

**THE SURVEY OF INCOME AND PROGRAM PARTICIPATION**

**THE SURVEY OF INCOME AND  
PROGRAM PARTICIPATION: USES  
AND APPLICATIONS**

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## What is the Survey of Income and Program Participation (SIPP)?

A report prepared for the House of Representative's Committee on Government Operations in November 1984 described the survey in this way:

"SIPP, first data from which will be released in the fall 1984, is intended to provide detailed information on the income and wealth of households with various social and economic characteristics. This information will be available to policymakers and researchers in Government and academia; about 20 Federal agencies are expected to make extensive use of the data in planning and evaluating their programs. A large sample of households is surveyed three times a year during a 2 ½ year period. SIPP will provide data on household income and assets at a given time, as well as longitudinal data showing changes in family circumstances during the 2 ½ year period.

Information collected will include detailed information on all sources of money and non-money income, including public assistance programs and employer-provided benefits and on financial assets. Also collected will be information on family characteristics, such as size, composition, and income and education of household members. A wide range of specialized income, expense, employment and program participation information from occasional one-time supplemental surveys also is planned. Some, but not all, of this information is available from the Current Population Survey. However, the Census Bureau anticipates that the SIPP data will be more useful because of more detailed and frequent questioning and the reporting of changes in household circumstances during a 2 ½ year period.

This longitudinal data following a household for 2 ½ years will show changes in family composition and its effect on economic well-being; characteristics of families eligible for government benefits and factors that may change their eligibility, changes in employment and their effects on income and other social and economic characteristics." <sup>1</sup>

## SIPP and Its Relationship to Other Federal Surveys

The objectives of SIPP have been formally stated to include the collection of data for the purpose of studying the efficiency of transfer and service programs, the estimation of future program costs and coverage, and the assessment of the effects of proposed policy changes. Furthermore, SIPP will satisfy the need for improved data on the economic situation of persons and families in the U.S. to produce improved estimates of the distribution of income, poverty, and wealth.

The income maintenance system of the United States is made up of a large variety of programs

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<sup>1</sup>The Federal Statistical System 1980 to 1985; A report prepared by Baseline Data Corporation for the Congressional Research Service of the Library of Congress, Committee on Government Operations, November 1984, p 87.

each designed to fill a separate need and to serve a different group of people. Over forty separate programs exist to provide such basic necessities as food, shelter, or medical care to families at times of need.

These separate programs are funded either by payroll taxes or out of the general revenue. All of them have different rules about who may receive benefits. Welfare programs, for example, are means tested. Only families with very low income and asset holdings are eligible to receive benefits from these programs, but these rules differ from program-to-program.

Many families who meet eligibility requirements for one program also qualify for benefits under other programs. The families receive multiple benefits. The result is a very complex structure of income maintenance about which many questions arise. Are benefits duplicated by several programs? Do the combined benefits meet all the needs of the poor? How fair is the distribution of benefits that result from this complex system?

Several surveys exist which might provide some answers to these questions, although originally designed for other purposes. These surveys include the March Income Supplement of the Current Population Survey (CPS). Its principle purpose, however, is to provide information about labor force participation and questions asked about income and program participation have many shortcomings in addressing the issues described above.

Other important surveys include the Consumer Expenditure Survey (CES), the American Housing Survey (AHS), or the National Longitudinal Survey (NLS). The CES, collected quarterly, focuses on family expenditures for goods and services in order to revise the Consumer Price Index. Some information on income is available in the CES, but detailed information is collected only about family purchases. The AHS, a biennial survey, provides information about housing and demographic characteristics, and NLS was designed to gather information about work experiences of individuals.

None of these surveys is sufficient to adequately address the above issues. Because it is not the purpose for which they were designed, adequate information about income and program participation is not collected. Because the composition of households, income, and program participation change often over relatively short periods of time, the design of SIPP is most adequate to measure the fairness and adequacy of the income maintenance system.

### Preparation for the SIPP

Dissatisfaction with available information began in the late 1960's when an income survey separate from the March income supplement was first proposed. In 1973 the Office of Management and Budget identified a need for improved measures of cash and in-kind income. In 1974 the Department of Health, Education, and Welfare proposed the development of a new data collection effort about income and participation in Government programs, and in 1975 established the Income Survey Development Program (ISDP) to plan the development of a new survey.

