The Survey of Income and Program Participation (SIPP) is a national longitudinal survey program of the Departments of Health and Human Services (HHS) and Commerce. The survey will collect information through household visits and link it with data from various administrative record systems to provide a comprehensive data base with unique analytical potential for government policy research, and for academic and business researchers. The first SIPP panel (a series of interviews repeated at intervals with the same persons and families) will begin in January, 1982.

Goals and Objectives
The major goals of the SIPP are:

1. to extend the scope and precision of policy analyses for a wide range of federal and state tax and social welfare programs;
2. to improve current estimates of income and income change, including annual and sub-annual estimates, by source of income; and
3. to broadly assess the economic well-being of the population.

The fulfillment of these goals requires an extensive data base collected over time for the same families and individuals, including information on assets, money and in-kind income, other categorical eligibility criteria, labor force participation, and household composition. The longitudinal nature of the survey makes it possible to measure changes in these characteristics. To achieve these objectives, it is necessary that:

- Information be timely and readily available,
- Information be capable of being linked with administrative record systems such as the wage and benefit data of the Social Security Administration,
- The program be flexible enough to supplement both the national sample with special samples and core questionnaire modules with topical questions, and
- The program have an effective sample size with continuity of data collection which would provide reliable estimates of changes in the major variables over time, annually and sub-annually.

Uses of the Data

The Bureau of the Census: The income data from SIPP are expected to become a major source of the Census Bureau's income distribution and poverty statistics for general statistical purposes. Thus one purpose of the survey is to make accurate and reliable estimates of levels, size distributions, and changes in income.

To measure poverty, information is needed on the condition of families over time, distinguishing between temporary and longer-term poverty-level incomes. SIPP measures must therefore combine short-term measures (e.g., monthly, quarterly) with a capacity to aggregate to longer-term estimates (annually, biannually).

To accomplish these ends it will be necessary to make a comprehensive assessment of the economic status of the population which is multidimensional in scope. Along one dimension, it must combine objective factors of well-being (income, assets, program and labor force participation, household composition) with subjective factors (attitudes and expectations). Along another dimension, it must generate static, point-in-time estimates, and also longitudinal estimates and analyses of change over time based on repeated observations of the same individuals.

Department of Health and Human Services: Improved annual and subannual income data (especially total income and transfer income by type) also are needed by the Department of Health and Human Services, and especially by the Social Security Administration, to analyze benefit-related issues concerning federal income security and social welfare programs and selected state programs, as well as tax incidence and yield under varying assumptions. Some examples to show how SIPP data will be used to address policy issues and to measure the effect of policy changes are:

- Determining how changes in eligibility rules or in benefit schedules affect both recipients and federal spending levels;
- Assessing whether federal assistance is distributed equitably under present programs and procedures;
- Determining to what extent benefits are received by persons and families who simultaneously participate in several government programs (e.g., Supplementary Security Income, Old Age, Survivors and Disability Insurance, Food Stamps, Medicaid, Unemployment Insurance), and whether the combined levels of benefits are adequate, or excessive;
- Estimating how many persons and families currently eligible for benefits are not receiving them, and assessing the increases that would be expected in program costs if participation levels increased among such persons;
- Determining how alternative taxing arrangements would affect income and payroll tax incidence and revenues;
- Understanding the reasons for changes in benefit status, employment, and household membership, and recommending what should be done to moderate undesirable changes;
- Recommending appropriate indicators of program target groups, exploring improvements in the measurement of economic hardship and poverty, and showing how the inclusion of selected assets and in-kind income would vary the number and types of families and persons in poverty;
o Understanding how attitudes and knowledge of program alternatives affect program participation and other economic behavior, how income adequacy norms vary by family size and size of place of residence, and how they respond to secular trends in objective income.

Other Uses: The information collected by the SIPP will be useful to analysts in other federal agencies and will be made available to them according to their interests. The variety of users and uses encountered to date are numerous.

