

# Comments on “GDP and Beyond: Next Phase” update

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BEA Advisory Committee Meeting

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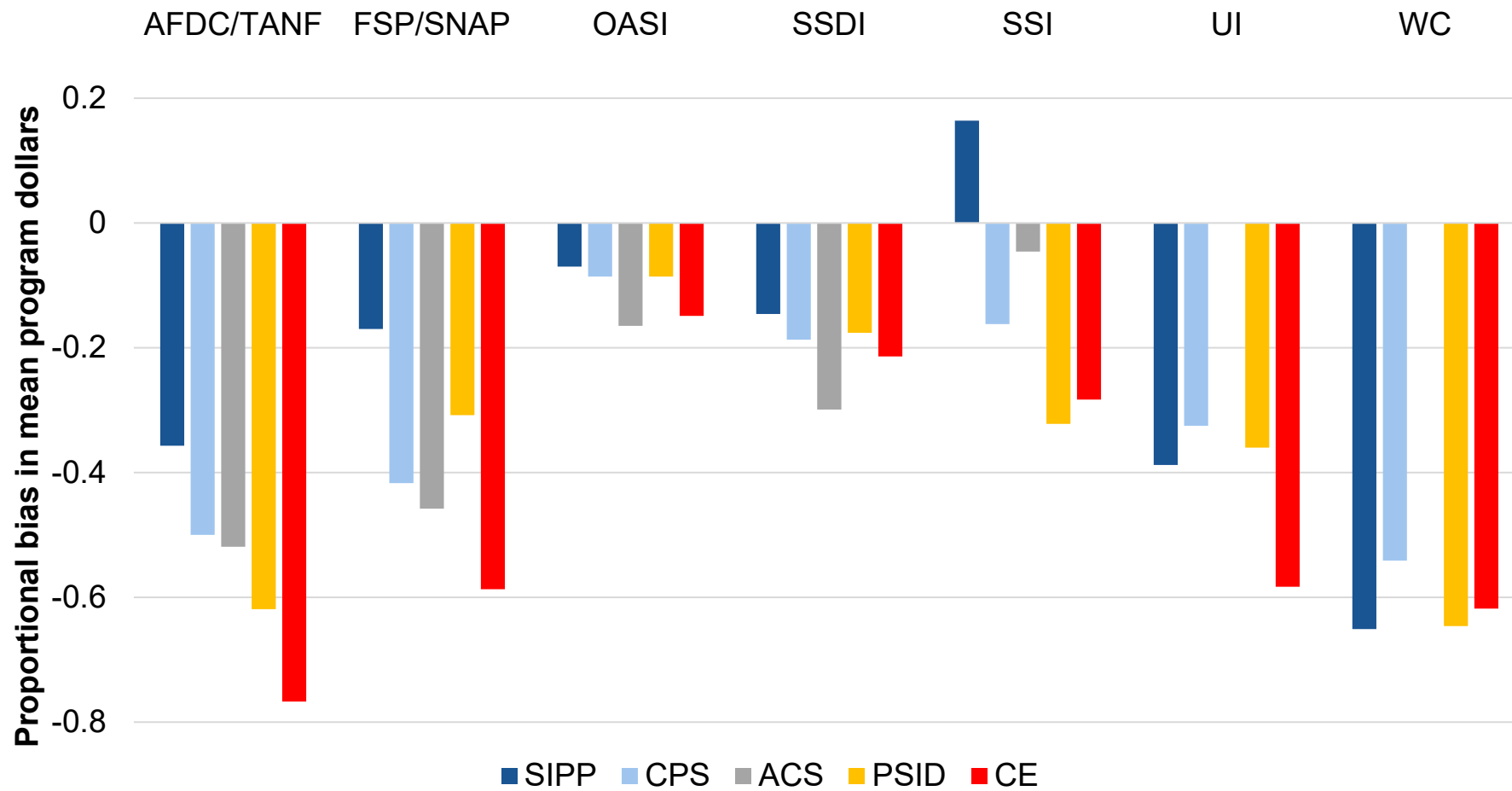
# Kudos to BEA staff!

- 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



Source: Meyer, Mok, and Sullivan (2015), by program and survey, 2000-2012

# 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

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

Source: Meyer, Wu, Finley, Langetieg, Medalia, Payne, and Plumley (2020)

# 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