	24.3	23.3		
Educational assistance	18.3	20.2	20.6	16.1	21.2	23.8	21.5		
Child support	10.2	14.4	14.2	16.7	14.7	14.8	14.2		
Alimony income	17.1	19.6	31.2	48.6	22.7	21.7	23.4		
Financial assistance from others	25.2	22.1	24.2	15.5	22.2	27.9	23.6		
Other income ^b	18.0	8.9	19.3	3.7	9.2	13.4	12.4		

 Table III.6.
 Percent of Aggregate Dollars Allocated Due to Item Nonresponse for Each Source of Income in 2009, by Family Income as a Percent of Poverty: 2010 CPS ASEC

^a Separate amounts from as many as two sources are reported in the public use file.

^b Additional income, which may be from one of the preceding sources, identified in a recipiency flag.

Family Income as Percent of Poverty 100% to 150% to 200% to 250% to Income Source < 100% < 150% < 200% < 250% < 400% 400% + Total Total Income 9.5 8.9 10.3 11.1 10.7 10.5 10.5 Wage and salary earnings 9.7 9.0 10.5 11.4 10.8 10.5 10.5 9.5 9.9 11.6 Non-farm self-employment earnings 5.0 10.0 13.5 11.8 Farm self-employment earnings -2.2 13.7 14.2 -8.4 22.0 9.5 14.3 Unemployment or strike benefits 8.6 9.1 8.3 10.1 9.1 10.1 9.4 Worker's compensation 8.5 8.6 17.5 13.2 14.8 16.0 14.8 9.5 Social Security 9.4 8.9 9.8 10.1 9.4 9.3 Supplemental Security Income 9.2 7.9 8.1 16.9 10.3 10.6 13.3 Public assistance or welfare 8.5 5.8 18.5 19.7 47.0 40.8 13.3 Veterans' payments 10.9 11.4 14.5 12.1 8.9 13.3 12.2 Survivor's income^a 9.7 9.9 8.6 7.1 7.7 4.0 10.8 Disability income^a 7.2 7.9 16.3 9.2 13.2 12.3 12.0 Retirement income^a 10.4 12.0 10.0 9.9 10.5 9.0 9.4 Interest 11.7 9.1 9.5 13.2 11.1 12.5 12.3 Dividends from stocks or mutual funds 16.3 8.6 8.9 12.3 11.6 13.0 11.0 Net rent, royalties, estates, or trusts -1.0 4.2 4.7 7.9 13.5 11.2 11.2 Educational assistance 13.3 10.1 11.3 13.3 9.5 9.3 10.3 Child support 11.9 9.4 8.8 7.8 13.0 11.0 11.1 Alimony income 1.2 1.4 0.0 6.7 0.5 10.3 7.2 Financial assistance from others 7.6 5.2 9.1 8.3 11.5 14.0 3.6 Other income^b 12.7 5.1 7.4 10.3 17.7 16.2 10.3

Table III.7. Percent of Aggregate Dollars Allocated Due to Supplement Nonresponse for Each Source of Income in 2009, by Family Income as a Percent of Poverty: 2010 CPS ASEC

^a Separate amounts from as many as two sources are reported in the public use file.

^b Additional income, which may be from one of the preceding sources, identified in a recipiency flag.

Income Source	< 100%	100% to < 150%	150% to < 200%	200% to < 250%	250% to < 400%	400% +	Total
Total Income	28.7	29.1	31.6	32.5	31.5	32.6	32.2
Wage and salary earnings	28.3	27.2	29.0	30.5	29.6	30.0	29.9
Non-farm self-employment earnings	29.0	36.3	36.9	34.9	46.4	44.5	43.5
Farm self-employment earnings	33.2	39.5	46.7	49.6	50.6	50.2	50.0
Unemployment or strike benefits	23.4	25.1	22.4	23.5	22.7	24.9	23.8
Worker's compensation	23.1	24.0	32.5	26.6	33.4	34.6	32.1
Social Security	32.4	32.0	36.6	38.0	33.7	32.1	33.8
Supplemental Security Income	22.3	21.5	30.0	22.8	32.7	38.5	26.1
Public assistance or welfare	20.8	18.8	28.9	28.7	59.6	59.4	25.5
Veterans' payments	32.4	26.7	30.1	39.5	28.3	33.6	32.4
Survivor's income ^a	31.0	27.5	30.5	34.3	34.2	29.0	30.5
Disability income ^a	36.9	35.9	39.9	29.4	33.8	40.5	37.4
Retirement income ^a	42.0	39.8	35.3	40.3	37.1	32.0	33.8
Interest	67.9	70.2	69.4	69.1	65.1	73.5	72.5
Dividends from stocks or mutual funds	58.8	71.2	69.4	66.1	61.6	63.5	63.5
Net rent, royalties, estates, or trusts	-8.4	25.8	24.4	20.5	30.8	35.5	34.4
Educational assistance	31.5	30.4	31.9	29.4	30.7	33.1	31.7
Child support	22.1	23.9	23.0	24.5	25.8	27.7	25.2
Alimony income	18.4	21.1	31.2	55.3	23.2	32.0	30.6
Financial assistance from others	32.8	27.2	35.7	29.5	25.8	37.0	31.9
Other income ^b	30.8	19.2	24.4	21.5	25.5	20.8	22.7

Table III.8. Percent of Aggregate Dollars Allocated for Each Source of Income in 2009, by Family Income as a Percent of Poverty: 2010 CPS ASEC

^a Separate amounts from as many as two sources are reported in the public use file.

^b Additional income, which may be from one of the preceding sources, identified in a recipiency flag.

Income Source	< 100%	100% to < 150%	150% to < 200%	200% to < 250%	250% to < 400%	400% +	Total
Total Income	21.1	21.0	21.1	19.9	17.7	13.9	15.5
Wage and salary earnings	24.4	22.7	22.1	20.9	18.2	13.9	15.6
Self-employment earnings	24.0	23.7	23.3	23.8	23.3	18.3	19.6
Interest, dividends, net rental income, royalty income,							
or income from estates and trusts	27.2	21.6	21.3	20.3	17.9	13.3	14.0
Social Security or Railroad Retirement	18.5	19.5	19.9	17.2	14.7	12.4	15.4
Supplemental Security Income	14.1	15.5	21.0	22.5	21.3	20.4	17.9
Public assistance or welfare	16.3	17.1	18.6	17.5	18.5	13.8	16.6
Retirement, survivor, or disability pensions	19.1	17.3	17.9	16.0	14.4	11.3	12.5
Any other sources of income received regularly	11.8	11.3	12.6	12.3	12.3	10.6	11.4

Table III.9. Percent of Aggregate Dollars Allocated Due to Item Nonresponse for Each Source of Income in 2009, by Family Income as a Percent of Poverty: 2009 ACS

^a The question text adds not to include Social Security. The instructions ask the respondent to include retirement, survivor or disability benefits received from companies and unions, federal, state, and local governments, and the U.S. military. The instructions also ask the respondent to include regular income from annuities and IRA or KEOGH retirement plans but do not mention 401(k) plans for this or any other question. The general instructions for the income section ask the respondent not to include withdrawals from savings of any kind.

^b Sources named specifically are Veterans' payments, unemployment compensation, child support, and alimony, but the respondent is cautioned not to include lump sum payments such as money from an inheritance or the sale of a home. The instructions also ask the respondent to include all other regular payments such as Armed Forces transfer payments, assistance from private charities, and regular contributions from persons not living in the household.

Table III.10. Percent of Aggregate Dollars Allocated Due to Nonresponse for Each Source of Income in 2009, Mapped to ACS Sources, by Family Income as a Percent of Poverty: 2010 CPS ASEC

		Fa	mily Income as	Percent of Pov	erty			
Income Source	< 100%	100% to < 150%	150% to < 200%	200% to < 250%	250% to < 400%	400% +	Total	
Total Income	28.7	29.1	31.6	32.5	31.5	32.6	32.2	
Wage and salary earnings	28.3	27.2	29.0	30.5	29.6	30.0	29.9	
Self-employment earnings	28.9	36.5	37.5	35.9	46.7	45.0	44.0	
Interest, dividends, net rental income, royalty income, or income from estates and trusts	61.4	63.3	59.0	57.9	56.4	62.1	61.4	
Social Security or Railroad Retirement	32.4	31.9	36.6	38.0	33.8	32.2	33.8	
Supplemental Security Income	22.3	21.5	30.0	22.8	32.7	38.5	26.1	
Public assistance or welfare	20.8	18.8	28.9	28.7	59.6	59.4	25.5	
Retirement, survivor, or disability pensions ^a	38.9	37.8	35.8	38.4	36.8	32.0	33.7	
Other sources of income explicitly mentioned in the ACS and received regularly ^b	24.9	25.3	25.4	26.7	24.4	29.2	26.7	
Other sources of income not explicitly mentioned in the ACS and received regularly, as reported in CPS ^c	27.6	23.3	31.3	28.7	31.4	29.9	29.8	
Educational assistance (CPS only)	31.5	30.4	31.9	29.4	30.7	33.1	31.7	

^a The ACS instructions mention benefits from companies and unions, federal, state, and local governments, and the U.S. military. They also ask the respondent to include regular income from annuities and IRA or KEOGH retirement plans but do not mention 401(k) plans.

^b Other sources named specifically in the ACS question are Veterans' payments, unemployment compensation, child support, and alimony. The instructions add all other regular payments such as Armed Forces transfer payments, assistance from private charities, and regular contributions from persons not living in the household.

^c Other sources collected in the CPS but not named specifically in the ACS include income from paid-up life insurance (collected jointly with annuities and, therefore, included with pensions), workers' compensation, Black Lung benefits, and sources identified as other income. It is possible that ACS respondents could report Black Lung benefits among retirement, survivor, or disability pensions.

Income Source	Total Number with Source (1,000s)	Wage and salary earnings	Non-farm self-emplyment earnings	Farm self-employment earnings	Unemployment or strike benefits	Worker's compensation	Social Security	Supplemental Security Income	Public assistance or welfare	Veterans' payments	Survivor's income	Disability income	Retirement income	Interest	Dividends from stocks (mutual funds)	Net rent, royalties, estates, or trusts	Educational assistance	Child support	Alimony income	Financial assistance from others	Other income
Wage and salary earnings	97,832		7.62	1.55	7.21	1.03	12.12	1.90	0.97	1.43	1.17	0.86	6.62	49.81	16.20	6.19	6.25	4.31	0.32	1.42	0.93
Non-farm self-employment																					
earnings	11,326	65.79		8.80	4.65	0.64	14.93	1.59	0.76	1.46	1.33	0.71	8.34	57.63	21.66	12.96	5.68	3.70	0.33	1.61	0.94
Farm self-employment	1 900	02 01	55 OZ		6 65	1 5 1	10 /0	1.26	0.26	1 20	1 71	0.71	0.01	64.07	24 75	17 52	7 00	2 02	0.20	1 26	1 0 2
Linemployment or strike	1,609	03.01	55.07		0.05	1.51	10.40	1.20	0.30	1.29	1.71	0.71	9.01	04.27	24.75	17.55	7.00	3.03	0.29	1.20	1.95
benefits	7,518	93.81	7.00	1.60		1.82	12.74	2.87	1.74	1.29	1.13	1.46	7.46	42.36	12.17	5.05	6.41	6.02	0.32	1.91	1.62
Worker's compensation	1,208	83.84	6.00	2.26	11.32		21.02	5.86	1.65	2.33	0.64	12.75	12.17	46.94	12.97	5.90	7.62	5.58	0.47	2.16	0.93
Social Security	32,890	36.04	5.14	1.02	2.91	0.77		5.30	0.87	4.45	6.08	1.79	34.62	51.71	17.56	7.42	1.58	1.46	0.24	0.93	1.12
Supplemental Security																					
Income	4,879	38.07	3.69	0.47	4.43	1.45	35.74		5.93	1.62	1.53	4.84	5.58	17.58	3.18	2.47	3.84	4.16	0.43	1.52	1.31
Public assistance or welfare	1,691	56.28	5.06	0.38	7.75	1.18	16.92	17.11		0.77	0.61	1.89	1.96	11.60	1.44	0.69	9.09	13.47	0.45	4.48	3.91
Veterans' payments	2,659	52.66	6.21	0.88	3.63	1.06	55.03	2.98	0.49		3.07	3.69	29.50	55.62	16.22	7.33	4.43	2.36	0.06	0.56	1.21
Survivor's income	2,794	41.00	5.37	1.11	3.03	0.28	71.58	2.68	0.37	2.93		1.10	22.73	66.31	23.82	11.38	2.66	1.26	0.01	0.62	1.58
Disability income	1,451	57.85	5.54	0.89	7.59	10.61	40.56	16.27	2.20	6.75	2.11		14.35	44.50	9.74	6.64	3.99	2.08	0.11	0.96	1.14
Retirement income	15,345	42.21	6.15	1.06	3.65	0.96	74.20	1.77	0.22	5.11	4.14	1.36		69.93	25.61	9.94	1.81	0.87	0.29	0.51	1.32
Interest	62,032	78.55	10.52	1.87	5.13	0.91	27.42	1.38	0.32	2.38	2.99	1.04	17.30		29.63	10.61	5.67	3.03	0.39	1.31	1.23
Dividends from stocks	00.040	70.00	10.10	0.04	4 50	o 77	00 57	0 77	0.40	0.40	0.00	0 70	10.11	~~~~~		40.50	4.00	0.00	0.40	0.04	4.04
(mutuai funds)	20,218	78.39	12.13	2.21	4.53	0.77	28.57	0.77	0.12	2.13	3.29	0.70	19.44	90.92		16.53	4.82	2.29	0.40	0.91	1.61
Net rent, royaities, estates, or trusts	8 022	75 51	18 29	3 95	4 73	0.89	30 43	1.50	0 15	2 4 3	3 96	1 20	19.00	82 01	41 66		5 36	2.63	0.31	0 79	171
Educational assistance	6 753	90.61	9.53	1.88	7 13	1.36	7 70	2 77	2.28	1 74	1 10	0.86	4 10	52.01	14 44	6.37	0.00	7.35	0.31	4 99	1.06
Child support	4 786	88 19	8 76	1 14	9.46	1 4 1	10.02	4 24	4 76	1 31	0.73	0.63	2 80	39.30	9.65	4 40	10.37		2.96	1.84	1 77
Alimony income	432	73.32	8.61	1.20	5.62	1.31	18.05	4.90	1.77	0.34	0.06	0.39	10.37	55.40	18.74	5.80	4.84	32.81		3.75	1.26
Financial assistance from																					
others	2,203	63.03	8.28	1.04	6.52	1.19	13.91	3.37	3.44	0.67	0.79	0.63	3.56	36.92	8.35	2.86	15.31	4.01	0.74		1.49
Other income	1,302	70.21	8.20	2.69	9.33	0.87	28.39	4.90	5.08	2.48	3.38	1.27	15.58	58.43	24.95	10.54	5.51	6.52	0.42	2.53	

 Table III.11.
 Percent of Families and Unrelated Individuals Receiving Each Additional Source of Income in 2008, Conditional on Receiving Any One Source: 2009 CPS ASEC

Note: Entries in each row indicate the percentage of families and unrelated individuals receiving the source of income in the column among those receiving the source of income in the row.

Income Source	With No Additional Sources	With One Additional Source	With Two Additional Sources	With Three Additional Sources	With Four Additional Sources	With Five or More Additional Sources
Wage and salary earnings	30.28	32.85	21.89	10.14	3.55	1.28
Non-farm self-employment earnings	12.94	21.67	26.87	22.62	10.83	5.08
Farm self-employment earnings	2.35	8.74	25.93	29.99	21.25	11.75
Unemployment or strike benefits	1.87	35.34	31.46	19.33	8.30	3.69
Worker's compensation	2.92	22.76	30.67	24.89	12.33	6.44
Social Security	17.26	27.25	26.75	18.26	7.49	2.99
Supplemental Security Income	26.00	36.50	20.71	10.08	4.60	2.10
Public assistance or welfare	14.44	42.91	25.05	11.01	4.42	2.17
Veterans' payments	5.17	19.61	29.16	24.88	13.44	7.74
Survivor's income	2.48	17.73	30.21	26.91	14.60	8.07
Disability income	6.16	23.15	28.90	23.43	11.56	6.80
Retirement income	1.94	17.67	32.80	29.21	12.77	5.61
Interest	0.59	35.99	35.79	19.04	6.39	2.19
Dividends from stocks (mutual funds)	0.14	5.41	43.28	32.56	13.34	5.28
Net rent, royalties, estates, or trusts	0.27	9.62	25.47	34.57	20.42	9.65
Educational assistance	3.66	26.77	35.71	21.53	8.13	4.21
Child support	2.87	34.01	34.01	18.66	7.65	2.80
Alimony income	2.98	19.76	32.11	23.36	16.96	4.82
Financial assistance from others	12.90	33.33	29.98	16.56	4.34	2.89
Other income	2.82	17.21	30.15	26.94	14.09	8.80

 Table III.12.
 Percentage Distribution of Families and Unrelated Individuals by Number of Additional Sources of Income Received in 2008, Conditional on Receiving Each Specific Source: 2009 CPS ASEC

Note: The percentages in each row sum to 100.

Table III.13.	Percentage Distribution of	Total Income in 2009 by Broad	Category, by Family Income as	a Percent of Poverty: 2010 CPS ASEC
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		Family Income as Percent of Poverty									
Income Source	< 100%	100% to < 150%	150% to < 200%	200% to < 250%	250% to < 400%	400% +	Total				
Total Income	100.00	100.00	100.00	100.00	100.00	100.00	100.00				
Earned income Unearned income	52.85 47.15	58.80 41.20	63.78 36.22	69.97 30.03	77.35 22.65	84.76 15.24	80.45 19.55				
Social Security	20.26	24.89	22.21	16.58	9.94	3.61	7.11				
Retirement, survivor's, disability income	1.79	2.23	3.54	4.74	5.79	4.50	4.58				
Asset income ^a	1.10	1.10	1.64	1.71	2.18	5.22	4.16				
Government transfers ^b	19.84	10.68	7.06	5.77	3.90	1.54	3.03				
Transfers between persons ^c	3.85	2.20	1.67	1.15	0.75	0.28	0.59				
Other income	0.30	0.11	0.10	0.10	0.09	0.06	0.08				

^a Includes interest, dividends, and net rent, royalties, estates, or trusts.

^b Includes unemployment or strike benefits, worker's compensation, SSI, public assistance or welfare, veterans' payments, and educational assistance.

^c Includes child support, alimony, and financial assistance from others.

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IV. EARNED INCOME

As we reported in Chapter III, earned income-which includes income from both wage and salary employment and self-employment-accounted for 80 percent of total money income in 2009 as measured by the 2010 CPS ASEC. How well a survey captures earned income, then, will largely determine how well the survey captures total income. Czajka and Denmead (2008) found that in 2002 the CPS ASEC captured 3 percent more aggregate earned income than the ACS and 11 percent more than the SIPP, which was consistent with the CPS ASEC's higher income overall. In the bottom quintile, however, the situation was reversed. The ACS obtained 17 percent more earned income and SIPP obtained 14 percent more earned income than the CPS ASEC. The ACS also collected 4 percent more earned income than the CPS ASEC in the next quintile. Since policy analysis often focuses on the lower part of the income distribution, the CPS ASEC's comparatively weaker performance in capturing earnings from this end of the distribution stands out as an area where improvement would be desirable. In this chapter we present more recent comparative estimates of earned income from the three surveys, review how the CPS ASEC measures earned income, compare this to the ACS and SIPP, and recommend a revised approach for the CPS ASEC to improve the survey's capture of earned income-particularly from the lower part of the income distribution—as well as improvements in other Census Bureau household surveys.

A. Comparative Estimates of Earned Income

In comparing estimates of earned income across surveys, it is useful to separate wage and salary income from self-employment income. The three surveys define self-employment income differently, which contributes to differences in their estimates of both wage and salary and selfemployment income. At the same time, because some of the differences in measurement affect the division of earned income between wages and salaries and self-employment perhaps more than they affect the total amount, it is useful to look separately at total earnings. One other point about these comparisons should be noted. As we reported in Chapter II, SIPP is more successful than either the CPS ASEC or the ACS in capturing income from families and unrelated persons in the lower portion of the income distribution, and this results in fewer families and unrelated individuals being classified as poor. Therefore, when we compare estimates of income by poverty level, as we do below, we are not comparing exactly the same percentiles across the surveys. Comparative estimates of aggregate income will reflect the differing numbers of families at each level of relative income across the surveys. In addition, as we also noted in Chapter II, the CPS ASEC estimates for calendar year 2009 are weighted to population totals three months later than the SIPP estimates and eight months later than the ACS estimates, and on top of that the CPS population totals boost the CPS ASEC estimates of aggregate income relative to both of the other surveys and boost the SIPP estimates relative to the ACS. For these reasons, we focus more on mean income per family than on aggregate income.

1. Wage and Salary Income

Table IV.1 reports for the three surveys the total number of families and unrelated individuals and both the aggregate number and the percentage with wage and salary earnings by family income relative to poverty. With the greatest number of families below poverty, the ACS also has the highest number of poor families with wage and salary income, but for both SIPP and the ACS the fraction of poor families with wage and salary income is 47 percent, 7 percentage points higher than the CPS ASEC. Between 100 and 200 percent of poverty the incidence of wage and salary income in the ACS is 5 to 6 percentage points higher than in the CPS ASEC while SIPP is 1 to 3 percentage points higher than the CPS ASEC. Above 200 percent of poverty, SIPP drops below the CPS ASEC while the ACS remains slightly above the CPS ASEC until 400 percent of poverty, where it drops slightly below. Of the three surveys the ACS also has the highest aggregate wage and salary income among families below 200 percent of poverty (Table IV.2). SIPP is marginally above the CPS ASEC among families below poverty but then drops below the CPS ASEC between 100 and 200 percent of poverty and then falls off more substantially. Among all families and unrelated individuals, aggregate wage and salary income in the SIPP is 85 percent of what it is in the CPS ASEC while the ACS is within a percent of the CPS ASEC.

Mean wage and salary income, calculated over all families in each income class, is highest for SIPP among poor families, with the ACS a close second. Compared to the CPS ASEC, mean wage and salary income among poor families is about 11 percent higher in the SIPP and about 10 percent higher in the ACS. Above poverty, SIPP drops below the CPS ASEC while the ACS remains above the CPS ASEC until the top income class, where it falls below the CPS ASEC by two percent.

When calculated per family reporting such income, mean wage and salary income shows a somewhat different pattern than mean wage and salary income among all families. With the fewest families reporting such income among the poor, the CPS ASEC has the highest mean amount—about 5 percent higher than the SIPP and 7 percent higher than the ACS.¹⁰ Between 100 and 400 percent of poverty, however, the mean wage and salary income in the ACS is 2 to 5 percentage points higher than in the CPS ASEC. Above 400 percent of poverty the means from the two surveys are essentially identical. SIPP means are 5 to 8 percent below the CPS ASEC at all levels of relative income below 400 percent of poverty. Above that level the SIPP mean is 14 percent below the CPS ASEC (and the ACS).

SIPP's comparatively weak performance at higher income levels has been attributed to some SIPP respondents reporting monthly take home pay rather than the gross pay that is requested

¹⁰ This reversal when the denominator is changed to families with wage and salary earnings suggests that the additional families with wage and salary income found in both the SIPP and the ACS tend to have lower incomes from this source than the families reporting such income in the CPS ASEC. This is the most intuitive explanation, in any event.

(Roemer 2002). Roemer suggests that take home pay may be more salient than gross pay when it is being received. When respondents are asked for their gross wage and salary income for the past year, however, as they are in the CPS ASEC and the ACS, they have less trouble because gross pay is the more salient over the annual reference period.

Nichols, Smith, and Wheaton (2011) compared 2009 CPS ASEC estimates of income by type with estimates from samples of tax returns. Estimates of aggregate CPS ASEC wage and salary income were below the Internal Revenue Service (IRS) Statistics of Income estimates for returns with less than \$30,000 in adjusted gross income (AGI) and above the IRS estimates for returns with more than \$30,000 in AGI.¹¹ The underestimates were worst for returns with AGI under \$10,000, where the CPS ASEC estimates of aggregate wage and salary income were 70 percent of the IRS totals. A significant part of the CPS ASEC's apparent overestimate of wage and salary income at higher income levels may in fact be due to various pre-tax deductions allowable under tax code, which reduce the wage and salary income reported on the tax return but are not identified in the CPS ASEC (or any other survey) and, therefore, cannot be excluded from reported survey income for comparison with tax return data. As a fraction of gross wage and salary income, such deductions would be expected to increase as income rises, until they reach the caps on allowed deductions.

2. Self-employment Income

At every level of relative income, SIPP finds many more families and unrelated individuals with self-employment income than either the CPS ASEC or the ACS (Table IV.3). Overall, SIPP is 60 percent higher than the CPS ASEC and 85 percent higher among the poor, where the percentage of families with self-employment income is double that in the CPS ASEC (13.1 versus 6.5 percent). The ACS also finds more families and unrelated individuals with self-employment than the CPS

¹¹ All simulated tax units with wage and salary income were assumed to have filed, even though some were below the filing threshold, because they would likely have had federal income tax withholding to recover.

ASEC at every income level. Overall, the ACS is 14 percent higher than the CPS ASEC, with the largest differences occurring above 250 percent of poverty.

With the 2008 SIPP panel, the Census Bureau changed how it collects and reports income from self-employment in the SIPP, and the impact of the change is evident in Table IV.4. Previously, SIPP asked for the monthly income from each business that the respondent owned and asked the respondent to include any salary that the respondent drew from the business. Negative earnings were truncated at zero. Starting with the 2008 panel the business profit is requested separately from the owner's salary and is allowed to be negative. SIPP may be obtaining negative self-employment income more often than either of the other surveys, and this negative income may be pushing some families into poverty. It is also possible that a few large losses may be driving these particular results. In any case, we find that the losses nearly offset the gains in aggregate self-employment income among the poor in the SIPP, leaving a net amount of \$23 per family reporting such income. The corresponding figures in the CPS ASEC and ACS are \$5,004 and \$5,541, respectively. Overall, however, SIPP finds nearly 80 percent more aggregate self-employment income than the CPS ASEC, and the mean amount among families reporting such income in SIPP is 12 percent higher than the CPS ASEC mean and about 9 percent higher than the ACS mean. Here, again, we see evidence suggesting that in finding more families with self-employment income than the other surveys, SIPP is having more success among families with lower than average amounts of such income.

Nichols, Smith, and Wheaton (2011) found that estimates of aggregate CPS ASEC selfemployment income were below the IRS estimates for returns with less than \$20,000 in AGI. The greatest underestimate was on returns with no AGI (that is, an AGI less than or equal to zero), where the aggregate amounts in both the IRS and CPS ASEC data were negative. Here the IRS estimate of aggregate self-employment income was a much larger negative number than the CPS estimate; the CPS ASEC captured only 8 percent of the aggregate amount in the IRS data. On returns with positive AGI below \$15,000, the CPS ASEC captured around 40 percent of the IRS aggregate. Part of the difference at all income levels may be due to differences between the IRS and CPS ASEC concepts of self-employment income. This would make net losses more common and larger in absolute value in the IRS data.¹² This would have the effect of making the CPS ASEC appear to capture a larger share of self-employment income than it does in actuality.

3. Total Earnings

Roemer (2002) found evidence from a comparison of CPS and SIPP income to administrative earnings records that the CPS had a higher percentage of self-employment income misreported as wage and salary income. This could account, in part, for the CPS ASEC's higher wage and salary income and lower self-employment income. The higher self-employment income in the SIPP is not sufficient to make up for the much higher CPS ASEC wage and salary income, but in the ACS the higher self-employment income does offset the survey's slightly lower wage and salary income.

¹² For the 2002 tax year, there were 13.8 million returns with business net income (that is, positive income) and 4.8 million returns with business net losses (Internal Revenue Service 2005). There were also 0.6 million returns with positive farm net income and 1.4 million with farm net losses, and 4.3 million returns with partnership and S-corporation net income and 2.4 million returns with net losses. For 2002 the CPS ASEC estimated 12.1 million persons (as opposed to families) with positive self-employment income (non-farm and farm) and 1.2 million with negative self-employment income (Czajka and Denmead 2008).

Aggregate earned income is marginally higher in the ACS than the CPS ASEC for 2009 (Table IV.5). This could reflect the specific months in 2008 and 2009, spanning the start of the recession, that are covered in the 2009 ACS's reference period. Ordinarily, the ACS's moving reference period depresses the ACS estimates relative to the CPS ASEC, but in 2008 total earnings in current dollars were higher than in 2009. SIPP's aggregate earnings are 90.4 percent of the CPS ASEC compared to 85.1 percent for wage and salary income while SIPP's mean earnings per family are 91.4 percent of the CPS ASEC compared to 86.0 percent for wage and salary income. Among the poor, SIPP's mean earnings are 1.8 percent higher than those of the CPS ASEC while the ACS mean earnings are 10.3 percent higher than the CPS ASEC. The higher ACS means continue up to 400 percent of poverty.

B. Measurement of Earnings

The approach to measuring earnings varies among the three surveys. Below we describe the CPS ASEC approach and then contrast it with the key elements of the SIPP and ACS approaches. Following that we present estimates of total CPS ASEC earnings broken down by the separate components that are collected in the survey in order to show how much is collected from each.

1. Measurement Approach

For each sample household member 15 and older the CPS ASEC collects detailed information on one job or business—the one in which that individual worked for the longest time during the reference year. The data collected for any jobs or businesses beyond this one are very limited. This suggests that the earnings collected from these additional activities may be less accurate or complete than the earnings collected on the longest job or business. While the CPS ASEC estimates higher aggregate earnings than the SIPP, the CPS ASEC's limited data collection on jobs and/or businesses beyond one is a comparative weakness, as SIPP collects detailed data on as many as two jobs and two businesses in each four-month reference period while collecting total income from all additional jobs and all additional businesses during the reference period. If a respondent changed jobs during a calendar year, SIPP will have detailed information on both jobs whereas the CPS ASEC will have detailed information on just the longer of the two jobs—and not necessarily the current or most recent one.

The ACS asks simply for "wages, salary, commissions, bonuses, or tips from all jobs" and then in small print asks the respondent to "report amount before deductions for taxes, bonds, dues, or other items." For self-employment income the ACS asks for "self-employment income from own nonfarm businesses or farm businesses, including proprietorships and partnerships" and then in small print asks the respondent to "report NET income after business expenses." The ACS questions highlight important elements of the definitions of income of each type, but how much of their apparent effectiveness is due to question wording per se rather than the mode of data collection cannot be determined. Most ACS responses are collected by mail, which means that a conscientious respondent could look up records to produce or verify the requested amounts. While improvements to the wording of individual ACS questions can be suggested, we hesitate to recommend wording changes to the CPS ASEC or SIPP based on the performance of the income questions in the ACS.

2. Composition of Total Earnings

Table IV.6 shows the contributions to total CPS ASEC wage and salary earnings and to total self-employment income or loss in 2009 from the longest job, and from other wage and salary or self-employment earnings. Of the \$6.1 trillion dollars in wage and salary earnings, 97.82 percent is from the longest job, and 2.18 percent is from other jobs or sources of wage and salary earnings,¹³ a split that varies little by income level. Other wage and salary earnings accounted for 3.2 percent among the poor versus 2.10 percent among those above 400 percent of poverty. Self-employment earnings are less but still highly concentrated in the longest job, with 90.40 percent of self-employment earnings attributable to the longest job. The range across income levels was from a low of 87.94 percent among families above 400 percent of poverty to a high of 99.64 percent among the poor. Only for the self-employed above 400 percent of poverty did this fraction drop below 96 percent, however. Thus, except for self-employment among high-income families, virtually all reported earnings in the CPS ASEC (almost 98 percent) are from the longest job.

C. Number of Jobs and Businesses: Evidence from the SIPP

Would the CPS collect more earnings from low-income families if it collected more detailed information from multiple jobs? We believe so, based on the frequency with which more than one job is reported during the calendar year in the SIPP.

¹³ If the longest job was self-employment (that is, employment in a business in which the individual was an owner), then this job makes no contribution to wage and salary earnings.

Table IV.7 reports the incidence in SIPP of multiple jobs or businesses among persons 15 and older with employment during 2009. SIPP assigns a unique ID to each job or business reported by a sample member during a SIPP panel, but occasionally, different IDs may be assigned to the same job or business.¹⁴ We used these IDs to count the number of unique jobs and businesses, but produced a second more conservative count that combined jobs or businesses with different IDs but the same starting date (day, month, and year). Based on unique IDs, 28.0 percent of those with at least one job during 2009 had two or more jobs, and 18.3 percent of those with at least one business had more than one. With the more restrictive definition, these dropped slightly to 24.5 and 13.7 percent, respectively. When we pooled jobs and businesses, we found that 30.4 (or 27.0) percent of those with at least one job or business had two or more. Multiple jobs were most common among the poor and declined with rising family income. Using the more restrictive definition, 31.3 percent of the employed poor and 21.9 percent of those above 400 percent of poverty had more than one job in 2009. The number of businesses owned during the year did not appear to vary consistently with family income, and the relationship between family income and multiple holdings of both jobs and businesses was somewhat weaker than the relationship for jobs alone.

These findings strongly suggest that the CPS ASEC could potentially capture a greater share of earnings by collecting more information on jobs and/or businesses beyond the longest. Adding just one more job or (to a lesser extent) business may be sufficient to reap most of the benefits of expanding detailed data collection beyond one, as the fraction of people with multiple jobs falls off sharply after two (Table IV.8). Among the poor, however, eight percent of those with any employment in 2009 had more than two jobs and/or businesses, so including a third could still provide significant value added.

¹⁴ The quality of the job IDs assigned to jobs in SIPP has been a persistent issue although quality improved when computer-assisted interviewing was introduced (Abowd and Stinson 2007).

D. Recommendations

We believe that the overall importance of earnings (wages and salaries and self-employment) as the primary source of income at all income levels demands that the collection of earnings be as strong as the Census Bureau can make it. By requesting detailed information for only one work activity (the longest) during the year, whether it be a job or a business, and lumping together without detail all other sources of earned income, the CPS ASEC instrument may be obtaining less complete reports of earnings than it could do if the number of work activities for which it collected detailed information were expanded beyond one. It is not uncommon for people to start a small business (self-employment) while still working for someone else, to change from one full-time job to another during the year, to change from full-time to part-time status or the reverse, to work more than one job at the same time, to have multiple businesses sequentially or simultaneously, and for lowerincome workers or certain sectors such as construction to have erratic employment. The instrument could be strengthened substantially by collecting data comparable to what is currently collected for the longest main job for as many as three or four work activities (that is, wage and salary or selfemployment), ordered from current to earliest, before going to the summary amounts for all other earnings. If additional information on the longest job held during the calendar year is desired, this information could be collected after first identifying all or at least the major jobs. In addition, in asking about earnings, the questions should make clear that the income being requested is prior to all deductions, including not only taxes but contributions to retirement accounts, health insurance premiums and flexible spending accounts, dependent care, and transportation benefits.

In the area of self-employment, SIPP's markedly greater success in identifying recipients of selfemployment income and capturing aggregate amounts underscores the importance of distinguishing between the salary that a business owner draws as an employee and the profit or loss that he or she realizes as an owner. A business owner may have paid himself or herself a good salary from a business that lost money during the year. If the salary is not captured, the owner's actual income may be substantially understated. At the same time, the CPS ASEC—and the ACS with it—appears to understate business losses. If the largest losses tend to come from businesses that are not the owner's primary work activity, then the design of the CPS ASEC approach may be a least partly responsible for this shortfall. We suspect that the quality of the income collected for these additional work activities is not as high as that of the income collected from the primary work activity. If so, modifying the CPS ASEC approach as suggested above may improve the reporting of net losses as well as net income by encouraging the respondent to focus on the income or losses generated by each of several additional activities. We note that despite its greater aggregate self-employment income, SIPP appears to capture more net losses than the CPS ASEC or ACS, as evidenced by SIPP's markedly greater number of poor families with self-employment income but a mean amount near zero.

It is also important to recognize the existence of self-employment income that is independent of business ownership, and to expand the definition of self-employment in the CPS ASEC to include compensation from someone other than one's employer. The term "consulting" is not mentioned anywhere in the income questions of the three surveys, but perhaps it should be, as consulting provides a source of income to professionals who are retired or between jobs, as well as to supplement full-time employment. Periodic consulting does not require a business, and the term is one that respondents would recognize. In addition, partnerships provide an ownership share that may be divided among several persons, and such businesses may have a great many more employees. The CPS ASEC questions on self-employment and business ownership appear to be directed at sole proprietorships, and respondents may recognize that as well. This may contribute to an underreporting of business ownership and self-employment income. Lastly, it is highly likely that some self-employment income is being reported in the CPS ASEC as wage and salary income, contributing to the high numbers for that one source. The instrument should provide more examples to help convey all that is meant by self-employment income in addition to separating wages received as an employee from profit earned as a business owner.

For the ACS, we have two suggestions to clarify the wage and self-employment questions, without modifying the questions themselves. Currently, the small print under the wage question says to report amounts before deductions for taxes, bonds, dues, or other items. A better description that would fit in the same space would be: before any deductions, such as taxes, retirement, or health insurance. The instructions could mention additional deductions that have become very common, such as flexible spending, dependent care, and transportation benefits. The goal remains to obtain gross income before any and all deductions.

Under self-employment income, the ACS questionnaire (unlike the CPS ASEC) explicitly includes partnerships along with proprietorships. However, people need not own a business to receive income that the IRS considers self-employment and which therefore is reported on Schedule C. In the absence of explicit direction, respondents may report such income as earnings or simply fail to report it at all. To remedy this problem, persons who performed work such as consulting that is reported on tax returns as self-employment should be instructed to include all such income here.