Selected examples include:
- analysis by the Department of Agriculture of asset holdings and Food Stamp recipiency.
- analysis by the Department of Labor as a response to the recommendations in the Levitan Commission Report (1979) for new data and study of labor market-related hardship measures, and for study of changes in labor force and dependency status through time; and
- analysis by the Treasury Department, as input to a modified version of the Personal Income Tax model of the Office of Tax Analysis.

Academic and business researchers have consistently expressed great interest in the SIPP program and are on record as desiring and expecting early access to the data. The SIPP sponsors agree to provide documentation and data access at the earliest possible time.

Major Features of SIPP

Four major aspects of the SIPP program are described separately in the following four sections: the content of household interviews, matched administrative records, design features, and reliability requirements.

1. Household Interview Content. The SIPP will link data from household interviews with information from administrative records (SSI, OASDI, etc.). The exact nature of the administrative data included in the SIPP data base will vary according to the program and policy issues being addressed. This section therefore emphasizes the content of the household interviews and concludes with a discussion of administrative data requirements.

Survey questionnaires will include a comprehensive set of questions on the social, economic, and demographic characteristics of the sample households, individuals, and various sub-household groups (e.g., families; program units) within them. This information will be contained within a data file that will support accurate estimates of characteristics of the population. Measures of changes in these characteristics and (where possible) causes or antecedents of these changes are of particular importance to assess levels of economic well-being and to provide data for policy analysis and simulation. While some flexibility in content is a part of the SIPP design, the main "core" data elements required include program participation, eligibility determinants, cash and noncash income, respondent attitudes and expectations about economic well-being, current labor force participation, household composition, and personal history.

la. Program Participation:

A major objective of the survey is to provide better information about the participants in a wide variety of transfer programs providing cash and noncash benefits. To accomplish this, reliable information is needed on the receipt, value, and classification of benefits, a need that coincides with the general goal of SIPP to improve income reporting. Particular attention will be given to the measurement of multiple participation (e.g., joint receipt of Aid to Families with Dependent Children, Food Stamps, Unemployment Insurance, and/or Medicaid).

Combining these program participation data with detailed measures of other social, economic, and demographic characteristics (from both survey and administrative record data) will provide the necessary base for policy simulation and program analysis.

lb. Eligibility: One of the most difficult problems in analyzing and simulating program activity is to estimate and describe the number of persons, families, or households who are eligible for benefits from a variety of programs. The SIPP intends to collect the detailed information necessary to simulate eligibility. This includes data on categorical determinants (e.g., age, disability status, and family composition) and means-tested determinants (e.g., income, assets, and other expenditures). Because eligibility requirements differ substantially from program to program and, for some, by state, the survey cannot collect all possible information needed to determine eligibility precisely for every program. SIPP will provide information from surveys and administrative records to make reliable and accurate estimates for the major government programs.

lc. Money Income: The survey is designed to measure and classify the income received by each adult in each sample household. Similar but less detailed information will be obtained for children under 16 during interviews with a responsible adult. The goals of the survey include improvements in the following areas:

- Accuracy of reporting---SIPP questionnaires and interviewer training are intended to improve significantly the quality of income data over that which is now available from the March supplement to the Current Population Survey. Special attention will be directed toward resolving problems of misreporting, underreporting, and nonreporting of cash transfers and property income (e.g., interest, dividends, and rent).

- Classification of income---detailed information will be collected on specific sources of income and on reasons for receiving such income. In the developmental stage of SIPP, progress was made in preparing detailed transfer payment profiles by improving the classification of income types that are frequently confused by respondents (e.g., Supplemental Security Income and Social Security Income). Improvements in classification will be pursued further in the SIPP program.
Well-Being. Data on the attitudes and perceptions which to view economic well-being. of individuals are needed to understand participa-
ment, and subsequent routine collection, of im-
proved measures of economic well-being. Researchers are increasingly aware that individuals' own perceptions about their economic situation offer a valuable, policy-relevant perspective from which to view economic well-being.

