

Developing State Personal Income Distribution Statistics

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- Introduction
- Source data and methodology
- Sample of results
- Your feedback

- Goal: create a distributional account for State Personal Income
 - Allows for analysis of inequality by state and over time
 - Benchmarked to BEA SPI aggregates
 - Contributes to BEA's Beyond GDP initiative
- Builds off BEA work distributing national personal income (Fixler et al, 2020), adapting to state data constraints

- Census provides official state median household *money income* and Gini coefficients by state
 - Directly from American Community Survey and/or Current Population Survey
 - Not benchmarked to NIPA or State Personal Income, or tax data
- Economic Policy Institute (think tank) has top 1% state and county estimates up to 2015, based on IRS SOI data and ACS

- Base datasets
 - State Personal Income accounts
 - CPS Annual Social and Economic Supplement (ASEC) microdata
- Other data sources
 - IRS Statistics of Income
 - Medical Expenditure Panel Survey
 - Survey of Consumer Finances
 - American Community Survey
 - Center for Medicare and Medicaid Services
 - Congressional Budget Office

- We start by selecting 75 detailed annual state personal income components, to be allocated to households
- These population aggregates are Regional's bread & butter: measured using a variety of source data, often in partnerships with IRS, BLS
- Components measured on place-of-work basis are transformed to place-of-residence basis, to be consistent with survey data used in next steps

- Base dataset for allocation to state households is pooled CPS ASEC microdata, from three previous years
- CPS is only source that has enough variety of income types
- Following Census guidance on using multiple years for state estimates
- Similar structure to ACS 3 or 5-year files used for smaller geographies

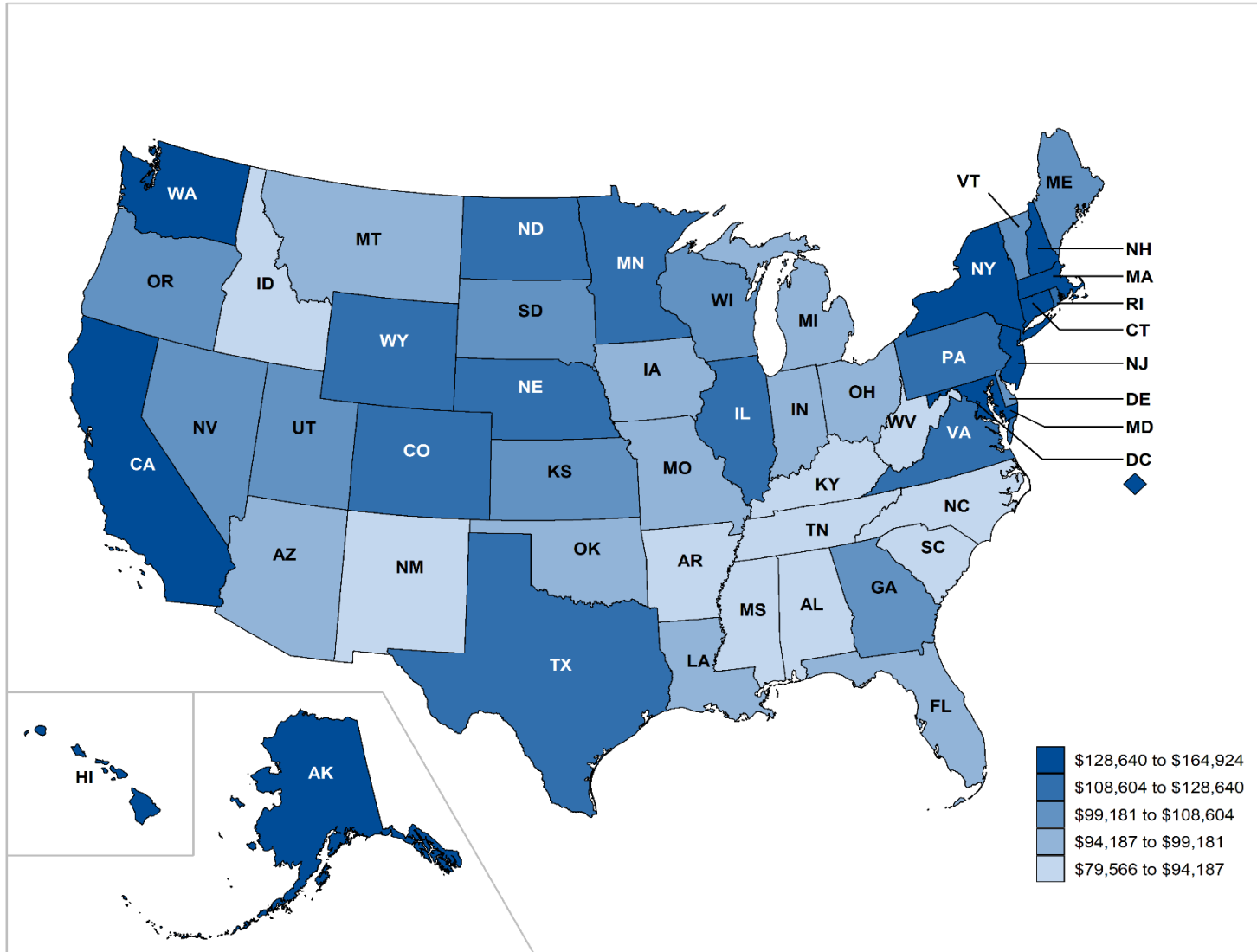
- CPS is adjusted for under/misreporting, to improve estimates of the top of the distribution
 - Using state IRS Statistics of Income data on wages, interest, dividends, business income (sole proprietor & partnership)
 - As in national methodology
- Other data sources used to supplement, or “fill out” CPS
 - CPS alone is not suitable to distribute some income types to households: medical income components, imputed interest/rent, etc.
 - Bring in: CMS, MEPS, SCF, BEA’s recent housing work based on ACS, others