		Fa	mily Income as	Percent of Pov	rerty		_
Income Source	< 100%	100% to < 150%	150% to < 200%	200% to < 250%	250% to < 400%	400% +	Total
Total Families and Unrelated Individuals (1.000s)							
CPS ASEC	20,723	12,874	13,002	11,959	27,720	46,188	132,467
SIPP	18,813	13,068	12,987	11,473	28,725	46,006	131,072
ACS	21,121	12,305	11,840	10,759	27,279	46,083	129,386
Ratio of SIPP to CPS ASEC	0.908	1.015	0.999	0.959	1.036	0.996	0.989
Ratio of ACS to CPS ASEC	1.019	0.956	0.911	0.900	0.984	0.998	0.977
Number with Wage and Salary Earnings (1,000s)							
CPS ASEC	8,363	7,371	8,335	8,737	22,555	41,590	96,952
SIPP	8,905	7,603	8,689	8,293	22,281	39,541	95,312
ACS	10,038	7,694	8,344	8,097	22,449	40,708	97,329
Ratio of SIPP to CPS ASEC	1.065	1.031	1.042	0.949	0.988	0.951	0.983
Ratio of ACS to CPS ASEC	1.200	1.044	1.001	0.927	0.995	0.979	1.004
Percent with Wage and Salary Earnings							
CPS ASEC	40.4	57.3	64.1	73.1	81.4	90.0	73.2
SIPP	47.3	58.2	66.9	72.3	77.6	85.9	72.7
ACS	47.5	62.5	70.5	75.3	82.3	88.3	75.2
Ratio of SIPP to CPS ASEC	1.173	1.016	1.044	0.989	0.953	0.954	0.994
Ratio of ACS to CPS ASEC	1.178	1.092	1.099	1.030	1.011	0.981	1.028

Table IV.1. Incidence of Wage and Salary Earnings in 2009 by Family Income as a Percent of Poverty: CPS ASEC, SIPP, and ACS

Source: Mathematica tabulations of 2010 CPS ASEC, 2008 SIPP Panel, and 2009 ACS.

_	Family Income as Percent of Poverty						_
Income Source	< 100%	100% to < 150%	150% to < 200%	200% to < 250%	250% to < 400%	400% +	Total
Aggregate Wage and Salary Earnings (Billions)							
CPS ASEC	\$73.6	\$131.7	\$203.0	\$275.6	\$1,027.7	\$4,419.0	\$6,130.7
SIPP	\$74.2	\$125.5	\$200.3	\$244.6	\$953.7	\$3,621.3	\$5,219.6
ACS	\$82.3	\$141.7	\$214.2	\$268.2	\$1,047.5	\$4,327.6	\$6,081.5
Ratio of SIPP to CPS ASEC	1.007	0.954	0.986	0.887	0.928	0.819	0.851
Ratio of ACS to CPS ASEC	1.117	1.076	1.055	0.973	1.019	0.979	0.992
Mean Earnings: All Units							
CPS ASEC	\$3,554	\$10,226	\$15,617	\$23,046	\$37,074	\$95,675	\$46,281
SIPP	\$3,942	\$9,607	\$15,422	\$21,320	\$33,202	\$78,713	\$39,822
ACS	\$3,895	\$11,516	\$18,094	\$24,925	\$38,401	\$93,911	\$47,003
Ratio of SIPP to CPS ASEC	1.109	0.939	0.988	0.925	0.896	0.823	0.860
Ratio of ACS to CPS ASEC	1.096	1.126	1.159	1.082	1.036	0.982	1.016
Mean Earnings: Units with Wage and Salary Earnings							
CPS ASEC	\$8,806	\$17,861	\$24,361	\$31,545	\$45,564	\$106,252	\$63,234
SIPP	\$8,328	\$16,512	\$23,050	\$29,495	\$42,804	\$91,583	\$54,763
ACS	\$8,196	\$18,417	\$25,675	\$33,119	\$46,663	\$106,309	\$62,484
Ratio of SIPP to CPS ASEC	0.946	0.924	0.946	0.935	0.939	0.862	0.866
Ratio of ACS to CPS ASEC	0.931	1.031	1.054	1.050	1.024	1.001	0.988

Table IV.2. Aggregate and Mean Wage and Salary Earnings in 2009 by Family Income as a Percent of Poverty: CPS ASEC, SIPP, and ACS

Source: Mathematica tabulations of 2010 CPS ASEC, 2008 SIPP Panel, and 2009 ACS (adjusted to 2009 dollars).

	Family Income as Percent of Poverty						_
Income Source	< 100%	100% to < 150%	150% to < 200%	200% to < 250%	250% to < 400%	400% +	Total
Families and Unrelated Individuals with Self-							
	1 227	000	022	000	2 262	E 075	11 614
	2 467	1 236	1 4 9 2	1 285	2,202	9,275	19 507
	2,407	085	1,402	1,205	2 712	6,403	13 245
Ratio of SIPP to CPS ASEC	1,450	1 373	1,000	994 1 4 1 4	2,712	1 593	1 601
Ratio of ACS to CPS ASEC	1.085	1.094	1.081	1.093	1.199	1.156	1.140
Percent with Self-employment Earnings							
CPS ASEC	6.5	7.0	7.2	7.6	8.2	11.4	8.8
SIPP	13.1	9.5	11.4	11.2	13.0	18.3	14.2
ACS	6.9	8.0	8.5	9.2	9.9	13.2	10.2
Ratio of SIPP to CPS ASEC	2.033	1.353	1.591	1.474	1.589	1.599	1.618
Ratio of ACS to CPS ASEC	1.065	1.145	1.187	1.215	1.219	1.158	1.168

Table IV.3. Incidence of Self-employment Earnings in 2009 by Family Income as a Percent of Poverty: CPS ASEC, SIPP, and ACS

Source: Mathematica tabulations of 2010 CPS ASEC, 2008 SIPP Panel, and 2009 ACS.

	Family Income as Percent of Poverty						
Income Source	< 100%	100% to < 150%	150% to < 200%	200% to < 250%	250% to < 400%	400% +	Total
Aggregate Self-employment Earnings (Billions)							
CPS ASEC	\$6.7	\$11.3	\$15.0	\$14.3	\$49.0	\$268.0	\$364.3
SIPP	\$0.1	\$11.0	\$19.1	\$18.9	\$79.6	\$524.2	\$652.8
ACS	\$8.0	\$11.9	\$15.0	\$17.2	\$56.7	\$320.5	\$429.4
Ratio of SIPP to CPS ASEC	0.008	0.974	1.274	1.324	1.623	1.956	1.792
Ratio of ACS to CPS ASEC	1.201	1.053	1.000	1.203	1.157	1.196	1.179
Mean Earnings: All Units							
CPS ASEC	\$323	\$877	\$1,155	\$1,193	\$1,769	\$5,802	\$2,750
SIPP	\$3	\$842	\$1,473	\$1,646	\$2,770	\$11,393	\$4,980
ACS	\$380	\$966	\$1,269	\$1,594	\$2,080	\$6,956	\$3,318
Ratio of SIPP to CPS ASEC	0.009	0.960	1.275	1.380	1.566	1.964	1.811
Ratio of ACS to CPS ASEC	1.176	1.101	1.099	1.336	1.176	1.199	1.207
Mean Earnings: Units with Self-employment Earnings							
CPS ASEC	\$5,004	\$12,545	\$16,107	\$15,694	\$21,679	\$50,802	\$31,363
SIPP	\$23	\$8,901	\$12,912	\$14,698	\$21,365	\$62,378	\$35,103
ACS	\$5,541	\$12,065	\$14,911	\$17,263	\$20,919	\$52,577	\$32,417
Ratio of SIPP to CPS ASEC	0.005	0.710	0.802	0.937	0.986	1.228	1.119
Ratio of ACS to CPS ASEC	1.107	0.962	0.926	1.100	0.965	1.035	1.034

Table IV.4. Aggregate and Mean Self-employment Earnings in 2009 by Family Income as a Percent of Poverty: CPS ASEC, SIPP, and ACS

Source: Mathematica tabulations of 2010 CPS ASEC, 2008 SIPP Panel, and 2009 ACS (adjusted to 2009 dollars).

Table IV.5.	Aggregate and Mean Earnings in	2009 by Family Income as a	a Percent of Poverty: CP	S ASEC, SIPP and ACS
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	Family Income as Percent of Poverty						
Income Source	< 100%	100% to < 150%	150% to < 200%	200% to < 250%	250% to < 400%	400% +	Total
Aggregate Earnings (Billions)							
CPS ASEC	\$80.3	\$142.9	\$218.1	\$289.9	\$1,076.7	\$4,687.0	\$6,494.9
SIPP	\$74.2	\$136.5	\$219.4	\$263.5	\$1,033.3	\$4,145.4	\$5,872.4
ACS	\$90.3	\$153.6	\$229.3	\$285.3	\$1,104.3	\$4,648.2	\$6,510.9
Ratio of SIPP to CPS ASEC	0.924	0.955	1.006	0.909	0.960	0.884	0.904
Ratio of ACS to CPS ASEC	1.124	1.074	1.051	0.984	1.026	0.992	1.002
Mean Earnings: All Units							
CPS ASEC	\$3,876	\$11,103	\$16,772	\$24,238	\$38,843	\$101,476	\$49,031
SIPP	\$3,945	\$10,448	\$16,895	\$22,966	\$35,972	\$90,106	\$44,803
ACS	\$4,276	\$12,482	\$19,363	\$26,519	\$40,481	\$100,866	\$50,322
Ratio of SIPP to CPS ASEC	1.018	0.941	1.007	0.948	0.926	0.888	0.914
Ratio of ACS to CPS ASEC	1.103	1.124	1.154	1.094	1.042	0.994	1.026

Source: Mathematica tabulations of 2010 CPS ASEC, 2008 SIPP Panel, and 2009 ACS (adjusted to 2009 dollars).

	Family Income as Percent of Poverty						_
Major Source and Component Sources	< 100%	100% to < 150%	150% to < 200%	200% to < 250%	250% to < 400%	400% +	Total
		Millions of Dollars					
Wage and salary earnings From longest job Other wage and salary earnings	73,641 71,283 2,358	131,655 127,645 4,010	203,048 198,551 4,497	275,606 268,563 7,044	1,027,705 1,004,815 22,890	4,419,020 4,326,269 92,751	6,130,675 5,997,126 133,549
Self-employment income or loss From longest job (non-farm or farm) Other non-farm self-employment Other farm self-employment	6,689 6,665 95 -71	11,290 11,159 89 42	15,018 14,752 231 34	14,262 13,916 249 96	49,029 47,142 1,393 493	267,968 235,654 25,968 6,346	364,255 329,290 28,025 6,941
		Perce	ntage of Income	e Obtained froi	m Component S	Sources	
Wage and salary earnings From longest job Other wage and salary earnings	96.80 3.20	96.95 3.05	97.79 2.21	97.44 2.56	97.77 2.23	97.90 2.10	97.82 2.18
Self-employment income or loss From longest job (non-farm or farm) Other non-farm self-employment Other farm self-employment	99.64 1.42 -1.07	98.84 0.79 0.37	98.23 1.54 0.23	97.58 1.75 0.68	96.15 2.84 1.01	87.94 9.69 2.37	90.40 7.69 1.91

Table IV.6. Aggregate Dollars and Percentage Share of Dollars Received from Detailed Sources of Earnings in 2009 by Family Income as a Percent of Poverty: 2010 CPS ASEC

Source: Mathematica tabulations of 2010 CPS ASEC.

Table IV.7. Incidence of More Than One Job or Business in 2009 among Persons 15 and Older with Employment in 2009, by Family Income in December 2009 as Percent of Poverty: 2008 SIPP Panel

		Family Income as Percent of Poverty, December 2009						
	< 100%	100% to < 150%	150% to < 200%	200% to < 250%	250% to < 400%	400% +	Total	
Total persons with jobs (1,000s) Percent with 2 or more jobs	15,186	10,867	12,204	12,637	34,288	62,229	147,412	
Based on unique IDs	34.5	32.4	30.4	29.4	26.5	25.8	28.0	
Based on unique start dates	31.3	29.4	27.2	25.9	23.2	21.9	24.5	
Total persons with businesses (1,000s) Percent with 2 or more businesses	4,362	1,648	1,672	1,607	4,299	9,281	22,869	
Based on unique IDs	18.8	16.4	17.8	17.6	17.1	19.3	18.3	
Based on unique start dates	13.1	14.2	14.5	13.2	12.7	14.3	13.7	
Total persons with jobs or businesses (1,000s) Percent with 2 or more jobs/businesses	18,395	11,996	13,272	13,761	37,063	68,159	162,645	
Based on unique IDs	36.2	34.2	32.9	31.0	28.6	28.6	30.4	
Based on unique start dates	32.7	31.4	29.6	27.6	25.4	24.9	27.0	

Source: Mathematica tabulations of 2008 SIPP panel.

	Family Income as Percent of Poverty, December 2009						
Number of Unique Job and Business IDs	< 100%	100% to < 150%	150% to < 200%	200% to < 250%	250% to < 400%	400% +	Total
Any Jobs or Businesses	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Only Jobs							
1	52.3	60.7	63.7	65.4	68.2	67.7	65.0
2	18.6	19.0	18.7	18.0	16.2	14.8	16.4
3	4.4	5.2	4.5	3.8	3.3	3.2	3.7
4	0.9	1.1	0.5	0.9	0.6	0.6	0.7
5	0.1	0.2	0.1	0.1	0.2	0.1	0.1
6	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Only Businesses							
1	14.9	8.0	6.8	7.0	6.4	7.4	8.0
2	2.3	1.3	1.2	1.1	1.0	1.2	1.3
3	0.2	0.1	0.1	0.0	0.1	0.1	0.1
4	0.0	0.0	0.0	0.0	0.0	0.0	0.0
5	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Both Jobs and Businesses							
1 job and 1 business	3.9	2.8	3.0	2.3	2.6	3.2	3.0
2 jobs and 1 business	1.5	0.8	0.8	0.5	0.8	0.9	0.9
1 job and 2 businesses	0.5	0.0	0.2	0.3	0.3	0.4	0.3
3 jobs and 1 business	0.2	0.2	0.1	0.2	0.2	0.1	0.2
2 jobs and 2 businesses	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1 job and 3 businesses	0.1	0.0	0.1	0.0	0.1	0.0	0.1
1 job and 4 or more bus.	0.0	0.0	0.1	0.1	0.0	0.2	0.1
4 or more jobs, 1 business	0.0	0.5	0.0	0.0	0.0	0.0	0.1
3 jobs and 2 businesses	0.0	0.0	0.1	0.0	0.0	0.0	0.0
2 jobs and 3 businesses	0.0	0.0	0.0	0.0	0.0	0.0	0.0
4 or more jobs, 2 bus.	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Table IV.8.Number of Jobs and Businesses in 2009 Based on Unique Start Dates: Percent of Persons 15
and Older with One or More Jobs or Businesses by Family Income in December 2009 as
Percent of Poverty: 2008 SIPP Panel

Source: Mathematica tabulations of 2008 SIPP panel.

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V. RETIREMENT INCOME

While earnings are the dominant source of income in the U.S., their contribution to family income declines steeply as family members scale back their paid labor hours with age and eventually retire from the workforce. Whether the transition is gradual or abrupt, earnings are replaced by various forms of retirement income. Indeed, the adequacy of Social Security and traditional pension plans, which pay monthly benefits for life, is often expressed in terms of the percentage of earnings that they replace. Social Security remains a critical source of financial support in retirement, but traditional pensions (with the exception of union-dominated industries) are declining in importance in the private sector. Almost 40 years ago, the Employee Retirement Income Security Act, or ERISA, imposed uniform vesting, funding, and other requirements on "defined benefit" or pension plans. As a result, employers gradually converted to "defined contribution" plans, in which employers and employees contribute annually to retirement accounts that can be tapped years later for income in retirement. In parallel, Congress established and then expanded complementary tax-advantaged arrangements for individual retirement savings.

Our principal federal surveys of household income typically contain multiple detailed questions on defined benefit pension income but have lagged in addressing the newer forms of retirement income. Consequently, as defined benefit pensions decline in importance, less and less of the income flowing to retired persons is captured in these surveys. Absent changes to the survey income questions, and perhaps the underlying concept of income that they measure, these surveys cannot capture the income from newer sources of retirement income as they increasingly replace defined benefit pensions.

This chapter addresses critical issues in the measurement of retirement income in federal household surveys, with a focus on the CPS ASEC. Section A provides background, including administrative data on retirement system payouts that document the magnitude of recent changes.

Section B presents comparative estimates of retirement income from the CPS ASEC and three other federal surveys. Section C examines aspects of the measurement of retirement income in the CPS ASEC, looking at the contributions of different elements of the survey instrument. Finally, Section D presents a number of recommendations for improving the collection of retirement income data in the CPS ASEC and other Census Bureau household surveys.

A. Background

As background for our discussion of retirement income measurement in the CPS ASEC, we first review the principal types of retirement plans and their benefits, discuss the sources of data on payouts by these different types of plans, and then present statistics from program data and tax data on retirement plan payouts. Following that, we give an overview of the collection of retirement income data in the Federal Reserve Board's Survey of Consumer Finances (SCF) and compare SCF estimates for 2006 with crude benchmarks derived form the program data and tax data.

1. Types of Retirement Plans

The largest retirement plan, covering nearly all workers—including the self-employed—in the U.S., is Social Security, which is administered by the Social Security Administration (SSA). Through a payroll tax, workers and their employers contribute to a fund that pays benefits to current retirees while the workers earn future benefit entitlements of their own by accumulating quarters of "covered" employment. Employees in the railroad industry participate in a parallel plan, administered by the Railroad Retirement Board (RRB). Next, traditional or defined benefit (DB) pensions, which predate Social Security, entitle employees in government or private industry (including non-profits) to receive a monthly pension payment from their employer after they retire. Like Social Security, the benefit is paid for the rest of their lives and, often, the lives of their survivors. For Social Security and DB pensions, the amount of the monthly benefit depends on age at retirement, earnings history, and the number of years worked, and benefits are not available before certain minimum retirement ages. In addition, Social Security benefits may be reduced by
earnings before full retirement age, and by receipt of federal, state or local pensions, and an individual cannot receive more than one Social Security benefit, such as his or her own earned retirement benefit plus a survivor benefit. Federal civilian retirees have their pensions offset if reemployed by the federal government, and some recipients of private pensions may have pension reductions if they return to work for the same employer. Otherwise, "double-dipping" is generally allowed.

With a newer type of plan, employers and employees contribute annually to retirement accounts. Such plans, known as "defined contribution" or DC plans, can take a number of forms—even within the same employer. Most commonly, employer and employee contributions are related to the employee's earnings, and the employee manages the account by choosing among alternative investment options. Employer contributions may also take the form of corporate stock or may depend on corporate profits (a profit sharing plan). Many of these funds are set up legally as 401(k) accounts. When the employee leaves the employer, the various accounts remain in place, and Federal law requires that the employee be able to combine them with or convert them to other retirement accounts through a "rollover".

Both employed and self-employed individuals also have the option to accumulate their own, personal tax-advantaged savings outside of an employer retirement plan. Starting in 1974, individuals can contribute to accounts that accumulate earnings tax-free until funds are withdrawn, and in the past decade Congress created several new variants of these savings vehicles. The Individual Retirement Arrangement (IRA) is the most common of these (and the term is also used generically to encompass a number of distinct types of accounts). In addition to making the limited annual contributions allowed by law, individuals can roll over lump sum payments and portions or the entire contents of other retirement accounts to IRAs.¹⁵ While this is done most commonly with accounts that were originally established under DC employer plans, some employers have terminated their DB plans and paid out the remaining entitlements to their current and former employees as lump sums, which the recipients could roll over into other accounts in lieu of taking the entire amount as taxable income at one time. Both DC retirement plans and IRAs allow for survivor benefits. They also, unlike Social Security and DB pension plans, may be accessed and funds withdrawn prior to retirement, although withdrawals before age 59 1/2 are generally subject to tax penalties.

While our discussion has covered retirement and survivor benefits, both Social Security and government pensions also include benefit payments to individuals with disabilities that limit or prevent gainful employment if they have been covered some minimum number of years. In addition, the Department of Veterans Affairs pays disability compensation and pensions to armed forces veterans who developed disabilities attributable to their time of service. These benefits are often included in retirement benefits. Worker's Compensation is not counted as a retirement benefit, ordinarily, but the benefits received by a survivor are sometimes included with retirement and disability benefits in survey measures of income. Similarly, accident or disability insurance benefits

¹⁵ Plans available to the self-employed—including those with employees—have much higher limits on pre-tax contributions than traditional IRAs.

other than Worker's Compensation may also be grouped with a broad set of retirement, survivor, and disability benefits.

In addition to participating in one or more of these types of retirement plans, individuals can offset the future loss of earnings through personal savings and investments. In so doing, they can make use of the same investment vehicles that they would with an IRA or 401(k). They can purchase stocks, mutual funds, bonds, certificates of deposit, or money market funds, or they can deposit money in a savings account. There are no employer contributions, however, and the owners pay taxes annually on interest, dividends, and realized capital gains, which reduces investment growth. Withdrawals are not taxed as income, however, in contrast to the benefits received from most types of retirement plans.¹⁶

Over the past three decades, DC plans and IRAs have grown to become the dominant method of saving for retirement among workers in the private sector (Poterba, Venti, and Wise 2011). In 2010 the assets held in such accounts in the private sector totaled \$9.2 trillion. This compared to \$2.2 trillion for assets held in traditional private DB plans (Investment Company Institute 2011). Another \$4.4 trillion was held in federal, state, and local pension plans, but in recent years, financially-pressed state and local government entities have begun a similar shift from DB to DC plans.

¹⁶ Social Security benefits up to a certain level are not taxed unless the taxpayer's other income exceeds a threshold. Roth IRAs, which are very new, are funded with post-tax dollars, and after a Roth is five years old withdrawals from such plans are fully tax-exempt. Employee pension payments and withdrawals from all other types of retirement accounts—except for transfers between accounts, discussed below—are fully taxable except for a pro-rated amount representing the return of post-tax contributions.

2. Data on Retirement System Payouts

The Social Security Administration (SSA) and the Railroad Retirement Board (RRB) maintain extensive data on covered workers and on benefit payments to individual beneficiaries. Both agencies publish their aggregate benefits paid by month and by fiscal and calendar year. Data on federal, state, and local government DB retirement payments (and on federal DC payouts) are collected and published by the Governments Division of the U.S. Census Bureau.¹⁷ Private forprofit and nonprofit firms with qualified pension plans, whether DB or DC are required to file Form 5500 with the U.S. Department of Labor (USDOL). The data reported on Form 5500 include benefits paid from these plans by plan type, including cash benefit plans that, while small, represent a growing share of the total benefits paid by DB plans. Like SSA and the RRB, the Department of Veterans Affairs publishes data on benefit payments of both Veterans Compensation and Veterans Pension. We have not identified any source of administrative program data on the amounts paid out as annuities purchased from life insurance companies and other firms that sell such products. Industry statistics focus on sales and on premiums paid. More importantly, there is no source of administrative program data on amounts withdrawn or distributed from IRAs, since no government agency is involved, nor does any agency regulate them. There are no data on the increasing number of state and local DC retirement systems, but benefits from these relatively new systems should be very low at present.

An extremely serious limitation of the payout data reported on Form 5500 and published by USDOL is that for DC plans, lump-sum payouts from DB plans, and payments from cash balance plans, rollovers among private plans or from private plans to IRAs cannot be separated from

¹⁷ Questionnaires for the current surveys of state-administered and of locally administered public employee retirement systems, and the last (2007) census of public employee retirement systems, all direct responding governments to report only for DB plans and not to include DC plans in the reported data. This instruction was added in 2005 for the collection of data for fiscal years ending between July 1, 2004 and June 30, 2005. A question was also added on whether the government entity had a DC plan in addition to the DB plan reported, but no data were collected on the DC plan. Previously, data collection forms referred simply to "retirement systems."

payouts received and retained by individuals. The movement of funds between retirement accounts—even when the transaction requires that the owner take temporary possession before the transaction is complete—should not be construed as income.

An alternative and more comprehensive source of data on retirement system payouts is the Internal Revenue Service (IRS). Distributions from IRAs and from all qualifying retirement plans, both private and public, must be reported to the IRS as well as to recipients on Form 1099-R. Contributions to IRAs, including rollovers from qualifying retirement plans must be reported to the IRS as well as to recipients on Form 5498. Filings of Form 1099-R are required for all payments directly to retirement plan participants and IRA owners, as well as payments to another qualified plan or to an IRA (trustee-to-trustee transfer) on behalf of plan participants or IRA owners. The only transfers that are not required to be reported on Form 1099-R or Form 5498 are trustee-to-trustee transfers among IRAs of the same type.

For our purposes, Form 1099-R data have two major advantages over Form 5500: (1) they include IRAs: and (2) they generally distinguish taxable from nontaxable distributions. Rollovers are not taxable, so the separation of nontaxable from taxable distributions serves as a proxy for distinguishing rollovers from payouts received as income. Taxable distributions are nonetheless a conservative measure of distributions received as income, since the pro-rated portion of DB and IRA payments attributable to recipient's after-tax contributions is also nontaxable, and because some persons receiving distributions will not file federal income tax returns.

While the IRS does not publish statistics from 1099-Rs directly, taxpayers are required to report the amounts identified on their 1099-Rs, and the IRS publishes extensive statistics from tax returns. These statistics include total gross IRA withdrawals (from Form 1040 line 15a), taxable IRA withdrawals (Form 1040 line 15b), gross pension and annuity benefits (Form 1040 line 16a), and taxable pension and annuity benefits (Form 1040 line 16b). Pension and annuity payments include not only the income received from traditional DB pensions and annuity contracts but distributions from DC plans such as 401(k), 403(b), and 457(b) plans. The chief drawback of tax returns as a source of data on retirement system payouts is their exclusion of non-filers. We return to this issue below. No data from Form 5498 are published by the IRS, but IRS staff have conducted several research studies on IRA and retirement distributions and rollovers based on Form 5498 and/or 1099-R data, which provide more detail for specific years than Form 1040. Additionally, the Investment Company Institute (ICI) has published annual data on IRAs that include aggregate rollovers and appear to be based on investment company Form 5498 reports.¹⁸

¹⁸ Research studies at IRS using complete Form 5498 data to determine total rollovers into IRAs during 2000, 2001, 2002 and 2004 found amounts identical to those in the ICI data.

Table V.1 reports administrative estimates of retirement plan payouts from all of these sources by calendar year for the years 2002 through 2009, documenting their relative magnitudes and comparative growth.¹⁹ Payments from each major source increased by about one-half over the period. The largest source of retirement income (although it also includes disability insurance benefits) was Social Security, which accounted for \$447 billion in payouts in 2002 and \$664 billion in 2009. Railroad Retirement benefits added another \$9 to \$11 billion over this period. DB plan payouts from the federal government (both civilian and military), state and local governments, and the private sector—excluding cash balance plans, whose payouts are predominantly rolled over totaled \$308 billion in 2002, growing to \$449 billion in 2009. Veterans Compensation and Pension benefits grew from \$26 billion in 2002 to \$46 billion in 2009. If veterans benefits are included, the DB pension total payout was \$334 billion in 2002 and rose to \$494 billion in 2009.

Private DB plans accounted for a declining share of total DB pension payments over this period. They grew from \$99 billion in 2002 to \$113 billion in 2009, but their share of total DB pension payments decreased from about one-third in 2002 to one quarter in 2009. Private DC plan payouts were \$179 billion in 2002 and grew to \$294 billion in 2007 but then declined to \$241 billion in 2009. Including private Cash Balance plans and the Federal Thrift Plan, DC plan payouts were \$217 billion in 2002 and grew to \$351 billion in 2007 but then declined to \$303 billion in 2009.

Payouts from DC and cash balance plans, and any lump-sum payouts from DB plans, may be rolled over into other DC plans or into IRAs instead of being withdrawn from retirement accounts entirely. Such rollovers, which should not be counted as income (and, therefore, should be subtracted from the combined DC and DB pension totals), are substantial. While annual data on total rollovers are not available, ICI data provide estimates of amounts rolled over into traditional IRAs. These rollovers were \$204 billion in 2002, grew to \$317 billion in 2007, then declined to \$272

¹⁹ Except for the IRS and ICI data, these estimates were drawn from statistics compiled by the Employee Benefit Research Institute (EBRI), from USDOL, or from National Income and Product Account (NIPA) data assembled by the Bureau of Economic Analysis (BEA).

billion in 2008. On average, rollovers were 90 percent as large as the total payments from DC pensions over these years.

Turning to the tax return data, which provide our only estimates of distributions from IRAs, taxable IRA withdrawals were \$88 billion in 2002 and rose to \$162 billion in 2008, displaying a larger rate of growth than any other source. In 2009, for which minimum distribution requirements were temporarily waived, taxable IRA withdrawals fell to \$135 billion. Gross pension and annuity income, which includes both DB and DC pensions plus annuities (the latter not reported in the upper part of the table) was \$561 billion in 2002 and rose to a peak of \$852 billion in 2007 before declining to \$823 billion in 2009. (The one-year waiver of minimum distribution requirements also applied to DC accounts.) Taxable pension and annuity income (which excludes rollovers as well as other, much smaller amounts) was substantially lower, starting from \$358 billion in 2002 and growing to \$523 billion in 2009. The difference between the gross and taxable amounts year by year is only modestly different from the ICI estimates of the amounts rolled over into traditional IRAs. In addition, for 2007, the difference between the gross and taxable amounts, \$361 billion, is quite close to an independent IRS estimate of the amount that taxpayers rolled over among all retirement accounts that year, or \$392 billion (Bryant, Holden and Sabelhaus 2011).

Some retirement income may be received by non-filers and, therefore, not included in the IRS totals. We have not seen estimates of the magnitude of such income, however, and comparisons of the program estimates in the upper part of the table and the IRS estimates in the lower part are not informative, for the reasons noted. Despite this limitation, the IRS estimates of pensions and annuities appear to be more complete than the estimates assembled from USDOL and BEA. The sum of DB and DC pension plan payouts was \$752 billion in 2009 compared to the IRS gross withdrawals of \$823 billion, which also include annuities but are known to be understated.²⁰ Furthermore, the separate reporting of gross and taxable distributions in the IRS statistics provides a way to remove rollovers from reported income. Thus, the IRS estimates of taxable IRA withdrawals and taxable pensions and annuities would appear to provide the best administrative source for assessing survey reports of retirement income.

3. Implications for Survey Measurement of Retirement Income

While Social Security and DB pensions pay benefits monthly, the funds held in DC pension accounts or IRAs accumulate until they are withdrawn. Persons who own such funds have the option to purchase annuities, which pay lifetime monthly or annual amounts. Paid-up life insurance can also be converted to annuities—as can personal savings, for that matter. Annuities are not widely used, however.²¹ For the most part, owners of retirement accounts seem to prefer to let their accounts grow in value and to withdraw funds when needed, or as required by law to avoid tax penalties after age 70-and-a-half. Whether this will continue to be true as more of the owners of such accounts move into retirement remains to be seen. For now, however, most of the income that people draw from retirement accounts is in the form of withdrawals that they initiate.

²⁰ Bryant (2008) finds evidence that gross amounts are underreported while taxable amounts are generally not. The underreporting of nontaxable amounts, though, does not detract from the usefulness of the taxable amounts in assessing survey reporting.

²¹ Federal Reserve Board survey estimates showing the comparative magnitude of annuity payments versus other withdrawals from retirement accounts are presented in the next section.

Because their benefits are paid on a monthly basis with amounts that change no more than once a year, typically, Social Security and DB pensions are among the easiest income sources on which to collect data.²² The same would apply, seemingly, to retirement accounts that have been converted to annuities. IRAs and DC retirement income present a more substantial challenge. First, respondents do not *receive payments* but *take withdrawals* (or distributions, a more generic term used by financial institutions). Second, these withdrawals are probably not monthly uniform amounts in most cases, although this is not something that can be confirmed with available data. However, withdrawals are normally taxable events, and the financial institutions that manage the accounts are required to report them annually to both the taxpayer and the IRS, on an information return. Therefore, a withdrawals for the previous calendar year—but may need to be directed to consult such information.

4. Retirement Income in the SCF

The SCF is the premier survey of wealth in the United States. The survey instrument is designed to collect detailed data on income, assets, and debts; the interviewers receive extensive training in the nuances of asking questions and understanding responses about these components of wealth; and the sample combines a household frame with an independent list frame of households selected from a stratified sample of very high-income tax returns. The SCF would appear to be particularly well suited to the measurement of retirement income, given that a growing portion of retirement income derives from assets accumulated in retirement accounts.

The principal data collection unit for the SCF is the "primary economic unit" or PEU, which consists of "an economically dominant single individual or couple (married or living as partners) in a

²² The one complication for Social Security is that most beneficiaries also participate in Medicare, and a substantial majority of these participate in Part B and Part D, for which monthly premiums are deducted from their Social Security benefits. The Census Bureau's surveys request the gross benefit amount, before the Medicare deduction, but respondents are more inclined to report the net benefit amount, as this is what they actually receive.

household and all other individuals in the household who are financially interdependent with that individual or couple" (Federal Reserve Board 2009). In most cases, the PEU includes all members of the household. The PEU is broader than the Census Bureau's primary family (the householder and all persons in the household to whom the householder is related by blood, marriage or adoption) in that it includes unmarried partners. It is possible, however, that the PEU may not include all members of the primary family in a given instance; this would occur if one or more family members are financially independent of the PEU. Moreover, the membership of the PEU depends in part on how the respondent interprets the interviewer's explanation of the PEU concept. One other respect in which the SCF differs from Census Bureau household surveys is that the SCF collects very limited data on household members who are outside the PEU. To underscore this point, all of the SCF estimates presented in this chapter are based entirely on the PEU.

The SCF collects data on seven distinct sources of retirement income: IRA withdrawals, annuities, Social Security and Railroad Retirement, DC plan withdrawals, DB and disability pensions, withdrawals from future DC plans (pre-retirement withdrawals, essentially), and lump sum distributions or settlements from a pension plan associated with a previous job. This last source includes rollovers, which are not identified separately and may account for most of the reported income.

Using a format that will be repeated for the CPS ASEC and SIPP later in this chapter, Table V.2 provides estimates of the number of family units—in this case PEUs—with each of several sources of retirement income and the aggregate amount of such income. For each source the table also provides a percentage breakdown of PEUs and aggregate dollars by the age of the householder and spouse or partner. The estimates in Table V.2 are from the latest SCF, conducted in 2007, which collected data on annual income for the 2006 calendar year. Both in aggregate dollars and number of participating PEUs, the combined benefits from Social Security and Railroad Retirement were the largest source of retirement income, accounting for \$460 billion distributed over 30.6 million PEUs.²³ DB and disability pensions were the next largest, with \$363 billion spread over 19.5 million PEUs.²⁴ Lump sum distributions added another \$143 billion but from only 3.0 million PEUs, and we suspect that most of the aggregate dollars recorded here represent rollovers rather than income withdrawn for consumption during the year. IRA and Keogh withdrawals totaled \$95 billion from 7.0 million PEUs while annuity income from all sources totaled \$39 billion from 3.1 million PEUs. DC pension plan benefits added another \$22 billion but from just 0.9 million PEUs. Finally, pre-retirement withdrawals from DC plans totaled less than \$4 billion from 0.4 million PEUs.²⁵

Age distributions of recipients and aggregate dollars vary with the source of retirement income. First, we note that of the 116.1 million PEUs represented by the 2007 SCF, 70.7 percent were headed by individuals or couples under 60, and another 7.7 percent were headed by individuals or couples under 65. Thus 78.4 percent of the individuals or couples were nonelderly—that is, neither the householder nor partner was 65 or older. About two-thirds of the individuals or couples classified as elderly included someone 71 or older (14.6 out of 21.6 percent). We use age 71 to define the top age group because after age 70-and-a-half, IRA owners must take minimum annual

²³ As was shown in Table V.1, Railroad Retirement benefits account for less than two percent of the combined benefits.

²⁴ The screener question for DB and DC pension benefits asked if the householder (and spouse/partner) is currently receiving any other type of retirement, pension, or disability payments or ... making withdrawals from a pension or retirement account ... not already recorded." For each such pension or plan (up to six) the respondent was then asked, "Is this pension currently an account plan, such as a 401(k), where you could take the whole balance as one payment if you wanted to?" In Table V.2 we classify as DC any plan to which the respondent answered in the affirmative. For each such plan the respondent was asked how much was taken from the account in the past year. For non-account type (DB) plans, respondents were asked how much they receive per month or year. The totals reported in Table V.2 are based on annualized amounts.

²⁵ The SCF describes these as withdrawals where the householder (or spouse/partner) has "earned rights to any other pensions or retirement accounts from a previous employer that [they] will receive or draw on in the future." Because the question mentions only previous employers, the SCF does not appear to capture withdrawals from future retirement accounts associated with current employers. The law allows such withdrawals, within limits, to promote diversification of funds held as company stock. We suspect that most early withdrawals are rolled over to other retirement accounts rather than taken as income, but their omission is notable nonetheless.

distributions or face a tax penalty. Not surprisingly, then, the retirement income source with the highest fraction of recipients 71 and older is IRA and Keogh plans (62 percent of recipient units and 60 percent of aggregate income). By comparison, 53 to 54 percent of the recipients and aggregate dollars of annuities and Social Security and Railroad Retirement were 71 and older. For DC plans 54 percent of recipients but only 25 percent of aggregate dollars belonged to this age group. For two sources, both recipients and aggregate dollars were concentrated among couples and individuals under 60. Perhaps in large part by definition, 100 percent of the withdrawals from future DC plans were made by this age group. For lump sum distributions, 74 percent of recipients were under 60, and they received 50 percent of the aggregate dollars. Consistent with this pattern, 63 percent of the 14.5 million individuals and couples who ever rolled over a lump sum distribution from an employer plan to an IRA or annuity and 92 percent of the 1.8 million who ever rolled over a lump sum distribution to another employer plan were under 60.

5. Comparison of SCF Estimates with Administrative Benchmarks

Table V.3 compares SCF estimates of aggregate dollars of retirement income from selected sources with estimates drawn from Table V.1. The SCF estimates exclude the benefits received by persons in institutions and persons who were alive for part or all of the reference year but died before they would have been interviewed. Based on rates of mortality and institutionalization among the elderly and the likelihood that retirement incomes of the excluded persons were below the average and received only for part of the year, we estimate the loss at between two and four percent.²⁶ In addition, the SCF collects most retirement income sources—all but IRA and Keogh withdrawals—for only the household head and spouse/partner—not for any other PEU members, regardless of age. These exclusions from the universe of recipients will further depress the SCF estimates of aggregate retirement income relative to independent benchmarks.

