

## DISCUSSION

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These papers illustrate what a rich data source the Survey on Income and Program Participation (SIPP) will be, when and if it becomes a continuing survey. They also remind us of the questions still to be answered about the exact purposes of SIPP.

The SIPP program is intended to provide both more accurate information on money income and new information on household wealth, nonmoney income from public and private sources, and participation in income support programs. While there is no dispute that all these purposes are to be served, views differ as to which purpose(s) are paramount. The degree of emphasis given to each purpose will be reflected in the final design of the survey instrument and in the data tabulation priorities. The papers presented here today provide useful background for the choices that must be made.

The Manser paper, for example, points out that the Income Survey Development Panel (ISDP) provided considerably more information on nonmoney income from public programs than on private fringe benefits. This imbalance severely limits the use of the information for analysis of income distribution questions. Furthermore, in the hands of careless or biased users, this partial information about receipt of nonmoney income could be used to support quite misleading conclusions about the relative economic well-being of different groups in the population.

Thus, I, for one, would urge that the SIPP collect more complete information on receipt of private fringe benefits.

The Pearl-Frankel paper, which presents the most comprehensive information on household wealth since the Federal Reserve's 1963 survey, illustrates the enormous--and heretofore not widely recognized--value of the SIPP program in providing information on this important and long-neglected aspect of economic well-being.

The Vaughan-Lininger-Whiteman paper and the Manser paper both are evaluations of the quality of the ISDP data and can be discussed together. Both provide encouraging results. Generally speaking, the ISDP appears to have succeeded in obtaining more complete information on non-earnings sources of income than does the Current Population Survey (CPS). Since this is a primary purpose of the SIPP program, it is reassuring to know that it seems capable of achieving this objective.

The Vaughan paper yields a surprising result with respect to coverage of wages and salaries, however. Wages and salaries as reported in the ISDP were only 96 percent of CPS wages and salaries. This is puzzling because wage and salary information should be far easier to collect than some of the information on non-earnings income for which coverage appears to be quite good. The fault probably lies with the evaluation methodology rather than with the survey itself, however.

The evaluation had to be based on only three months of data--all that had been tabulated when the evaluation was conducted. The Vaughan paper uses an array of ingenious techniques to overcome the difficulties of comparing three-month data with annual benchmarks. With respect to wages and salaries, however, the comparison founders

on the problem of seasonality. The ISDP data covers the winter months, with January having the heaviest representation. Multiplying three months of wintertime earnings by four simply does not yield an accurate annual figure.

The problem will, of course, be overcome when a full year's data from the ISDP has been tabulated. Meantime, two approaches could be tried. One would be to utilize seasonal factors from the CPS to adjust the ISDP data and the other would be to compare the ISDP data with unadjusted payroll data. A very crude attempt at utilizing CPS seasonals produced an ISDP wage and salary estimate which was 105 percent of the CPS total rather than 96. This estimate was too crudely done to have much value, but it does serve to indicate the range of difference which seasonal adjustment might make.

One type of income for which ISDP coverage is not very good is interest and dividends. The ISDP does appear to obtain significantly better coverage than the CPS, but it remains quite incomplete. The Vaughan paper's attempt to obtain an imputed estimate using an asset return approach is ingenious and sufficiently successful that it should be further investigated.

The Manser paper presents results from the ISDP questions on private health insurance coverage, one of the few private fringe benefits about which information was collected. This is one of many examples of information from the ISDP which whets one's appetite for more. A fairly large proportion of workers, including more than half of working women, have no employer-provided health insurance coverage. One is eager to see this analysis extended. How many of those not directly covered by employee plans are covered under family plans, how many have other types of insurance coverage and how many are simply not covered at all?

The Pearl paper is, if anything, even more enticing, in terms of illustrating the potential uses of the SIPP data. The authors rightly caution that their study is based on preliminary tabulations from an experimental survey, so that the results must be recognized as quite rough in some cases. Nonetheless, it is the most complete information collected on household wealth in nearly twenty years, and Pearl and Frankel have done a splendid job of assembling it in usable and illuminating fashion.

With a well-designed survey yielding time series on household assets, many important economic questions can be addressed. How do changes in interest rates affect household investment decisions? Are individuals and families growing more sophisticated in their investment decisions? How have recent changes in financial structure and in the regulatory environment affected household wealth? Whose wealth is at risk if housing values collapse? In terms of their usefulness for policy formulation, questions like these certainly rival in importance questions about household participation in income support programs. The task now is to continue with design and implementation of a survey program which can yield the needed information for analyzing both sets of questions.