- Each detailed, place-of-residence SPI component is allocated to state households using adjusted CPS
 - We now have microdata that adds up to State Personal Income
 - Household size-adjusted income is used to define the ranking of households
- Inequality measures can now be produced
 - Median, Gini, quintile shares of State PI
 - Quintile shares of sub-aggregates, consistent with existing BEA Regional publication tables

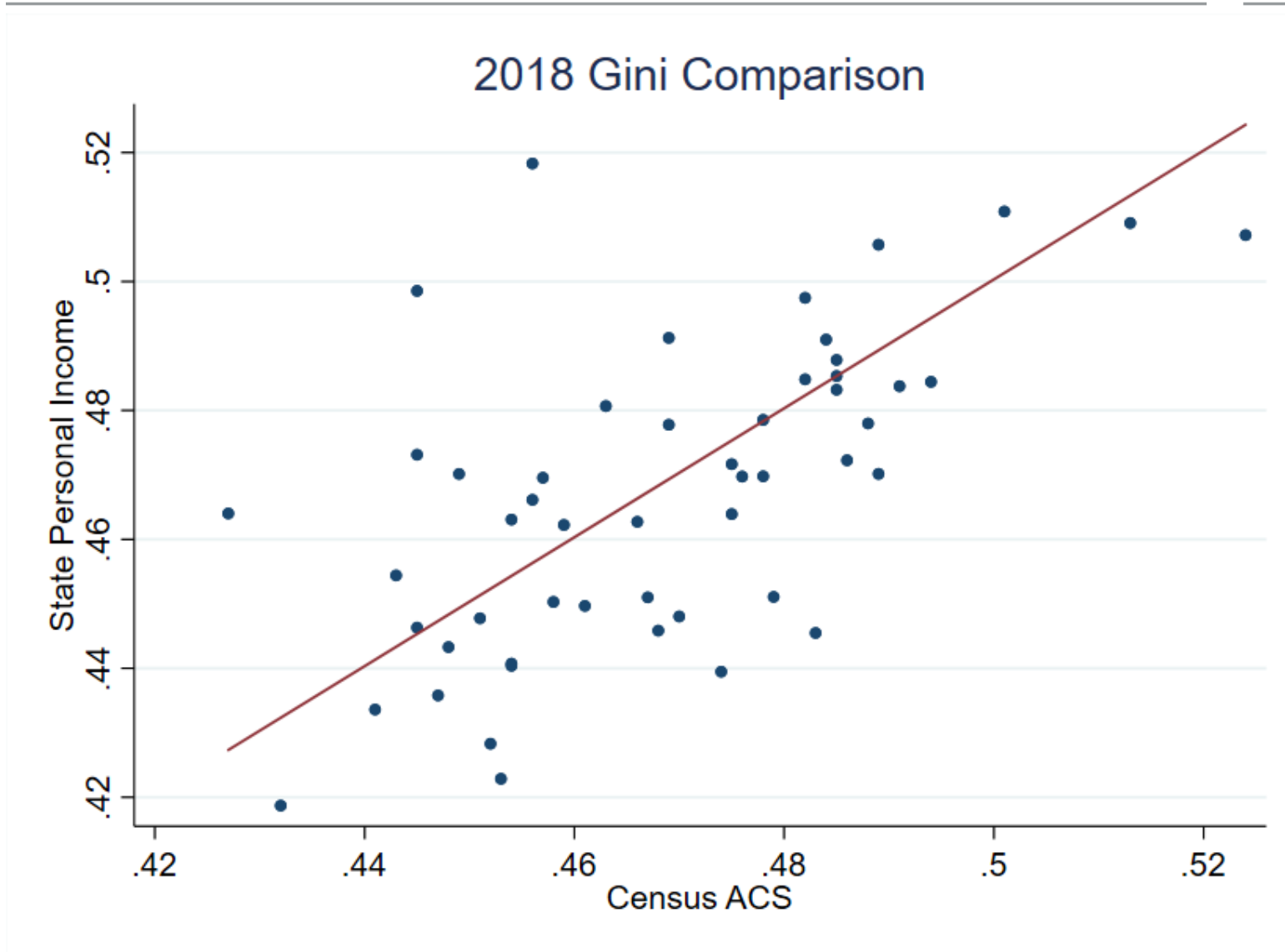
- In general, methodology is very similar to national
- Four main differences
 - Consistency with State Personal Income rather than National
 - 3-year CPS sample
 - ACS for imputed rental of owner-occupied housing, rather than Consumer Expenditure Survey
 - Top bin is >\$200k AGI for SOI adjustment rather than \$500k