For Social Security and Railroad Retirement, the aggregate amount obtained by the 2007 SCF was 83 percent of the benchmark estimate. The SCF did better for DB pension and disability benefits; the aggregate estimate was 88 percent of a benchmark that included Veterans Compensation and Pension benefits. Aggregate IRA withdrawals were 76 percent of the taxable withdrawals reported on tax returns, but DC plan distributions were only 7 percent of the separate administrative estimate, although we believe that the latter may include extensive rollovers. If we combine all SCF pensions and annuities except the lump sum distributions and compare these to the taxable pensions and annuities from the IRS, the SCF estimate is 94 percent of the latter. When we add the lump sum distributions, however, the SCF figure exceeds the IRS estimate by 26 percent. As

²⁶ The mortality rate among persons 65 and older was 4.6 percent in 2007, and 4.1 percent of this age group was institutionalized (estimates from the National Center for Health Statistics and the U.S. Census Bureau). The fraction of the elderly who were outside the SCF universe would have been smaller than the sum of these two percentages because of overlap between decedents and the institutionalized. In addition, because of the age gradient in mortality among the elderly and the existence of socioeconomic differentials in mortality generally, those who died during the year would have had less retirement income than those who lived. Also, for a variety of reasons the elderly who were institutionalized would have had less income, on average, than the elderly in the household population. With the Health and Retirement Study (HRS), which follows sample members into institutions, one could estimate the retirement income of the institutionalized, but the analysis of data from the HRS was outside the scope of this project.

we suggested earlier, the SCF lump sum distributions may consist mainly of rollovers, which are not included in the IRS estimate. Given this possibility, we compared the total SCF pension and lump sum distributions, excluding annuities, to the estimate from USDOL and Census Bureau sources. The SCF estimate in this case is only 73 percent of the benchmark estimate, which suggests that rollovers may be even more prevalent in the USDOL data than in the SCF. On the whole, these comparisons underscore the difficulties that arise in using administrative program statistics from sources other than Social Security to benchmark survey estimates of retirement income.

B. Retirement Income Collection in the CPS ASEC

Following an overview of retirement income measurement in the CPS ASEC, we present the survey's estimates of retirement income by source for 2006 and compare similar groupings of sources between the CPS ASEC and the SCF. We then present a more detailed comparison between the CPS ASEC and SIPP for 2009, followed by a more limited comparison of these two surveys with the ACS.

1. Retirement Income Measurement in the CPS ASEC

The CPS ASEC includes questions on household members' participation in Social Security, the type of benefits received (retirement, survivor, or disability), and the annual amount. The questionnaire includes similar questions regarding veterans benefits. For all other sources of retirement income the respondent is asked whether anyone in the household received "any pension or retirement income from a previous employer or union, or any other type of retirement income" other than Social Security or veterans benefits. Those who respond "yes" are asked who received pension or retirement income and then asked what was the source of each person's income. If the respondent names a source, the interviewer will ask if there is any other source. If the respondent has difficulty providing a source, the interviewer will read from a list that includes the following sources:

1. Company or union pension (INCLUDE PROFIT SHARING)

- 2. Federal Government (CIVIL SERVICE) retirement
- 3. U.S. Military retirement
- 4. State or Local government pension
- 5. U.S. Railroad Retirement
- 6. Regular payments from annuities or paid up insurance policies
- 7. Regular payments from IRA, KEOGH, 401(k), 403(b), and 457(b) and (f)
- 8. Other sources or don't know—Specify

Annual amounts are collected for each of the first three sources that the respondent lists.²⁷

Parallel questions ask about the receipt, sources, and amounts of income from survivor benefits and from disability income; these two categories of income are covered before the question on pension or retirement income. The first five sources (all pension payments) are included under survivor and disability benefits as well as retirement benefits. Annuities are included under survivor benefits in addition to retirement benefits, but IRA, Keogh, 401(k), and related plans are included only as a source of retirement benefits. Worker's Compensation and Black Lung, which pay benefits to survivors as well as the disabled, are listed under both. Other sources are unique to survivor or disability benefits. In Section C below, we examine how much of the income collected for each distinct source was obtained from the separate sets of questions on retirement, survivor, and disability benefits.

²⁷ Only two are reported in the CPS ASEC public use file.

Retirement income collected in the CPS ASEC can be grouped into five main sources: (1) Social Security and Railroad Retirement, (2) income from a DB pension, (3) other retirement, survivor, or disability benefits including veterans benefits, (4) regular payments from IRA, Keogh, 401(k), 403(b), and 457(b) and (f) accounts, that is, from both DC plans and IRAs, and (5) regular payments from paid-up life insurance and other annuities. Table V.4 reports the number of families and unrelated persons 15 and older that received each type of retirement income in 2006, the aggregate dollars received, and the percent distribution of recipient units, and amounts, by age.²⁸

Shortly we will compare the estimates of aggregate retirement income by source in the CPS ASEC and SCF, but it is striking from the CPS data how few families and unrelated persons reported regular payments from IRA or DC plans in 2006 and how little they reported. Only 414,000 units reported such income, and their total receipts were just over \$6 billion. Considering that the question on IRA, Keogh, and 401(k) payments is virtually the only place that the CPS ASEC captures income from contributory retirement plans, these estimates give no hint of the importance of these alternatives to traditional pensions. For IRA withdrawals alone, IRS data show 10 million tax returns filed for 2006 with taxable distributions of \$125 billion.²⁹

Those who reported payments from IRA or DC plans in the CPS ASEC were also younger than those who reported income from such plans in the SCF. In the latter, 62 percent of the PEUs with IRA and Keogh withdrawals were headed by persons 71 and older compared to 43 percent of families and unrelated persons in the CPS ASEC. For all other sources of retirement income reported in both surveys, however, the fraction of recipient units headed by persons 71 and older was just three percentage points higher in the SCF.³⁰

²⁸ Unrelated children under 15 are excluded from this and subsequent tables because the Census Bureau collects no income data for them.

²⁹ Statistics retrieved from: http://www.irs.gov/pub/irs-soi/06in14ar.xls.

³⁰ If DB pension income is combined with other retirement, survivor, or disability income in the CPS ASEC, as it is in the SCF, 43 percent of the recipients of such income are headed by persons 71 and older compared to 46 percent in the SCF.

2. Retirement Income in 2006: CPS ASEC and SCF

Table V.5 compares CPS ASEC and SCF estimates for groupings of retirement income sources that are as comparable as possible. Both surveys exclude institutionalized persons and collect no income data on persons who were alive for part or all of the reference year but died before the interview. Since the SCF collects minimal data on persons outside the PEU, our CPS ASEC estimates are limited to primary families and non-family householders, which are combined. We note that the CPS ASEC estimate of primary families and non-family householders is essentially identical to the SCF estimate of PEUs at 116.1 million. The SCF is weighted to control totals derived from the CPS ASEC, and it is clear that the 2007 SCF used household totals from the 2007 CPS ASEC for this purpose.

In comparing the two sets of income estimates, we find that four results stand out. First, both in number and aggregate dollars the CPS ASEC estimate of payments from IRAs and DC plans is only five percent of the corresponding SCF estimate. The SCF does not restrict its estimates to regular payments, which contributes to the difference, but our comparison of CPS ASEC and SIPP estimates below will show that the broader definition of payments or withdrawals in the SCF is but a small part of the enormous discrepancy. Second, the CPS ASEC estimate of primary families and non-family householders with annuities is only 14 percent of the SCF estimate. Third, the CPS ASEC estimate of aggregate dollars from this source is 18 percent of the SCF estimate. Third, the CPS ASEC estimates of Social Security and Railroad Retirement recipients and aggregate dollars are about two percent higher than the SCF estimates, which are restricted to the PEU head and spouse or partner. Fourth, the CPS ASEC captures 5 percent more recipients and 5 percent fewer aggregate dollars of income from a DB pension, including survivor benefits and disability pensions from VA and other sources. In short, this comparison with estimates from IRAs, DC plans, and annuities but at least as strong as the SCF in estimating payments from Social Security and DB pensions.

3. Retirement Income in 2009: CPS ASEC and SIPP

To compare the CPS ASEC with SIPP and, later, the ACS, we shift the reference period forward to 2009. This enables us to include the latest available calendar year data from the SIPP. Before comparing estimates between the two surveys we first review the similarities and differences between the SIPP and CPS ASEC in the collection of retirement income data.

a. Retirement Income Collection in the SIPP

Like the CPS ASEC, the SIPP includes questions on individual household members' participation in Social Security, the types of benefits received, and the amounts. SIPP collects monthly rather than annual amounts, however, and for sources that pay regular monthly amounts this may contribute to more accurate reporting. SIPP's questions on veterans benefits are similar in scope to those for Social Security.

SIPP also uses a general pension screener before asking respondents to indicate receipt of and provide amounts for individual types of pension benefits, but recipiency and amounts are collected in one place rather than separated by reason for receipt. In addition, income from paid-up life insurance and other annuities and from IRA and DC accounts is collected in separate questions. After questions on life insurance and other annuities, SIPP respondents are asked if each household member owned an IRA, Keogh, 401(k), 403(b) or thrift plan at any time during the four-month reference period and, if so, whether that person received "any lump sum or regular distribution payments" from that account. Responses are recorded as lump sum, regular, or both, and monthly amounts are collected later (but if the respondent replied "both," then the reported amounts cannot be divided between lump sum and regular payments). Here, not only "regular" but "lump sum" is ambiguous, but at least respondents are asked to provide both whereas the CPS ASEC asks only for regular payments. Furthermore, the SIPP question refers to distributions, which matches the way both financial firms and IRS refer to the funds removed from such accounts. Neither the CPS ASEC nor SIPP collects data on withdrawals from personal savings and investment accounts held outside of retirement systems. What they do collect are the amounts of interest and dividends paid by such accounts. Neither survey collects any information on the capital gains that are earned (or capital losses incurred) when shares or other assets held in these accounts are sold. Capital gains are not included in the Census Bureau's concept of money income. Withdrawals from retirement accounts potentially include capital gains and losses, however (as well as interest, dividends, and both employer and employee contributions). In this respect, the treatment of withdrawals from retirement accounts is analogous to the treatment of pension payments, which are counted in full as income. Where the Census Bureau is inconsistent is that in both the CPS ASEC and the ACS, discussed below, the instructions ask respondents to include IRAs (and the ACS adds Keoghs) in determining their interest received during the year—a potential double-count. SIPP asks for interest earned from each of six specific types of accounts, which appear to exclude retirement accounts. Both surveys—and the ACS as well—ask for dividends from stocks or mutual funds without explicitly including or excluding the dividends credited to stocks or mutual funds held in retirement accounts.

b. Retirement Income by Source

Table V.6 updates to 2009 the CPS ASEC estimates that were presented in Table V.4 for the 2006 calendar year but without separating primary families, non-family householders, and unrelated subfamilies and individuals. Between the two years the number of families and unrelated persons grew by about 3.5 million, and both the recipients and aggregate dollars of regular IRA payments, Social Security and Railroad Retirement benefits, and DB pensions increased. Specifically, the number of families and unrelated individuals with IRA payments rose by 16 percent; the number with Social Security or Railroad Retirement benefits rose by five percent; and the number with pension income rose by one percent. With respect to aggregate dollar amounts, IRA payments increased by 26 percent, Social Security and Railroad Retirement benefits increased by 22 percent,

and pension benefits increased by 13 percent. For comparability with SIPP we exclude veterans benefits from retirement income, and we combine annuities with other retirement, survivor, and disability benefits so a comparison of the 2006 and 2009 CPS ASEC estimates of other retirement, survivor, and disability benefits is not meaningful.

As we explained earlier, SIPP collects both regular and lump sum withdrawals from IRA, Keogh, 401(k) and related accounts, that is, from both IRAs and DC retirement plans. Amounts received during a four-month reference period are classified as regular, lump sum, or both. If an individual received both types during the reference period, we classify the total as lump sum, making our comparison with the CPS ASEC conservative.³¹ In the tables below, IRA lump sum withdrawals are combined with other pension or retirement lump sums to form a separate retirement income source that has no counterpart in the CPS ASEC.

For every source of retirement income, SIPP estimates more recipients and more aggregate dollars than the CPS ASEC, and while the difference in aggregate dollars is very small for Social Security and Railroad Retirement, the other differences are large and varied. Most notably, the CPS ASEC estimate of units with regular IRA and other retirement account distributions is only 11 percent as large as the SIPP estimate while the CPS ASEC estimate of aggregate income from this source is just 23 percent of the SIPP amount (Table V.7). SIPP finds 3.2 million families and unrelated persons with pension or retirement, survivor, and disability benefits the CPS ASEC estimate of recipients is only 37 percent of the SIPP estimate, although the CPS ASEC aggregate dollars are 63 percent of the SIPP income total. For income from a pension the CPS ASEC estimate of aggregate dollars is 81 percent of the SIPP estimate while the CPS ASEC estimate of aggregate dollars is 81 percent of the SIPP estimate. Lastly, for Social Security and Railroad Retirement the CPS ASEC

³¹ The classification applies to all withdrawals during the reference period. If the type of withdrawal was ascertained separately for each month, fewer dollars would be classified as both.

estimate of recipients is 87 percent of the SIPP estimate, but the aggregate dollars identified by the CPS ASEC are 99 percent of the SIPP estimate.

For each of these sources the smaller gap for aggregate dollars than recipients implies that SIPP is doing a better job than the CPS ASEC in capturing the receipt of small amounts. But this is not the whole story, as attested by the sizable shortfalls in the CPS ASEC estimates of income from IRA and DC retirement accounts, from pensions, and from other retirement, survivor, and disability benefits. In Section C we review some additional results from the CPS ASEC that suggest a possible cause for the survey's low estimates of retirement income from sources other than Social Security.

c. Total Retirement Income

Because the CPS ASEC captures nearly as much aggregate Social Security and Railroad Retirement income as SIPP, the impact on total retirement income of the shortfalls in other sources is muted. Table V.8 compares the CPS ASEC and SIPP with respect to aggregate retirement income with and without the lump sums included in SIPP but not captured in the CPS ASEC. For total retirement income including SIPP lump sums, the CPS ASEC aggregate is 86.7 percent of the SIPP total. Dropping the lump sums increases the CPS ASEC share to 88.4 percent. Mean retirement income shows the same pattern except that the ratios of CPS ASEC to SIPP are slightly lower than for aggregate income.

d. Distribution by Age

Breaking out the SIPP estimates by age (Table V.9), as we did with the CPS ASEC in Table V.6, we find two notable differences between the two surveys. First, SIPP families and unrelated persons with regular distributions from IRA and DC retirement accounts are considerably older than CPS ASEC recipients of such income. SIPP families and persons 71 and older are 65 percent of the recipients of IRA distributions, and they account for 59 percent of the total income whereas CPS ASEC families and persons of the same age make up 40 percent of recipients and 30 percent of total income. (In the SCF, PEUs 71 and older were 62 percent of the recipients of IRA distributions, and

they accounted for 60 percent of the total income.) The difference between the SIPP and CPS ASEC is even more striking among families and persons under age 60. In the SIPP this age group accounts for only 3 percent of the recipients of IRA distributions and 2 percent of total income, but in the CPS ASEC this age group includes 26 percent of recipients and 25 percent of the total income from this source.

e. Distribution by Employment Status

To determine whether the SIPP and CPS ASEC were providing comparable measures of retirement status, we examined the distribution of retirement income by employment status conditional on age. These measures show quite strong similarities between the CPS ASEC and SIPP. Table V.10 breaks down all CPS ASEC families and unrelated persons and the aggregate amounts of each type of retirement income by the employment status of the reference person (and spouse, if applicable) separately for those who were 60 and older, 65 and older, and 71 and older. Table V.11 does likewise for SIPP families and unrelated persons. Employment was measured at the time of the survey for the CPS ASEC and in December 2009 for the SIPP except that, for both surveys, persons who reported no current employment but had earnings for the 2009 calendar year were classified as having some employment.

Among all families and unrelated persons we find essentially identical fractions retired in each age group in the two surveys: 58 percent among those 60 and older, 71 percent among those 65 and older, and 82 percent among those 71 and older. In each age group the CPS ASEC shows a somewhat higher fraction employed full time (and a correspondingly smaller fraction with only some employment) than does SIPP. In the older age groups the difference is only two percentage points compared to 7 percentage points in the 60 and older group. We attribute the difference between the two surveys to the somewhat different sets of questions used to determine the split between full time and part time employment, and the fact that the CPS measures employment during the survey

week whereas the SIPP responses are based on an entire month, that preceded the interview by one to four months, depending on the rotation group.

For Social Security income, the share of aggregate dollars going to the retired differs by two to three percentage points between the two surveys in the two younger age groups and by less than a percentage point in the oldest age group. In each case, SIPP reports lower fractions retired, and the CPS ASEC shows markedly higher fractions with full time employment. For pension income the fractions received by the retired differ by less than a percentage point between the two surveys, but the differences by full versus part time employment are even greater than for Social Security. Finally, for IRA withdrawals and other retirement, survivor, and disability benefits there are large differences in the distribution of income by employment status, but the estimates converge with rising age.

f. Distribution by Family Income Relative to Poverty

It is of interest whether the differences between the CPS ASEC and SIPP with respect to aggregate estimates of retirement income receipt and amounts are invariant across family income level or whether either survey tends to do better in some parts of the income distribution than in other parts. Table V.12 compares the two surveys with respect to the number of families and unrelated individuals ("families" for short) receiving each type of retirement income in 2009 by family income relative to poverty. We show pension income in total and by source (five for SIPP and four for the CPS ASEC, which combines state and local pensions), and we separate income from paid-up life insurance or annuities from other retirement, survivor, or disability benefits. For every category of retirement income. For individual types of pensions, the CPS ASEC finds 65 to 73 percent as many recipient families as SIPP. For other retirement, survivor, or disability benefits, the CPS ASEC finds 22 percent as many families as SIPP, and for income from paid-up life insurance or annuities, the CPS ASEC finds 35 percent as many families as SIPP. For regular withdrawals SIPP, and for income from paid-up life insurance or annuities, the CPS ASEC finds 35 percent as many families as SIPP. For

most traditional retirement sources, CPS ASEC does best relative to SIPP among the poor, matching or exceeding SIPP for Social Security benefits and income from all four types of pensions. For Railroad Retirement benefits, the CPS ASEC does best in the highest category of relative income but considerably worse among the poor, for reasons that are not apparent.

Table V.13 compares the two surveys with respect to aggregate amounts of retirement income reported. The patterns are generally similar to those for family recipiency, but with smaller shortfalls. Aggregate Social Security benefits are comparable between the two surveys (CPS ASEC is 99.0 percent of SIPP) while aggregate Railroad Retirement benefits are 31 percent higher in the CPS ASEC. Otherwise, SIPP obtains higher aggregate amounts of all other sources of retirement income. For all but three sources, including Railroad Retirement benefits, the CPS ASEC obtains more retirement income for the poor than does SIPP. For some sources, the CPS ASEC's advantage extends to income levels above poverty, but Railroad Retirement benefits are the only source for which the CPS ASEC exceeds SIPP above 250 percent of poverty. SIPP does better between 250 and 400 percent of poverty than it does above 400 percent of poverty for some income sources, but this difference may reflect the impact of top codes.³² The CPS ASEC appears to be more effective than SIPP in capturing sources and amounts of retirement income among the poor, and less so at higher income levels, but this may simply reflect the fact that poverty classification depends on reported income.

Lastly, for SIPP, the two tables include pension and retirement income lump sums, which are not collected in the CPS ASEC. SIPP finds 1.3 million families with such income, which totals \$20.4 billion. Most of this income consists of withdrawals from IRA, Keogh, or 401 (k) and related plans, which exceed pension and retirement lump sums by about six to one. Both sources of lump sum income are reported across the income distribution. For families below 150 percent of poverty,

³² Public use files for the CPS assign top codes that represent averages of the top-coded amounts, whereas those for SIPP generally assign the top-code itself as the amount. Thus the CPS ASEC public use files reproduce the non-top coded aggregates whereas the SIPP public use files do not.

lump sums are the fourth largest source of retirement income, with relative importance diminishing as family income rises.

4. Comparisons with the ACS

Because the ACS collapses retirement income into two sources, comparisons with the CPS ASEC and SIPP are more limited. We can compare the three surveys with respect to their estimates of (1) Social Security and Railroad Retirement and (2) retirement, survivor, or disability pensions. For Social Security and Railroad Retirement, comparison of the three surveys is straightforward, as all three enable the construction of an income component that includes these two sources and no other. For retirement, survivor or disability pensions, the surveys provide similar nominal coverage of traditional pensions. The ACS instructions also ask that respondents include "regular income from annuities and IRA or Keogh retirement plans" but do not mention 401(k) or related plans. Both the CPS ASEC and SIPP include 401(k) and related plans in their questions about regular income from IRA and Keogh plans, so we cannot match our estimates from these two surveys to the more restricted ACS source. Theoretically, then, the CPS ASEC and SIPP capture a broader array of retirement income than the ACS.

Table V.14 compares the three surveys' estimates of recipients, aggregate dollars received, and mean income from Social Security and Railroad Retirement and retirement, survivor, or disability pensions. The ACS finds 1.5 million fewer recipients (families and unrelated individuals) of Social Security and Railroad Retirement than the CPS ASEC and 6.4 million fewer than SIPP. For pensions, however, the ACS finds nearly two million more recipients than the CPS ASEC (but still 6.1 million fewer than the SIPP). For aggregate dollars the ACS finds \$84 billion less Social Security and Railroad Retirement income than the CPS ASEC but \$75 billion more pension income. SIPP still finds more total income than both surveys, but the differences are not as large as for recipients, as reflected in the ratios in the final two columns of ACS and CPS ASEC to SIPP. For mean income from both sources, both the ACS and CPS ASEC exceed SIPP—the ACS by 1.9 percent for Social

Security and Railroad Retirement and by 14 percent for pension income. One interpretation is that the millions of additional recipients that SIPP finds receive below average income from these sources. This is not a surprising result, given the expectation that respondents who fail to report an income source tend to receive less income from that source than those who do report receipt of that source.

C. Additional Findings on Retirement, Survivor, and Disability Income

As we have shown elsewhere (Czajka and Denmead 2008), SIPP produces lower aggregate estimates than the CPS ASEC for total income and most income sources, so SIPP's consistently superior performance for all sources of *retirement* income is especially noteworthy. Unlike public assistance, where SIPP's better performance can be associated, at least in theory, with the monthly reference period and shorter recall that are integral to the survey's design, together with its emphasis on program participation, retirement income would not appear to benefit from the SIPP design any more than most other sources of income. However, as we explained earlier, there are differences in how the two surveys collect data on retirement income other than Social Security and veterans benefits, and herein may lie the reason for the CPS ASEC's comparatively weaker performance in measuring retirement income.

Table V.15 presents estimates of the frequency with which CPS ASEC household members were reported with each of the eight non-Social Security and non-VA sources of retirement income listed above and the aggregate dollars associated with each.³³ What may be most telling is the fraction of those with retirement income from any of these sources who were reported to have had more than one source: only 2.69 percent of the estimated 17.2 million persons. Aggregate dollars were similar; only 5.00 percent of the \$312 billion in retirement income was associated with persons having more than one source.

³³ These estimates use the 2009 CPS ASEC rather than the 2010 survey because we originally planned to produce such estimates as part of a broader examination of income source reporting in the CPS. We selected the 2008 calendar year because the U.S. economy was in better condition in that year than in 2009.

Looking across the income distribution (Tables V.16 and V.17), reporting of multiple sources was even lower than the average among all persons except those at or above 400 percent of poverty. In other words, only in the highest category of relative income were multiple sources of retirement income reported more often than the average rates shown in Table V.15. Below 400 percent of poverty the fraction of persons with multiple sources ranged from 0.07 percent to 1.79 percent by income class, and the fraction of retirement income dollars received by persons with multiple sources ranged from 0.10 to 2.63 percent.

It stretches credibility that so few persons would be receiving retirement income from multiple sources. This tendency of CPS ASEC respondents to report only one source of retirement income may help to explain why IRA recipients in the CPS ASEC are younger than those in the SIPP. Persons below 60 who have IRA withdrawals may not have other retirement income, generally, so they will report the one source that they have. Older persons with IRA withdrawals will have pensions or other types of retirement income, however. If they report only one source, all sources may be depressed, but IRA withdrawals may be omitted more often than other sources, especially those that are received every month.

The CPS collects survivor benefits and disability benefits other than Social Security and veterans benefits in the same way that it collects retirement income—that is, with a general screener asking whether anyone in the household received such benefits and, for those who did, a follow-up question asking the respondent to identify the individual sources. IRA and DC plan distributions are not among the sources offered while additional sources are presented to the respondents. Here, too, we find very few instances of people with multiple sources. Of the nearly three million people with survivor benefits from these sources, only 2.51 percent were reported with more than one source, and persons with multiple sources accounted for only 3.74 percent of \$36 billion in aggregate benefits (Table V.18). Similarly, of the 1.5 million persons with disability income from one of the

listed sources, only 1.06 percent were reported with more than one source, and persons with multiple sources received only 3.29 percent of the \$20 billion in total benefits (Table V.19).

We find not only very few people with more than one source of retirement income, survivor benefits or disability benefits, but also very few with more than one source of income when all three types of benefits are combined. We tabulated all possible combinations of retirement, survivor, and disability income sources, and we identified the 25 most common combinations of sources. A single person could have as many as six sources, yet each of the first 16 most common "combinations" and 22 of the top 25 included only a single source (Table V.20). The top 25 combinations accounted for 95.2 percent of all persons with any of these sources of income and 91.7 percent of the total dollars, but the three combinations with two sources included only 1.6 percent of all persons with retirement, survivor, or disability income and 1.9 percent of aggregate dollars.

Given how the CPS ASEC estimates of retirement income receipt and total dollars compare to estimates from the SIPP, we suspect that the CPS ASEC's bundled approach to collecting income from these sources is considerably less effective than asking about each source individually. SIPP also uses a general pension screener before asking respondents to report their receipt of income from individual types of pensions, but income from paid-up life insurance and other annuities and from IRA and DC accounts is collected in separate questions. These two sources are where we see the biggest differences between the two surveys, so SIPP's direct approach to collecting data on these sources may very well explain the survey's superior performance.

As a final test of the CPS ASEC's bundled approach to collecting retirement, survivor, and disability income, we examined the contribution of each question to total pension income collected in the CPS ASEC for 2009. Table V.21 shows how reported pension income was distributed across the various CPS ASEC questions on retirement, survivor, disability and "other" benefits, by family income relative to poverty. For the four types of pensions, 86 to 91 percent of the total income was elicited by the retirement income question, which specifically mentions pension income. Another 5 to 10 percent was obtained from the question on survivor benefits, and just 3 to 4 percent from the question on disability benefits. Railroad Retirement benefits show a similar pattern but with less contributed by the retirement income question and more by the survivor and disability income questions. For income from paid-up life insurance and annuities the survivor income question accounts for 51 percent of the total, the retirement income question produces 37 percent, and the other income question at the end of the income segment accounts for 12 percent of the total. Looking across income levels, the survivor and disability questions accounted for a larger share of income among lower- than higher-income families for all sources but Railroad Retirement benefits. For example, half or more of the federal civil service and military retirement income of the poor was reported through the disability income question.³⁴ Overall, nearly half of the unspecified "other" income was generated by the retirement question, but below 200 percent of poverty most of the other income came from the disability income question. Revising the screener questions to focus on sources rather than the reasons for receipt would combine the pension responses under one screener, which is more efficient, and might even improve reporting, as all respondents would see the full array of source types.

³⁴ It is plausible, certainly, that families receiving disability benefits—and perhaps survivor benefits as well—tend to have lower income than families receiving retirement benefits.

D. Recommendations

All three Census Bureau household surveys—the CPS ASEC, SIPP, and the ACS—would benefit from revisions to the questions to reflect the changing retirement system and the increasing importance of IRAs and DC retirement accounts as a source of regular distributions during retirement, even if such distributions occur as infrequently as once a year. In 2009, an estimated 46 million households in the U.S. owned some type of IRA, with almost 37 million owning at least one traditional IRA.³⁵ In 2009, also, 72 million workers participated in DC retirement plans.³⁶ The assets held in DC plans and IRAs at present exceed those held in traditional private and governmental DB plans by 40 percent, and the ratio is rising. While available data suggest that IRA and DC retirement distributions are still small compared to traditional pension plan payments, the mix is shifting. Three-quarters of traditional pension payments in 2009 were made by government (federal, state and local) retirement systems; the majority of retirees are not former government employees and are increasingly dependent on DC and IRA accounts. As the owners of these accounts reach age 70 1/2, they will be required to withdraw minimum amounts every year. Since the alternative is a tax penalty of half the distribution that should have been taken, these required annual distributions almost certainly will be made.

The use of the term "regular payments" to describe distributions from retirement accounts is highly problematic. While appropriate in referring to receipts from DB pensions, its application to distributions from DC and other retirement accounts invites underreporting. Regular payments are intended to exclude lump sum payments, in which an individual withdraws the entire balance from an account—frequently just to move the funds to another account. Regular payments may also be intended to exclude large one-time withdrawals, such as investing in a business, paying off a loan, or making a down payment on a house, which do not contribute to the resources that a family draws

³⁵ Estimates from ICI, **Research Fundamentals**, vol. 19, no.1, January 2010.

³⁶ Form 5500 filings for 2009.

on to meet its needs during the year,. But this is not the case with periodic withdrawals of retirement income, even though these occur as infrequently as once or twice a year Such withdrawals would include the aforementioned minimum distributions that IRA and DC account owners must take annually after reaching the age of $70 \ 1/2$.

Building on these observations, two suggestions applicable to all three surveys are to make more use of the terms distribution and withdrawal in referring to the income taken from retirement accounts generally and to replace the regular versus lump sum distinction with something that more effectively differentiates between withdrawals for consumption (including mandatory distributions) and withdrawals for other purposes. A suggestion for the CPS ASEC and SIPP is to consider the SCF approach, in which respondents are asked to identify up to six different retirement plans or accounts and then answer questions on each one. As retirement accounts multiply, such an approach may become increasingly important as a way of ensuring fuller reporting of income from these sources. At the very least, however, the CPS ASEC should move away from its current approach, which requires respondents to first report that a household member has pension or retirement income and then asks what was the source. Evidence presented here indicates that CPS ASEC respondents hardly ever report a second source. Direct questions about all pensions, annuities, IRAs, 401(k) and other thrift plans appear certain to yield higher reporting rates, given how far the CPS ASEC falls short of the SIPP on the sources of retirement income to which the latter devotes individual questions. If stronger evidence is needed, further research with the SIPP could determine how much of the survey's greater reporting of retirement income relative to the CPS ASEC can be attributed to a higher rate of reporting of multiple sources versus more frequent reporting of single sources.

Lastly, for the ACS, which can ask for only a small set of income sources for the foreseeable future, the obvious first step to obtaining improved reporting of retirement income is to add distributions from IRAs and 401(k) plans to the pension question, where there is currently no

mention of these vehicles. This could be done, for example, by changing the phrasing of the pension item from "Retirement, survivor, or disability pensions" to "Retirement, survivor, or disability payments or withdrawals," with small print beneath this description saying "Include annual distributions from IRAs and 401(k)s, etc." Modifications to the instructions that are mailed to sample households would have to accompany such changes to the pension item to clarify what types of income should be included from these plans and to revise the general caution against reporting withdrawals from savings of any kind.

Table V.1. Administrative Program Data and IRS Estimates of Retirement Plan Payouts in Millions of Dollars Per Calendar Year, 2002 to 2009

Retirement Plan	2002	2003	2004	2005	2006	2007	2008	2009
Administrative Program Data								
Social Security/Railroad Retirement ^a Social Security (OASDI)	455,609 446,909	472,385 463,531	494,519 485,512	521,919 512,728	553,615 544,096	585,461 575,648	615,610 605,542	675,101 664,471
Railroad Retirement	8,700	8,854	9,007	9,191	9,519	9,813	10,068	10,630
Defined Benefit Pension Plans ^b	307,999	321,310	336,033	351,153	376,097	399,762	426,697	448,919
Federal Civilian (less Thrift Plan)	51,000	51,700	54,300	57,200	60,300	63,900	66,400	71,400
U.S. Military	36,400	40,900	43,100	46,200	48,500	52,200	55,400	59,000
State and Local [®]	121,300	132,600	141,700	151,000	162,100	174,000	188,700	205,600
Private other than cash balance plans	99,299	96,110	96,933	90,753	105,197	109,662	116,197	112,919
Defined Benefit Pension Plans w/ VA	334,141	349,487	366,227	383,658	411,115	437,483	467,412	494,452
Veterans Compensation and Pension ^b	26,142	28,177	30,194	32,505	35,018	37,721	40,715	45,533
Defined Contribution Plans ^e	217,265	208,883	240,395	262,787	312,762	351,184	322,867	303,220
Private defined contribution plans	178,740	167,048	192,888	217,985	260,340	294,105	265,043	241,351
Private cash balance plans	36,525	38,835	43,507	39,802	45,422	49,079	49,824	54,869
Federal Thrift Plan	2,000	3,000	4,000	5,000	7,000	8,000	8,000	7,000
Rollovers into Traditional IRAs ^f	204,400	205,000	214,900	228,500	282,000	316,600	272,100	n/a
Tax Returns and Information Documents								
Special Studies ⁹								
Gross IRA withdrawals	123,337	n/a	139,622	n/a	n/a	167,126	227,509	n/a
Net IRA, DB, DC, and annuity								
distributions ^h	n/a	n/a	n/a	n/a	n/a	724,900	n/a	n/a
Rollovers into IRAs	204,396	n/a	214,878	n/a	n/a	322,336	272,105	n/a
Rollovers into IRA, DC and annuity plans	n/a	n/a	n/a	n/a	n/a	392,100	n/a	n/a
Form 1040 Data								
Individual Retirement Arrangements								
Gross withdrawals	n/a	120,948	131,491	146,907	165,503	189,848	216,258	179,132
Taxable withdrawals	88,219	88,336	101,672	112,277	124,706	147,959	162,150	135,203
Pensions and Annuities								
Gross withdrawals	561,032	565,421	627,664	685,308	780,831	851,528	844,774	822,743
Taxable withdrawals ⁱ	357,841	372,931	394,286	420,145	450,454	490,581	506,269	523,296

Source: EBRI tabulations from BEA NIPA data; BEA NIPA data; DOL Form 5500 reports; ICI; IRS Form 1040 line counts, and Bryant (2008, 2012).

^a Net of interfund transfers; includes disability benefits.

^b Government plans include disability benefits.

^c State and local retirement systems have traditionally been DB plans, and after 2004 data is explicitly restricted to DB plans.

^d Lump sum benefits from pension or DB plans may be rolled over into IRAs at receipt. Lump sums are a very small proportion of most DB plans.

However, private cash balance plans are especially likely to be rolled over, so the payouts from such plans are excluded from the private DB pension plan total.

^e The bulk of DC benefits may be rolled over into other DC plans or IRAs.

^fICI estimates. Data apparently drawn from Form 5498 reports. Includes direct (trustee to trustee) rollovers except IRA to IRA direct rollovers.

⁹ Estimates are based on samples of tax returns matched to Form 5498 and Form 1099-R; estimates exclude non-filers.

^h Net of rollovers, this figure includes taxable distributions of \$661.8 billion plus \$59.1 billion in returns of after-tax contributions and \$4.8 billion of non-taxable Roth IRA distributions.

ⁱTaxable withdrawals exclude rollovers except for Roth IRA conversions.

	Age of Individual Householder or Older of Two Partners			1,000s of	
Source of Income	Under 60	60 to 64	65 to 70	71+	Millions of Dollars
Total Primary Economic Units	70.7	7.7	7.0	14.6	116,122
IRA and Keogh Withdrawals ^a Number with withdrawals Total annual amount	14.5 10.9	9.1 10.1	14.0 19.2	62.4 59.8	7,015 \$95,387
Total Annuity Income Number with income Total annual amount	22.6 18.6	6.1 9.5	17.7 16.7	53.6 55.2	3,093 \$39,215
Annuity Income From Prior Jobs ^b Number with income Total annual amount	22.2 14.7	7.9 11.8	16.9 19.5	52.9 54.0	2,154 \$26,189
Social Security/Railroad Retirement Benefits ^c Number with income Total annual amount	11.0 8.6	12.1 11.4	23.6 26.8	53.3 53.2	30,647 \$459,656
Defined Contribution Plan Withdrawals ^d Number with income Total annual amount	17.4 15.0	12.0 53.2	17.1 6.9	53.6 24.9	887 \$21,867
Defined Benefit and Disability Pensions ^e Number with income Total annual amount	19.8 19.3	14.9 18.2	19.6 21.9	45.7 40.5	19,468 \$362,580
Withdrawals from Future DC Plans Number with income Total annual amount	100.0 100.0	0.0 0.0	0.0 0.0	0.0 0.0	389 \$3,634
2006 Lump Sum Distributions ^f Number with distributions Total amount	73.8 49.8	10.4 30.9	10.6 9.5	5.2 9.8	3,015 \$143,423
Ever Rolled Over Lump Sum Distributions ^g Number with any rollover To an IRA or annuity To another employer plan	62.9 92.2	11.6 2.9	12.5 2.0	13.0 2.9	14,460 1,797

Table V.2. Percentage Distribution of Retirement Income Receipt and Amounts among Primary Economic Units in 2006, by Age of Householder or Couple: 2007 SCF

^a Includes Traditional and Roth IRAs, Keoghs for self-employed, and IRAs created by rollovers from defined contribution plans from previous jobs. Excludes SEP and SIMPLE IRAs for self-employed or employees of small businesses, which are included with defined contribution plans below.

^b Annuities purchased using or rolling over a lump-sum distribution or settlement from a past job pension.

^c Includes retirement, disability, dependent and survivor benefits for the householder and spouse/partner only.

^d Includes benefits from any plan where it is possible to withdraw the whole balance as one payment, except IRAs or annuities shown above. Includes SEP and SIMPLE plans. Excludes benefits received due to disability.