Since individuals' actions are based on their subjective assessment of economic realities as well as on the economic reality per se, subjective measures will be valuable input to micro-
simulation models. These measures can play a useful part in modeling a wide range of policy-relevant economic behavior, such as the timing of retirement, asset accumulation, and the intensity of work effort.

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college degree, major field of college study, vocational training programs, special schooling, and rehabilitation services.

- Work Experience—Many studies of earnings differentials have concluded that prior work experience and on-the-job training account for a significant portion of differences in earnings levels and need for program assistance. This is potentially significant for evaluating such job-related programs as the Comprehensive Employment Training Act (CETA), Work Incentive Program (WIN), and "workfare" welfare reform proposals. The survey development program has tested questions on the number and length of interruptions in employment and the reasons for these interruptions (e.g., unemployment, health problems, and family responsibilities).

- Migration—Information on place of birth and recent changes of residence will lead to a better understanding of past and current eligibility for public assistance programs as well as of current earnings. This information will permit improved analyses of such controversial issues as whether the "welfare" population moves to areas with higher wages or lower levels of unemployment.

- Marital History—Marriage, divorce, separation, and widowhood are frequently associated with major changes in income, family responsibilities, welfare eligibility, and program participation. Marital history data are therefore important for an understanding of current circumstances, and for learning more about the relationship between marital stability and program participation (especially in AFDC). Such data combined with work history information will allow the identification and study of displaced homemakers and other special groups.

- Variable Content Sections. An important feature of this survey is sufficient flexibility to include, on a regular basis, special questions or questionnaire modules on new subjects of particular interest. Topics of two general types will be included in these sections:
  - relatively stable topics that have considerable program and policy interest but that do not need to be collected every year or updated on each visit (e.g., wealth and pension coverage); and
  - emerging issues for which data are needed with short lead time (e.g., household responses to the 1979 energy crisis).

Among the topics examined during the developmental stage that are candidates for inclusion in operational panels are:
  - net worth
  - disability
  - health care and health insurance
  - inter- and intra-household income transfers
  - child care arrangements
  - perceptions of programs

- life cycle enrollment and expenditures
- life cycle financial planning and pension coverage
- household energy consumption

2. Matched Data from Administrative Records. The complete SIPP data base will consist of data gathered in household surveys supplemented (as appropriate) by matched administrative data from program files such as the earnings and benefit records of the Social Security Administration or benefit records of the Supplemental Security Income program. Areas of current and growing concern are:
  - the potential impact of alternative Social Security benefit computation formulas on program expenditures and on the types and characteristics of families and individuals affected; and
  - the incidence of alternative FICA and general income tax formulas on the types and characteristics of families and individuals affected.

The long-term impact of differing benefit formulas is a function of the earnings histories and retirement decisions of currently ineligible workers than of the characteristics of current recipients. To address this issue SIPP household and individual records will need to have Social Security covered earnings histories matched with the SIPP area sample cases. The developmental program experience indicates that Social Security numbers can be obtained for more than 90 percent of the covered sample. This match procedure is much more difficult than drawing list frame samples from, for example, SSI administrative records and matching SSI data, but is imperative for the development of an improved data base which will support analyses of the impacts of Social Security financing alternatives.

3. Design Features. The desired scope, timing, accuracy, and statistical reliability determine six major design features.

3a. Longitudinal Panel. The goals of measuring changes in income and economic well-being, identifying the causes or antecedents of change, and collecting extensive and detailed data on difficult-to-measure subjects require multiple interviews with the same individuals. These provide longitudinal depth and allow the recording of life events close to the point of occurrence. Measurement of change from period to period is more precise if the sample individuals are not changed. The longitudinal design also spreads the burden of response over several waves and reduces the length of each interview.

The longitudinal panel sample consists of the resident household members at the start of the panel. Each adult either will be interviewed or information about him will be obtained from a proxy respondent. A subset of the full interview will be obtained for children under 16 years of age. Sample persons who move singly or in groups will be followed in order to obtain subsequent interviews.