- New results for 2009-2018
 - Just 2018 today for simplicity
 - Focus on Gini, median income, top quintile borders
 - Quintiles borders are defined at the state level
 - Comparison to Census state money income estimates

80th Percentile of Equivalized SPI, 2018



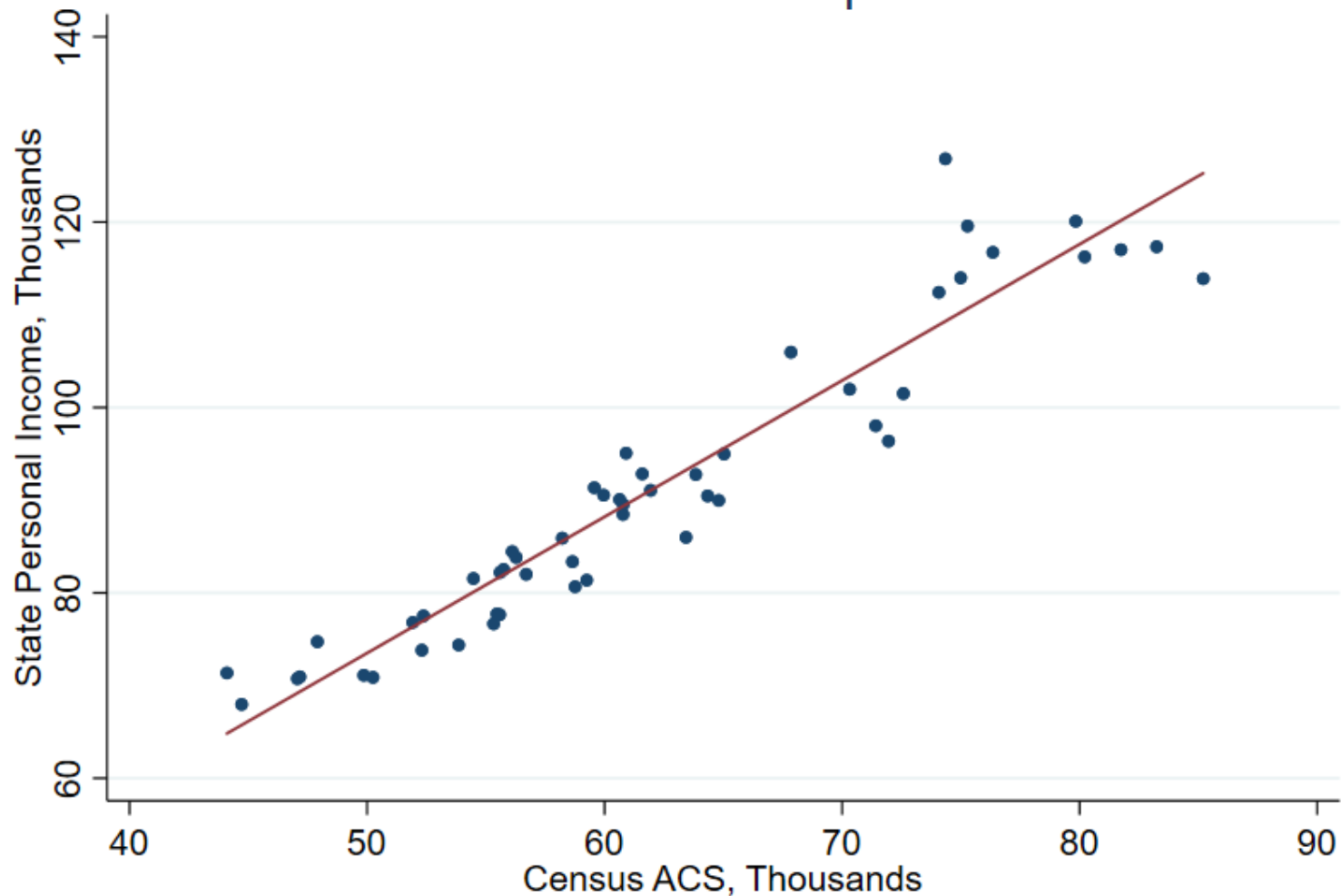
Our estimates vs. Census state estimates from ACS



Note: each dot on the graph represents one state.

Our estimates vs. Census state estimates from ACS

2018 Median Comparison



Note: each dot on the graph represents one state.

- State disposable personal income
 - Involves distributing taxes
 - Allows for analysis post-tax and post-transfer

- Integrate BEA regional price parities
 - This would not change within-state estimates, since RPPs do not have an inequality aspect
 - Could significantly change interpretation of median income differences across states

- Methodology comments?
 - Other data sources?
- What about presentation of the data?
 - State focus, versus state shares of national quintiles