^e Includes pensions from private or public employment including military. Includes disability and survivor benefits. Seems to include Veterans' Compensation and Pensions but not Workers Compensation, which is collected only in combination with unemployment compensation and not reported here.

^fLump-sum distribution or settlement from a pension or retirement plan of a previous job; includes rollovers.

^g Question is not restricted to rollovers in 2006; rollovers from earlier years may be included.

Retirement Plan	SCF	Benchmark Estimate	Ratio of SCF to Benchmark
		(Millions of dollars)	
Social Security/Railroad Retirement	459,656	553,615	0.830
Defined Benefit Pension Plans w/ VA	362,580	411,115	0.882
Individual Retirement Arrangements	95,387	124,706	0.765
Defined Contribution Plans	21,867	312,762	0.070
Combined Pensions and Annuities Without SCF lump sum distributions With SCF lump sum distributions	423,662 567,085	450,454 450,454	0.941 1.259
Combined Pensions Including Lump Sums	527,870	723,877	0.729

Table V.3. Comparison of SCF and Benchmark Estimates of Retirement Plan Payouts, 2006

^a Taxable withdrawals reported on IRS Form 1040.

^b Taxable withdrawals of pensions and annuities reported on Form 1040.

^c Excludes annuities.

^d Sum of payouts from defined benefit pension plans with VA benefits and defined contribution plans.
	Age of Unmarried Reference Person or Individual or Older of Two Spouses				1,000s of	
Population and Source of Income	Under 60	60 to 64	65 to 70	71+	Millions of Dollars	
Total Families and Unrelated Persons	73.1	7.1	6.3	13.4	128,905	
Regular payments from an IRA/Keogh/401(k) Number with payments Total annual amount received by:	15.5 17.6	18.5 27.0	22.7 24.6	43.3 30.8	414 \$6,368	
Regular payments from annuities and paid-up life Insurance Number with payments Total annual amount received by:	24.9 35.9	8.9 7.8	15.7 18.7	50.5 37.6	420 \$7,086	
Social Security or Railroad Retirement ^a Number with income Total annual amount received by:	18.5 15.0	9.9 8.7	21.4 22.8	50.3 53.6	32,009 \$474,394	
Income from a pension ^b Number with income Total annual amount received by:	19.9 21.7	15.0 19.5	18.7 19.8	46.4 39.0	16,341 \$288,802	
Other retirement/survivors/disability benefits ^c Number with income Total annual amount received by:	49.9 48.8	13.6 14.9	9.7 10.3	26.8 26.0	4,092 \$56,025	

Table V.4. Percentage Distribution of Retirement Income Receipt and Amounts in 2006, by Age, for Families and Unrelated Persons: 2007 CPS ASEC

^a Includes retirement, survivor's, and disability benefits. Railroad retirement is reported separately from social security.

^b Separate amounts are reported for income from a company or union, a federal Civil Service pension, U.S. military retirement pay, a state government pension, and a local government pension. Up to two sources--including the IRA/Keogh/401k withdrawals and railroad retirement reported above and annuities reported below--are reported for retirement, survivor's or disability income.

^c Includes Veterans Compensation and Pension benefits as well as retirement, survivor's, or disability income from unspecified sources other than those included in pension income.

Table V.5. Retirement Income in 2006: Primary Families and Non-family Householders (2007 CPS ASEC) and Primary Economic Units (2007 SCF)

Population and Source of Income	2007 CPS ASEC	2007 SCF	Ratio of CPS to SCF
Primary Families and Non-family Householders (1,000s)	116,132	116,122	1.000
Regular withdrawals from an IRA/Keogh/401(k) Number with withdrawals (1,000s) Total annual amount (\$1,000,000s) received by:	410 \$6,318	7,902 \$117,253	0.052 0.054
Income from annuities and paid-up life Insurance Number with withdrawals (1,000s) Total annual amount (\$1,000,000s) received by:	420 \$7,086	3,093 \$39,215	0.136 0.181
Social Security/Railroad Retirement Income ^b Number with income (1,000s) Total annual amount (\$1,000,000s) received by:	31,306 \$466,940	30,647 \$459,656	1.022 1.016
Income from a Defined Benefit Pension ^c Number with income (1,000s) Total annual amount (\$1,000,000s) received by:	20,433 \$344,827	19,468 \$362,580	1.050 0.951

^a Maximum number; estimate is the sum of PEUs with IRA withdrawals and PEUs with defined contribution plan withdrawals. Also, the SCF includes all withdrawals not just regular withdrawals.

^b Includes retirement, survivor, and disability benefits from either source. The SCF collects this information from only the householder and spouse/partner.

^c Includes retirement, survivor, and disability benefits from a company or union, the federal Civil Service; the U.S. military, and state and local government. Also includes VA benefits and, for the CPS, retirement, survivor, or disability income from an unspecified source.

^d Maximum number; estimate is the sum of primary families and non-family householders with income from a pension and other retirement/survivor/disability benefits.

	Age of I Indivi	Age of Unmarried Reference Person or Individual or Older of Two Spouses			
Population and Source of Income	Under 60	60 to 64	65 to 70	71+	Millions of Dollars
Total Families and Unrelated Persons	71.4	8.0	7.0	13.6	132,467
Regular withdrawals from an IRA/Keogh/401(k) Number with withdrawals Total annual amount	26.1 25.1	13.4 20.6	20.8 24.3	39.8 30.0	482 \$8,017
Social Security or Railroad Retirement ^a Number with income Total annual amount	18.1 14.0	9.8 8.1	22.4 24.2	49.6 53.6	33,642 \$580,208
Income from a pension ^b Number with income Total annual amount	18.3 18.4	14.9 18.7	21.1 22.7	45.7 40.1	16,532 \$325,212
Other retirement/survivors/disability benefits ^c Number with income Total annual amount	44.1 43.1	13.9 16.5	13.5 12.8	28.6 27.7	2,138 \$30,154

Table V.6. Percentage Distribution of Retirement Income Receipt and Amounts in 2009, by Age, for Families and Unrelated Persons: 2010 CPS ASEC

^a Includes retirement, survivor's, and disability benefits. Railroad retirement is reported separately from social security.

^b Separate amounts are reported for income from a company or union, a federal Civil Service pension, U.S. military retirement pay, a state government pension, and a local government pension. Up to two sources--including the IRA/Keogh/401k withdrawals and railroad retirement reported above and annuities reported below--are reported for retirement, survivor's or disability income.

^c Includes regular payments from annuities or paid-up life insurance as well as retirement, survivor's, or disability income from unspecified sources other than those included in pension income.

Table V.7. Retirement Income of Families and Unrelated Persons in 2009: 2010 CPS ASEC and Core Data from the 2008 SIPP Panel

Population and Source of Income	2010 CPS ASEC	2008 SIPP Panel	Ratio of CPS to SIPP
Total Families and Unrelated Persons (1,000s)	132,467	131,072	1.011
Regular withdrawals from an IRA/Keogh/401(k) Number with withdrawals (1,000s) Total annual amount (\$1,000,000s)	482 \$8,017	4,392 \$34,236	0.110 0.234
Social Security/Railroad Retirement ^a Number with income (1,000s) Total annual amount (\$1,000,000s)	33,642 \$580,208	38,554 \$584,195	0.873 0.993
Income from a pension ^b Number with income (1,000s) Total annual amount (\$1,000,000s)	16,532 \$325,212	21,674 \$400,958	0.763 0.811
Pension/retirement lump sum Number with income (1,000s) Total annual amount (\$1,000,000s)	n/a n/a	3,251 \$20,427	0.000 0.000
Other retirement/survivors/disability benefits ^c Number with income (1,000s) Total annual amount (\$1,000,000s)	2,138 \$30,154	5,819 \$47,902	0.367 0.629

^a Includes retirement, survivor's, and disability benefits.

^b Separate amounts are reported for a pension from a company or union, a federal Civil Service pension, U.S. military retirement pay, a state government pension, and a local government pension.

^c Includes income from annuities or paid-up life insurance, any other retirement, survivor's, or disability benefit not characterized as a pension; and the respondent's own sickness, accident, or disability insurance.

Table V.8. Total Retirement Income of All Families and Unrelated Persons in 2009: 2010 CPS ASEC and Core Data from the 2008 SIPP Panel

Population and Source of Income	2010 CPS ASEC	2008 SIPP Panel	Ratio of CPS to SIPP
Total Families and Unrelated Persons (1,000s)	132,467	131,072	1.011
Total Retirement Income (\$millions)	\$943,591	\$1,087,718	0.867
Retirement Income w/out Lump Sums (\$millions)	\$943,591	\$1,067,291	0.884
Mean Retirement Income	\$7,123	\$8,299	0.858
Mean Retirement Income w/out Lump Sums	\$7,123	\$8,143	0.875

Note: Means are calculated over all families and unrelated persons, not just those with retirement income.

	Age of l Individ	1,000s of			
Population and Source of Income	Under 60	60 to 64	65 to 70	71+	Millions of Dollars
Total Families and Unrelated Persons	71.0	8.1	7.2	13.7	131,072
Regular withdrawals from an IRA/Keogh/401(k) Number with withdrawals Total annual amount received by:	3.3 2.1	12.4 14.1	19.7 24.6	64.6 59.2	4,392 \$34,236
Social Security or Railroad Retirement ^a Number with income Total annual amount received by:	21.7 14.4	10.5 8.5	22.1 25.4	45.6 51.7	38,554 \$584,195
Income from a pension ^b Number with income Total annual amount received by:	15.0 15.0	15.6 19.6	21.6 24.0	47.9 41.4	21,674 \$400,958
Pension/retirement lump sum Number with income Total annual amount received by:	16.1 10.2	17.3 24.1	16.1 25.6	50.6 40.0	3,251 \$20,427
Other retirement/survivors/disability benefits ^c Number with income Total annual amount received by:	26.2 23.8	12.8 12.6	17.6 18.4	43.3 45.2	5,819 \$47,902

Table V.9.Percentage Distribution of Retirement Income Receipt and Amounts in 2009, by Age, for
Families and Unrelated Persons: Core Data from the 2008 SIPP Panel

^a Includes retirement, survivor's, and disability benefits. Two indicators identify up to two reasons for receipt of social security income, but only a single amount is reported. Railroad retirement is reported separately from social security but without a reason for receipt.

^b Separate amounts are reported for a pension from a company or union, a federal Civil Service pension, U.S. military retirement pay, a state government pension, and a local government pension. The reason for receipt is not identified.

^c Includes income from paid-up life insurance; any other retirement, survivor's, or disability benefit not characterized as a pension; and the respondent's own sickness, accident, or disability insurance.

Source of Income	One or Both Employed Full Time	Some Employment	Retired: No Employment	Total
Families and Unrelated Persons				(1,000s)
One or both 60+	32.1	10.1	57.8	37,874
One or both 65+	15.5	14.0	70.5	27,276
One or both 71+	8.1	10.4	81.5	17,987
Income Amounts				(\$Millions)
Regular withdrawals from an IRA/Keogh/401k				
One or both 60+	23.8	17.1	59.2	\$6,006
One or both 65+	14.1	18.7	67.2	\$4,354
One or both 71+	7.8	17.1	75.1	\$2,407
Social Security or Railroad Retirement ^a				
One or both 60+	19.5	9.7	70.8	\$498,833
One or both 65+	18.0	9.4	72.5	\$451,682
One or both 71+	11.9	7.6	80.5	\$311,200
Income from a pension ^b				
One or both 60+	24.6	11.5	63.9	\$265,228
One or both 65+	17.8	9.9	72.3	\$204,348
One or both 71+	9.8	7.6	82.7	\$130,381
Other retirement/survivors/disability benefits ^c				
One or both 60+	29.9	12.1	57.9	\$17,160
One or both 65+	18.0	12.5	69.5	\$12,197
One or both 71+	11.4	7.0	81.6	\$8,350

Table V.10. Percentage Distribution of Retirement Income in 2009 by Retirement Status: Families and Unrelated Persons by Age of Reference Person and Spouse, 2010 CPS ASEC

^a Includes retirement, survivor's, and disability benefits. Railroad retirement is reported separately from social security.

^b Separate amounts are reported for income from a company or union, a federal Civil Service pension, U.S. military retirement pay, a state government pension, and a local government pension. Up to two sources--including the IRA/Keogh/401k withdrawals and railroad retirement reported above and annuities reported below--are reported for retirement, survivor's or disability income.

^c Includes regular payments from annuities or paid-up life insurance as well as retirement, survivor's, or disability income from unspecified sources other than those included in pension income.

Source of Income	One or Both Employed Full Time	Some Employment	Retired: No Employment	Total
Families and Unrelated Persons				(1.000s)
One or both 60+	25.0	16.9	58.1	38.060
One or both 65+	13.3	15.8	70.9	27.412
One or both 71+	6.0	11.6	82.3	18,008
Income Amounts				(\$Millions)
Regular withdrawals from an IRA/Keogh/401k				
One or both 60+	11.9	19.7	68.4	\$33,525
One or both 65+	8.4	18.7	72.8	\$28,700
One or both 71+	4.6	15.8	79.6	\$20,267
Social Security or Railroad Retirement ^a				
One or both 60+	13.7	18.2	68.2	\$500,024
One or both 65+	12.5	17.6	69.9	\$450,520
One or both 71+	6.9	13.4	79.7	\$301,914
Income from a pension ^b				
One or both 60+	14.9	21.0	64.2	\$340,819
One or both 65+	7.9	18.9	73.2	\$262,342
One or both 71+	3.9	13.6	82.6	\$166,162
Pension/retirement lump sum				
One or both 60+	22.0	28.1	49.9	\$18,337
One or both 65+	16.4	24.9	58.6	\$13,414
One or both 71+	8.8	16.9	74.3	\$8,177
Other retirement/survivors/disability benefits ^c				
One or both 60+	11.5	15.2	73.4	\$36,511
One or both 65+	8.3	12.4	79.2	\$30,483
One or both 71+	6.4	10.5	83.1	\$21,663

Table V.11. Percentage Distribution of Retirement Income in 2009 by Retirement Status: Families and Unrelated Persons by Age of Reference Person and Spouse, 2008 SIPP Panel

^a Includes retirement, survivor's, and disability benefits. Two indicators identify up to two reasons for receipt of social security income, but only a single amount is reported. Railroad retirement is reported separately from social security but without a reason for receipt.

^b Separate amounts are reported for a pension from a company or union, a federal Civil Service pension, U.S. military retirement pay, a state government pension, and a local government pension. The reason for receipt is not identified.

^c Includes income from paid-up life insurance; any other retirement, survivor's, or disability benefit not characterized as a pension; and the respondent's own sickness, accident, or disability insurance.

Table V.12. Families and Unrelated Individuals Receiving Retirement Income in 2009 by Source, by Family Income as a Percent of Poverty: 2008 SIPP Panel and 2010 CPS ASEC

	Family Income as Percent of Poverty							
Source of Retirement Income by Survey	< 100%	100% to < 150%	150% to < 200%	200% to < 250%	250% to < 400%	400% +	Total	
SIPP	Thousands of Families and Unrelated Individuals							
Social Security benefits Railroad Retirement benefits Income from a pension Pension from a company or union Federal civil service pension U.S. military retirement pay State government pension Local government pension Regular withdrawal from an IRA/Keogh/401k Income from paid-up life insurance or annuity Other retirement, survivor, or disability benefits Pension/retirement lump sums	3,535 21 318 245 20 6 36 14 36 28 216 77	5,292 18 1,149 937 64 13 125 73 129 82 307 149	4,839 40 1,755 1,331 137 55 219 92 236 158 392 268	4,249 65 2,065 1,570 151 90 288 126 320 149 447 281	9,174 108 6,210 4,365 665 372 1,162 424 1,329 342 1,139 998	11,327 103 10,177 5,927 1,397 1,318 2,851 1,031 2,342 672 1,903 1,478	38,415 356 21,674 14,377 2,434 1,854 4,681 1,760 4,392 1,430 4,405 3,251	
Pension/retirement lump sums Lump sum withdrawal from an IRA/Keogh/401(k)	29 64	65 100	91 213	82 239	288 818	769 1,269	1,324 2,703	
CPS ASEC	Thousands of Families and Unrelated Individuals							
Social Security benefits Railroad Retirement benefits Income from a pension Pension from a company or union Federal civil service pension U.S. military retirement pay State and local government pension Regular withdrawal from an IRA/Keogh/401k Income from paid-up life insurance or annuity	3,689 3 387 245 37 14 93 11 16	4,632 10 732 524 50 23 138 17 24	4,619 34 1,534 1,116 122 39 277 24 20	3,654 41 1,848 1,351 181 81 307 53 66	7,125 79 4,761 3,234 444 255 1,079 110 127	8,899 105 7,270 3,985 855 785 2,274 267 252	32,617 273 16,532 10,454 1,689 1,196 4,168 482 506	
Other retirement, survivor, or disability benefits	93	104	96	101	197	395	986	
UPS ASEC			CPS ASEC	as Percenta	age of SIPP			
Social Security benefits Railroad Retirement benefits Income from a pension Pension from a company or union Federal civil service pension U.S. military retirement pay State and local government pension Regular withdrawal from an IRA/Keogb/401k	104.4 13.6 121.9 99.9 184.2 220.8 186.6 31.5	87.5 57.0 63.7 55.9 78.5 178.2 69.7 13.1	95.5 87.3 87.4 83.8 88.8 71.0 89.2 10.1	86.0 62.2 89.5 86.0 120.1 89.5 74.1 16.5	77.7 72.9 76.7 74.1 66.8 68.5 68.0 8 3	78.6 102.6 71.4 67.2 61.2 59.5 58.6 11.4	84.9 76.7 76.3 72.7 69.4 64.5 64.7 11.0	
Income from paid-up life insurance or annuity Other retirement, survivor, or disability benefits	57.1 42.8	28.8 33.7	13.0 24.5	44.8 22.6	37.2 17.3	37.5 20.8	35.4 22.4	

Source: Mathematica tabulations of 2008 SIPP Panel and 2010 CPS ASEC.

Table V.13. Aggregate Amount of Retirement Income in 2009 by Source, by Family Income as a Percent of Poverty: 2008 SIPP Panel and 2010 CPS ASEC

	Family Income as percent of Poverty						
Source of Retirement Income by Survey	< 100%	100% to < 150%	150% to < 200%	200% to < 250%	250% to < 400%	400% +	Total
SIPP			Mi	llions of Doll	ars		
Social Security benefits Railroad Retirement benefits Income from a pension Pension from a company or union Federal civil service pension U.S. military retirement pay State government pension Local government pension Regular withdrawal from an IRA/Keogh/401k Income from paid-up life insurance or annuity Other retirement, survivor, or disability benefits Pension/retirement lump sums Pension/retirement lump sums	23,712 79 942 626 66 34 148 69 44 35 585 321 13 208	54,710 171 4,484 3,064 312 78 738 292 295 133 1,193 1,111 427 684	65,050 536 9,766 6,050 1,413 486 1,251 567 533 467 1,939 1,168 188 080	65,042 755 16,842 10,442 1,987 1,073 2,353 988 986 446 2,061 1,062 231 820	$155,180\\1,834\\84,895\\47,441\\11,788\\5,056\\15,235\\5,374\\6,433\\1,747\\8,000\\5,475\\1,072\\4,02$	216,298 2,027 284,274 107,303 39,976 29,499 81,273 26,223 25,941 6,222 22,261 11,303 866 10,427	579,992 5,402 401,203 174,925 55,541 36,225 100,999 33,513 34,231 9,050 36,038 20,439 2,797 17,642
Lump sum withdrawai from an IRA/Keogh/401(k)	308 684 980 830 4,403 10,437						
CPS ASEC			IVIII	mons or Dom	ars		
Social Security benefits Railroad Retirement benefits Income from a pension Pension from a company or union Federal civil service pension U.S. military retirement pay State and local government pension Regular withdrawal from an IRA/Keogh/401k Income from paid-up life insurance or annuity Other retirement, survivor, or disability benefits	30,798 24 1,883 1,073 191 86 534 29 65 515	60,494 148 3,994 2,371 397 269 956 43 123 746	75,947 638 10,081 6,009 1,402 461 2,208 137 97 701	68,684 881 16,948 9,855 2,475 890 3,727 289 409 807	138,405 2,047 72,947 39,828 9,255 4,375 19,489 993 1,249 2,078	199,728 3,340 218,972 86,660 31,317 22,252 78,742 6,525 4,987 8,731	574,055 7,078 324,824 145,797 45,038 28,334 105,656 8,016 6,931 13,578
			CPS ASEC	as Percenta	age of SIPP		
Social Security benefits Railroad Retirement benefits Income from a pension Pension from a company or union Federal civil service pension U.S. military retirement pay State and local government pension Regular withdrawal from an IRA/Keogh/401k Income from paid-up life insurance or annuity Other retirement, survivor, or disability benefits	129.9 31.0 199.8 171.5 291.0 250.4 246.0 64.7 186.2 88.0	110.6 86.5 89.1 77.4 127.2 346.6 92.8 14.7 92.0 62.6	116.8 119.0 103.2 99.3 95.0 121.5 25.7 20.8 36.2	105.6 116.7 100.6 94.4 124.6 83.0 111.6 29.3 91.7 39.2	89.2 111.6 85.9 84.0 78.5 86.5 94.6 15.4 71.5 26.0	92.3 164.7 77.0 80.8 78.3 75.4 73.3 25.2 80.2 39.2	99.0 131.0 81.0 83.3 81.1 78.2 78.5 23.4 76.6 37.7

Source: Mathematica tabulations of 2008 SIPP Panel and 2010 CPS ASEC.

Source of Income	ACS	CPS ASEC	SIPP	Ratio of ACS to SIPP	Ratio of CPS ASEC to SIPP		
	Families and Unrelated Individuals (1,000s)						
Social Security or Railroad Retirement	32,140	33,636	38,554	0.834	0.872		
Retirement, survivor, or disability pensions ^a	19,953	18,011	26,120	0.764	0.690		
		Aggregate I	Income (Milli	ons of Dollar	s)		
Social Security or Railroad Retirement	497,359	581,105	585,394	0.850	0.993		
Retirement, survivor, or disability pensions ^a	428,229	353,175	491,540	0.871	0.719		
	Mean Income per Unit (\$)						
Social Security or Railroad Retirement	15,475	17,276	15,184	1.019	1.138		
Retirement, survivor, or disability pensions ^a	21,462	19,609	18,819	1.140	1.042		

Table V.14. Retirement Income of Families and Unrelated Individuals in 2009: ACS, CPS ASEC, and SIPP

^a The ACS instructions ask the respondent to include retirement, survivor or disability benefits received from companies and unions, federal, state, and local governments, and the U.S. military. The instructions also ask the respondent to include regular income from annuities and IRA or KEOGH retirement plans but do not mention 401(k) plans for this or any other question. Both the CPS ASEC and SIPP also include regular withdrawals from 401(k) and related plans.

Source	Thousands of Persons	Percent of Total Persons	Millions of Dollars	Percent of Total Dollars
Company or union pension	9,988	57.98	136,568	43.69
Federal government retirement	1,381	8.02	39,596	12.67
US military retirement	1,077	6.25	26,001	8.32
State or local government retirement	3,957	22.97	91,959	29.42
US Railroad Retirement	186	1.08	3,274	1.05
Regular payments from annuities or paid-up insurance policies Regular payments from IRA Keogh or 401(k)	174	1.01	1,894	0.61
accounts	565	3.28	7.715	2.47
Other or don't know	363	2.11	5,599	1.79
One source only	16,763	97.31	296,980	95.00
Two sources	464	2.69	15,626	5.00
Total	17,227	100.00	312,606	100.00

Table V.15. Number of Persons 15 and Older Receiving Each Source of Retirement Income Other Than Social Security or Veterans Benefits in 2008 and Total Dollars Received: 2009 CPS ASEC

Table V.16.Percentage Distribution of Persons 15 and Older with Retirement Income Other Than Social
Security or Veterans Benefits in 2008 by Source and Family Income as a Percent of Poverty:
2009 CPS ASEC

	Family Income as Percent of Poverty						
Source	< 100%	100% to < 150%	150% to < 200%	200% to < 250%	250% to < 400%	400% +	Total
Company or union pension	62.37	64.51	69.18	70.22	63.00	49.82	57.98
Federal government retirement	4.00	6.98	5.56	4.85	7.74	9.51	8.02
US military retirement	0.64	1.40	1.81	2.50	4.17	9.66	6.25
State or local government retirement	18.56	16.13	17.78	16.43	19.45	28.08	22.97
US Railroad Retirement	0.73	2.05	2.44	1.41	1.32	0.57	1.08
Regular payments from annuities or paid-up insurance policies	2.30	1.50	1.13	1.52	0.89	0.86	1.01
accounts	5 12	3 17	1 55	2 86	3 58	3 42	3 28
Other or don't know	7.52	4.34	1.84	1.99	1.53	2.10	2.11
One source only Two sources	98.79 1.24	99.93 0.07	98.72 1.28	98.21 1.79	98.31 1.69	96.00 4.00	97.31 2.69

Table V.17.	Percentage Distribution of Retirement Income Other Than Social Security or Veterans Benefits
	in 2008 by Source and Family Income as a Percent of Poverty: 2009 CPS ASEC

	Family Income as Percent of Poverty							
Source	< 100%	100% to < 150%	150% to < 200%	200% to < 250%	250% to < 400%	400% +	Total	
Company or union pension	55.55	52.00	56.02	57.32	53.02	38.98	43.69	
Federal government retirement	3.92	9.83	9.41	9.74	12.16	13.29	12.67	
US military retirement	1.48	4.19	3.11	3.79	5.03	10.03	8.32	
State or local government retirement	20.07	20.30	24.54	22.04	23.70	32.19	29.42	
US Railroad Retirement	0.85	3.71	4.38	2.48	1.90	0.48	1.05	
Regular payments from annuities or paid-up								
insurance policies	2.71	1.81	0.44	1.24	0.52	0.56	0.61	
Regular payments from IRA, Keogh, or 401(k)								
accounts	8.79	2.92	0.87	1.78	2.72	2.46	2.47	
Other or don't know	6.63	5.24	1.24	1.61	0.95	2.00	1.79	
One source only	97.85	99.90	97.37	98.10	97.79	93.69	95.00	
Two sources	2.15	0.10	2.63	1.90	2.21	6.31	5.00	

Table V.18. Number of Persons 15 and Older Receiving Each Source of Survivor Income Other Than Social Security or Veterans Benefits in 2008 and Total Dollars Received: 2009 CPS ASEC

Source	Thousands of Persons	Percent of Total Persons	Millions of Dollars	Percent of Total Dollars
Company or union survivor pension	1,273	42.99	11,368	31.16
Federal government	307	10.36	5,102	13.98
US military retirement survivor pension	171	5.77	1,861	5.10
State or local government survivor pension	312	10.53	4,452	12.20
US Railroad Retirement survivor pension	60	2.01	674	1.85
Worker's compensation survivor	21	0.69	130	0.36
Black Lung survivor pension	17	0.57	126	0.35
Regular payments from estates or trusts	250	8.44	5,041	13.82
Regular payments from annuities or paid-up				
life insurance	254	8.59	2,671	7.32
Other or don't know	298	10.05	5,061	13.87
One source only	2,888	97.49	35,121	96.26
Two sources	74	2.51	1,364	3.74
Total	2,962	100.00	36,485	100.00

Table V.19. Number of Persons 15 and Older Receiving Each Source of Disability Income Other Than Social Security or Veterans Benefits in 2008 and Total Dollars Received: 2009 CPS ASEC

Source	Thousands of Persons	Percent of Total Persons	Millions of Dollars	Percent of Total Dollars
Company or union disability	360	23.88	4,697	23.74
Federal government disability	136	9.02	2,357	11.91
US military retirement disability	51	3.35	787	3.98
State or local government disability	240	15.92	3,278	16.57
US Railroad Retirement disability	30	1.99	675	3.41
Worker's Compensation	102	6.78	1,460	7.38
Accident or disability insurance	193	12.83	2,064	10.43
Black Lung miner's disability	7	0.44	48	0.24
State temporary sickness	18	1.20	109	0.55
Other or don't know	386	25.65	4,314	21.80
One source only	1,490	98.94	19,136	96.71
Two sources	16	1.06	652	3.29
Total	1,506	100.00	19,788	100.00

Rank	Type(s)	Source(s)	Percent of Total Persons	Percent of Total Dollars
1	Ret	Company or union	44.53	34.71
2	Ret	State or local gov't	17.35	23.27
3	Ret	Federal gov't	5.77	9.66
4	Sur	Company or union	4.83	2.43
5	Ret	U.S. military	4.46	6.13
6	Ret	IRA, Keogh, or 401(k)	2.07	1.65
7	Dis	Other or don't know	1.69	1.05
8	Ret	Other or don't know	1.51	1.35
9	Dis	Company or union	1.50	1.10
10	Sur	State or local gov't	1.13	0.94
11	Sur	Other or don't know	1.13	1.28
12	Dis	State or local gov't	1.05	0.80
13	Sur	Federal gov't	1.01	0.98
14	Sur	Estate or trust	1.00	1.10
15	Dis	Insurance	0.80	0.51
16	Ret	U.S. Railroad Retirement	0.78	0.77
17 *	Ret, Sur	Company or union	0.77	0.80
18	Sur	Annuity or paid-up insurance	0.76	0.52
19	Sur	U.S. military	0.55	0.33
20	Dis	Federal gov't	0.55	0.44
21	Ret	Annuity or paid-up insurance	0.53	0.30
22 *	Ret	Company or union; state or local gov't	0.49	0.69
23	Dis	Worker's compensation	0.39	0.27
24 *	Ret	Company or union; IRA, Keogh, or 401(k)	0.31	0.46
25	Sur	U.S. Railroad Retirement	0.26	0.17
Additio	nal persons c	or dollars beyond the 25 combinations	4.81	8.29

Table V.20.Percent of Persons 15 and Older with Retirement, Survivor, or Disability Income Other Than
Social Security or Veterans Benefits Who Received Each of the 25 Most Common
Combinations and the Percent of Total Dollars in 2008: 2009 CPS ASEC

* Multiple sources (two in each case).

	Family Income as Percent of Poverty						
		100% to	150% to	200% to	250% to		
Pension Type and Source of Income Data	< 100%	< 150%	< 200%	< 250%	< 400%	400% +	Total
Pension from a company or union							
From retirement income question	64.49	74.02	75.60	84.21	88.10	91.24	88.79
From survivor income question	29.44	14.86	16.76	12.05	8.65	6.12	7.96
From disability income question	6.06	11.13	7.64	3.74	3.25	2.60	3.23
From other income question	0.00	0.00	0.00	0.00	0.00	0.03	0.02
Federal civil service pension							
From retirement income question	43.83	50.02	71.17	78.48	87.61	88.04	86.38
From survivor income question	6.95	17.51	22.33	12.22	10.22	9.84	10.50
From disability income question	49.21	32.47	6.50	9.29	2.17	2.11	3.12
U.S. military retirement pay							
From retirement income guestion	0.00	61.58	76.25	54.62	80.83	89.76	86.52
From survivor income question	36.81	33.20	19.08	40.33	15.18	6.62	9.55
From disability income question	63.19	5.22	4.67	5.04	3.99	3.61	3.93
State or local government pension							
From retirement income guestion	52.62	63.42	67.66	82.83	89.60	92.95	90.98
From survivor income question	20.28	9.65	3.34	6.23	4.16	5.05	5.01
From disability income question	27.09	26.93	29.01	10.94	6.24	2.00	4.02
Railroad Retirement benefits							
From retirement income question	100.00	15.37	85.35	70.83	73.50	80.85	76.58
From survivor income guestion	0.00	71.81	13.50	12.60	13.96	16.33	16.03
From disability income question	0.00	12.81	1.15	16.57	12.53	2.81	7.39
Income from paid-up life insurance or annuity							
From retirement income question	16.65	12.37	6.17	34.01	35.25	38.70	36.67
From survivor income question	64.24	87.63	89.32	60.72	55.81	47.58	51.29
From other income question	19.10	0.00	4.51	5.26	8.94	13.72	12.04
Other retirement, disability or survivor benefits							
From retirement income question	16.69	8.51	36.76	47.62	57.32	50.94	47.35
From survivor income question	18.56	13.14	11.84	18.86	13.48	29.77	24.37
From disability income question	64.75	78.35	51.40	33.53	29.20	19.29	28.28

Table V.21. Percentage of Pension Income Obtained from Questions on Retirement, Survivor, or Disability Benefits, by Type of Pension and Family Income as a Percent of Poverty: 2010 CPS ASEC

Source: Mathematica tabulations of 2010 CPS ASEC.

Note: Within each column the percentages sum to 100 for each pension type.

VI. OTHER SOURCES OF INCOME

Sources of income other than earnings and those associated with retirement accounts constitute more than half (17 of 31) of the dollar amounts requested in the CPS ASEC. However, as we reported in Chapter III, these sources represented less than 8 percent of total CPS money income in 2009. Indeed, better reporting of earnings and successful collection of data on retirement distributions, by increasing total reported income, is likely to further reduce the relative importance of these sources, assuming less than proportional improvements here as well. If the Census Bureau is to reallocate interview time to improve data for earnings and retirement distributions, the most important sources of family income—and possibly even reduce the overall length of the CPS ASEC income module—then the reduction will have to come out of the time spent on these other sources.

These sources are minor contributors to total income and often not the major income source of families. They include asset or property income, government transfer payments (excluding Social Security and the government retirement plans covered in the preceding chapter), transfers between households, and other income. In this chapter we examine the contributions of individual amounts representing these four sources to total income as measured in the CPS ASEC and SIPP, and recommend approaches to reducing the interview time devoted to them in the CPS ASEC while potentially improving the quality of the data collected. We offer more limited recommendations for SIPP and the ACS as well.

A. Asset Income

Asset income is widely received but is very seldom a major family income source. The CPS ASEC collects separate amounts of income from interest, dividends, and the combination of rent, royalties, and estates or trusts. The ACS collects a single amount covering all of these sources while SIPP collects multiple amounts for each of these sources, and two sources not explicitly mentioned in CPS ASEC or ACS asset questions: (1) income from other financial investments and (2) interest received on mortgages owned, which is collected separately for solely owned mortgages and

mortgages owned jointly with the spouse. For comparability with both the CPS ASEC and the ACS, we include these two SIPP sources in other income, rather than asset income.

As we reported in Chapter III, asset income accounted for 4.16 percent of total CPS money income in 2009 but proportionately more among higher than lower income families. Asset income represented just 1.10 percent of the total income of the poor and near poor but 5.22 percent of the income of families above 400 percent of poverty. In the SIPP, however, the contribution of asset income to total money income was lower than in the CPS ASEC at all income levels, and accounted for less than half the CPS ASEC share of total income and the income of families above 400 percent of poverty.

1. Comparative Estimates

Comparative results from the three surveys suggest that multiple questions encourage more people to report receipt of asset income but to underreport the dollar amounts. Overall and in every poverty class, SIPP found a greater fraction of families reporting some asset income in 2009 than either the CPS ASEC or the ACS, with the most pronounced differences among the poor. Some 32.6 percent of poor families reported income from assets in the SIPP but only 13.3 percent in the CPS ASEC and 4.7 percent in the ACS (Table VI.1). Even above 400 percent of poverty, 88.5 percent of families in the SIPP reported receipt of asset income compared to 73.2 percent in the CPS ASEC and 36.0 percent in the ACS. Nonetheless, dollar amounts of asset income tell an entirely different story. Unconditional mean amounts per family were three times as high in the ACS as in the SIPP and two-and-a-half times as high in the CPS ASEC as in the SIPP. The CPS ASEC amounts were higher than the SIPP amounts in every poverty class while the ACS amounts were higher than the SIPP amounts for all but the poor.

When looking at recipiency and amounts for the components of asset income, we find the SIPP's higher recipiency is attributable entirely to differences in receipt of interest income. The CPS ASEC and SIPP show very similar frequency of receipt for dividends and for rent and royalties, with

remarkable similarity by poverty class (Table VI.2). However, interest income is more than four times as common as dividends and more than 10 times as common as rent and royalties, according to SIPP, and the CPS ASEC and SIPP estimates of recipiency of interest income look very much like the estimates for total asset income.

For dollar amounts, the CPS ASEC collects more than three times as much interest income as SIPP and more than twice as much dividend income and rent and royalty income (Table VI.3). Differences are greatest above 400 percent of poverty for all three sources. At this level of relative income the CPS ASEC collects nearly four times as much interest income and almost two-and-a-half times as much dividend and rent and royalty income as the SIPP.³⁷ Among the poor, however, SIPP obtains 59 percent as much interest income, 40 percent *more* dividend income and 5 percent more rent and royalty income than the CPS ASEC. Between these extremes the CPS ASEC collects more than twice as much interest income, about 30 percent more dividend income, and varying amounts more rent and royalty income.

Theoretically, the CPS ASEC and the ACS may obtain more asset income than SIPP because they both ask respondents to include interest from IRAs, whereas SIPP does not. However, the interest and dividends currently being earned in retirement accounts are not available for use as income without cumbersome and tax-penalized withdrawals and, therefore, are unlikely to be reported. Arguably, their inclusion in CPS money income is also inconsistent with the use of CPS ASEC income to measure poverty, but this may be a moot point.

³⁷ Differences in topcoding practice may contribute to the CPS ASEC's higher totals in the top income class.

2. SIPP Asset Income

SIPP collects great detail on asset income, with separate questions on six types of interest bearing accounts, and four different types of dividends, each of which is divided between solely held and jointly held accounts. SIPP also collects separate amounts for net rent from property owned solely, jointly with the spouse, or owned jointly with others. SIPP collects royalties in a separate amount as well and collects income from estates or trusts as yet another amount, although it is now combined, inexplicably, with other government income on the public use file.³⁸

Table VI.4 shows for the 2009 calendar year the proportion of families reporting each type of interest income among families reporting any interest income, by family income relative to poverty. It does the same for dividends and for rent and royalties. Table VI.5 provides a percentage distribution of dollar amounts across the different interest-bearing accounts, dividend-yielding accounts, and rent and royalties. Recipiency and amounts show different degrees of concentration, but the most common types of accounts do not necessarily generate the most income. For example, while interest from municipal/corporate bonds and government securities was reported by very few SIPP families in any income category, own municipal/corporate bonds accounted for 20 percent of the total interest reported by families above 400 percent of poverty. On the other hand, checking and savings accounts were held by most families but represented small fractions of total interest except at the lower end of the income distribution.