Extensive research was undertaken to improve the measurement, collection and processing of income, program, and wealth data. The ultimate design and structure of the Survey of Income and Program Participation emerged from the experiences of ISDP. A review of the ISDP and some early findings can be found in articles published in the Social Security Bulletin.<sup>2</sup>

### Support for SIPP Comes from Many Federal Agencies and Research Groups

In 1980 the Office of Research and Statistics in the Social Security Administration requested that a study of available information about family assistance be carried out. As a result, the National Academy of Sciences formed a panel of experts in economics, political science, sociology, statistics, demography, income transfer programs, and the management and administration of state welfare programs.

This panel was charged to investigate the statistics needed to study family assistance and related programs, to review data collection systems, assess their usefulness for management and evaluation of the programs, and to make recommendations to improve collection, analysis, and use of data on family assistance.

In their report this panel made the following recommendation for Congress and the Congressional Budget Office.

"Recommendation: The panel recommends that Congress continue to support a major ongoing survey of income and program participation to provide data needed for understanding program participation, turnover in the population receiving assistance, and the role of changes in family structure in generating and obviating the need for family assistance. This program should be comparable in magnitude to the Current Population Survey."<sup>3</sup>

Besides serving research needs concerning households, SIPP provides information about the economic status of the individuals who make up households. This is possible because information in SIPP is collected about all individuals in a household. For example, the economic status of children could be studied with the individual level data that SIPP obtains. The following recommendations were made at the Interagency Conference on Child and Family Statistics in April of 1984 which was attended by representatives from the Bureau of the Census, the National Center for Health Statistics, the Bureau of Labor Statistics, the Department of Health and Human Services, the National Institute of Child Health and Human Development, the Departments of Education, Agriculture, and Justice, as well as academic researchers in such fields as economics,

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<sup>2</sup>Ycas, Martynas A. and Lininger, Charles A. "The Income Survey Development Program: Design Features and Initial Findings," Social Security Bulletin, November 1981, Vol. 44, No. 11.

<sup>3</sup>Guilford, Dorothy M., Dennis P. Affholter, and Linda Ingram (eds.) Family Assistance & Poverty: An Assessment of Statistical Needs. National Academy Press, Washington, D.C., 1983, p 20.

education, pediatrics, public health, psychiatry, and social work. Their recommendation:

"The first and most urgent recommendation is that the federal government undertake the regular publication of a report on the economic status of children and families in America... Because the Survey of Income and Program Participation follows the panels of respondents for 2½ years to obtain detailed information every four months on current income and public program participation, it provides an unprecedented opportunity to ascertain the nature of income flows and program participation, both for relatively short periods of time and over extended periods of time, for individuals and families as they experience changes in household composition, income, and labor force participation".<sup>4</sup>

The Bureau of the Census administers the survey to meet the diverse information needs of many groups. The interests to government agencies are coordinated by the SIPP Interagency Advisory Committee of the Office of Management and Budget. This committee brings together individuals from a wide range of government departments and agencies including the Energy Information Administration, Social Security Administration, National Science Foundation, Council of Economic Advisors, Congressional Budget Office, Bureau of Economic Analysis, Veterans Administration, Bureau of Justice Statistics, and the Departments of Labor, Education, Defense, Commerce, Agriculture, Treasury, and Health and Human Services.

The community of academic researchers also maintains an active interest in SIPP. The annual report of the Social Science Research Council (SSRC), 1983-1984, praised the surveys precision, content, and sample design. A subcommittee appointed in 1982 by the SSRC has encouraged and supported advice from the academic community due to its recognition of SIPP as a resource for scientific research. This subcommittee has sponsored workshops, research programs, and symposiums in order to give the academic community information about the survey and opportunities to make suggestions about design improvement.

Most recently, in November 1984 the SSRC organized the "Symposium on the Scientific Potential of SIPP: Critiques of Its Content and Methods." This meeting was supported by the National Science Foundation and the Census Bureau in an effort to ascertain the needs of future users of the survey. Distinguished researchers from Harvard University, the University of Michigan, the University of Wisconsin, Brookings Institution and many other leading universities and research institutes met to discuss the use of SIPP for research concerning such diverse issues as health care, education and family living arrangements. Participants presented their recommendations for improvement in the design of SIPP for application to their specific area of interest.