Interviews in the first panel will take place at staggered 4-month intervals over 28 months in order to collect monthly income and related data for two calendar years and tax information once each year. One year after the 28-month period, there will be a follow-up interview, thus ex-
The SIPP program also seeks to develop improved estimates for population subgroups such as program participants; for example, samples can be selected from administrative frames, especially SSI and OASDI. The possibility of using an IRS frame and several other frames (e.g., other government administrative records) were tested during 1980 as part of the developmental program.

3d. The Use of Administrative Records. The use of administrative records will serve several purposes, namely:
- increase sampling efficiency for certain subpopulations (e.g., OASDI or SSI recipients);
- supplement survey-reported data with administrative record data for items which are difficult to obtain in surveys (e.g., earnings and benefit histories);
- provide more complete descriptions of the sample persons, and
- allow comparisons between survey and administrative data for validation studies of specific items common to both data sources.

Records from HHS/SSA programs, and tax records from the Internal Revenue Service are primary candidates for consideration as sources of list frame samples. Supplemental frames initially will be treated as separate entities but some will be integrated into the national sample using multiple frame estimation techniques. Other studies involving evaluation of asset and pension data may, wherever possible, use respondent releases to collect and match data from other sources (e.g., banks and employers).

3e. Quality Control Program. The quality control program will consist of two major elements:
- a current (or continuous) quality control system, and
- periodic quality control projects designed to investigate special problem areas.

The continuous quality control system—where major features are outlined in a detailed management plan for data production—will monitor each stage of the survey process. Routine reports of data collection will allow close review and evaluation of noninterview rates, failure rates by item, item nonresponse rates, coverage rates, results of weighting procedures, etc. Routine feedback from the edits will include counts of changes and written notification of other problem areas encountered by the clerical staff. In the computer processing area, tabulations by programers and analysts will show information such as edit failures by item, item nonresponse rates, coverage rates, results of weighting procedures, etc.

It is impossible to list target CV's for all subpopulations (e.g., for selected program participants and characteristics of program participants). However, based on some preliminary calculations, it appears that CV's of national estimates of 5 percent on items such as the 20th, 50th, and 95th percentiles of the family income distribution and the proportion of families receiving AFDC are both desirable and feasible. For these same variables, CV's of roughly 10 to 20 per cent for a number of states are desirable, given an emphasis on gaining some reliable state-specific estimates (even if it involves small sacrifices in national reliability estimates).
Oversampling and other techniques for reducing the variance of estimates for minorities and for the low income population need to be examined. Further study of additional issues related to the reliability of sample estimates under alternative sample designs is required before the design of the 1984 SIPP sample can be completed.

In addition, the SIPP has a commitment to investigate specific sources and magnitudes of the component of the variance and bias due to non-sampling error (e.g., between interviewer variability, response error, non-response bias, and bias associated with sample attrition). Implementation of a research plan for investigating these issues is planned.

Management And Access To Data

The Departments of Health and Human Services (HHS) and Commerce jointly sponsor SIPP. For HHS, the developmental program has been under the leadership of the Assistant Secretary for Planning and Evaluation (ASPE). The operational program will be under the leadership of the Office of Policy of the Social Security Administration through its Office of Research and Statistics (SSA/OP/ORS). For Commerce, leadership for the developmental and operational stages lies with the Bureau of the Census (BOC).

Within HHS, policy guidance is provided by the intradepartmental SIPP Steering Committee chaired by ASPE with membership from the principal operating agencies of the Department.

It is anticipated that SIPP data will be widely used by government agencies. Coordination and policy guidance at the interdepartmental level is provided by the SIPP Policy Advisory Committee (PAC) with membership from the Departments of Agriculture, Commerce, Education, Health and Human Services, Housing and Urban Development, Labor and Treasury, and the Council of Economic Advisors. Participation by other agencies should be explored with the PAC.

Footnotes

[1] A frequent criticism of the March CPS income statistics (the official source of estimates of the poverty population) is that they exclude the value of noncash income items such as food stamps, free school lunches, publicly funded medical care, housing subsidies, employer provided health and pension benefits, etc.

[2] See also “3d. The Use of Administrative Records”