The amount of interview time spent differentiating among sources of asset income does not appear to be justified by the results. While SIPP finds substantially more families with interest than the CPS ASEC, the CPS ASEC matches SIPP's estimates of the incidence of dividends, rent and royalties—even by income class. SIPP's mean amounts for all three sources are well below the CPS ASEC, except for dividends, rent, and royalties among the poor and near poor. If we look at the

³⁸ We include other government income in other income below, as we have no way to assess the contribution of estates and trusts to the total amount.

average number of accounts held by families in each income class (by summing the percentages in each column in Table VI.4 and dividing by 100) we find that even in the top income class the average for interest income is not much more than 2 while among the poor the average is around 1.5. With families typically holding so few accounts, it would be more efficient to first determine the total number of accounts held by each person and then collect interest separately for each account along with a description of the type of account. For dividends, where SIPP finds no greater incidence than the CPS ASEC, smaller amounts (although we do not know the impact of retirement accounts), and fewer accounts on average than for interest, the merits of collecting separate amounts is even less clear. The argument against separate amounts is even stronger for rent and royalties, where the average number of types of property is just 1.1, with no differentiation by relative income.

B. Government Transfers

Under government transfers we include the CPS ASEC sources SSI, veterans' payments, public assistance or welfare, unemployment compensation and strike benefits, worker's compensation, and educational assistance. The CPS ASEC requests nine separate dollar amounts for these sources, which were listed in Table III.1.³⁹ Government transfers represented only 3 percent of total CPS money income in 2009 and only half that fraction among families above 400 percent of poverty, but nearly 20 percent of the income of the poor (Table III.11). The dollar amounts for unemployment compensation and strike benefits, worker's compensation, and educational assistance also include some funds from sources other than federal or state government that cannot be separated from the single amounts on the public use file. These non-governmental sources include strike benefits or unemployment compensation paid by unions, workers compensation paid by employers, employers' insurance, the employee's own insurance, and financial aid from private scholarships or other sources.

³⁹ The CPS ASEC also lists worker's compensation as a source under survivor's and disability income and, as we show below, picks up some additional income in this way.

SIPP does not collect educational assistance of any kind and does not include union unemployment or strike benefits under unemployment compensation—at least not explicitly. In addition, SIPP collects employer and employee disability benefits separately from worker's compensation. In the previous chapter we included such benefits as other retirement, survivor, or disability income. With these exceptions, we can construct a SIPP measure of government transfers that aligns fairly closely with the CPS ASEC measure. The ACS, however, collects separate amounts for only two of these sources: SSI and public assistance or welfare. Veterans' payments and unemployment compensation are collected in a single item in combination with transfers between households and "other" income, and neither educational assistance nor worker's compensation is explicitly mentioned. Therefore, our cross-survey comparisons of government transfers focus on the CPS ASEC and SIPP. At the end of this section we compare estimates of SSI and public assistance receipt across all three surveys.

The CPS ASEC finds fewer families than SIPP reporting income from all but one of the government transfer payments collected in both surveys (Table VI.6). For worker's compensation, the CPS ASEC finds the slightly higher overall recipiency than SIPP, but SIPP finds more families reporting receipt of this source below 250 percent of poverty while the CPS ASEC finds more above 250 percent of poverty. SIPP finds 66 percent more families with SSI than does the CPS ASEC, 78 percent more families with public assistance, 39 percent more families with veterans' payments, and 11 percent more families with unemployment compensation. In general, differences are stronger at the lower end of the income distribution, but for public assistance, SIPP's advantage increases with rising income. Above 250 percent of poverty SIPP finds more than three times as many families with public assistance, although in both cases the actual counts are small. For example, above 400 percent of sIPP families. The difference could reflect the CPS ASEC's income screen, which prevents most higher income families from being asked if they received public

assistance, or may be the result of imputation; SIPP tends to impute more entitlement program benefits to higher-income families than does the CPS ASEC, due to an apparent flaw in SIPP's imputation routines.

For both SSI and public assistance, SIPP also collects more income than the CPS ASEC—36 percent more for SSI and 58 percent more for public assistance (Table VI.7). The CPS ASEC and SIPP are very similar with respect to reported dollar amounts for veterans' payments and worker's compensation while the CPS ASEC obtains about 10 percent more dollars for unemployment compensation. Differences by poverty class are generally small, without a consistent pattern except for public assistance, where SIPP finds proportionately more additional income at higher rather than lower levels of relative income. SIPP's greater success with SSI and public assistance may result from its frequent interviews or the survey's focus on program participation—neither of which the CPS ASEC can replicate.

We also compared the CPS ASEC and SIPP with the ACS on the two government transfers that are reported separately in the ACS: SSI and public assistance. For SSI the ACS finds 11 percent fewer recipients than the CPS ASEC overall but approaches or exceeds the CPS ASEC above 200 percent of poverty (Table VI.8). For public assistance, however, the ACS does substantially better than the CPS ASEC and compares closely with SIPP. Both find nearly 80 percent more recipient families than the CPS ASEC. With respect to dollar amounts, the ACS approximates the CPS ASEC overall for SSI, and it captures 90 percent more public assistance income, exceeding even SIPP in that regard except among the poor and among families between 150 and 200 percent of poverty (Table VI.9). Similarly, ACS public assistance income exceeds the CPS ASEC by increasingly wider margins as income rises. This pattern suggests, however, that ACS respondents—especially those at higher income levels—may be confusing public assistance income with something else. Furthermore, while the ACS finds 24 percent greater average benefits than the CPS ASEC among the poor, respondent confusion may play a role here as well—all of which leads us to conclude that the ACS may not have found a solution to the CPS ASEC's difficulty in capturing public assistance income.

C. Transfers between Households

The CPS ASEC and SIPP both collect income from three separate types of transfers between households: child support, alimony, and financial assistance from others. Although these transfers net to zero across households, they are not subtracted from the income of households providing them. Like government transfers, transfers between households are more important to the poor than to higher income families, but as we reported in Chapter III, they generated only one-fifth as much income as government transfers (0.59 percent of total income in 2009 versus 3.03 percent for government transfers), and this was generally true across poverty classes. In the ACS these sources are captured along with some government transfers as other sources of income received regularly. We compare this combination of sources across the three surveys at the end of this section.

For 2009, SIPP found 73 percent more families reporting child support and more than twice as many families reporting alimony as did the CPS ASEC, but the CPS ASEC found twice as many families as SIPP with financial assistance from others (Table VI.10). Differences between the surveys were fairly consistent across poverty classes, with SIPP tending to do relatively better among the poor than among higher income families. Even financial assistance from others, where the CPS ASEC was stronger, showed a much smaller gap between the two surveys among the poor than among families at higher income levels.

For household transfers as a whole the CPS ASEC captured more total income than SIPP and did so in every poverty class except among the poor, where SIPP captured 37 percent more total income (Table VI.1). SIPP captured 28 percent more child support and 21 percent more alimony overall but only 28 percent as much financial assistance from others. Over all three sources the mean amount captured by SIPP declined slightly with rising income while the CPS ASEC mean rose and then fell. In fact, the CPS ASEC found the lowest mean amount of household transfers among

the poor, indicating a particular problem in collecting such income from this segment of the population. In contrast, SIPP found lower mean amounts of household transfers at all levels of relative income *above* poverty.

D. Other Income

The last portion of the CPS ASEC instrument attempts to capture any income not already reported. Although the questions mention several new sources as examples, the public use file identifies only sources previously covered and an undefined, residual source. In contrast, SIPP collects and reports income from a number of specific sources that are not explicitly included in CPS money income, although they may be captured as undefined other income. As we reported in Chapter III, other income collected in the CPS ASEC represented only .08 percent of total CPS money income in 2009 and only 0.30 percent of the income of the poor—the segment of the income distribution to which such income made its largest contribution. As we have mentioned, other income in the ACS includes and therefore would primarily consist of transfers between households and some types of government transfers rather than the sort of other income addressed in the CPS ASEC question.

Table VI.12 shows all the sources of other income reported in the 2010 CPS ASEC and the fraction of families that reported them, by family income relative to poverty. Other income was reported by 1 percent of families overall, and this fraction varied little by poverty class. All of the identified sources represent types of income collected earlier in the survey. Sources of earned income are included, but no amounts are reported, which could mean any amounts reported by respondents were added to earnings during editing. The largest source by far, reported by three-quarters of those who reported other income, is described simply as "anything else." Among the poor, 0.18 percent appear to have reported AFDC, which was replaced by TANF in 1997. As income increased, the fraction of families reporting "anything else" rose. Other income added an average of \$48 to families' annual incomes, ranging from \$21 among the poor and near poor to \$78

among families above 400 percent of poverty (Table VI.13). The average amounts would be 100 times that size among the 1 percent of families that reported such income (so \$4,806 overall and \$2,186 among the poor—not a trivial amount in the latter case, but rare).

SIPP collects several different types of other income along with foster care payments and interest received from mortgages owned by the respondents. Collectively these miscellaneous sources were reported by nearly 6 percent of all families, ranging from 4.13 percent among the poor and 3.71 percent of the near poor to 7.85 percent among families above 400 percent of poverty (Table VI.14). Other income from financial investments was the most common overall and among families with incomes above 400 percent of poverty. Casual or incidental earnings were the next most common at 1.69 percent overall and the most common in every poverty class below 400 percent of poverty. Miscellaneous cash income was reported by nearly 1 percent of families, but the other sources were reported by smaller fractions of any poverty class, or overall.

Collectively, these sources added \$373 per family, but this varied from only \$57 among the poor to \$791 among families above 400 percent of poverty (Table VI.15). Only one source topped \$100 in any poverty class, and that was other income from financial investments, which averaged \$469 among families above 400 percent of poverty. In sum, while the additional SIPP sources pick up substantially more income than is captured as other income in the CPS ASEC (two sources capture more income than SIPP picks up from alimony or financial assistance), the two largest of these additional sources are among SIPP's smallest sources while the remaining sources are smaller than anything that is currently captured as an independent source in the CPS ASEC.

E. Recommendations

Where the preceding two chapters focused on ways to strengthen the CPS ASEC income estimates in critical areas, this chapter has addressed areas where the primary goal is a judicious reduction in interview time to free resources for those critical areas. Possible improvements, while noted, are secondary in importance, with the crucial exception of welfare benefits.

1. Revisions to the CPS ASEC Questions

A key approach to streamlining interview time is through use of screeners-single questions to determine whether anyone in the household has income from a group of related sources. In the vast majority of cases where no one does, these sources can be skipped.⁴⁰ Where someone does have one or more of these sources, then the individual sources, recipients, and amounts can be established one at a time. We recommend this approach for unemployment compensation, worker's compensation, and transfers between households. With regard to the former, the current separate questions on unemployment compensation, supplemental benefits, and strike benefits could be combined into a single question, followed by a list of possible benefit types if a more precise attribution is desired. Worker's compensation, which is much less common than unemployment compensation, should be collected under a revamped disability income question, following the recommendations in the preceding chapter. Child support, alimony, and financial assistance from others-which collectively represent transfers between households-should be combined or at least approached through a common screener. CPS ASEC data presented earlier in this chapter show that the aggregate income from child support exceeds the sum of the other two sources while SIPP data indicate that the aggregate income from child support is three times the aggregate income from the other two sources combined. Little information would be lost by recording a single amount with a descriptor of what it includes.

We also recommend that the CPS ASEC eliminate the other income question, which yields very little income, most of which is undefined, or else ask respondents if they received income from any other source that has not been mentioned. This would require less time and may be as or more effective.

⁴⁰ Where complicated skip patterns were once difficult for field staff and thus avoided in PAPI surveys, CATI and CAPI have made them much more practical.

Further, we see no reason to retain questions on educational assistance. Conceptually, it does not fit in CPS money income, and we note that neither SIPP nor the ACS collects data on this item. There would not be such income unless there are also educational expenses that normally exceed the amount of assistance, so the net impact of the assistance is at best a wash. More importantly, the poverty threshold does not include the educational expenses that the assistance is intended to help offset, so the effect of the assistance on measured poverty is to raise relative income when in fact the receipt of educational assistance implies that the family has fewer resources to devote to necessities. We recommend that educational assistance be removed from CPS money income.

For asset income, we recommend retaining the collection of separate amounts for interest, dividends, and the combination of rent, royalties, and estates or trusts. While the ACS captures more total income from these sources with a single question, we do not recommend this approach for the CPS ASEC. The three sources differ substantially in the frequency with which they are reported, but their aggregate amounts are much less differentiated, suggesting that there is value in capturing them separately. We also suggest that the Census Bureau consider adding language to the rental income question to capture any additional income from financial investments—a source that is included in the SIPP.

An area that has long suffered from major underreporting and requires strengthening in the CPS ASEC is the capture of income from welfare (now TANF) and other public assistance. As reported in Chapter III, this is one of three sources with more than half of the recipient families reporting at most one other source of income, and improving the quality of reporting would significantly enhance the CPS ASEC's measurement of income among the poor. The question sequences for both Social Security and for SSI have separate sections on benefits received on behalf of children, asked after the questions for each household member. The questions in these sections go back to identify any children not already mentioned, on whose behalf benefits are received. Only six percent of Social Security recipients are under 18, and only 16 percent of SSI recipients. In

contrast, about three-quarters of the recipients of TANF are children, and the fraction of families receiving TANF in which no adults are recipients (child-only cases) has ranged from 42 to 46 percent over the last five years. We recommend that the Census Bureau add a section, modeled after the Social Security and SSI child sections, specifically on TANF for children, to be asked after the public assistance question.

There are several aspects of the collection of asset income that could benefit from wording changes or greater conceptual clarity. The questions on interest and dividends should be revised to clarify that interest and dividends received in tax-deferred retirement accounts should be excluded, and the possible sources of interest should be updated to include widely held instruments such as bond funds, tax-exempt municipal bond funds and treasuries. A more complex issue involves the treatment of capital gains⁴¹ when they can be identified and excluded. Withdrawals from IRAs and 401(k)s—addressed in the previous chapter—implicitly include capital gains, which cannot be readily separated from interest, dividends, and original contributions. However, the dividend question on stocks or mutual funds does not mention capital gain distributions that are paid automatically by mutual funds for tax reasons. These annual (usually year-end) distributions may be as large or larger than the annual dividend payments. We are of the mind that they should be included, as they resemble dividends more than they resemble capital gains.⁴² Absent more detailed instructions, however, respondents may interpret dividends to include or exclude capital gain distributions, or may not think of them at all. Depending on whether the Census Bureau wishes to include or exclude such distributions from money income, we recommend that the wording of the dividends question be revised to clarify whether capital gain distributions are to be reported.

⁴¹ Census Bureau descriptions of CPS money income state explicitly that capital gains are not included (see, for example, Ruser et al. 2004).

⁴² Capital gain distributions are dividends attributable to profitable portfolio adjustments by a mutual fund. They are differentiated from other dividends to reduce the tax liability of the fund, thus increasing the income paid to shareholders.

Clarification would also be helpful in the questions used to collect rental income. These questions ask the gross amount and the net amount after expenses, but the instrument itself does not define what should be counted as expenses, nor whether net rent should be assessed on a cash flow basis, or according to the rules that apply on the tax return, which include depreciation as an expense but require other actual expenses, such as a new roof, to be capitalized. Absent more detailed instructions from the interviewer, respondents may interpret expenses differently or simply not think of all the components that should be included. We recommend that the Census Bureau provide clearer instructions on what to count as expenses so that net rent is measured more consistently across households. In a related area, we recommend that possible sources of property income be expanded to specifically mention not only residential and business rental properties, but also other business investments, to improve the capture of income other than dividends from investment in or ownership of businesses.

2. Revisions to the SIPP and ACS Questions

To reduce the length of the SIPP questionnaire, the Census Bureau could explore a more streamlined approach to collecting interest income while maintaining a distinction between own and joint accounts. Since savings and checking accounts are held by a majority of families in every income class, it makes sense to ask if the respondent owns an account of each type. For all of the rest, it may be sufficient to ask if the respondent owns any such accounts and then establish what type and how much interest was received from each one.

The Census Bureau could pursue a more streamlined approach to collecting data on dividends as well. Separating mutual funds from stocks does not appear to add much value as the two have similar ownership rates, which could imply substantial overlap. More generally, the small number of types of accounts held by the average family suggests that the most efficient approach would be to ask if the respondent owns any accounts that pay dividends and, if so, determine the number of accounts, their type, and the dividends they paid. Finally, although respondents should be reminded to include not only those dividend amounts received as checks but those directly credited to their accounts, there appears little benefit to collecting separate amounts for the two.

For the ACS, the only CPS ASEC source covered in this chapter that is not explicitly mentioned in the ACS questions or instructions (besides educational assistance) is worker's compensation, which has a very low rate of receipt and generates very little income in either the CPS ASEC or SIPP. Adding worker's compensation to the list of sources in the instructions for other sources of income received regularly would improve comparability between the ACS and the other two surveys, but we assign a low priority to this change. A more important addition, potentially, would be to insert "other financial investments" to the end of the question or the instructions for the asset income item (interest, dividends, etc.). Following our CPS ASEC recommendation regarding public assistance, we recommend that the Census Bureau add to the instructions for this item that respondents be sure to include benefits received by or on behalf of children. Even though the ACS did substantially better than the CPS ASEC and at least as well as SIPP in its capture of public assistance receipt and income, there is still room for improvement. Finally, the instructions for other income include Armed Forces transfer payments, which are not mentioned in either the CPS ASEC or SIPP questionnaires and not related to any other source. We wonder if this inconsistency is due to the ACS's inclusion of all U.S. resident members of the Armed Forces in its sample frame. If so, this is entirely appropriate, but if not, then we recommend that the surveys be consistent in their treatment of this potential source of income.

Table VI.1. Receipt of Asset Income in 2009 by Family Income as a Percent of Poverty: CPS ASEC, SIPP, and ACS

		Family Income as Percent of Poverty						
Measure of Receipt and Survey	< 100%	100% to < 150%	150% to < 200%	200% to < 250%	250% to < 400%	400% +	Total	
Percent of Families with Asset Income								
CPS ASEC	13.3	22.9	32.8	40.1	50.4	73.2	47.2	
SIPP	32.6	44.7	56.7	65.7	74.3	88.5	67.8	
ACS	4.7	8.3	12.4	15.9	20.1	36.0	21.1	
Ratio of SIPP to CPS ASEC	2.452	1.951	1.732	1.637	1.473	1.208	1.436	
Ratio of ACS to CPS ASEC	0.352	0.362	0.378	0.395	0.400	0.491	0.446	
Mean Asset Income per Family								
CPS ASEC	\$83	\$211	\$439	\$597	\$1,114	\$6,361	\$2,582	
SIPP	\$64	\$134	\$198	\$336	\$620	\$2,148	\$961	
ACS	\$63	\$198	\$387	\$646	\$1,085	\$7,658	\$3,075	
Ratio of SIPP to CPS ASEC	0.772	0.634	0.451	0.563	0.557	0.338	0.372	
Ratio of ACS to CPS ASEC	0.761	0.939	0.882	1.081	0.974	1.204	1.191	

Source: Mathematica tabulations of 2010 CPS ASEC, 2008 SIPP Panel, and 2009 ACS (adjusted to 2009 dollars).

	Family Income as Percent of Poverty						
Source of Asset Income by Survey	< 100%	100% to < 150%	150% to < 200%	200% to < 250%	250% to < 400%	400% +	Total
Percent of Families with Interest Income							
CPS ASEC	12.3	21.1	30.1	37.0	46.8	69.6	44.3
SIPP	31.8	43.7	55.5	64.4	72.6	87.2	66.6
Ratio of SIPP to CPS ASEC	2.598	2.074	1.841	1.743	1.554	1.253	1.503
Percent of Families with Dividends							
CPS ASEC	2.2	3.7	6.4	9.5	13.4	31.8	16.1
SIPP	3.2	3.7	6.5	8.0	14.0	30.0	15.8
Ratio of SIPP to CPS ASEC	1.463	1.000	1.016	0.847	1.043	0.945	0.982
Percent of Families with Income from Rent.							
Rovalties, Estates, or Trusts							
CPS ASEC	1.3	2.1	3.2	4.2	5.7	11.5	6.3
SIPP ^a	1.3	2.4	3.5	4.6	5.1	11.4	6.3
Ratio of SIPP to CPS ASEC	1.006	1.158	1.084	1.098	0.899	0.991	1.000

Table VI.2. Percentage of Families and Unrelated Individuals Receiving Asset Income by Source in 2009 by Family Income as a Percent of Poverty: CPS ASEC and SIPP

Source: Mathematica tabulations of 2010 CPS ASEC and the 2008 SIPP Panel.

^a With the 2008 panel, SIPP no longer reports income from estates and trusts in a separate field but combines it with government income, which is not included here.

	Family Income as Percent of Poverty						_
Income Source	< 100%	100% to < 150%	150% to < 200%	200% to < 250%	250% to < 400%	400% +	Total
Mean Amount of Interest Income: All Families CPS ASEC SIPP Ratio of SIPP to CPS ASEC	\$60 \$36 0.593	\$130 \$74 0.572	\$268 \$119 0.446	\$320 \$167 0.522	\$580 \$276 0.476	\$3,183 \$819 0.257	\$1,308 \$387 0.296
Mean Amount of Dividends: All Families CPS ASEC SIPP Ratio of SIPP to CPS ASEC	\$17 \$24 1.396	\$43 \$27 0.633	\$69 \$57 0.822	\$149 \$104 0.702	\$291 \$207 0.710	\$1,759 \$757 0.431	\$701 \$332 0.473
Mean Amount of Income from Rent, Royalties, Estates, or Trusts: All Families CPS ASEC SIPP ^a Ratio of SIPP to CPS ASEC	\$4 \$4 1.048	\$35 \$33 0.944	\$94 \$22 0.231	\$126 \$65 0.519	\$222 \$137 0.620	\$1,308 \$572 0.438	\$527 \$243 0.461

Table VI.3. Mean Amount of Asset Income per Family in 2009, by Source and by Family Income as a Percent of Poverty: CPS ASEC and SIPP

Source: Mathematica tabulations of 2010 CPS ASEC and the 2008 SIPP Panel.

^a With the 2008 panel, SIPP no longer reports income from estates and trusts in a separate field but combines it with other government income, which is not included here.
		Fami	ly Income as	Percent of Po	overty		
Type of Asset Income and Component Sources	< 100%	100% to < 150%	150% to < 200%	200% to < 250%	250% to < 400%	400% +	Total
Interest							
Interest from joint checking account	8.8	9.7	12.9	17.4	24.0	38.0	27.0
Interest from own checking account	42.6	44.2	40.9	44.8	42.6	46.4	44.5
Interest from joint savings account	12.0	15.0	19.6	23.1	31.2	43.9	33.0
Interest from own savings account	70.6	66.6	66.2	63.6	62.2	60.9	62.9
Interest from joint money market account	2.3	2.0	2.8	4.6	6.3	15.4	9.5
Interest from own money market account	7.5	7.2	9.4	11.1	13.5	21.3	15.7
Interest from joint CDs	1.9	2.5	3.1	5.0	6.6	11.1	7.6
Interest from own CDs	9.1	10.0	12.1	12.9	13.5	16.3	14.1
Interest from jointly held municipal/corporate bonds	0.2	0.2	0.2	0.2	0.6	1.9	1.1
Interest from own municipal/corporate bonds	0.6	0.9	1.4	1.4	1.8	4.0	2.6
Interest from jointly held government securities	0.1	0.1	0.2	0.1	0.1	0.8	0.4
Interest from own government securities	0.4	0.3	0.7	0.7	0.9	2.1	1.3
Dividends							
Amount of dividend check from jointly held mutual funds	2.8	0.8	2.4	3.3	3.3	4.2	3.8
Amount of dividend check from solely held mutual funds	9.4	11.9	9.2	8.2	5.6	5.5	6.1
Dividends credited to jointly held margin account (funds)	9.8	12.4	12.9	15.8	22.4	32.3	27.7
Dividends credited to solely held margin account (funds)	26.4	30.0	28.0	28.8	27.6	31.4	30.2
Amount of dividend check from jointly held stocks	2.8	4.1	4.4	5.3	6.1	8.1	7.2
Amount of dividend check from solely held stocks	25.7	19.2	28.8	25.5	21.5	18.5	20.0
Dividends credited to jointly held margin account (stocks)	11.1	9.7	12.3	14.6	19.9	30.0	25.6
Dividends credited to solely held margin account (stocks)	42.6	46.6	47.3	43.4	43.8	41.0	42.1
Net rental income or royalties							
Net rent on property owned jointly with spouse	28.1	25.8	29.8	36.5	35.9	46.6	41.7
Net rent on property owned solely	53.4	67.1	56.9	48.0	47.0	42.0	45.4
Net rent on property owned jointly with others	13.2	7.0	9.2	6.6	8.4	9.2	8.9
Royalties	15.4	15.1	11.3	15.0	19.1	17.3	17.0

Table VI.4. Percentage of Families and Unrelated Individuals Receiving Asset Income in 2009 from Specific Component Sources, by Family Income as a Percent of Poverty: 2008 SIPP Panel

Source: Mathematica tabulations of 2008 SIPP panel.

Note: The base of each percentage is the number of families and unrelated individuals with each source of asset income.

Table VI.5. Percentage of Asset Income by Type Received from Specific Component Sources, by Family Income as a Percent of Poverty, 2008 SIPP Panel

	Family Income as Percent of Poverty						
Type of Asset Income and Component Sources	< 100%	100% to < 150%	150% to < 200%	200% to < 250%	250% to < 400%	400% +	Total
Interest	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Interest from joint checking account	3.7	2.7	2.3	3.1	3.2	3.2	3.1
Interest from own checking account	10.0	5.8	5.0	5.8	4.0	2.7	3.3
Interest from joint savings account	8.3	5.1	5.7	6.2	7.1	7.1	7.0
Interest from own savings account	24.2	18.1	14.7	13.1	11.5	7.6	9.1
Interest from joint money market account	5.0	1.7	2.0	4.0	6.5	9.0	8.0
Interest from own money market account	11.1	16.0	12.3	14.0	13.2	12.5	12.7
Interest from joint CDs	8.6	5.2	12.1	11.6	15.0	11.9	12.2
Interest from own CDs	22.5	32.9	31.8	36.7	25.6	13.7	17.5
Interest from jointly held municipal/corporate bonds	0.4	1.8	0.5	1.3	3.0	7.4	6.1
Interest from own municipal/corporate bonds	3.5	6.9	8.9	2.1	7.6	19.6	16.3
Interest from jointly held government securities	0.1	0.4	1.1	0.4	0.9	1.4	1.2
Interest from own government securities	2.7	3.4	3.7	1.8	2.4	3.8	3.5
Dividends	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Amount of dividend check from jointly held mutual funds	3.1	0.2	2.5	3.2	2.0	3.3	3.1
Amount of dividend check from solely held mutual funds	12.3	15.0	6.4	5.4	6.5	3.4	4.1
Dividends credited to jointly held margin account (funds)	7.7	14.7	8.1	19.6	17.7	23.8	22.4
Dividends credited to solely held margin account (funds)	20.8	22.5	21.1	18.1	22.0	16.5	17.5
Amount of dividend check from jointly held stocks	2.4	2.6	1.6	4.0	3.3	3.6	3.5
Amount of dividend check from solely held stocks	20.3	8.3	24.5	18.0	16.5	13.3	14.1
Dividends credited to jointly held margin account (stocks)	12.5	1.8	9.4	8.0	9.5	17.2	15.6
Dividends credited to solely held margin account (stocks)	21.1	35.0	26.4	23.7	22.4	18.8	19.7
Net rental income or royalties	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Net rent on property owned jointly with spouse	19.6	15.5	23.8	41.0	42.7	44.1	43.2
Net rent on property owned solely	-78.1	73.7	19.7	25.3	30.8	26.5	27.3
Net rent on property owned jointly with others	126.2	-1.9	15.9	5.2	6.7	6.4	6.6
Royalties	32.3	12.7	40.6	28.5	19.9	23.1	22.8

Source: Mathematica tabulations of 2008 SIPP panel.

	Family Income as Percent of Poverty							
Survey and Source of Government Transfer	< 100%	100% to < 150%	150% to < 200%	200% to < 250%	250% to < 400%	400% +	Total	
CPS ASEC (percent of families receiving)								
SSI	10.24	7.20	4.01	2.83	1.99	0.85	3.67	
Public Assistance	5.58	2.20	1.03	0.81	0.31	0.09	1.36	
Veterans' Payments	0.67	1.37	2.10	2.02	2.46	2.66	2.07	
Unemployment Compensation	6.48	10.55	10.33	11.38	11.04	7.76	9.10	
Worker's Compensation	0.45	0.68	0.95	1.00	1.14	0.89	0.87	
Educational Assistance	5.60	6.11	6.81	6.39	5.98	5.21	5.78	
SIPP (percent of families receiving)								
SSI	13.75	14.73	8.97	6.38	3.34	1.29	6.07	
Public Assistance	8.73	3.85	2.76	2.13	0.97	0.30	2.41	
Veterans' Payments	0.84	1.82	1.80	2.69	3.65	3.87	2.88	
Unemployment Compensation	8.76	12.11	12.93	11.91	11.07	8.12	10.06	
Worker's Compensation	0.66	1.09	0.86	1.22	1.03	0.65	0.85	
Ratio of SIPP to CPS ASEC								
SSI	1.343	2.046	2.237	2.255	1.677	1.513	1.655	
Public Assistance	1.564	1.751	2.681	2.630	3.141	3.286	1.775	
Veterans' Payments	1.258	1.330	0.855	1.333	1.485	1.456	1.390	
Unemployment Compensation	1.351	1.148	1.252	1.046	1.002	1.046	1.106	
Worker's Compensation	1.472	1.610	0.909	1.223	0.906	0.726	0.977	

Table VI.6. Percentage of Families and Unrelated Individuals Receiving Government Transfers in 2009, by Source and by Family Income as a Percent of Poverty: CPS ASEC and SIPP

Source: Mathematica tabulations of 2010 CPS ASEC and the 2008 SIPP Panel.

Table VI.7. Mean Amount of Government Transfers per Family in 2009, by Source and by Family Income as a Percent of Poverty: CPS ASEC and SIPP

	Family Income as Percent of Poverty						
Survey and Type of Government Transfer	< 100%	100% to < 150%	150% to < 200%	200% to < 250%	250% to < 400%	400% +	Total
CPS ASEC (mean amount, all families) ^a	\$1,268	\$1,715	\$1,501	\$1,579	\$1,526	\$1,382	\$1,456
SSI	\$674	\$629	\$352	\$280	\$195	\$82	\$296
Public Assistance	\$172	\$75	\$49	\$29	\$15	\$3	\$46
Veterans' Payments	\$33	\$103	\$162	\$195	\$285	\$495	\$281
Unemployment Compensation	\$366	\$853	\$849	\$979	\$921	\$699	\$748
Worker's Compensation	\$23	\$55	\$90	\$96	\$111	\$103	\$86
Educational Assistance	\$188	\$301	\$356	\$418	\$430	\$471	\$385
SIPP (mean amount, all families)	\$1,458	\$2,148	\$1,965	\$1,619	\$1,522	\$1,197	\$1,514
SSI	\$736	\$1,038	\$687	\$449	\$249	\$88	\$402
Public Assistance	\$263	\$106	\$99	\$50	\$30	\$10	\$73
Veterans' Payments	\$32	\$86	\$121	\$184	\$339	\$462	\$278
Unemployment Compensation	\$401	\$840	\$1,002	\$822	\$806	\$534	\$677
Worker's Compensation	\$26	\$77	\$56	\$114	\$97	\$103	\$85
Ratio of SIPP to CPS ASEC	1.150	1.252	1.309	1.025	0.997	0.866	1.039
SSI	1.093	1.651	1.954	1.602	1.280	1.074	1.360
Public Assistance	1.526	1.424	2.035	1.727	2.002	2.787	1.579
Veterans' Payments	0.951	0.830	0.748	0.941	1.192	0.933	0.988
Unemployment Compensation	1.097	0.985	1.180	0.840	0.876	0.764	0.905
Worker's Compensation	1.140	1.395	0.625	1.190	0.875	1.005	0.989

Source: Mathematica tabulations of 2010 CPS ASEC and the 2008 SIPP Panel.

^a Overall mean excludes educational assistance.

Table VI.8. Percentage of Families and Unrelated Individuals Receiving SSI and Public Assistance in 2009 by Family Income as a Percent of Poverty: CPS ASEC, SIPP, and ACS

	Family Income as Percent of Poverty						
Measure of Receipt and Survey	< 100%	100% to < 150%	150% to < 200%	200% to < 250%	250% to < 400%	400% +	Total
Percent of Families with SSI							
CPS ASEC	10.2	7.2	4.0	2.8	2.0	0.9	3.7
SIPP	13.8	14.7	9.0	6.4	3.3	1.3	6.1
ACS	8.3	5.9	3.5	2.7	2.0	1.1	3.3
Ratio of SIPP to CPS ASEC	1.343	2.045	2.237	2.254	1.675	1.508	1.657
Ratio of ACS to CPS ASEC	0.815	0.814	0.885	0.963	0.986	1.277	0.893
Percent of Families with Public Assistance							
CPS ASEC	5.6	2.2	1.0	0.8	0.3	0.1	1.4
SIPP	8.7	3.9	2.8	2.1	1.0	0.3	2.4
ACS	7.2	3.9	2.5	1.7	1.2	0.6	2.4
Ratio of SIPP to CPS ASEC	1.565	1.748	2.684	2.645	3.172	3.237	1.779
Ratio of ACS to CPS ASEC	1.298	1.785	2.418	2.168	3.814	6.944	1.770

Source: Mathematica tabulations of 2010 CPS ASEC, 2008 SIPP Panel, and 2009 ACS.

		Family Income as Percent of Poverty							
Income Source and Survey	< 100%	100% to < 150%	150% to < 200%	200% to < 250%	250% to < 400%	400% +	Total		
Mean Amount of SSI per Family									
CPS ASEC	\$674	\$629	\$352	\$280	\$195	\$82	\$296		
SIPP	\$736	\$1,038	\$687	\$449	\$249	\$88	\$402		
ACS	\$537	\$501	\$332	\$270	\$202	\$121	\$274		
Ratio of SIPP to CPS ASEC	1.093	1.651	1.954	1.602	1.280	1.074	1.360		
Ratio of ACS to CPS ASEC	0.797	0.797	0.944	0.964	1.039	1.474	0.926		
Mean Amount of Public Assistance									
CPS ASEC	\$172	\$75	\$49	\$29	\$15	\$3	\$46		
SIPP	\$263	\$106	\$99	\$50	\$30	\$10	\$73		
ACS	\$214	\$131	\$95	\$70	\$55	\$39	\$87		
Ratio of SIPP to CPS ASEC	1.526	1.424	2.035	1.727	2.002	2.787	1.579		
Ratio of ACS to CPS ASEC	1.242	1.752	1.949	2.385	3.660	11.090	1.897		

Table VI.9. Mean Amount of SSI and Public Assistance Received in 2009 by Family Income as a Percent of Poverty: CPS ASEC, SIPP, and ACS

Source: Mathematica tabulations of 2010 CPS ASEC, 2008 SIPP Panel, and 2009 ACS (amounts adjusted to 2009 dollars).

Table VI.10. Percentage of Families and Unrelated Individuals Receiving Household Transfers in 2009, by Source and by Family Income as a Percent of Poverty: CPS ASEC and SIPP

	Family Income as Percent of Poverty						
Survey and Source of Household Transfer	< 100%	100% to < 150%	150% to < 200%	200% to < 250%	250% to < 400%	400% +	Total
CPS ASEC (percent of families receiving)							
Child support	5.01	4.91	4.19	4.13	3.97	2.02	3.58
Alimony income	0.15	0.27	0.31	0.26	0.31	0.27	0.26
Financial assistance from others	3.43	3.04	2.61	1.71	1.02	0.54	1.65
SIPP (percent of families receiving)							
Child support	10.57	8.16	8.23	7.44	5.79	3.17	6.18
Alimony income	0.33	0.61	0.49	0.55	0.81	0.47	0.55
Financial assistance from others	2.92	1.14	1.16	0.56	0.31	0.16	0.82
Ratio of SIPP to CPS ASEC							
Child support	2.110	1.662	1.963	1.802	1.459	1.568	1.726
Alimony income	2.175	2.274	1.574	2.104	2.610	1.745	2.104
Financial assistance from others	0.851	0.374	0.446	0.327	0.305	0.287	0.497

Source: Mathematica tabulations of 2010 CPS ASEC and the 2008 SIPP Panel.

Table IV 11	Moon Amount of Household Transfors	por Family in 2009	by Source and by Eami	ily Income as a Percent of Poverty	CDS ASEC and SIDD
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	Family Income as Percent of Poverty						
Survey and Type of Household Transfer	< 100%	100% to < 150%	150% to < 200%	200% to < 250%	250% to < 400%	400% +	Total
CPS ASEC (mean amount, all families)	\$283	\$414	\$440	\$395	\$379	\$331	\$358
Child support	\$169	\$196	\$200	\$210	\$237	\$157	\$188
Alimony income	\$6	\$15	\$25	\$20	\$37	\$78	\$42
Financial assistance from others	\$108	\$203	\$215	\$165	\$104	\$96	\$128
SIPP (mean amount, all families)	\$388	\$373	\$370	\$361	\$361	\$247	\$327
Child support	\$290	\$283	\$271	\$299	\$279	\$161	\$241
Alimony income	\$10	\$30	\$24	\$31	\$68	\$74	\$50
Financial assistance from others	\$88	\$61	\$75	\$31	\$14	\$12	\$36
Ratio of SIPP to CPS ASEC	1.374	0.901	0.841	0.913	0.954	0.746	0.913
Child support	1.716	1.440	1.352	1.424	1.178	1.029	1.277
Alimony income	1.681	2.047	0.945	1.583	1.824	0.945	1.209
Financial assistance from others	0.821	0.298	0.351	0.185	0.132	0.120	0.281

Source: Mathematica tabulations of 2010 CPS ASEC and the 2008 SIPP Panel.