### Uses of SIPP Data

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<sup>4</sup>Improving National Statistics on Children, Youth and Families: A report on recommendations made at the Interagency Conference on Child and Family Statistics. Nicholas Zill, James L. Peterson, Kristin A. Moore, September 1984, p 48.

Issues which information from SIPP can be expected to address and questions it can be used to answer are both very important and diverse in nature. Some examples of the analyses conducted using the ISDP and analyses proposed by SIPP analysts illustrate the potential of SIPP to provide invaluable information about pressing issues and concerns of both scientists and policy makers.

Analyses of the ISDP have been instrumental in planning SIPP and the designs of these two surveys are similar. The types of data available and the research currently being done with the ISDP are representative of the kinds of uses for which SIPP has been designed. For example, the 1979 panel of the ISDP produced information about the multiple receipt of program benefits. The Social Security Bulletin reported that one out of every three households in the U.S. received benefits from at least one of Old Age Survivors, and Disability Insurance (Social Security), Supplemental Security Income, food stamps, or public assistance programs. <sup>2/</sup> A report to the U.S. Department of Agriculture, Food and Nutrition Service described assets and food stamp eligibility using ISDP data. This report showed that 92% of food stamp recipients had assets, excluding the value of the home, valued at \$2000 or less, and that about 5.1 million households were excluded from the food stamp program because of rules about asset limitations. <sup>5</sup>

In a report about the ability of multiple transfer programs to alleviate poverty, Daniel Weinberg, an economist in the Office of the Assistant Secretary for Planning and Evaluation in the Department of Health and Human Services, used ISDP data to show that the combination of various programs accomplishes this purpose for some subgroups of the population but not for others. Weinberg reported that nearly all elderly households (98%) received some form of government benefit, principally Social Security. These transfer payments significantly reduced the percent of elderly who were poor from 67% to only 6%. Transfers to single parent families were not as effective in reducing poverty, 26% of whom were still poor even after receipt of multiple benefits. <sup>6</sup>

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2/ Ycas, Martynas A. and Lininger, Charles A. "The Income Survey Development Program: Design Features and Initial Findings," Social Security Bulletin, November 1981, Vol. 44, No. 11.

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<sup>5</sup>Lane, Jonathan P. "Assets of Food Stamp Participants" Income Survey Research Notes, Number 1, November 1981.

<sup>6</sup>Weinberg, Daniel H. "Filling the 'Poverty Gap': Multiple Transfer Program Participation," October 1983, Office of Income Security Policy, U.S. Department of Health and Human Services.

Intended uses of the information contained in SIPP cover a wide variety of important issues. Several studies are underway by academic researchers including the following:

Dr. Helen P. Koo of the Research Triangle Institute will examine changes in family and household structure that occur over short periods of time and last for short durations.

Dr. Judith K. Treas, University of Southern California, intends to examine marital break-ups and the effect that the pooling of family income and the sharing of assets has on the probability of change in marital living arrangements.

Dr. Kenneth C. Land, University of Texas, will research such diverse topics as changes in school enrollment, geographical mobility, labor force participation, and marital status.

Dr. John D. Kasarda and Dr. Jurgen Friedrichs, of the University of North Carolina at Chapel Hill and the University of Hamburg, respectively, will examine job opportunities in major cities and the effect of government policies that address urban decline on unemployment and welfare dependency.

Dr. Martin H. David, University of Wisconsin, will establish a data center which will make SIPP data accessible to the research community.

Dr. Roderick J. A. Little, of the University of California at Los Angeles, will conduct a study concerned with obtaining estimates from longitudinal surveys with missing data.

Dr. Harvey Galper, Dr. Joseph Cordes, and Dr. Sheila Kirby of the Brookings Institution, George Washington University, and the Rand Corporation respectively, have proposed to study voluntary overwithholding of federal income taxes.

Dr. Graham Kalton, of the University of Michigan, is conducting a study of statistical issues related to missing data in longitudinal surveys.

