Comments on “GDP and Beyond: Next Phase” update

Katharine G. Abraham
BEA Advisory Committee Meeting
May 14, 2021
Kudos to BEA staff!

• Glad to see close collaboration with BLS on projects related to distribution of consumption expenditures and labor market data for integrated industry-level production account

• Look forward to seeing results of all three projects

• Two comments on project to develop state personal income distribution statistics
Comment #1: Consider additional sources of data on personal income

• From BEA website: “State Personal Income: The income people living in each state and the District of Columbia get from wages, proprietors' income, dividends, interest, rents, and government benefits.”

• Bruce Meyer and others have documented significant problems with household survey reporting of certain types of income, especially government benefits
  – Certainly the case for the CPS-ASEC, one of two base datasets for the state personal income distribution project
  – Problems with whether income reported and whether amount accurate
Underreporting of income from government programs

Comment #1: Consider additional sources of data on personal income (continued)

• Presentation lists various data sources that will be used to augment the personal income and CPS-ASEC data:
  – IRS Statistics of Income
  – Medical Expenditure Panel Survey
  – Survey of Consumer Finances
  – American Community Survey
  – Center for Medicare and Medicaid Services
  – Congressional Budget Office

• Also could benefit from additional sources of data being used in Census Bureau work on Comprehensive Income Dataset (CID) project
## Administrative Data on Income

<table>
<thead>
<tr>
<th>Income Source</th>
<th>Administrative Source</th>
<th>Income Unit</th>
<th>Income Frequency</th>
<th>States Covered</th>
</tr>
</thead>
<tbody>
<tr>
<td>Earnings</td>
<td>DER (SSA), W-2 (IRS), Form 1040 (IRS)</td>
<td>Individual &amp; Tax Unit</td>
<td>Annual</td>
<td>All</td>
</tr>
<tr>
<td>Asset Income</td>
<td>Form 1040 (IRS)</td>
<td>Tax Unit</td>
<td>Annual</td>
<td>All</td>
</tr>
<tr>
<td>Retirement Income</td>
<td>Form 1099-R (IRS)</td>
<td>Individual</td>
<td>Annual</td>
<td>All</td>
</tr>
<tr>
<td>Social Security</td>
<td>PHUS &amp; MBR (SSA)</td>
<td>Individual</td>
<td>Monthly</td>
<td>All</td>
</tr>
<tr>
<td>SSI</td>
<td>SSR (SSA)</td>
<td>Individual</td>
<td>Monthly</td>
<td>All</td>
</tr>
<tr>
<td>Veterans’ Benefits</td>
<td>US VETS (VA)</td>
<td>Individual</td>
<td>Monthly</td>
<td>All</td>
</tr>
<tr>
<td>Taxes</td>
<td>Form 1040 (IRS)</td>
<td>Tax Unit</td>
<td>Annual</td>
<td>All</td>
</tr>
<tr>
<td>SNAP</td>
<td>State Agencies</td>
<td>Household</td>
<td>Monthly</td>
<td>15 States</td>
</tr>
<tr>
<td>Housing Assistance</td>
<td>PIC &amp; TRACS (HUD)</td>
<td>Household</td>
<td>Monthly</td>
<td>All</td>
</tr>
<tr>
<td>TANF</td>
<td>HHS</td>
<td>Family</td>
<td>Monthly</td>
<td>30 States</td>
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<tr>
<td>Unemp. Insurance</td>
<td>Form 1099-G (IRS)</td>
<td>Individual</td>
<td>Annual</td>
<td>All</td>
</tr>
</tbody>
</table>

Comment #1: Consider additional sources of data on personal income (continued)

• Having adjusted data at the household or individual level will be especially helpful for producing distributional statistics

• Recommendation: As CID project proceeds, take advantage of information generated to improve the state personal income distribution estimates
Comment #2: Consider alternative metrics for presenting information on inequality

- Gini coefficients are not especially intuitive
- Quintile borders are more intuitive, but aren’t directly informative about differences in inequality across states
- Recommendation: Consider reporting 90-10, 90-50 and 50-10 ratios as additional statistics