Table VI.12.	Percentage of Families and Unrelated Persons Receiving Other Income, by Source, in 2009, by Family income as a Percent of Poverty:
	2010 CPS ASEC

Source	< 100%	100% to < 150%	150% to < 200%	200% to < 250%	250% to < 400%	400% +	Total
Total families reporting other income	0.98	0.73	0.85	0.75	1.02	1.08	0.97
Social Security	0.01	0.00	0.02	0.00	0.00	0.00	0.00
Private pensions	0.00	0.00	0.00	0.00	0.00	0.01	0.00
AFDC	0.18	0.10	0.02	0.01	0.04	0.03	0.06
Other public assistance	0.19	0.05	0.04	0.06	0.04	0.04	0.07
Interest	0.00	0.01	0.00	0.00	0.00	0.00	0.00
Dividends	0.00	0.00	0.01	0.00	0.00	0.01	0.01
Rents or royalties	0.00	0.04	0.05	0.03	0.05	0.04	0.04
Estates or trusts	0.00	0.00	0.00	0.00	0.00	0.00	0.00
State disability payments (worker's comp)	0.00	0.00	0.00	0.00	0.02	0.02	0.01
Disability payments (own insurance)	0.00	0.03	0.00	0.00	0.04	0.03	0.02
Unemployment compensation	0.00	0.00	0.00	0.01	0.00	0.00	0.00
Strike benefits	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Annuities or paid up insurance policies	0.02	0.00	0.02	0.04	0.06	0.05	0.04
Not income	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Longest job	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Wages or salary	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Nonfarm self-employment	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Farm self-employment	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Anything else	0.57	0.51	0.69	0.61	0.78	0.84	0.72

Source: Mathematica tabulations of 2010 CPS ASEC.

	Family Income as Percent of Poverty								
Source	< 100%	100% to < 150%	150% to < 200%	200% to < 250%	250% to < 400%	400% +	Total		
Total other income	\$21.86	\$21.21	\$26.69	\$33.28	\$47.19	\$77.66	\$48.06		
Social Security	\$0.36	\$0.00	\$1.59	\$0.00	\$0.00	\$0.00	\$0.21		
Private pensions	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.58	\$0.20		
AFDC	\$4.48	\$3.77	\$0.25	\$0.08	\$2.39	\$1.00	\$1.95		
Other public assistance	\$4.47	\$1.50	\$1.13	\$1.91	\$1.18	\$2.27	\$2.17		
Interest	\$0.00	\$0.12	\$0.00	\$0.00	\$0.00	\$0.54	\$0.20		
Dividends	\$0.00	\$0.00	\$0.05	\$0.00	\$0.00	\$4.11	\$1.44		
Rents or royalties	\$0.00	\$0.46	\$1.34	\$1.06	\$2.19	\$6.33	\$2.94		
Estates or trusts	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		
State disability payments (worker's comp)	\$0.03	\$0.00	\$0.00	\$0.00	\$0.36	\$0.49	\$0.25		
Disability payments (own insurance)	\$0.00	\$1.18	\$0.60	\$0.00	\$1.04	\$0.79	\$0.67		
Unemployment compensation	\$0.00	\$0.00	\$0.00	\$1.99	\$0.01	\$0.24	\$0.26		
Strike benefits	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		
Annuities or paid up insurance policies	\$0.60	\$0.00	\$0.34	\$1.80	\$4.03	\$14.81	\$6.30		
Not income	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		
Longest job	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		
Wages or salary	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		
Nonfarm self-employment	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		
Farm self-employment	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		
Anything else	\$11.90	\$14.23	\$21.36	\$26.45	\$36.01	\$46.48	\$31.47		

Table VI.13. Mean Amount of Other Income per Family in 2009, by Source and by Family Income as a Percent of Poverty: 2010 CPS ASEC

Source: Mathematica tabulations of 2010 CPS ASEC.

Table VI.14. Percentage of Families and Unrelated Individuals Receiving Other Income in 2009, by Source and by Family Income as a Percent of Poverty: 2008 SIPP Panel

	Family Income as Percent of Poverty					_	
Source of Other Income	< 100%	100% to < 150%	150% to < 200%	200% to < 250%	250% to < 400%	400% +	Total
Other income	4.13	3.71	4.70	4.60	5.12	7.85	5.71
Other income from financial investments	0.47	0.67	1.03	1.20	1.51	3.60	1.93
Casual or incidental earnings	1.91	1.74	1.82	1.86	1.66	1.53	1.69
Miscellaneous cash income	1.17	0.93	0.95	0.96	0.70	0.91	0.91
Other government income ^a	0.70	0.30	0.48	0.31	0.40	0.43	0.44
Foster child care payments	0.00	0.07	0.24	0.18	0.17	0.14	0.13
Interest received on mortgage(s) owned with spouse	0.05	0.04	0.06	0.04	0.41	0.53	0.30
Interest received on mortgage(s) owned solely	0.04	0.09	0.27	0.23	0.55	0.90	0.50

Source: Mathematica tabulations of the 2008 SIPP Panel.

^a Includes income from estates or trusts.

Table VI.15.	Mean Amount of Other Incom	e per Family in 2009,	by Source and by	Family Income as a Percent	t of Poverty: 2008 SIPP Panel

	Family Income as Percent of Poverty						_
Source of Other Income	< 100%	100% to < 150%	150% to < 200%	200% to < 250%	250% to < 400%	400% +	Total
Total other income	\$56.59	\$70.27	\$142.97	\$121.97	\$252.23	\$790.97	\$372.88
Other income from financial investments	\$0.42	\$15.03	\$39.25	\$14.56	\$78.71	\$468.52	\$188.42
Casual or incidental earnings	\$29.51	\$35.84	\$42.72	\$51.42	\$71.75	\$87.24	\$62.89
Miscellaneous cash income	\$17.65	\$12.69	\$21.59	\$24.72	\$19.14	\$50.67	\$30.08
Other government income ^a	\$5.30	\$2.45	\$10.55	\$10.60	\$18.05	\$53.28	\$25.64
Foster child care payments	\$0.00	\$2.82	\$16.75	\$11.39	\$26.08	\$18.23	\$15.05
Interest received on mortgage(s) owned with spouse	\$1.28	\$0.27	\$2.63	\$1.37	\$15.80	\$52.10	\$22.34
Interest received on mortgage(s) owned solely	\$2.43	\$1.17	\$9.47	\$7.91	\$22.68	\$60.94	\$28.46

Source: Mathematica tabulations of the 2008 SIPP Panel.

^a Includes income from estates or trusts.

VII. THE FAMILY UNIT AND POVERTY

In constructing the official measure of poverty, the Census Bureau groups together persons in families, where families are defined by the rules employed in the CPS, and a household may contain more than one family. Income is summed over family members and compared to a poverty threshold that is based on the size and composition of the family. Any other persons in a household who are not in families as defined by the CPS rules are treated as units of one or unrelated individuals for the purpose of poverty measurement, and if under age 15 are excluded from the universe for poverty measurement because the CPS collects no income data for them. For a new, supplemental poverty measure that the Census Bureau has been charged to produce, the Census Bureau will expand the family concept so that more household members are included in families and correspondingly fewer are treated as unrelated individuals.

Our analysis of the impact of expanding the CPS family concept had three objectives: (1) to determine how many people represented in the CPS ASEC will be included in an expanded family and how their poverty status and that of the family members they join will be altered as a result, (2) to determine if nonresponse to income questions in the CPS ASEC is greater for expanded versus traditional CPS families, and (3) to determine if changes in marital and/or partnership status during the year are larger for expanded versus traditional CPS families, altering the implications of fixed versus contemporaneous measurement of family composition and income. This chapter presents our findings with respect to these three objectives. We begin by discussing in Section A the specific additions to the traditional CPS family concept that we included in our assessment and explain how and why this differs from the set of changes that the Census Bureau implemented in the initial release of the supplemental poverty measure. In Sections B, C, and D we present, in turn, our findings with respect to the three analytical objectives listed above. In Section E we discuss

additional findings for unrelated children—that is, children who are not related to anyone in the household. Section F summarizes our conclusions.

A. Expansion of the CPS Family

The Census Bureau divides household members between families and unrelated individuals, where family membership is defined by relationships based on blood, marriage, or adoption. Within each household, one member is designated the householder (someone in whose name the dwelling unit is owned or rented), and each household member's relationship to the householder is collected. These relationship data, supplemented by additional data on marital and parental relationships among all household members, are the basis for identifying families and unrelated individuals in the CPS ASEC. If the householder has relatives in the household, then collectively they constitute the primary family. If the householder has no relatives present, then he or she is identified as a non-family householder.

Other household members who are unrelated to the householder but related to each other constitute an unrelated subfamily if they meet certain additional requirements. An unrelated subfamily includes only (1) persons who are married to each other, with or without children, or (2) a single parent with one or more children. The children in each case must be under 18, never married, and not themselves parents of other children living in the household. As a rule, subfamilies cannot have subfamilies. A parent under 18 and that parent's child or children form a separate, unrelated subfamily that does not include the young parent's own parent. Thus if a household has three persons unrelated to the householder and they consist of a mother, her daughter under 18, and the daughter's own child (the first mother's grandchild), the older mother will be treated as an unrelated individual. In addition, because of the age restriction on parent-child relationships in subfamilies, if two household members unrelated to the householder consist of a mother and her 18 year-old daughter, these two would not form an unrelated subfamily and would instead be treated as two unrelated individuals. These inconsistencies between the application of the CPS family concept to

primary families and unrelated subfamilies is a function of the very limited relationship data that were collected for persons unrelated to the householder 40 years ago, when the official poverty measure was established. Redefining unrelated subfamilies to incorporate the more extensive relationship data that were added to the CPS later would change the poverty measure, which the Census Bureau is not authorized to do.

The CPS also identifies subfamilies within the primary family. Related subfamilies are defined the same way as unrelated subfamilies except that related subfamilies include only persons related to the householder. However, all members of the primary family are treated as a single unit in the official measure of poverty.

In operationalizing an expanded CPS family concept for this analysis, we made the following specific additions to the CPS family:

- Unmarried partners of the opposite sex (for any member of the household) were included in the same family, forming a new family if the partners are the only members
- Children of unmarried partners were included in the same family as the two partners
- Foster children of any age were added to the primary family
- Other unrelated children under age 18 (if not partners) were added to the householder's family or included with a non-family householder in a new primary family

Each of these changes reduces the number of unrelated individuals or unrelated subfamilies and may also reduce the number of non-family householders.

This operational concept of an expanded family overlaps substantially but is not identical to the family concept that the Census Bureau used with the initial release of the new, supplemental poverty measure in the fall of 2011. For this new measure the Census Bureau seeks to replicate as closely as possible the family concept used in the Consumer Expenditure Survey (CE), which is the source of the poverty thresholds that will be used with the supplemental poverty measure (Provencher 2011). In addition to familial and other reported relationships, the CE uses questions on shared meals to define the consumer unit. Groupings based on the responses to these questions cannot be replicated with CPS data, but the Census Bureau has used CE findings to determine what familial and other relationships to build into its expanded family concept. Thus the Census Bureau includes both same sex and opposite sex partners (and their children) in the expanded family.⁴³ The Census Bureau also includes unmarried persons who are parents of the same child, even if they are not identified as partners. With respect to children, the Census Bureau adds to the primary family: foster children through age 21 and other unrelated children under age 15. The Census Bureau's primary consideration in the latter case was to remove these children from the undefined poverty status that they have with the current, official measure. We included unrelated children 15 to 17 in our own expanded family concept on the grounds that they are still minors and, in that sense, more similar to younger children than to young adults. Also, we did not place an age cap on foster children, choosing to rely instead on their reported relationships to the householder.

We learned in the course of our work that the Census Bureau's expanded family concept makes two additions to unrelated subfamilies: (1) ever married children under 18 and (2) persons 18 and older who are identified as children of the subfamily reference person. Had we not already completed the CPS tabulations for our analysis, we would have incorporated this expansion of

⁴³ The CPS does not identify same-sex spouses as married even in states that recognize same-sex marriages. Reported spouses of the same sex are edited to unmarried partners.

unrelated subfamilies into our operational concept as well. Both additions address inconsistencies in how the CPS family concept is applied to primary families versus subfamilies.

B. Impact on Family Composition and Measured Poverty

Our empirical analysis of the impact of expanding the CPS family uses the 2010 CPS ASEC as its data source. The analysis focuses on two outcomes: family composition and the distribution of families and persons by income relative to poverty. In examining these impacts we look separately at the changes induced by (1) combining unmarried partners and their children into the same family and (2) including foster children and other unrelated children in the primary family. We do so by focusing first on the households that would be affected by each type of family expansion. Following this initial analysis we assess the combined effects of these expansions—first on the households experiencing each type of family expansion and then on the total population.

1. Combining Unmarried Partners into the Same Family

Operationally, combining unmarried partners into the same family implies the following. Unmarried partners are added to an existing family (if the other partner was a family member) or combined with a non-family individual to form a new family. Thus, if a householder has children or other relatives in addition to a partner, then the partner becomes part of an existing primary family. Otherwise the non-family householder and the partner *form* a primary family. If either partner has children in the household, then these become the other partner's step children, and these children are counted as living in a two-parent family. If another member of the primary family (for example, the householder's adult offspring) has an unmarried partner, who is classified as either a secondary individual or, if he or she has a child, the reference person of an unrelated subfamily, that partner joins the primary family, and the two partners (and their children) become a related subfamily. If a household member unrelated to the householder has a child (constituting an unrelated subfamily) and a partner (a secondary individual), the partner joins the unrelated subfamily and in so doing becomes the step parent of the child. Thus the effect of combining unmarried partners into the same family is to reduce the numbers of non-family householders and secondary individuals while increasing the number of primary families and primary family members. Unrelated subfamilies are eliminated in some cases (by joining the primary family) and created in other cases.

In early 2010 there were 7.2 million households in the U.S. with one or more unmarried couples (Table VII.1).⁴⁴ These households included 15.5 million "poverty units," that is, the units for which the Census Bureau constructs annual estimates of income relative to the applicable poverty threshold. Poverty units consist of primary families, non-family householders, unrelated subfamilies, and secondary individuals age 15 or over. The 15.5 million poverty units included a total of 22.5 million persons: 17.1 million adults and 5.5 million children.

Combining unmarried partners—and their children, if any—into the same family reduces the number of poverty units in these households by nearly one-half, down to 8.2 million. With this change, the number of persons in primary families grows from 9.6 million to 21.3 million, an increase of 11.7 million. This increase is accomplished through reductions of 4.0 million in the number of non-family householders (99 percent of the original number), 7.2 million in the number of secondary individuals (89 percent of the original number), and 0.5 million in the number of persons in unrelated subfamilies (57 percent of the original number). In the 7.2 million households with unmarried partners, nearly all non-family householders and nearly 90 percent of secondary individuals become primary family members when unmarried partners are combined into the same family. We also note that a small number of children—44,000—are redefined as adults when they become reference persons (or their partners) in primary families or subfamilies.^{45,46}

The reduction in poverty units is most striking among those with incomes below 100 percent of poverty; combining unmarried partners reduces the number of such units from 4.6 million to 1.3

⁴⁴ One sample household in the 2010 CPS ASEC included as many as three unmarried couples.

⁴⁵ Most of the 44,000 are either related to the householder or partnered with persons related to the householder.

⁴⁶ In the CPS, persons under 18 are classified as children except when they are family reference persons or spouses.

million—a decline of 3.3 million. Only two other poverty classes exhibit reductions as large as one million—those between 100 and 150 percent of poverty and between 250 and 400 percent of poverty.

The reduction in the number of poverty units by poverty level does not speak directly to the question of how much an expansion of the CPS family reduces the measured incidence of poverty. A fifty percent reduction in the number of poor units could mean, simply, that poor units combine to create larger poor units. To gauge the full impact on measured poverty, we need to look at persons, whose numbers do not change with the application of the expanded family. With the expansion of the CPS family to include unmarried partners and their children, the number of persons in families with incomes below poverty is reduced from 7.3 million to 3.7 million. Small net reductions are observed between 100 and 250 percent of poverty, but above that level we observe increases: 1.2 million among persons between 250 and 400 percent of poverty and 2.7 million among persons above 400 percent of poverty. In other words, combining unmarried partners and their children into the same family produces a net shift of 3.6 million persons from below poverty to above 250 percent of poverty and a net shift of another 330,000 non-poor persons from below to above 250 percent of poverty. We emphasize that these are net shifts, however, as we did not estimate the movement of individuals between pairs of relative income classes.

Distributions of poverty units and persons by family income relative to poverty are reported in Table VII.2. It is striking, first of all, that the official poverty rate among persons in households with unmarried partners in 2009 was 32.5 percent.⁴⁷ This was more than two and a half times the national poverty rate for all persons (14.3 percent). When the CPS family is expanded to include unmarried partners and their children, the poverty rate among these household members drops to 16.6 percent or a little over two percentage points above the national rate. At the opposite end of the distribution, the proportion of persons with family incomes above 400 percent of poverty increases from 15.8 to 27.9 percent. For adults, the poverty rate drops from 28.4 percent to 14.0 percent while the proportion above 400 percent of poverty increases from 15.8 to 27.9 percent. For adults, the poverty increases from 18.9 to 32.7 percent. For children, the poverty rate declines from 45.3 percent to 25.0 percent while the proportion above 400 percent of poverty increases from 5.9 to 13.0 percent.⁴⁸ For persons in unrelated subfamilies, 56.0 percent are in poverty based on the CPS family definition compared to 38.0 percent (of those who remain in or are moved into such families) after unmarried partners are combined.

2. Adding Unrelated Children to the Primary Family

When foster children and other unrelated children are added to the primary family, they become relatives of the householder, in effect. Unrelated children (including foster children) under 15 move from outside to inside the poverty universe and are assigned the poverty status of their expanded families. They and any additional unrelated children 15 to 17 are counted as related children under 18 in determining their families' respective poverty thresholds.

⁴⁷ This rate includes 0.2 million children with undefined poverty status in the denominator. If these children are excluded the poverty rate rises to 32.8 percent.

⁴⁸ We note as well that 3.8 percent of children have an undefined poverty status by either family concept. These are unrelated children—secondary individuals—under 15 years of age, and their family status is unaffected by the treatment of unmarried partners and their children, but we will see an impact on this population when we examine the effect of moving unrelated children into the primary family.

In early 2010 there were 561,000 households with foster children of any age or other unrelated children under 18 (Table VII.3).⁴⁹ These 561,000 households had 694,600 such children in all, excluding 4,000 unmarried partners. Moving these children into the primary family reduced the number of poverty units and secondary individuals by the same number. Of these children, 460,300 were under 15 years of age with poverty status undefined. Of the remainder, 176,000 were 15 to 17 years of age, and an additional 59,000 were foster children 18 and older (detail not shown).

Of the 561,000 households, 199,600 were headed by non-family householders. By definition, all of these non-family householders become family householders when they are assigned the unrelated children in their households. The number of persons in primary families grows by the sum of these 199,600 non-family householders and the 694,600 unrelated children who leave secondary individual status, yielding an increase of 894,200. By design, the number of persons in unrelated subfamilies is unaffected by the addition of unrelated children to primary families.

What are the implications of these realignments for the poverty status of these children and their "new" families? For children without a prior poverty status, the assignment of a status neither improves nor diminishes their status, but the outcome is of interest anyway. Are these children living with predominantly poor or predominantly well-off families? For older children, who were mostly classified as poor, the transition is likely to improve their measured status. For the families they joined, however, adding unrelated children will tend to depress their incomes relative to poverty. Few unrelated children have incomes at all, and even fewer have incomes high enough to offset their upward impact on the family poverty threshold.

⁴⁹ This figure does not include households in which the only unrelated children under 18 were unmarried partners of other family members. However, a small number of households (4,000) contained secondary individuals under 18 who were unmarried partners and others who were not. We do not count the unmarried partners as children in this part of the analysis even though we do not pair them with their partners either. They remain secondary individuals.

For all persons in these 561,000 households, 26.2 percent are poor, and 19.0 percent are outside the poverty universe under the official poverty measure (Table VII.4). When we apply the expanded family concept, no one is outside the poverty universe any longer, yet the poverty rate does not change. The 19.0 percent who were outside the poverty universe are absorbed without raising the poverty rate.⁵⁰ This kind of result is even more striking among children: 41.6 percent are outside the CPS poverty universe with the CPS family concept, yet the poverty rate declines by a percentage point when these children are added to primary families. The reduction is due to the children 15 to 17 who were poor when classified as unrelated children but are no longer poor when added to primary families. In addition, the children who were outside the poverty universe are mostly above 200 percent of poverty after the shift. Among adults, whose changes in poverty status mostly reflect the impact of adding children to their families, but also includes the shift in poverty status for adult foster children, the fraction below poverty rises by 0.6 percentage points while the proportion between 100 and 150 percent of poverty rises by 4.8 percentage points. At the opposite end of the distribution, the fraction above 400 percent of poverty declines by 5.6 percentage points. All of this suggests a small downward shift in the relative income distribution for adults, with intermediate poverty groups experiencing largely offsetting changes.

As a final point, it is noteworthy that, as a group, unrelated children live in households in which the poverty rate among all persons—26.2 percent—is well above the national rate of 14.3 percent. From a policy standpoint, bringing all of these children into the universe for measured poverty provides data for understanding their true economic circumstances.

⁵⁰ That the poverty rate remains exactly the same in this instance is coincidental; it could have increased.

3. Net Impact of Unmarried Partners and Unrelated Children

Households with unrelated children overlap households with unmarried partners to a surprisingly large extent: 41 percent of unrelated children under 18 who are not unmarried partners themselves are in households with unmarried partners.⁵¹ It is not intuitive why children who are truly unrelated to anyone in the household should appear with any greater frequency in households with unmarried partners than in households generally. That such a large fraction of all unrelated children should be found among the relatively small number of households with unmarried partners suggests to us that the unrelated children in households with unmarried partners may in fact be misidentified in many cases. That is, the "unrelated" children may be related to the partner who is outside the primary family (for example, as nieces or nephews), as the unrelated subfamily relationships captured in the CPS are limited to husband-wife and parent-child. This possibility could be explored further with data from the SIPP, which in the second topical module of each panel collects more extensive relationship information than the CPS. In Section E we examine the age composition of unrelated children and compare the number of foster children reported in the CPS to administrative statistics to see if there is any indication that there may be additional foster children among the unrelated children who are not identified as foster.

Table VII.5 shows the effects of applying the full expanded family concept to households with unmarried partners, corresponding to Table VII.1. That is, in addition to combining unmarried partners and their children we move all foster children and other unrelated children under 18 in these households into the primary family. The 263,000 unrelated children under 18 who are not unmarried partners of other household members are a small fraction of the 22.5 million persons in households with unmarried partners, so the impact of moving them into the primary families in these households is negligible overall. The poverty rate among all persons in these households rises

⁵¹ Excluding unmarried partners, there are 263,100 unrelated children in households with unmarried partners and 635,800 unrelated children in all.

from 16.6 percent (recall Table VII.2) to 16.7 percent (Table VII.6) when the family is expanded from including unmarried partners and their children to also including unrelated children. Among children the poverty rate after the family expansions declines from 25.0 to 24.9 percent. The most notable difference occurs among secondary individuals; moving unrelated children into the primary family reduces their number from 849,000 to 581,000. The poverty rate among secondary individuals rises from 33.3 to 38.8 percent. However, if we recalculate the first figure without the 208,000 children whose poverty status is undefined under the CPS family concept, it becomes 44.1 percent, implying a reduction in poverty among secondary individuals who are in the poverty universe.

Tables VII.7 and VII.8 apply the full expanded family concept to the 561,000 households with foster children and other unrelated children under 18 and compare the results to the CPS family concept. Here the effects of the added family expansion are more noticeable than for households with unmarried partners. Putting unmarried partners in the same family reduces the poverty rate among all persons in households with unrelated children by an additional 6.0 percentage points (compare Tables VII.4 and VII.8), with a slightly larger impact among adults and a slightly smaller impact among children. There are notable changes, as well, among the subpopulations that lose people to primary families. The poverty rate among secondary individuals in these households rises from 41.7 percent to 58.2 percent after most of the members of this subpopulation are moved into primary families. At the same time, however, the poverty rate among persons in unrelated subfamilies (whose numbers decline from 70,000 to 27,000) falls from 38.1 to 9.4 percent.

For the population as a whole, application of the full expanded family concept reduces the number of poverty units by 8.1 million (Table VII.9). With respect to family composition the most notable change is a reduction in the number of secondary individuals by more than one half—from 14.8 million to 6.9 million. Most of this reduction, 7.5 million (recall Table VII.5), is due to the fact that one-half of all secondary individuals are unmarried partners of other household members. The

number of persons in unrelated subfamilies is reduced by more than a third, from 1.4 million to 0.9 million. Non-family householders drop from 38.7 million to 34.7 million. Altogether 12.4 million people are moved into primary families—an increase of about five percent.

Overall, the number of poor persons declines by 3.6 million—a reduction of 1.2 percentage points, from 14.3 to 13.1 percent (Table VII.10). The decline among children (1.5 percentage points) exceeds the decline among adults (1.1 percentage points) despite the fact that almost half a million children were outside the poverty universe with the CPS family concept. Persons in unrelated subfamilies, who have a poverty rate of 51.1 percent with the CPS family concept, have a smaller but still very high rate of 40.7 percent with the expanded family concept. The fraction of persons above 400 percent of poverty rises by 0.9 percentage points, with a 1.0 percentage point increase among adults and a 0.7 percentage point increase among children.

C. Nonresponse among Married versus Unmarried Partners

One question raised by an expansion of the family concept is whether unmarried partners are less able to report each others' incomes than married partners. Less familiarity could be reflected in higher rates of nonresponse, which can be measured directly. By contrast, lower *quality* responses—a bigger concern—cannot be measured readily. The CPS utilizes only one respondent per household, so changing the family definition does not alter who reports on whom or the number of persons in the household whose income is reported versus imputed. However, if unmarried partners tend to have more missing—and therefore imputed—income data than do spouses, bringing unmarried partners into another householod member's family will distribute their imputed income over more people. That is, more people will have at least some of their family income imputed, and the imputed dollars of family income per family member will rise. To investigate this possibility, we compared married and unmarried couple families with respect to the percent of income that was imputed and the percent of families with any imputed income.⁵²

CPS interviewers are directed to place a premium on collection of the monthly labor force data, which occurs at the beginning of the interview. Currently, about 8 percent of households that complete the labor force survey fail to complete the supplement. In some cases the supplement data are collected for part but not all of the household. When the entire supplement is not collected for one or more household members, all of the data requested in the supplement are imputed for these individuals. Data collected in the labor force questionnaire provide the key covariates for these imputations. With the public use data we can differentiate between unit nonresponse to the supplement and individual item nonresponse, and we do so in our comparisons of married and unmarried couple families. Unit nonresponse encompasses all survey content while item nonresponse to income questions focuses on one specific area where unmarried partners might know less about each other than married partners.

Table VII.11 compares married and unmarried couple primary families (which include the household respondent in nearly all cases) with respect to the percent of income imputed for unit and item nonresponse and the percent of families with any income imputed for unit and item

⁵² No income data are collected for persons under 15 years of age, and children 15 to 17 have little income reported, so we did not include a parallel analysis of nonresponse to the income questions among families with or without unrelated children.

nonresponse. Comparisons are presented by poverty level as well as overall. With the expanded family concept, about 10 percent of primary families headed by couples of the opposite sex are headed by unmarried partners.

The percentage of family income imputed for unit nonresponse is a little higher among unmarried versus married partner families—11.1 versus 10.4 percent—while the percentage of families with any income imputed for unit nonresponse is marginally lower among unmarried versus married partner families at 10.4 versus 10.7 percent. Item nonresponse is clearly lower among unmarried versus married partner families, however, and this is important because it addresses concerns about a specific content area where unmarried partners might have less knowledge about each other than do married partners. Altogether 18.6 percent of family income was imputed among unmarried partner families compared to 21.8 percent among married partner families. Similarly, 36.9 percent of unmarried partner families had some family income imputed compared to 45.2 percent of married partner families. The lower incidence of item nonresponse is more varied. By both measures of unit nonresponse (percent of family income and percent of families), unit nonresponse was about 2.5 percentage points lower among unmarried versus married versus married partner families and varied in direction at higher income levels.

We considered the possibility that family composition might differ between unmarried and married partner families and that this might play a role in the differences we observe in their nonresponse rates. In particular, married partner families might be more likely to have relatives other than children living with them, and nonresponse in reporting on such relatives might be higher than for the partners themselves. Table VII.12 compares married and unmarried couples with no other relatives living with them. Table VII.13 compares married and unmarried couples with related children under 18 but no other relatives. Lastly, Table VII.14 compares married and unmarried couples with them.

Consistent with our expectations, married couples were more likely to have children and other relatives living with them. As a fraction of all primary couple families, unmarried couple families were 13 percent of couples with no relatives living with them, 10 percent of couples with only children living with them, and 5 percent of couples with other relatives besides children living with them.

Unmarried couples had clearly lower item nonresponse when there were no relatives living with them: 18.5 versus 24.2 percent for the fraction of income imputed due to item nonresponse and 39.2 versus 46.6 percent for the proportion of families with any income imputed for item nonresponse, according to Table VII.12. The difference in the proportion of families with any income imputed for item nonresponse remained strongly in favor of unmarried partners when children and other relatives were added: 31.8 versus 40.1 percent for the former and 41.0 versus 50.2 percent for the latter, although the differences were smaller or reversed for the poor. Differences in the *percent* of income imputed for item nonresponse narrowed, however, when children and other relatives were included in the family. Imputation rates for unmarried versus married couples were 16.8 versus 18.1 percent for couples with related children and 23.4 versus 23.3 percent for couples with other relatives. Among the poor, however, unmarried partners had higher imputation rates than married partners when other relatives were present.

Unit nonresponse provides a more mixed picture than item nonresponse. The percent of family income imputed for unit nonresponse was consistently higher for unmarried versus married partner families, and it grew as children and then other relatives were added (for example, 13.1 versus 11.5 percent among families with other relatives, although the pattern was reversed for the poor). The percent of families with any income imputed for unit nonresponse was lower among unmarried versus married partner families with no relatives living with them (10.3 versus 11.1 percent), but it was higher among families with children (10.4 versus 9.6 percent) and basically even among families with income with other relatives (11.3 versus 11.5 percent). Among the poor, the percent of families with income

imputed for unit nonresponse was consistently lower among unmarried versus married partner families.

In summary, measures that reflect item nonresponse to income questions suggest that, if anything, unmarried partners are somewhat more likely than married partners to respond to family income questions. Measures based on unit nonresponse provide a mixed picture, which implies generally comparable willingness to report about family members among unmarried versus married partners.

D. Stability of Composition over the Calendar Year

Using monthly income and family composition from the 2001 SIPP panel, Czajka and Denmead (2008) showed that when family composition and family income were measured contemporaneously over a 12-month period, rather than family composition defined at a fixed point in time (specifically March) and family income calculated as the sum of the prior calendar year incomes of all family member living together at this fixed point in time, as is done in the official poverty measure, the overall poverty rate was reduced by 0.64 percentage points. This net change was the difference between a 0.93 percentage point reduction—the proportion of the population classified as poor when family composition was fixed in time but nonpoor when family composition was contemporaneous with income—and a 0.29 percentage point addition to the poverty population—the proportion of the population classified as nonpoor when family composition was fixed in time but poverty for particular types of families during the prior year—specifically, the poverty rate for married couples decreased 0.24 percentage points, but for single parents with children it decreased 2.70 percentage points, and for single individuals, it decreased 1.13 percentage points. Czajka and Denmead (2008) also showed that

⁵³ Theoretically, the net result could be in the opposite direction if the distribution of family composition changes in a year were sufficiently different from the distribution in 2001. However, we doubt that such a radically different distribution has been seen in recent memory or is likely to develop in the foreseeable future.

expanding the family to include unmarried partners reduced estimated poverty by almost a full percentage point in the two major surveys where both census and expanded families could be measured. With more recent data the analysis reported earlier in this chapter showed that expanding the census family to include unmarried partners (without change in the treatment of foster or unrelated children) reduced estimated poverty by 1.2 percentage points. Considering these findings together, a natural question is whether we would find a larger or smaller difference between the two measures evaluated by Czajka and Denmead (2008) if the expanded family were substituted for the census family.

Neither the 2001 SIPP panel dataset that was constructed to analyze aspects of contemporaneous versus fixed measurement of family income and composition for the earlier project nor the 2008 SIPP panel dataset that was constructed to estimate calendar year income for this project can be used to calculate poverty rates using contemporaneous measures of income for an expanded family measure. SIPP data files include monthly estimates of CPS family income and official poverty thresholds, which we used to construct the contemporaneous poverty measures in our earlier work. To construct contemporaneous poverty measures for the expanded family would require an entirely new extract that captures income and relationship data for each month for every person present in a SIPP household in a calendar year (and, to emulate the CPS, relationship data for every person present in a SIPP household the following March). This was beyond the scope of this project. In addition, as we explain below, SIPP does not collect relationship information comparable to the CPS, so it is not possible to fully replicate the CPS expanded family concept with the SIPP.

Given what the data allowed, we performed a more limited analysis comparing changes in marital status versus partnership status between January 2009 and December 2009 for householders in the latter month.⁵⁴ While we could not estimate the effects of such changes on poverty status, changes in marital status are a key driver of the differences in estimated poverty with a contemporaneous versus fixed measure of family composition.

Using the CPS family, we classified householders in December 2009 by whether they were married (spouse present) or not. If not, they were classified by sex as well. We classified the reference persons of unrelated subfamilies by whether they were married (spouse present) or not and, if not whether they had own children under 18. Those who were not married but had children were also classified by sex. All householders and unmarried householders were classified by age: under 40, or 40 and older.⁵⁵ Using a limited version of the expanded family, we broadened marriage to include unmarried partners of the opposite sex. Note that, in the SIPP, this is possible only for the householder because SIPP does not identify unmarried partners of anyone but the householder.⁵⁶ Applying this expanded measure of marriage, we produced an alternate classification of householders, unrelated subfamily reference persons, and unrelated individuals, collapsing units where appropriate.

Table VII.15 compares the distributions of family reference persons and unrelated individuals for the CPS and expanded families. While the number of households and householders is the same for both measures, the large reductions in unmarried non-householders—71 percent for those with children and 50 percent for those without—were sufficient to reduce total family reference persons

⁵⁴ The 2009 calendar year database that we constructed for this project contains 12 months of data for sample members present in December 2009. We added variables to that database to support the analysis of family composition described here and the analysis of multiple jobs and businesses described in Chapter V.

⁵⁵ We used a more detailed classification initially but collapsed categories extensively after viewing the results and finding small differences across many of the categories.

⁵⁶ In addition, SIPP does not indicate on the householder's record that he or she has an unmarried partner, and it is necessary to examine every household member and locate unmarried partners (identified in the variable ERRP) in order to assign this status to the householder. For consistency with our earlier, CPS-based analysis of the impact of an expanded family composition, we included only unmarried partners of the opposite sex.

and unrelated individuals by 5 percent. Overall, expanding the family to include partners increases the number of couple households by 9 percent, although the frequency of unmarried partners among householders who are single under the CPS family varies by age and sex.

For each family measure, we determined how often the reference person or unrelated individual experienced a change in marital or partnership status between January 2009 and December 2009. Changes include becoming married or partnered, becoming single (or unpartnered), or acquiring a different spouse or partner.⁵⁷ For the expanded family, we do not differentiate between cohabitation and marriage in identifying changes. If partners marry, it is a change for the CPS family, but not for the expanded family.

Changes are somewhat more frequent with the expanded family than with the CPS family measure (Table VII.16). Overall, 3.16 percent of CPS family reference persons and unrelated individuals experienced a change in marital status compared to 3.70 percent of expanded family reference persons experiencing a change in marital or partner status (excluding partners becoming spouses). The difference between the two family measures is substantially greater among non-householders who were single with children at the end of the year: nearly 19 percent of those who were women over 40 or male experienced a change (became single or unpartnered) under the expanded family compared to 3.61 percent under the CPS family measure. The difference is almost entirely compositional, however, as 76 percent of those who were included in this category under the CPS family are unmarried partners of the householder in December 2009 (recall Table VII.15). When these partners are moved into the primary family (under the expanded family concept), individuals who had partners in January 2009 but not in December 2009 (that is, experienced transitions) are a much larger fraction of the people without partners in December 2009.

⁵⁷ With the data we assembled and the lack of a partner indicator on the householder's record, we could determine that an unpartnered householder had a partner in January 2009 only if that partner was still in the SIPP database in December 2009. Consequently, our estimate of how often householders became unpartnered or changed partners is likely to be low.

E. Unrelated Children

The 2010 CPS ASEC finds 200,000 foster children under age 18 and another 346,000 nonfoster unrelated children under 18, excluding 94,000 who are identified as roommates or partners. What could account for so many unexplained, unrelated children in households? We suspect that in many cases their true relationships are not being captured, so we investigated this population further.

The Administration on Children, Youth and Families publishes annual counts, based on State data, of foster children by type of placement (and by age) as of September 30 of each year. We averaged the reported counts for 2009 and 2010, subtracted children in group homes and institutions (not in the CPS universe), those in relative foster family homes and on trial home visits (e.g. living with relatives), those in supervised independent living (restricted to foster children 18 or older), and those identified as runaways, to obtain an estimate for March 2010 of 213,600. These children are in non-relative foster family homes or in pre-adoptive homes, and they constitute 51 percent of all children estimated to be in foster care as of March 2010. A few children in foster care are age 18 or older; when those in supervised independent living are excluded, there are a maximum of 13,200 such children that should be subtracted for comparability with the CPS ASEC estimate. If all are in relative foster family homes, group homes or institutions, or other excluded placements, then the administrative figure remains 213,600. However, if half are in non-relative foster family homes, the administrative figure drops to 207,000, and if all are in non-relative placements, the administrative figure falls to 200,500. The 200,000 estimated by the 2010 CPS ASEC is therefore between 93.6 and 99.8 percent of the administrative figure, but any administrative figure in this range is well within the 95 percent confidence interval of the sample estimate, which is 150,000 to 250,000. This strongly suggests that very few, if any, of the 346,000 unrelated children in the CPS ASEC are foster children who are not identified as such.