In a statement to the Congressional Subcommittee on Census and Population in September of 1984, on the occasion of the release of the first SIPP quarterly report, Director of the Census Bureau, Dr. John G. Keane, described the Bureau's intentions regarding SIPP.

"Now that the survey is underway and, so far, operating in a relatively smooth fashion we are planning and preparing reports and other methods for disseminating the survey data. Quarterly reports similar to the one released this morning are the most basic form in which the survey data will be published. We plan to augment the quarterly reports with measures of monthly transitions into and out of specific situations such as program participation, income level, job holding, and marital status. As data from the individual interviews are accumulated we will expand the types of reports to those summarizing calendar-year experiences. These calendar-year reports will permit the estimates of the poverty population using the official definition that is based on annual cash income. If all



goes well, the first calendar-year report covering 1984 will be available in the Spring of 1986 since data collection will not be fully complete until August, 1985.

Calendar-year summary reports will be followed by one and two year longitudinal reports that focus on the pattern of change in economic status throughout the period and how this pattern relates to changes in household composition, program participation, and labor force activity.

A fourth kind of report will provide information that links the basic survey data with the supplemental topics covered periodically by supplementing the basic survey questions. These special subject reports will present survey findings in those areas I mentioned such as health insurance and pension coverage, taxes, assets, and liabilities.

Because the Survey of Income and Program Participation is both new and important, it merits a careful and realistic introduction. An important part of this introduction is to realize and to retain the fact that the value of this program increases as trend data become available. Then trend comparisons can be made and changes analyzed. We now expect the first report containing trend data to be published during the third quarter of 1985."<sup>7</sup>

In this same statement John Keane described some of the findings contained in the first quarterly report from SIPP, explaining that data obtainable only from a household survey like this one provide information about percentages of the population in various programs, median monthly income of households, and percentages of households enrolled in multiple programs.

The reported findings show that about 30 percent of the nonfarm population participated in one or more government benefit programs ranging from Social Security to food stamps. Nineteen percent of the nonfarm population participated in some means-tested program, in which need based on income or assets is required. Median monthly nonfarm household income was found to be \$1670. It was also found that the program with the highest rate of participation is Medicaid, the program with the next highest rate was the food stamp program. Households receiving food stamps had a median monthly income of \$420, significantly below the median for all nonfarm households.

The usefulness of the SIPP is succinctly portrayed in an article which appeared in the Boston Globe, by Carolyn Shaw Bell, the Katherine Corman Professor of Economics at Wellesley College. She States:

"SIPP's most useful features have yet to be demonstrated. This is the first nationwide survey of the same individuals over a period of time. Each household in the sample, visited three times a year, will report what has happened to every person originally included. The

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<sup>7</sup>Kean, John G., Statement Before the Subcommittee on Census and Population Committee on Post Office and Civil Service, September 26, 1984.

daughter who leaves for a good job in the West, the elderly aunt who joins the family the husband who has left or the family who has been hospitalized since the previous interview-- all of them will continue to be part of the study.

The survey will portray the teenager during his last year in school and his first year at work, the displaced homemaker during a training program and efforts to find a job, the 60-year old worker planning retirement and the young parents seeking child care. The public will learn the economics of day-to-day living by ordinary people over a 2½ year period.

A followup such as SIPP is essential to real understanding of federal income programs. Evidence from smaller studies shows that most people who are poor in one year are not poor the next. Fewer than 3 percent of the families in one survey have depended on welfare benefits for as long as eight successive years. The need for income assistance is, for most people, only temporary. Once SIPP shows how federal programs interact with earnings and other income sources, it should be possible to design more effective ways of helping people. The second innovation of SIPP will be to count the number of people who need federal benefits who are eligible because their incomes are low, but who are not now participating. Today nobody knows how many disabled workers could be rehabilitated if they enrolled in existing programs.

SIPP provides, in short, a remarkable opportunity to monitor and analyze the income transfer programs that account for almost 12 percent of the gross national product. For the first time the country has a chance to learn about those who benefit from the \$40 billion spent to assist the poor and the far greater number of non-poor people who receive \$20 billion from federal income programs. Any budget debate should be sharper with such facts." <sup>8</sup>

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<sup>8</sup>Bell, Carolyn Shaw, "Counting the Needy." The Boston Globe, December 4, 1984, p. 32.