Table VII.17 shows the age distribution of these unrelated children by family status of the householder, and Table VII.18 does the same for foster children. Compared to foster children, the

unrelated children are less likely to be living with a married householder (32 percent versus 55 percent) and more likely to be living with a householder having an unmarried partner (45 percent versus 23 percent). The unrelated children are also somewhat older. About 35 percent of the unrelated children are 15 and older compared to about 20 percent of foster children while 33 percent of foster children are under age 5 compared to 19 percent of unrelated children. Nevertheless, the unrelated children are not all older children (more than half are 12 or under), making it difficult to understand why at least some of them are not living with relatives. The high incidence of unmarried partners in households with unrelated children suggests that perhaps there are relationships that are simply not being captured. Only own children of persons unrelated to the householder are identified in the CPS. Furthermore, it is possible that not all children of unmarried partners are correctly reported. Including unrelated children under 15 in the expanded family for the supplemental poverty measure at least acknowledges that the householder—and an unmarried partner, if present—bears financial responsibility for most of these children (66 percent). Ultimately, however, we will not understand the presence of unrelated children and, therefore, how best to treat them in a poverty measure, without more data on their relationships to other household members.

F. Conclusion

In this chapter we have examined a number of implications of expanding the CPS family concept to include unmarried partners of the opposite sex and unrelated children. In early 2010, 7.2 million U.S. households had unmarried partners of the opposite sex, and 0.6 million households had foster children of any age or other unrelated children under 18. Nearly half (45 percent) of the households with unrelated children had unmarried partners, indicating an apparent relationship between the two phenomena. In the 7.2 million households with unmarried partners, nearly all non-family householders and almost 90 percent of secondary individuals become primary family members when unmarried partners are combined into the same family. Combining unmarried partners and their children into the same family produced a net shift of 3.6 million persons from

below poverty to above 250 percent of poverty. Adding unrelated children to the primary family moved nearly half a million children under age 15 from outside to inside the CPS poverty universe without increasing the poverty rate of persons in these households. It also reduced the poverty rate among older unrelated children. Nevertheless, the 26 percent poverty rate among persons in households with unrelated children is nearly double the national poverty rate.

Overall, expanding the CPS family to include unmarried partners and unrelated children reduced the number of persons classified as poor by 3.6 million or 1.2 percentage points, from 14.3 to 13.1 percent. The reduction among children (1.5 percentage points) exceeded the reduction among adults (1.1 percentage points). In addition, the fraction of persons above 400 percent of poverty was increased by 0.9 percentage points, with a 1.0 percentage point rise among adults and a 0.7 percentage point increase among children.

Are unmarried partners less able or willing to report their family income than married partners? Measures of item nonresponse to income questions suggest that, if anything, unmarried partners are somewhat more likely than married partners to respond to family income questions. Measures based on unit nonresponse provide a mixed picture, but this implies a generally comparable willingness to report about family members among unmarried versus married partners.

Is the expanded family less stable over time than the CPS family, which might imply a greater disconnect between family income as measured in the CPS ASEC and actual economic circumstances of family members during the prior year? For both the CPS family and the expanded family we determined how often the reference person or unrelated individual experienced a change in marital or partnership status between January 2009 and December 2009. Changes include becoming married or partnered, becoming single (or unpartnered), or acquiring a different spouse or partner. Changes are more frequent with the expanded family than with the CPS family measure but only modestly so. Overall, 3.16 percent of CPS family reference persons and unrelated individuals

experienced a change in marital status compared to 3.70 percent of expanded family reference persons experiencing a change in marital or partner status (excluding partners becoming spouses).

Finally, the 2010 CPS ASEC finds 341,000 unrelated children under 18 who are not identified as foster children, roommates, or unmarried partners of the householder. The CPS estimate of foster children under 18 in early 2010 is within sampling error of an administrative estimate, implying that few if any of the 341,000 are foster children who were not identified as such. We suspect that many of the 341,000 are in fact related to adult secondary individuals or unrelated subfamily reference persons but that the relationships are either not reported or fall outside of the limited relationships that the CPS captures among secondary individuals.

There are no recommendations for revisions to the CPS questions as a result of these analyses. However, the process of generating the CPS tabulations for this chapter suggested a possible need for further probing for unreported relationships between "unrelated" children and other household members as well as some technical improvements to edits and variables on the public use file. These will be listed in the final chapter. It would also be highly desirable for SIPP in the future to obtain at least as much household relationship information as does the CPS.
Table VII.1.Persons in Households with Unmarried Partners of the Opposite Sex by Family Income as
Percent of Poverty Based on the CPS Family Definition and an Expanded Family Concept
Combining Unmarried Partners and Their Children, 2010 CPS ASEC

			Family Inco	me as Percei	nt of Poverty			
Characteristics of Household Members	< 100%	100% to < 150%	150% to < 200%	200% to < 250%	250% to < 400%	400% +	Not Defined	Total
				(Estimates i	n thousands)	1		
Number of Households	N/A	N/A	N/A	N/A	N/A	N/A	N/A	7,172.7
Number of Poverty Units								
CPS family	4,562.2	1,857.6	1,643.9	1,502.9	2,911.2	2,859.8	208.2	15,545.7
Expanded family	1,257.7	852.4	738.9	728.5	1,784.1	2,611.0	208.2	8,180.8
Change	-3,304.5	-1,005.2	-904.9	-774.4	-1,127.1	-248.8	0.0	-7,365.0
Number of Persons								
CPS family	7,329.5	2,875.1	2,370.9	2,198.2	3,992.4	3,547.7	208.2	22,522.0
Expanded family	3,745.7	2,710.6	2,314.2	2,091.5	5,160.7	6,291.1	208.2	22,522.0
Change	-3,583.8	-164.5	-56.7	-106.7	1,168.3	2,743.5	0.0	0.0
Number of Adults								
CPS family	4,851.5	2,085.3	1,835.4	1,723.6	3,336.3	3,222.6	0.0	17,054.7
Expanded family	2,392.0	1,839.2	1,631.0	1,599.9	4,052.1	5,584.7	0.0	17,099.0
Change	-2,459.5	-246.1	-204.5	-123.7	715.8	2,362.2	0.0	44.3
Number of Children								
CPS family	2.477.9	789.9	535.4	474.6	656.1	325.1	208.2	5.467.3
Expanded family	1,353.6	871.4	683.2	491.6	1,108.6	706.4	208.2	5,423.0
Change	-1,124.3	81.5	147.7	17.0	452.5	381.3	0.0	-44.3
Persons in Primary Families ^a								
CPS family	3.600.5	1.404.3	1.023.4	1.002.1	1.536.7	1.038.4	0.0	9.605.3
Expanded family	3,311.5	2,535.1	2,211.5	1,998.8	5,026.9	6,181.5	0.0	21,265.3
Change	-289.1	1,130.8	1,188.1	996.8	3,490.2	5,143.1	0.0	11,660.0
Non-family Householders								
CPS family	756.6	463 7	408.3	375.3	890.2	1 116 7	0.0	4 010 7
Expanded family	10.9	6.2	1.8	7.1	7.2	5.1	0.0	38.4
Change	-745.7	-457.4	-406.5	-368.2	-883.0	-1,111.5	0.0	-3,972.3
Secondary Individuals								
CPS family	2 494 6	905.8	844 6	765 1	1 484 6	1 349 9	208.2	8 052 7
Expanded family	282.8	104 1	56.6	59.5	76.4	61.3	208.2	848.9
Change	-2,211.8	-801.7	-788.0	-705.5	-1,408.2	-1,288.6	0.0	-7,203.8
Persons in Unrelated Subfamilies								
CPS family	477 8	101 4	94.6	55.8	80.9	42.8	0.0	853.2
Expanded family	140 5	65.2	44 2	26.1	50.0	43.2	0.0	369.4
Change	-337.3	-36.2	-50.4	-29.7	-30.7	0.5	0.0	-483.9
- 0-								

Note: Children are under 18 but exclude reference persons, spouses, and, for the expanded family, unmarried partners.

Table VII.2.Persons in Households with Unmarried Partners of the Opposite Sex: Percentage Distribution
by Family Income as Percent of Poverty, Based on the CPS Family Definition and an Expanded
Family Concept that Combines Unmarried Partners and Their Children, 2010 CPS ASEC

			Family Inco	me as Perce	nt of Poverty			
Characteristics of Household Members	< 100%	100% to < 150%	150% to < 200%	200% to < 250%	250% to < 400%	400% +	Not Defined	Number (1,000s)
				(Percent of	Row Total)			
Number of Households	N/A	N/A	N/A	N/A	N/A	N/A	N/A	7,172.7
Number of Poverty Units								
CPS family	29.3	11.9	10.6	9.7	18.7	18.4	1.3	15,545.7
Expanded family	15.4	10.4	9.0	8.9	21.8	31.9	2.5	8,180.8
Change	-14.0	-1.5	-1.5	-0.8	3.1	13.5	1.2	-7,365.0
Number of Persons								
CPS family	32.5	12.8	10.5	9.8	17.7	15.8	0.9	22,522.0
Expanded family	16.6	12.0	10.3	9.3	22.9	27.9	0.9	22,522.0
Change	-15.9	-0.7	-0.3	-0.5	5.2	12.2	0.0	0.0
Number of Adults								
CPS family	28.4	12.2	10.8	10.1	19.6	18.9	0.0	17,054.7
Expanded family	14.0	10.8	9.5	9.4	23.7	32.7	0.0	17,099.0
Change	-14.5	-1.5	-1.2	-0.7	4.1	13.8	0.0	44.3
Number of Children								
CPS family	45.3	14.4	9.8	8.7	12.0	5.9	3.8	5,467.3
Expanded family	25.0	16.1	12.6	9.1	20.4	13.0	3.8	5,423.0
Change	-20.4	1.6	2.8	0.4	8.4	7.1	0.0	-44.3
Persons in Primary Families ^a								
CPS family	37.5	14.6	10.7	10.4	16.0	10.8	0.0	9,605.3
Expanded family	15.6	11.9	10.4	9.4	23.6	29.1	0.0	21,265.3
Change	-21.9	-2.7	-0.3	-1.0	7.6	18.3	0.0	11,660.0
Non-family Householders								
CPS family	18.9	11.6	10.2	9.4	22.2	27.8	0.0	4,010.7
Expanded family	28.3	16.2	4.8	18.4	18.8	13.3	0.0	38.4
Change	9.5	4.7	-5.4	9.1	-3.4	-14.5	0.0	-3,972.3
Secondary Individuals								
CPS family	31.0	11.2	10.5	9.5	18.4	16.8	2.6	8,052.7
Expanded family	33.3	12.3	6.7	7.0	9.0	7.2	24.5	848.9
Change	2.3	1.0	-3.8	-2.5	-9.4	-9.5	21.9	-7,203.8
Persons in Unrelated Subfamilies								
CPS family	56.0	11.9	11.1	6.5	9.5	5.0	0.0	853.2
Expanded family	38.0	17.6	12.0	7.1	13.6	11.7	0.0	369.4
Change	-18.0	5.8	0.9	0.5	4.1	6.7	0.0	-483.9

Note: Children are under 18 but exclude reference persons, spouses, and, for the expanded family, unmarried partners.

Table VII.3. Persons in Households with Foster Children or Other Unrelated Children by Family Income as Percent of Poverty, Based on the CPS Family Definition and an Expanded Family Concept That Includes Unrelated Children, 2010 CPS ASEC

			Family Inco	me as Perce	nt of Poverty			_
Characteristics of Household Members	< 100%	100% to < 150%	150% to < 200%	200% to < 250%	250% to < 400%	400% +	Not Defined	Total
				(Estimates ir	n thousands)			
Number of Households	N/A	N/A	N/A	N/A	N/A	N/A	N/A	561.0
Number of Poverty Units								
CPS family	475.5	105.5	114.3	76.6	208.7	192.3	460.3	1,633.1
Expanded family	289.6	136.0	100.9	101.7	171.4	138.9	0.0	938.5
Change	-185.8	30.5	-13.4	25.2	-37.4	-53.3	-460.3	-694.6
Number of Persons								
CPS family	636.9	175.2	250.9	154.9	392.6	357.9	460.3	2,428.7
Expanded family	635.8	402.7	272.0	288.8	488.1	341.3	0.0	2,428.7
Change	-1.1	227.6	21.1	133.9	95.4	-16.6	-460.3	0.0
Number of Adults								
CPS family	332.6	129.1	157.5	109.7	301.0	291.3	0.0	1,321.3
Expanded family	341.3	192.7	148.1	143.2	280.5	217.3	0.0	1,323.0
Change	8.6	63.5	-9.4	33.5	-20.5	-74.0	0.0	1.7
Number of Children								
CPS family	304.2	46.0	93.4	45.2	91.6	66.6	460.3	1,107.3
Expanded family	294.5	210.1	123.9	145.6	207.6	124.0	0.0	1,105.7
Change	-9.7	164.1	30.5	100.4	116.0	57.4	-460.3	-1.7
Persons in Primary Families ^a								
CPS family	218.9	96.5	180.7	111.2	262.3	247.6	0.0	1,117.1
Expanded family	464.1	352.8	226.0	262.3	425.3	280.8	0.0	2,011.3
Change	245.2	256.3	45.4	151.2	163.0	33.1	0.0	894.2
Non-family Householders								
CPS family	36.0	23.7	23.2	10.5	58.3	47.9	0.0	199.6
Expanded family	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Change	-36.0	-23.7	-23.2	-10.5	-58.3	-47.9	0.0	-199.6
Secondary Individuals								
CPS family	355.4	49.4	34.8	28.8	61.5	51.8	460.3	1,042.0
Expanded family	145.0	44.4	33.7	22.0	52.2	49.9	0.0	347.4
Change	-210.3	-5.0	-1.0	-6.8	-9.3	-1.9	-460.3	-694.6
Persons in Unrelated Subfamilies								
CPS family	26.7	5.6	12.3	4.4	10.5	10.6	0.0	69.9
Expanded family	26.7	5.6	12.3	4.4	10.5	10.6	0.0	69.9
Change	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
-								

Note: Children are under 18 but exclude reference persons, spouses, and, for the expanded family, unmarried partners.

Table VII.4.Persons in Households with Foster Children or Other Unrelated Children: Percentage
Distribution by Family Income as Percent of Poverty, Based on the CPS Family Definition and
an Expanded Family Concept That Includes Unrelated Children, 2010 CPS ASEC

			Family Inco	ome as Perce	nt of Poverty			_
Characteristics of Household Members	< 100%	100% to < 150%	150% to < 200%	200% to < 250%	250% to < 400%	400% +	Not Defined	Number (1,000s)
				(Percent of	Row Total)			
Number of Households	N/A	N/A	N/A	N/A	N/A	N/A	N/A	561.0
Number of Poverty Units								
CPS family	29.1	6.5	7.0	4.7	12.8	11.8	28.2	1,633.1
Expanded family	30.9	14.5	10.7	10.8	18.3	14.8	0.0	938.5
Change	1.7	8.0	3.7	6.2	5.5	3.0	-28.2	-694.6
Number of Persons								
CPS family	26.2	7.2	10.3	6.4	16.2	14.7	19.0	2,428.7
Expanded family	26.2	16.6	11.2	11.9	20.1	14.1	0.0	2,428.7
Change	0.0	9.4	0.9	5.5	3.9	-0.7	-19.0	0.0
Number of Adults								
CPS family	25.2	9.8	11.9	8.3	22.8	22.0	0.0	1,321.3
Expanded family	25.8	14.6	11.2	10.8	21.2	16.4	0.0	1,323.0
Change	0.6	4.8	-0.7	2.5	-1.6	-5.6	0.0	1.7
Number of Children								
CPS family	27.5	4.2	8.4	4.1	8.3	6.0	41.6	1,107.3
Expanded family	26.6	19.0	11.2	13.2	18.8	11.2	0.0	1,105.7
Change	-0.8	14.8	2.8	9.1	10.5	5.2	-41.6	-1.7
Persons in Primary Families ^a								
CPS family	19.6	8.6	16.2	10.0	23.5	22.2	0.0	1,117.1
Expanded family	23.1	17.5	11.2	13.0	21.1	14.0	0.0	2,011.3
Change	3.5	8.9	-4.9	3.1	-2.3	-8.2	0.0	894.2
Non-family Householders								
CPS family	18.0	11.9	11.6	5.3	29.2	24.0	0.0	199.6
Expanded family	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Change	-18.0	-11.9	-11.6	-5.3	-29.2	-24.0	0.0	-199.6
Secondary Individuals								
CPS family	34.1	4.7	3.3	2.8	5.9	5.0	44.2	1,042.0
Expanded family	41.7	12.8	9.7	6.3	15.0	14.4	0.0	347.4
Change	7.6	8.0	6.4	3.6	9.1	9.4	-44.2	-694.6
Persons in Unrelated Subfamilies								
CPS family	38.1	7.9	17.5	6.3	15.0	15.1	0.0	69.9
Expanded family	38.1	7.9	17.5	6.3	15.0	15.1	0.0	69.9
Change	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Note: Children are under 18 but exclude reference persons, spouses, and partners.

Table VII.5.Persons in Households with Unmarried Partners of the Opposite Sex by Family Income as
Percent of Poverty, Based on the CPS Family Definition and the Full Expanded Family Concept,
2010 CPS ASEC

			Family Inco	ome as Perce	ent of Poverty			
Characteristics of Household Members	< 100%	100% to < 150%	150% to < 200%	200% to < 250%	250% to < 400%	400% +	Not Defined	Total
				(Estimates i	n thousands)			
Number of Households	N/A	N/A	N/A	N/A	N/A	N/A	N/A	7,172.7
Number of Poverty Units CPS family Expanded family Change	4,562.2 1,209.2 -3,353.0	1,857.6 860.1 -997.5	1,643.9 746.6 -897.3	1,502.9 723.0 -779.9	2,911.2 1,780.6 -1,130.6	2,859.8 2,593.3 -266.5	208.2 0.0 -208.2	15,545.7 7,912.9 -7,632.9
Number of Persons CPS family Expanded family Change	7,329.5 3,758.6 -3,570.8	2,875.1 2,758.6 -116.5	2,370.9 2,373.1 2.2	2,198.2 2,110.7 -87.6	3,992.4 5,203.7 1,211.3	3,547.7 6,317.3 2,769.6	208.2 0.0 -208.2	22,522.0 22,522.0 0.0
Number of Adults CPS family Expanded family Change	4,851.5 2,407.5 -2,444.0	2,085.3 1,856.8 -228.5	1,835.4 1,652.2 -183.2	1,723.6 1,594.3 -129.3	3,336.3 4,038.8 702.5	3,222.6 5,549.3 2,326.8	0.0 0.0 0.0	17,054.7 17,099.0 44.3
Number of Children CPS family Expanded family Change	2,477.9 1,351.2 -1,126.8	789.9 901.8 111.9	535.4 720.9 185.5	474.6 516.3 41.7	656.1 1,164.9 508.7	325.1 768.0 442.9	208.2 0.0 -208.2	5,467.3 5,423.0 -44.3
Persons in Primary Families ^a CPS family Expanded family Change	3,600.5 3,382.0 -218.5	1,404.3 2,585.3 1,181.0	1,023.4 2,270.4 1,247.1	1,002.1 2,018.0 1,015.9	1,536.7 5,070.1 3,533.4	1,038.4 6,207.6 5,169.3	0.0 0.0 0.0	9,605.3 21,533.4 11,928.1
Non-family Householders CPS family Expanded family Change	756.6 10.9 -745.7	463.7 6.2 -457.4	408.3 1.8 -406.5	375.3 7.1 -368.2	890.2 7.0 -883.2	1,116.7 5.1 -1,111.5	0.0 0.0 0.0	4,010.7 38.2 -3,972.5
Secondary Individuals CPS family Expanded family Change	2,494.6 225.3 -2,269.3	905.8 101.9 -803.9	844.6 56.6 -788.0	765.1 59.5 -705.5	1,484.6 76.4 -1,408.2	1,349.9 61.3 -1,288.6	208.2 0.0 -208.2	8,052.7 581.0 -7,471.7
Persons in Unrelated Subfamilies CPS family Expanded family Change	477.8 140.5 -337.3	101.4 65.2 -36.2	94.6 44.2 -50.4	55.8 26.1 -29.7	80.9 50.1 -30.7	42.8 43.2 0.5	0.0 0.0 0.0	853.2 369.4 -483.9

Note: Children are under 18 but exclude reference persons, spouses, and partners.

Table VII.6.Persons in Households with Unmarried Partners of the Opposite Sex: Percentage Distribution
by Family Income as Percent of Poverty, Based on the CPS Family Definition and the Full
Expanded Family Concept, 2010 CPS ASEC

			Family Inco	ome as Perce	nt of Poverty			_
Characteristics of Household Members	< 100%	100% to < 150%	150% to < 200%	200% to < 250%	250% to < 400%	400% +	Not Defined	Number (1,000s)
				(Percent o	f Row Total)			
Number of Households	N/A	N/A	N/A	N/A	N/A	N/A	N/A	7,172.7
Number of Poverty Units								
CPS family	29.3	11.9	10.6	9.7	18.7	18.4	1.3	15,545.7
Expanded family	15.3	10.9	9.4	9.1	22.5	32.8	0.0	7,912.9
Change	-14.1	-1.1	-1.1	-0.5	3.8	14.4	-1.3	-7,632.9
Number of Persons								
CPS family	32.5	12.8	10.5	9.8	17.7	15.8	0.9	22,522.0
Expanded family	16.7	12.2	10.5	9.4	23.1	28.0	0.0	22,522.0
Change	-15.9	-0.5	0.0	-0.4	5.4	12.3	-0.9	0.0
Number of Adults								
CPS family	28.4	12.2	10.8	10.1	19.6	18.9	0.0	17,054.7
Expanded family	14.1	10.9	9.7	9.3	23.6	32.5	0.0	17,099.0
Change	-14.4	-1.4	-1.1	-0.8	4.1	13.6	0.0	44.3
Number of Children								
CPS family	45.3	14.4	9.8	8.7	12.0	5.9	3.8	5,467.3
Expanded family	24.9	16.6	13.3	9.5	21.5	14.2	0.0	5,423.0
Change	-20.4	2.2	3.5	0.8	9.5	8.2	-3.8	-44.3
Persons in Primary Families ^a								
CPS family	37.5	14.6	10.7	10.4	16.0	10.8	0.0	9,605.3
Expanded family	15.7	12.0	10.5	9.4	23.5	28.8	0.0	21,533.4
Change	-21.8	-2.6	-0.1	-1.1	7.5	18.0	0.0	11,928.1
Non-family Householders								
CPS family	18.9	11.6	10.2	9.4	22.2	27.8	0.0	4,010.7
Expanded family	28.5	16.3	4.8	18.5	18.4	13.4	0.0	38.2
Change	9.6	4.8	-5.4	9.2	-3.8	-14.4	0.0	-3,972.5
Secondary Individuals								
CPS family	31.0	11.2	10.5	9.5	18.4	16.8	2.6	8,052.7
Expanded family	38.8	17.5	9.7	10.2	13.2	10.5	0.0	581.0
Change	7.8	6.3	-0.7	0.7	-5.3	-6.2	-2.6	-7,471.7
Persons in Unrelated Subfamilies								
CPS family	56.0	11.9	11.1	6.5	9.5	5.0	0.0	853,2
Expanded family	38.0	17.6	12.0	7.1	13.6	11.7	0.0	369.4
Change	-18.0	5.8	0.9	0.5	4.1	6.7	0.0	-483.9
0.						-		

Note: Children are under 18 but exclude reference persons, spouses, and partners.

Table VII.7.Persons in Households with Foster Children or Other Unrelated Children by Family Income as
Percent of Poverty, Based on the CPS Family Definition and the Full Expanded Family Concept,
2010 CPS ASEC

			Family Inco	ome as Perce	nt of Poverty			_
Characteristics of Household Members	< 100%	100% to < 150%	150% to < 200%	200% to < 250%	250% to < 400%	400% +	Not Defined	Total
				(Estimates i	n thousands)			
Number of Households	N/A	N/A	N/A	N/A	N/A	N/A	N/A	561.0
Number of Poverty Units								
CPS family	475.5	105.5	114.3	76.6	208.7	192.3	460.3	1,633.1
Expanded family	168.2	87.3	80.4	76.2	135.3	137.4	0.0	684.7
Change	-307.3	-18.2	-33.9	-0.4	-73.5	-54.8	-460.3	-948.4
Number of Persons								
CPS family	636.9	175.2	250.9	154.9	392.6	357.9	460.3	2,428.7
Expanded family	490.1	380.5	287.7	291.4	521.5	457.5	0.0	2,428.7
Change	-146.8	205.3	36.8	136.5	128.8	99.6	-460.3	0.0
Number of Adults								
CPS family	332.6	129.1	157.5	109.7	301.0	291.3	0.0	1,321.3
Expanded family	256.4	170.0	162.8	152.3	295.2	288.6	0.0	1,325.2
Change	-76.3	40.8	5.3	42.6	-5.8	-2.7	0.0	3.9
Number of Children								
CPS family	304.2	46.0	93.4	45.2	91.6	66.6	460.3	1,107.3
Expanded family	233.7	210.5	124.9	139.1	226.3	168.9	0.0	1,103.5
Change	-70.5	164.5	31.5	93.9	134.7	102.3	-460.3	-3.9
Persons in Primary Families ^a								
CPS family	218.9	96.5	180.7	111.2	262.3	247.6	0.0	1.117.1
Expanded family	423.8	368.9	274.7	281.1	500.3	443.6	0.0	2,292.4
Change	204.9	272.5	94.0	170.0	238.0	196.0	0.0	1,175.3
Non-family Householders								
CPS family	36.0	23.7	23.2	10.5	58.3	47.9	0.0	199.6
Expanded family	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Change	-36.0	-23.7	-23.2	-10.5	-58.3	-47.9	0.0	-199.6
Secondary Individuals								
CPS family	355.4	49.4	34.8	28.8	61 5	51.8	460 3	1 042 0
Expanded family	63.8	8.0	94	59	11.6	10.9	0.0	109.6
Change	-291.6	-41.4	-25.4	-22.9	-49.9	-41.0	-460.3	-932.4
Persons in Unrelated Subfamilies								
CPS family	26.7	5.6	12 3	4.4	10.5	10.6	0.0	69.9
Expanded family	20.7	3.5	36	4.4	9.6	3.0	0.0	26.6
Change	_2.5	-2.1	-8.7	4.4	-0.0	-7.6	0.0	_43.3
Change	-24.1	-2.1	-0.7	0.0	-0.9	-7.0	0.0	-40.0

Note: Children are under 18 but exclude reference persons, spouses, and partners.

Table VII.8. Persons in Households with Foster Children or Other Unrelated Children: Percentage Distribution by Family Income as Percent of Poverty, Based on the CPS Family Definition and the Full Expanded Family Concept, 2010 CPS ASEC

			Family Inco	ome as Perce	nt of Poverty			_
Characteristics of Household Members	< 100%	100% to < 150%	150% to < 200%	200% to < 250%	250% to < 400%	400% +	Not Defined	Number (1,000s)
				(Percent o	f Row Total)			
Number of Households	N/A	N/A	N/A	N/A	N/A	N/A	N/A	561.0
Number of Poverty Units								
CPS family	29.1	6.5	7.0	4.7	12.8	11.8	28.2	1,633.1
Expanded family	24.6	12.7	11.7	11.1	19.8	20.1	0.0	684.7
Change	-4.6	6.3	4.7	6.4	7.0	8.3	-28.2	-948.4
Number of Persons								
CPS family	26.2	7.2	10.3	6.4	16.2	14.7	19.0	2,428.7
Expanded family	20.2	15.7	11.8	12.0	21.5	18.8	0.0	2,428.7
Change	-6.0	8.5	1.5	5.6	5.3	4.1	-19.0	0.0
Number of Adults								
CPS family	25.2	9.8	11.9	8.3	22.8	22.0	0.0	1,321.3
Expanded family	19.3	12.8	12.3	11.5	22.3	21.8	0.0	1,325.2
Change	-5.8	3.1	0.4	3.2	-0.5	-0.3	0.0	3.9
Number of Children								
CPS family	27.5	4.2	8.4	4.1	8.3	6.0	41.6	1,107.3
Expanded family	21.2	19.1	11.3	12.6	20.5	15.3	0.0	1,103.5
Change	-6.3	14.9	2.9	8.5	12.2	9.3	-41.6	-3.9
Persons in Primary Families ^a								
CPS family	19.6	8.6	16.2	10.0	23.5	22.2	0.0	1,117.1
Expanded family	18.5	16.1	12.0	12.3	21.8	19.4	0.0	2,292.4
Change	-1.1	7.5	-4.2	2.3	-1.7	-2.8	0.0	1,175.3
Non-family Householders								
CPS family	18.0	11.9	11.6	5.3	29.2	24.0	0.0	199.6
Expanded family	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Change	-18.0	-11.9	-11.6	-5.3	-29.2	-24.0	0.0	-199.6
Secondary Individuals								
CPS family	34.1	4.7	3.3	2.8	5.9	5.0	44.2	1,042.0
Expanded family	58.2	7.3	8.6	5.4	10.6	9.9	0.0	109.6
Change	24.1	2.6	5.2	2.6	4.7	4.9	-44.2	-932.4
Persons in Unrelated Subfamilies								
CPS family	38.1	7.9	17.5	6.3	15.0	15.1	0.0	69.9
Expanded family	9.4	13.1	13.5	16.6	35.9	11.4	0.0	26.6
Change	-28.7	5.2	-4.0	10.3	20.9	-3.7	0.0	-43.3

Note: Children are under 18 but exclude reference persons, spouses, and partners.

			Family Inco	me as Percer	nt of Poverty			_
Characteristics of Household Members	< 100%	100% to < 150%	150% to < 200%	200% to < 250%	250% to < 400%	400% +	Not Defined	Total
				(Estimates i	n thousands)			
Number of Households	N/A	N/A	N/A	N/A	N/A	N/A	N/A	117,616.2
Number of Poverty Units								
CPS family	20,725.6	12,864.5	12,992.7	11,944.2	27,676.9	46,262.8	460.3	132,927.0
Expanded family	17,236.5	11,881.6	12,085.0	11,170.8	26,524.1	45,969.5	0.0	124,867.4
Change	-3,489.1	-982.9	-907.6	-773.5	-1,152.8	-293.3	-460.3	-8,059.5
Number of Persons								
CPS family	43,581.1	28,177.6	28,586.7	27,552.0	65,759.7	110,162.6	460.3	304,279.9
Expanded family	39,985.8	28,214.6	28,589.1	27,540.0	67,017.5	112,932.9	0.0	304,279.9
Change	-3,595.3	37.0	2.3	-12.0	1,257.8	2,770.3	-460.3	0.0
Number of Adults								
CPS family	28.207.6	19.791.7	21.038.4	20.503.3	50.178.2	89.804.0	0.0	229.523.1
Expanded family	25,766.9	19,605.5	20,847.1	20,390.1	50,869.0	92,090.5	0.0	229,569.1
Change	-2,440.6	-186.2	-191.3	-113.2	690.8	2,286.5	0.0	46.0
Number of Children								
CPS family	15 373 5	8 385 9	7 548 3	7 048 8	15 581 5	20 358 6	460.3	74 756 8
Expanded family	14.218.9	8.609.1	7.742.0	7.149.9	16,148.5	20.842.4	0.0	74.710.8
Change	-1,154.6	223.2	193.7	101.2	567.0	483.8	-460.3	-46.0
Persons in Primary Families ^a								
CPS family	31 209 6	21 348 5	22 180 0	22 464 7	55 171 7	97 009 2	0.0	249 383 6
Expanded family	31.132.1	22.695.2	23.437.0	23.566.7	58,773.9	102.190.5	0.0	261.795.4
Change	-77.5	1,346.8	1,257.0	1,102.1	3,602.1	5,181.4	0.0	12,411.8
Non-family Householders								
CPS family	6 914 6	4 872 8	4 664 5	3 666 1	7 863 5	10 768 0	0.0	38 749 4
Expanded family	6.156.2	4.405.9	4.249.3	3.294.1	6.967.4	9.646.9	0.0	34.719.8
Change	-758.4	-466.9	-415.2	-372.0	-896.1	-1,121.0	0.0	-4,029.6
Secondary Individuals								
CPS family	4 763 9	1 779 9	1 602 8	1 312 4	2 571 8	2 299 0	460.3	14 790 0
Expanded family	2.341.8	973.2	813.7	600.1	1.154.3	1.008.5	0.0	6.891.7
Change	-2,422.1	-806.7	-789.0	-712.3	-1,417.5	-1,290.5	-460.3	-7,898.4
Persons in Unrelated Subfamilies								
CPS family	693.0	176 5	139.4	108 9	152 7	86.5	0.0	1 356 9
Expanded family	355.7	140.3	89.0	79.1	121.9	86.9	0.0	873.0
Change	-337.3	-36.2	-50.4	-29.7	-30.7	0.5	0.0	-483.9

Table VII.9. Persons in All Households by Family Income as Percent of Poverty Based on the CPS Family Definition and the Full Expanded Family Concept, 2010 CPS ASEC

Note: Children are under 18 but exclude reference persons, spouses, and partners.

Table VII.10.	Persons in All Households: Percentage Distribution by Family Income as Percent of Poverty,
	Based on the CPS Family Definition and the Full Expanded Family Concept, 2010 CPS ASEC

			Family Inco	me as Perce	ent of Povert	у		
Characteristics of Household Members	< 100%	100% to < 150%	150% to < 200%	200% to < 250%	250% to < 400%	400% +	Not Defined	Number (1,000s)
				(Percent	t of Row Tot	al)		
Number of Households	N/A	N/A	N/A	N/A	N/A	N/A	N/A	117,616.2
Number of Poverty Units								
CPS family	15.6	9.7	9.8	9.0	20.8	34.8	0.3	132,927.0
Expanded family	13.8	9.5	9.7	8.9	21.2	36.8	0.0	124,867.4
Change	-1.8	-0.2	-0.1	0.0	0.4	2.0	-0.3	-8,059.5
Number of Persons								
CPS family	14.3	9.3	9.4	9.1	21.6	36.2	0.2	304,279.9
Expanded family	13.1	9.3	9.4	9.1	22.0	37.1	0.0	304,279.9
Change	-1.2	0.0	0.0	0.0	0.4	0.9	-0.2	0.0
Number of Adults								
CPS family	12.3	8.6	9.2	8.9	21.9	39.1	0.0	229,523.1
Expanded family	11.2	8.5	9.1	8.9	22.2	40.1	0.0	229,569.1
Change	-1.1	-0.1	-0.1	-0.1	0.3	1.0	0.0	46.0
Number of Children								- / 0 0
CPS family	20.6	11.2	10.1	9.4	20.8	27.2	0.6	74,756.8
Expanded family	19.0	11.5	10.4	9.6	21.6	27.9	0.0	74,710.8
Change	-1.5	0.3	0.3	0.1	0.8	0.7	-0.6	-46.0
Persons in Primary Families ^a								
CPS family	12.5	8.6	8.9	9.0	22.1	38.9	0.0	249,383.6
Expanded family	11.9	8.7	9.0	9.0	22.5	39.0	0.0	261,795.4
Change	-0.6	0.1	0.1	0.0	0.3	0.1	0.0	12,411.8
Non-family Householders								
CPS family	17.8	12.6	12.0	9.5	20.3	27.8	0.0	38,749.4
Expanded family	17.7	12.7	12.2	9.5	20.1	27.8	0.0	34,719.8
Change	-0.1	0.1	0.2	0.0	-0.2	0.0	0.0	-4,029.6
Secondary Individuals								
CPS family	32.2	12.0	10.8	8.9	17.4	15.5	3.1	14,790.0
Expanded family	34.0	14.1	11.8	8.7	16.7	14.6	0.0	6,891.7
Change	1.8	2.1	1.0	-0.2	-0.6	-0.9	-3.1	-7,898.4
Persons in Unrelated Subfamilies								
CPS family	51.1	13.0	10.3	8.0	11.3	6.4	0.0	1,356.9
Expanded family	40.7	16.1	10.2	9.1	14.0	10.0	0.0	873.0
Change	-10.3	3.1	-0.1	1.0	2.7	3.6	0.0	-483.9

Note: Children are under 18 but exclude reference persons, spouses, and partners.

		Fami	ly Income as	percent of Po	overty		_
Family Type	< 100%	100% to < 150%	150% to < 200%	200% to < 250%	250% to < 400%	400% +	Total
All Primary Families Headed by Partners							
Number of families (1,000s)							
Married	3,408.9	3,404.5	4,273.3	4,867.6	13,107.2	29,366.8	58,428.2
Unmarried	858.6	669.0	621.2	594.4	1,581.5	2,429.3	6,754.1
Mean family income							
Married	\$12,284	\$25,815	\$33,983	\$42,528	\$60,228	\$137,712	\$90,976
Unmarried	\$11,128	\$23,918	\$32,325	\$39,159	\$55,171	\$110,649	\$62,920
% of income imputed for unit nonresponse							
Married	9.7	9.1	9.6	10.4	10.7	10.4	10.4
Unmarried	7.3	9.0	10.7	12.5	11.7	11.0	11.1
% of Income imputed for item nonresponse							
Married	19.6	19.6	20.5	21.5	19.9	22.3	21.8
Unmarried	16.9	18.6	16.5	19.5	18.7	18.7	18.6
% of families with income imputed for unit nonresponse							
Married	9.5	9.8	10.4	10.8	11.3	10.6	10.7
Unmarried	7.1	9.8	9.5	11.3	12.8	10.3	10.4
% of families with income imputed for item nonresponse							
Married	28.2	32.0	36.1	41.1	42.8	51.7	45.2
Unmarried	23.5	29.3	28.9	34.8	35.0	47.7	36.9

Table VII.11. Imputed Income among Primary Families Headed by Partners of the Opposite Sex, Married versus Unmarried, by Family Income as Percent of Poverty, 2010 CPS ASEC

	Family Income as Percent of Poverty						
Family Type	< 100%	100% to < 150%	150% to < 200%	200% to < 250%	250% to < 400%	400% +	Total
Householder and Partner with No Other Relatives							
Number of families (1,000s)							
Married	1,057.8	1,146.4	1,729.7	2,038.2	5,348.1	14,222.4	25,542.6
Unmarried	289.1	263.0	261.8	305.1	875.8	1,833.1	3,827.9
Mean family income							
Married	\$7,033	\$17,466	\$23,828	\$30,490	\$44,287	\$119,004	\$80,657
Unmarried	\$7,456	\$18,019	\$25,097	\$31,664	\$46,116	\$104,672	\$66,717
% of income imputed for unit nonresponse							
Married	11.6	11.8	10.7	11.3	12.1	10.3	10.6
Unmarried	8.5	11.2	7.0	6.2	12.7	10.9	10.9
% of Income imputed for item nonresponse							
Married	24.6	25.9	27.8	27.8	22.6	24.1	24.2
Unmarried	15.3	20.2	19.8	18.2	18.1	18.6	18.5
% of families with income imputed for unit nonresponse							
Married	9.7	12.0	11.1	11.6	12.3	10.6	11.1
Unmarried	8.3	11.1	6.9	6.0	14.0	9.9	10.3
% of faomilies with income imputed for item nonresponse							
Married	34.0	34.5	41.0	45.3	43.1	50.7	46.6
Unmarried	24.7	30.8	30.2	33.0	32.9	48.0	39.2

Table VII.12. Imputed Income among Primary Families Headed by Partners of the Opposite Sex, Married versus Unmarried, with No Other Relatives, by Family Income as Percent of Poverty, 2010 CPS ASEC

Note: Children are under 18 but exclude reference persons, spouses, and those with unmarried partners of the opposite sex.

	Family Income as Percent of Poverty						
Family Type	< 100%	100% to < 150%	150% to < 200%	200% to < 250%	250% to < 400%	400% +	Total
Householder and Partner with Related Children under 18 and No Other Relatives Number of families (1,000s)							
Married	1,633.6	1,462.9	1,611.4	1,808.2	4,763.8	8,718.1	19,998.0
Unmarried	477.3	323.7	281.6	224.0	496.0	421.6	2,224.3
Mean family income							
Married	\$13,861	\$28,654	\$39,151	\$49,115	\$68,871	\$155,806	\$95,153
Unmarried	\$12,685	\$26,428	\$36,202	\$45,444	\$63,559	\$125,946	\$53,774
% of income imputed for unit nonresponse							
Married	8.4	6.5	9.5	10.2	9.3	9.5	9.4
Unmarried	7.6	7.1	12.4	17.9	10.1	9.9	10.5
% of Income imputed for item nonresponse							
Married	17.5	17.4	16.2	16.5	16.1	18.8	18.1
Unmarried	15.6	16.8	11.9	21.5	15.6	17.7	16.8
% of families with income imputed for unit nonresponse							
Married	9.0	6.9	10.2	10.3	9.7	9.8	9.6
Unmarried	6.7	8.3	11.4	18.1	11.3	10.6	10.4
% of families with income imputed for item nonresponse							
Married	23.8	27.6	29.1	33.1	38.6	49.5	40.1
Unmarried	21.2	25.1	27.0	38.3	34.1	45.9	31.8

 Table VII.13. Imputed Income among Primary Families Headed by Partners of the Opposite Sex, Married versus Unmarried, with Related Children under 18 and No Other Relatives, by Family Income as Percent of Poverty, 2010 CPS ASEC

Note: Children are under 18 but exclude reference persons, spouses, and those with unmarried partners of the opposite sex.

	Family Income as Percent of Poverty							
Family Type	< 100%	100% to < 150%	150% to < 200%	200% to < 250%	250% to < 400%	400% +	Total	
Householder and Partner with Relatives Other than Related Children under 18 Number of families (1.000s)								
Married	717.5	795.1	932.1	1,021.3	2,995.3	6,426.3	12,887.6	
Unmarried	92.2	82.3	77.9	65.3	209.7	174.6	701.9	
Mean family income								
Married	\$16,438	\$32,630	\$43,894	\$54,889	\$74,945	\$154,569	\$104,946	
Unmarried	\$14,588	\$32,908	\$42,604	\$52,615	\$73,148	\$136,467	\$71,193	
% of income imputed for unit nonresponse								
Married	10.9	11.1	8.6	9.8	11.1	11.9	11.5	
Unmarried	3.9	11.4	13.0	14.5	12.6	14.0	13.1	
% of Income imputed for item nonresponse								
Married	20.6	18.4	19.6	22.5	22.5	23.8	23.3	
Unmarried	24.9	21.4	23.9	17.6	26.7	22.2	23.4	
% of families with income imputed for unit nonresponse								
Married	10.4	11.9	9.5	10.1	12.1	11.8	11.5	
Unmarried	5.7	11.3	11.4	12.6	11.7	13.1	11.3	
% of families with income imputed for item nonresponse								
Married	29.7	36.7	39.1	46.8	48.8	57.0	50.2	
Unmarried	31.6	41.1	31.1	31.4	45.7	48.4	41.0	

Table VII.14. Imputed Income among Primary Families Headed by Partners of the Opposite Sex, Married versus Unmarried, with Relatives Other Than Children under 18, by Family Income as Percent of Poverty, 2010 CPS ASEC

Note: Children are under 18 but exclude reference persons, spouses, and those with unmarried partners of the opposite sex.

Family Status in December 2009	CPS Family	Expanded Family	Percentage Increase or Decrease
		(1,000s of persons)	
All Reference Persons and Unrelated Individuals	130,898	124,433	-4.94
Householders	118,051	118,051	0.00
Married/partnered	58,774	64,089	9.04
Under 40	15,710	18,773	19.50
40 and older	43,065	45,316	5.23
All single	59,276	53,962	-8.97
Under 40	18,621	15,559	-16.45
40 and older	40,655	38,403	-5.54
Single female	35,242	32,825	-6.86
Under 40	9,926	8,517	-14.20
40 and older	25,316	24,309	-3.98
Single male	24,034	21,136	-12.06
Under 40	8,695	7,042	-19.01
40 and older	15,339	14,094	-8.11
Non-householders	25,604	12,674	-50.50
Married	91	91	0.00
Unmarried with children under 18	454	133	-70.64
Single female under 40	306	98	-68.04
Other	148	35	-76.03
Unmarried without children under 18	12,303	6,158	-49.94
18 to 39	7,863	4,168	-46.99
40 and older	4,440	1,990	-55.18

Table VII.15. Family Status of Family Reference Persons and Unrelated Individuals in December 2009: CPS Family versus Expanded Family

Source: Mathematica tabulations of 2008 SIPP Panel.

		CPS I	⁻ amily					
Family Status in December 2009	Became Married	Became Single	Has New Spouse	Any Change	Became Married or Partnered	Became Single or Unpartnered	Has New Spouse or Partner	Any Change
All Reference Persons and Unrelated Individuals	1.29	1.80	0.07	3.16	1.59	2.02	0.09	3.70
Householder	1.40	1.91	0.07	3.39	1.65	2.08	0.10	3.82
Married/partnered	2.80	0.00	0.15	2.95	3.02	0.00	0.18	3.20
Under 40	6.83	0.00	0.12	6.95	7.04	0.00	0.18	7.22
40 and older	1.34	0.00	0.16	1.50	1.38	0.00	0.17	1.56
All single	0.00	3.83	0.00	3.83	0.00	4.56	0.00	4.56
Under 40	0.00	4.08	0.00	4.08	0.00	5.84	0.00	5.84
40 and older	0.00	3.73	0.00	3.73	0.00	4.06	0.00	4.06
Single female	0.00	3.60	0.00	3.60	0.00	4.10	0.00	4.10
Under 40	0.00	3.85	0.00	3.85	0.00	5.33	0.00	5.33
40 and older	0.00	3.51	0.00	3.51	0.00	3.68	0.00	3.68
Single male	0.00	4.17	0.00	4.17	0.00	5.28	0.00	5.28
Under 40	0.00	4.33	0.00	4.33	0.00	6.45	0.00	6.45
40 and older	0.00	4.09	0.00	4.09	0.00	4.72	0.00	4.72
Non-householders	0.02	0.51	0.00	0.53	0.04	0.69	0.00	0.73
Married	4.41	0.00	0.00	4.41	4.41	0.00	0.00	4.41
Unmarried with children under 18	0.00	1.22	0.00	1.22	0.00	4.94	0.00	4.94
Single female under 40	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other	0.00	3.61	0.00	3.61	0.00	18.87	0.00	18.87
Unmarried without children under 18	0.00	0.49	0.00	0.49	0.00	0.62	0.00	0.62
18 to 39	0.00	0.57	0.00	0.57	0.00	0.92	0.00	0.92
40 and older	0.00	0.37	0.00	0.37	0.00	0.10	0.00	0.10

 Table VII.16.
 Percentage of Persons with a Change in Marital or Partner Status Since January 2009: Family Reference Persons and Unrelated Individuals in December 2009 by Family Status Based on CPS Family Versus Expanded Family

Source: Mathematica tabulations of 2008 SIPP Panel; estimates based on sample members with data in both January and December 2009.

		Unmarried with R	narried Householder Unmarried I with Relatives without I		louseholder Relatives		
	Married	With	Without	With	Without		Cumulative
Age	Householder	Partner	Partner	Partner	Partner	l otal	Percent
Total (1.000s)	111.2	74.7	57.7	82.4	19.8	345.8	
Percent	32.2	21.6	16.7	23.8	5.7	100.0	
	4.00	4.00	0.00				4.04
0	4.36	1.88	0.00	0.00	0.00	1.81	1.81
1	4.59	1.16	6.50	3.64	0.00	3.68	5.49
2	6.21	4.38	5.21	0.69	0.00	3.98	9.47
3	4.67	1.26	13.41	2.38	0.00	4.58	14.04
4	1.72	11.00	2.68	2.41	13.07	4.70	18.74
5	1.88	0.83	6.04	4.59	0.00	2.88	21.63
6	3.51	4.15	2.99	9.73	8.26	5.32	26.94
7	4.94	12.65	0.31	2.01	0.00	4.85	31.80
8	3.25	2.48	2.34	8.38	0.00	3.97	35.76
9	1.57	2.20	13.75	0.00	0.00	3.27	39.03
10	2.73	9.56	1.72	7.54	0.00	5.03	44.06
11	4.21	3.69	14.97	0.99	0.00	4.88	48.94
12	0.74	3.11	2.05	14.19	6.32	5.00	53.94
13	8.06	6.59	2.59	7.98	0.00	6.35	60.29
14	3.70	7.65	2.81	8.00	0.00	5.22	65.51
15	10.54	16.90	1.92	5.14	34.02	10.54	76.05
16	9.87	4.12	5.37	7.80	8.47	7.30	83.35
17	23.46	6.41	15.30	14.51	29.85	16.65	100.00

Table VII.17. Age Distribution of Unrelated Children Under 18 Who are Not Foster Children, Roommates, or Partners, by Family Status of Householder: 2010 CPS ASEC

Note: Percentages sum to 100 in each column.

		Unmarried Householder with Relatives		Unmarried H without R	louseholder Relatives		
Age	Married Householder	With Partner	Without Partner	With Partner	Without Partner	Total	Cumulative Percent
Total (1,000s) Percent	110.7 55.4	34.4 17.2	37.8 18.9	11.8 5.9	5.2 2.6	199.8 100.0	
0	6.28	0.55	0.00	0.00	0.00	3.58	3.58
1	5.38	5.22	26.46	5.12	0.00	9.18	12.76
2	4.00	10.26	5.31	20.28	54.37	7.59	20.35
3	2.54	14.05	0.00	0.00	0.00	3.83	24.18
4	6.94	4.86	17.46	14.54	0.00	8.84	33.02
5	4.83	17.12	0.56	0.00	0.00	5.73	38.74
6	6.63	4.10	8.32	0.00	0.00	5.95	44.70
7	2.89	0.00	0.00	0.00	0.00	1.60	46.30
8	5.22	4.06	0.00	0.00	0.00	3.59	49.89
9	7.96	5.26	0.00	0.00	0.00	5.31	55.21
10	3.88	3.44	11.62	0.00	0.00	4.93	60.14
11	5.78	2.52	3.94	8.59	20.12	5.41	65.55
12	5.14	3.73	4.57	12.19	0.00	5.07	70.62
13	2.50	3.61	3.97	4.15	25.51	3.66	74.28
14	11.21	0.00	0.00	0.00	0.00	6.21	80.49
15	7.03	6.73	5.40	8.90	0.00	6.60	87.09
16	4.01	5.23	9.04	16.59	0.00	5.81	92.89
17	7.78	9.26	3.36	9.63	0.00	7.11	100.00

Table VII.18. Age Distribution of Foster Children Under 18 by Family Status of Householder: 2010 CPS ASEC

Note: Percentages sum to 100 in each column.

VIII. ENHANCING CPS AND OTHER INCOME MEASUREMENT: SUMMARY AND RECOMMENDATIONS

It has been many years since the overall structure and design of the CPS ASEC has been reviewed or modernized, much less simplified. Yet our prior study, *Income Data for Policy Analysis: A Comparative Assessment of Eight Surveys*, found that the ACS effectively matches the CPS ASEC's estimates of total annual income with eight income amounts and markedly lower allocation rates, strongly suggesting that careful simplification is not likely harmful. This important result has informed the analyses undertaken in this study and the recommendations that follow, in conjunction with the need to adjust for changing work and family patterns and incorporate new forms of retirement income, as well as acknowledge reduced public acceptance of survey inquiries and the benefits of automated interview technology.

Before presenting our recommendations we recap the study's key findings. Then we provide recommendations for the CPS ASEC, organized by broad source of income as well as family composition, followed by our more limited recommendations for the ACS. The last section presents recommendations for the redesigned SIPP, and several other suggestions that surfaced in the course of our analysis or in our previous study.

A. Key Findings

Since earnings (wage and salary plus self-employment income) account for 80 percent of all income, a survey's effectiveness in capturing *earned* income will largely determine how well the survey captures *total* income. Czajka and Denmead (2008) found that in 2002 the CPS ASEC captured more earnings than the ACS and the SIPP in total, but less than the ACS or SIPP in the bottom quintile. We find for 2009 that these relationships persist. Looking at mean earnings among the poor across surveys (to adjust for their differing counts of poor), we found higher mean wage and salary income in both ACS and SIPP, and a higher proportion of poor families reporting wage and salary income in both surveys. In addition, we found substantially more families with self-

employment income in the SIPP than the CPS ASEC, with the biggest difference among the poor; we also found more families with self-employment income in the ACS than the CPS ASEC at every level of relative income, although the differences were not nearly as large. Since policy analysis often focuses on the lower end of the income distribution, the CPS ASEC's comparatively weaker performance in capturing earnings for low income families stands out as an area for improvement. By restricting work activity data to the longest job held during the reference year and collecting only aggregate earnings for all other work activity, the CPS ASEC limits its effectiveness in capturing earnings for persons with more than one job during the year—some 44 to 49 million earners in the SIPP in 2009.

For older families, retirement income replaces earnings; in fact, the adequacy of Social Security and traditional pension plans has often been measured by the percentage of earnings that they replace. But while Social Security remains the largest single source of financial support in retirement, traditional pensions (with the exception of union-dominated industries) are disappearing in the private sector. Pensions, or defined benefit retirement plans, are being replaced by tax-advantaged retirement accounts (defined contribution retirement plans) to which both employees and employees contribute, and all individuals with earnings can contribute to IRAs that are not tied to a specific employer. These accounts do not provide fixed monthly amounts after retirement, but give their owners flexibility to withdraw funds when needed. But whereas pension payments are uniformly counted as income in household surveys, withdrawals from retirement accounts, now in the hundreds of billions annually, are not. In the CPS ASEC, such withdrawals are a small fraction of their size in the SIPP and a negligible fraction of the amounts reported to the IRS. IRS special studies, combined with NIPA data, suggest that in 2007 approximately \$400 billion in benefits were paid by traditional pension plans, and over \$300 billion (net of rollovers) was withdrawn from defined contribution retirement plans and IRAs. Although their distributions are not yet as large as traditional pension benefits, the aggregate holdings in these newer types of accounts already exceed

those of traditional pension plans by a substantial margin, and the share of retirement income attributable to these newer types of accounts will continue to grow. Absent changes to the CPS ASEC instrument, the survey will increasingly underestimate true retirement income in the years to come. Furthermore, even for traditional defined benefit pensions, the CPS ASEC questions performed significantly less well than the ACS or the SIPP for 2009, collecting 18 percent less retirement income than ACS and 23 percent less than the SIPP. Adding the newer sources of retirement income, as well as improving the collection of data on traditional pension benefits is clearly another priority area for bringing the CPS ASEC into the 21st century.

All other sources of income combined were less than 8 percent of total CPS money income in 2009, although they accounted for more than half of the 31 dollar amounts collected in the survey. Since these sources account for about 25 percent of the income of the poor, any simplification of questions about these sources must be carefully designed to avoid reducing the estimated income of the poor, or increasing the estimated number of poor. Two of the most important of these sources—SSI and public assistance—are already substantially underestimated by the CPS ASEC in comparison with SIPP or the ACS, so the data collected on these two sources should, if anything, be expanded. However, given the infrequency of some of the other sources of income, substantial streamlining is possible.

Although not an issue of income data, the choice of relationships within a household that create a "family" is crucial to the concept and computation of poverty status. These relationships determine whose income will be combined into family income and compared to poverty thresholds. We measured the impact of expanding the CPS family to include unmarried partners of the opposite sex, foster children, and unrelated children, and found that it significantly reduced the number of poor, by 3.6 million or 1.2 percentage points, with greater reductions among children than among adults. We also found that the CPS ASEC correctly identifies 94 to 100 percent of foster children in non-relative care, so that unrelated children are unlikely to be unidentified foster children. In addition, we found that nearly half (45 percent) of the households with unrelated children also contained unmarried partners, suggesting a possible relationship between the two phenomena.

B. Recommendations on CPS Income Measurement

The current CPS ASEC instrument and interview give disproportionate attention to income sources that contribute little to total income. As we showed in Chapter III, a handful of sources account for around 95 percent of the aggregate income reported in each of the six relative income classes used in this study. Additionally, the CPS ASEC collects little detail for any of these major sources, while requesting substantial programmatic or eligibility detail for the various but relatively small sources comprising the remaining 5 percent of aggregate income. The ASEC instrument could be refocused, expanding data collection for the most important income sources while streamlining questions on the remaining income sources, for an overall improvement in data with a shorter interview. In the sections that follow, we summarize and expand upon the recommendations reported at the ends of the substantive chapters.

1. Earnings

We believe that the overall importance of earnings (wages and salaries and self-employment) as the primary source of income at all income levels demands that the collection of earnings be as strong as the Census Bureau can make it. At present, the CPS ASEC collects information on the work activity that had the longest duration during the year, be it a job, self-employment or a business, and lumps together with no additional information all other wage and salary income and, in separate amounts, all non-farm and farm earnings. However, it is fairly common for people to start a small business (self-employment) while still working for someone else, to change from one full-time job to another during the year, to change from full-time to part-time status or the reverse, to work more than one job at the same time, to have multiple businesses sequentially or simultaneously, and for lower-income workers or those in certain sectors such as construction, to have erratic employment. The SIPP found 44 to 49 million such persons in 2009. We recommend that comparable data, including industry, occupation, job vs. self-employment, weekly hours, rate of pay and start and end dates be collected for at least three and possibly four work activities, before going to the summary "all other sources of earnings", and ordering these from current to earliest work activity during the year. In asking about earnings, the questions should make clear that the income being requested is prior to all deductions, including not only taxes but retirement contributions, health insurance and flexible spending accounts, dependent care, and transportation benefits, and should include any incentives such as signing bonuses, and also severance pay.

For self-employment, we recommend that the CPS ASEC expand the definition of selfemployment income to parallel that in SIPP, to include the salary drawn by a business owner as an employee as well as the profit or loss realized as an owner, and to include self-employment that is not associated with a business, such as consulting. The instrument should provide more examples, to help convey what is covered by self-employment and to clarify that it includes, for example, partnerships and other forms of businesses, as well as sole proprietorships.

In addition, as part of the simplification and shortening process, other peripheral questions such as reason for not working or whether job search was undertaken should be carefully reviewed to assess their continued value compared to better information on earned income.

2. Retirement Income

There are two principal drawbacks to current CPS ASEC questions concerning retirement income. The first is the restriction of retirement questions to traditional pensions and to monthly payments, with almost no acknowledgement of IRAs or defined contribution retirement accounts as possible sources of retirement income, especially if distributions from these accounts occur only once or twice a year. Second is the poor performance of the CPS ASEC on traditional pension income compared to the ACS or SIPP. Currently, the CPS ASEC uses three two-tier questions, which separate retirement, survivor, and disability benefits and ask for two sources for each. The questions require respondents to first report that a household member has such income, and then go through a duplicative list of sources twice (including six types of employer-provided pensions) although respondents hardly ever report a second source.

We recommend that the CPS ASEC adopt a much more direct approach for employmentrelated pension income, combining retirement, survivor, and disability pensions in one question. The questionnaire should first establish whether anyone in the household received one or more (defined benefit) pensions from a previous employer of the respondent, spouse or other relative, then for each person, allowing for multiple sources, determine the source and amount, and, if desired, the reason (retirement/survivor, or disability benefit).

We recommend a separate question on distributions or withdrawals (other than rollovers) from defined contribution and IRA retirement accounts, following the SCF, in which respondents are asked to identify up to six different retirement accounts, and for each determine the type of account, and the amount withdrawn during the previous year. Specific types should at least include 401(k)s, 403(b)s, Roth IRAs (now possible within employer plans), and SEP, SIMPLE and traditional IRAs. Keoghs are very infrequent and can be omitted, but the question should include annuities purchased or provided from defined contribution retirement plans. While the regular versus lump sum distinction is not useful here, differentiation between withdrawals for consumption and withdrawals for other, one-time, purposes, such as making a down payment on a house or starting a business, is still desirable.

In addition, as part of the simplification and shortening process, the detailed questions for adults and children on the basis for receipt of Social Security benefits should be carefully reviewed to assess their continued value, given that Social Security payments are restricted to one benefit per person despite multiple entitlements (for example, dependent or widow versus own retirement).

3. Other Income Sources

Public assistance is one of the most poorly reported sources of income in the CPS ASEC, but is received principally by low income families with few other sources of income. Better reporting of public assistance is important to accurate measurement of poverty. However, with this exception, income sources other than earnings and retirement are the only ones from which major savings in question length and interview time can come. Although these sources account for over half the dollar amounts requested in the CPS ASEC, they constitute less than 8 percent of total CPS money income in 2009. They include asset or property income (three amounts), government transfers (nine amounts), transfers between households (three amounts), and other income (one amount). We recommend combining some sources in single questions and, for others, grouping related sources in a single (screener) question at the household level, with the sources, recipients, and amounts asked only if any are present.

We recommend combining the three current questions on unemployment benefits into one question, and combining child support, alimony, and financial assistance from others (collectively transfers between households) into a single question. We also recommend, for reasons laid out in Chapter VI, dropping the questions on other income, and dropping educational assistance from CPS money income. We recommend a revamped disability income question using a screener, to replace the question on worker's compensation and include the small amounts of other disability income such as Black Lung benefits, accident or disability insurance, and temporary sickness benefits.

For asset income, we recommend retaining the collection of separate amounts for interest, dividends, and the combination of rent, royalties, and estates or trusts. The third item should be expanded to include any payments from estates and trusts collected under the current retirement, survivor or disability questions, and to capture any additional income from financial investments—a source that is included in the SIPP. We also suggest that the Census Bureau clarify that dividends

include mutual fund payments characterized as capital gain distributions, that interest and dividends exclude amounts received in retirement accounts, and clarify the definition of rental income.

We recommend no changes to the questions on SSI. For public assistance we are recommending clarification and an expansion. The question sequence for SSI (and also for Social Security) has a separate section on benefits received on behalf of children after the questions for each household member, that asks about children on whose behalf benefits are received who have not already been identified. Three-quarters of the recipients of TANF are children and almost half of families receiving TANF have no adult recipients (child-only cases.) We recommend a more detailed public assistance sequence modeled on the SSI questions, obtaining the number of months that any form of assistance was received, and allowing for receipt of more than one type of cash assistance during the year. We also recommend creating a separate question sequence on TANF benefits on behalf of children, similar to the one for SSI, after the general questions for household members. At the same time, questions that ask the reason for receipt of unemployment benefits, SSI for children, and perhaps SSI for adults as well should be carefully reviewed to assess their continued value compared to better information on earned income and retirement income.

4. Family Composition

In the course of generating the tabulations necessary to analyze the impact of alternate family definitions, we identified some conceptual issues and some improvements to relationship and family structure variables on the public use file. On the conceptual side, we understand that the Census Bureau may address the current inconsistencies between primary and secondary family definitions by adding ever-married children under 18 and persons 18 and older who are identified as children of the subfamily reference person to subfamilies, and we endorse this change. We would also recommend that "foster" be treated as a family relationship, regardless of the age of the person.

With regard to variables and edits, the public use file currently has a number of relationship and family structure variables that include person-level variables identifying cohabiting partners. The

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existing household relationship variables that include partner status (A_EXPRRP and PMRRP) have not yet but should be edited to incorporate the information contained in the person-level variables that identify cohabiting partners, and should also have a value for partner of someone other than the reference person. More generally, alternate family concepts that create families from cohabiting couples (who may be non-family householders, secondary individuals or sub-family reference persons) and/or add unrelated children to non-family householders require a whole set of alternate variables for (at a minimum) family number, family relationship, and family type. If any such expanded families will be used in published data, it is very important to users that the Census Bureau include these alternate variables in the same public use file as the income and poverty measures to which they apply.

With regard to the puzzling finding that nearly half (45 percent) of the households with unrelated children also contained unmarried partners, we can only suggest added emphasis in the field work on identifying parental relationships when a young child is living with unmarried partners.

C. Recommendations on ACS Income Measurement

Opportunities to improve income measurement in the ACS are more limited than for the CPS ASEC. The ACS is unlikely to expand beyond its current eight income questions for the foreseeable future. However, within the eight question limit we have identified a number of places where wording changes would improve reporting. Also, since sources not explicitly mentioned in a question or the instructions have a higher chance than named sources of being reported under the wrong question, or not reported at all, we have a suggestion on replacing one question with another that addresses this issue. These recommendations are described below in the order of the current question sequence.

With respect to wages, the small print on the questionnaire says to report amounts before deductions for taxes, bonds, dues, or other items. A better list of inclusions that would fit in the same space would be: taxes, retirement, health insurance or other deductions. The instructions could mention additional deductions that have become very common, such as flexible spending, dependent care, and transportation benefits. The goal remains to obtain gross income before any and all deductions.

Under self-employment income, the ACS questionnaire (unlike the CPS ASEC) explicitly includes partnerships along with proprietorships. However, people need not own a business to receive income that the IRS considers self-employment and which therefore is reported on Schedule C. In the absence of explicit direction, respondents may report such income as earnings or simply fail to report it at all. To remedy this problem, persons who performed work such as consulting that is reported on tax returns as self-employment should be instructed to include all such income here.

There is currently no small print under Social Security, but it would be useful to add a note to ask respondents to report the amount before deductions for taxes or Medicare premiums. SSI also has no small print either, but a note reminding respondents to include both federal and state payments could improve reporting. For both Social Security and SSI the instructions should make clear that benefits received by a household member on behalf of a child should be included.

For other retirement income, the first step to obtaining improved reporting is to reword what is currently the pension question to add distributions from IRAs and 401(k) plans, that are currently not mentioned. That is, rephrase the question from "Retirement, survivor, or disability pensions" to "Retirement, survivor, or disability payments or withdrawals," with small print beneath this description saying "Include annual or more frequent distributions from IRAs and 401(k)s, etc." Modifications to the instructions that are mailed to sample households would have to accompany such changes to clarify what types of income should be included from these plans and to revise the general caution against reporting withdrawals from savings of any kind.

The public assistance question picked up only \$11 billion in 2009. While this compared favorably to SIPP and was much better than the CPS ASEC, combining the public assistance question with SSI, which added \$35 billion, would free up a question that could be devoted to

sources not explicitly mentioned in the ACS questions (see below). In any case, "cash" should be added in front of any mention of public assistance in the questionnaire and instructions. Following our CPS ASEC recommendation regarding public assistance, we recommend that the Census Bureau add to the instructions for this item that respondents be sure to include benefits received by or on behalf of children. Even though the ACS did substantially better than the CPS ASEC and at least as well as SIPP in its capture of public assistance receipt and income, there is still room for improvement.

The question on income from financial assets could be modified to replace "royalty income or income from estates and trusts" with "other investment, property or asset income." The instructions mention royalties and payments from an estate or trust fund, and they also mention mutual funds. The instructions should be changed to drop references to IRAs and Keoghs to eliminate any double-counting.

The final question currently requests "any other sources of income received regularly," and gives four examples: veterans' payments, unemployment compensation, child support, and alimony. If public assistance is combined with SSI, the first three items currently can be removed to a separate question, providing clearer and better reporting of these non-trivial sources. CPS ASEC collected over \$160 billion from these three sources, and SIPP collected over \$155 billion. The catch-all question could then specifically mention other sources for inclusion here. Alimony should be dropped from the list, as it has virtually disappeared as an income source. For other (non-retirement) sources that are not now mentioned in the ACS income questions, SIPP collected about \$60 billion. These sources include worker's compensation, other financial assistance, income from other financial investments, casual or incidental earnings, miscellaneous cash income, other government income, foster child care payments, interest received on mortgages, and employer disability payments. Some or all of these additional components, perhaps with some regrouping, could be listed to create a more conventional "other income" question. Lastly, the use of the term

"regularly" may discourage respondents from reporting income that they received for only part of the year. We would recommend that "regularly" be replaced with "during the past 12 months" to encourage more complete reporting of such sources.

Our last point regarding ACS income data is that the instructions for other income include Armed Forces transfer payments, which are not mentioned in either the CPS ASEC or SIPP questionnaires and not related to any other source. We wonder if this inconsistency is due to the ACS's inclusion of all U.S. resident members of the Armed Forces in its sample frame. If so, this is entirely appropriate, but if not, then we recommend that the surveys be consistent in their treatment of this potential source of income.

Finally, the fact that the ACS does not identify relationships among persons who are unrelated to the householder severely limits the ability of users to construct unrelated subfamilies. Essentially, users must infer relationships based on age and sex. This introduces error into estimates of poverty among unrelated persons and leads to inconsistencies in the poverty estimates among users who choose not to treat all unrelated persons as unrelated individuals. Given the growing use of ACS data to construct alternative poverty measures for states and metropolitan areas, an expansion of the relationship data collected in the ACS would be welcomed by many users, and we recommend that the Bureau seriously consider such a revision when the opportunity presents itself.

D. Beyond the CPS and ACS: Recommendations on SIPP and Other Subjects

Our recommendations with respect to SIPP are less specific than for the other Census Bureau surveys, since the re-engineering of the core SIPP as an annual survey makes the relevance of our empirical findings to the new instrument uncertain. These more general recommendations and several other suggestions that surfaced in the course of our analysis or in our previous study are discussed below.

1. SIPP

In contrast to the CPS ASEC, SIPP devotes much more attention to earnings than to other income sources, as is appropriate, yet SIPP obtains substantially lower reported earnings than the CPS ASEC except at the lower end of the income distribution. While SIPP is more effective than the CPS ASEC in capturing retirement income, entitlements, and government transfers generally, SIPP falls well short of the CPS ASEC in its measurement of asset income and transfers from other households. In addition to SIPP's need to strengthen its measurement of these sources, there is potential for greater efficiency in the instrument.

A number of our recommendations regarding retirement income in the CPS ASEC could be applied to the SIPP as well, given the similarities in how the two surveys approach the measurement of these sources. In particular, SIPP should make more use of the terms distribution and withdrawal in referring to the income taken from retirement accounts generally and replace the regular versus lump sum distinction with something that more effectively differentiates between withdrawals for consumption and withdrawals for other purposes.

As we have seen, SIPP collects interest income from 12 types of accounts and collects dividends from eight types of accounts, and while interest and dividends are among the most common sources of income, they provide relatively small amounts of income to the vast majority of their recipients. Despite the source detail, our comparative findings indicate that SIPP obtains very little pay-off from the 20 types of interest and dividends that are requested in the questionnaire. While SIPP identifies nearly twice as many recipients of such income as does the CPS ASEC, SIPP obtains substantially less interest and dividend income than the CPS ASEC.

To reduce the length of the SIPP questionnaire, the Census Bureau could explore a more streamlined approach to collecting interest and dividend income. It may be useful to continue to separate joint accounts from individually owned accounts so that the amounts received from the former can be divided between the individual recipients. For dividends, respondents should be reminded to include not only those amounts received as checks but those directly credited to their accounts.

Lastly, in the course of our analysis of the impact of expanding the CPS family, we noted that SIPP does not collect on a monthly basis all of the relationship information that is currently collected in the CPS. In particular, SIPP does not identify unmarried partners of anyone but the householder—nor does the SIPP householder's record indicate that he or she has an unmarried partner. We recommend that the re-engineered SIPP capture at least as much household relationship information as does the CPS—specifically including all the enhancements that we recommended above.

2. Changing Retirement Systems and Measured Wealth

There has not been, to date, study of the impact on measured wealth of the shift from defined benefit pensions to defined contribution retirement systems. The vested value of defined benefit pensions or of Social Security coverage has never been included in surveys collecting data on wealth, although values for them are imputed in much retirement research. However, the values of defined contribution plans such as 401(k)s, 403(b)s, as well as IRAs, are counted as personal assets in, for example, SIPP. The magnitude of defined contribution retirement assets has increased greatly over the past 25 years, as employers have shifted away from the defined benefit plans that are not included as assets, thus distorting changes over time in the distribution of wealth that are based on survey data.

Research is needed to measure how the shift from defined benefit pensions to defined contribution systems has affected measures of wealth, especially measures of changing inequality of wealth. One approach would be to capitalize the vested value of pensions, which is likely to be much larger for persons with high earnings than for those with low earnings, and recalculate the change in the distribution of wealth over time with all retirement "assets" included. A simpler analysis might calculate the gini-coefficients of wealth as measured in SIPP or SCF over the last 25 years, without as well as with retirement assets.

3. State and Local Government Retirement Benefits

Data on federal, state, and local government retirement payments are collected and published by the Governments Division of the U.S. Census Bureau. Traditionally, state and local retirement systems have been defined benefit or pension plans. However, over the last few years increasing numbers of fiscally-pressed states and localities have created defined contribution retirement plans as alternatives or replacements for their traditional and unsustainable pensions.

There are no data on these new state and local defined contribution retirement systems. Questionnaires for the current surveys of state-administered and of locally-administered public employee retirement systems and the last (2007) census of public employee retirement systems direct responding governments to report only for defined benefit or pension plans and not to include defined contribution plans in the reported data. This instruction was added in 2005 for the collection of data for fiscal years ending between July 1, 2004 and June 30, 2005. A question was also added on whether the government entity had a defined contribution plan in addition to the pension plan reported, but no data were collected on the defined contribution plan. Previously, data collection forms referred simply to "retirement systems."

We recommend that the Governments Division collect information on the contributions (both employee and employer) and payments of these relatively new public employee defined contribution retirement plans, just as it does with defined benefit plans.

4. IRA Distributions and Retirement Account Rollovers

There is no publicly available source of administrative data on amounts withdrawn or distributed from IRAs, nor are there any administrative data publicly available on flows between defined contribution accounts and IRAs, although IRS studies state that such flows are the major source of rollovers into IRAs. Contributions to IRAs, including rollovers from qualifying retirement plans, must be reported to the IRS as well as to recipients on Form 5498; payments directly to retirement (public or private, defined benefit or defined contribution) plan participants and IRA owners, as well as payments to another qualified plan or to an IRA (trustee-to-trustee transfers on behalf of plan participants or IRA owners) must also be reported to the IRS and recipients on Form 1099-R. These filings by retirement plans and IRA trustees are required, whether or not the recipient is required to file an income tax return. The only transfers that are not required to be reported on Form 1099-R or Form 5498 are trustee-to-trustee transfers among IRAs of the same type.

At present, the IRS does not publish statistics from Form 5498 or from 1099-Rs, although IRS staff have conducted several research studies using this information. While this analysis has used IRS statistics from tax returns, these data exclude non-filers, exclude the increasingly prevalent Roth IRAs, and provide only rough approximations of rollovers into IRAs. As defined contribution retirement systems and IRAs, and rollovers between them, continue to grow in magnitude, the importance of administrative data with which to measure these flows increases. It would be highly desirable for IRS to routinely publish comprehensive statistics from Form 5498 and Form 1099-R showing contributions, withdrawals, payments and rollovers by type of IRA or retirement plan, as well as annual statistics from the file of matched tax returns currently used by staff for special studies.

5. Timing of Income Data Collection

Our prior study, *Income Data for Policy Analysis: A Comparative Assessment of Eight Surveys* (see Czajka and Denmead 2008) had unanticipated methodological findings on the best time of year to ask respondents about their annual income, challenging long-held views on that subject. Special tabulations of internal ACS data prepared by the Census Bureau allowed us to examine allocation rates by interview month. Intended to show whether data quality deteriorated over the course of the survey year as the income reference period moved farther away from the previous calendar year, these tabulations showed instead that allocation rates (and non-response rates) for the

income questions were higher in March, April, May and June than for other months. In other words, respondents were least likely to respond to the income questions in the months that conventional logic suggested were the best months to ask income questions.

Allocations rose from 19.0 percent of total income in February to 22.8 percent in March (and 24.6 percent in April), differentials that were highly significant. For wages and salaries and Social Security, the March allocation rate was over 20 percent higher than for February, for other retirement the March rate was almost half again as much as for February. For five of seven individual sources of income—all but SSI and welfare—these differences were statistically significant. The overall pattern was evident at all levels of relative income, although weakest among persons below the poverty threshold, and grew stronger with rising income.

These findings suggest the possibility that changing the timing of the bulk of the CPS income supplement, from March to February, could significantly reduce overall and item non-response rates. Although a change of this nature would be a major structural shift, it at least warrants further study to determine the stability of the pattern over time. A first step could be taken by replicating the earlier work on a current internal ACS file to determine if the monthly differentials in response rates have persisted.

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