

# DIFFERENTIATING VETERANS' PENSION AND COMPENSATION INCOME IN THE 1979 ISDP PANEL\*

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## INTRODUCTION

The Income Survey Development Program (ISDP) developed and tested methods to collect very detailed information on income types. A very substantial part of this effort was devoted to the proper classification of reported income as to source or program type. The ISDP program confirmed that some respondents do not know or cannot easily recall the name of the source or the basis for receipt of some types of income, or are confused by similar sounding programs. To compensate for this tendency, 1979 ISDP questionnaires incorporated questions that would help respondents, and later help analysts, to better classify incomes in such instances. This paper presents preliminary results of the reporting and differentiation of veterans' pension and compensation payments. Our approach to classifying these payments is described, and the results are compared to benchmark data developed from administrative records. We believe that this experience with veterans' payments is generalizable to many other income types. That is, that without building crosschecks into the questionnaire to assist respondents and to provide analysts with the means to confirm the reasonableness of responses or point out probable errors, data quality will be compromised, perhaps quite seriously. Data quality also could be compromised if the time and effort is not taken by analysts to use these additional data to improve the classification of income types and, where appropriate, the identification of reciprocity units appropriate to the income type.

The data in this paper are taken from the second wave public use file of the 1979 Research Panel of the Income Survey Development Program (ISDP). They cover a three-month period centered on April 1979 and pertain to the civilian noninstitutional population of the 50 States and the District of Columbia. The general ISDP program has been described briefly in the Social Security Bulletin,<sup>1/</sup> and documentation on the 1979 Research Panel was recently released by the National Technical Information Service (NTIS).<sup>2/</sup>

### Veterans payments

The set of 8 tables (see Attachment A, Tables 1-8) on veterans' compensation and pension represent the first attempt, based on responses from a nationally representative sample, to differentiate between payments made on the basis of economic need (means-tested veterans' payments) and veterans' payments made on the basis of a service-connected disability or death. That the ISDP panel supports such a differentiation is noteworthy because, so far as we know, there is no other general population survey which can be used to produce separate estimates of the main types of cash payments made by Veterans Administration.<sup>3/</sup>

The ISDP questionnaires were designed to assist respondents' to accurately classify income types. With regards to veterans payments, the differentiation of service-connected<sup>4/</sup> and means-tested payments<sup>5/</sup> was a multi-stage process. Initially persons were

identified as receiving either veterans' compensation or pension payments, without attempting to differentiate between the two. Later in the interview veterans reporting compensation or pension payments were asked if they had a service-connected disability (item 37a), if they had a VA disability rating (item 37b) and if so their rating (item 37c). (The exact wording for these and other items is given in Attachment B.) Widows who reported compensation or pension payments were subsequently asked if the death of their spouse was service-connected, that is if the spouse died while in the service or from a service-related injury or disability (item 38).

These items, together with a reciprocity flag for veterans' compensation or pension and associated monthly amounts, were available on the analysis file. This information was used to categorize the type of veterans payment as follows:

- a) if the veteran or widow answered affirmatively to either item 37a or 38, as appropriate, the payment was classified as "service connected";
- b) if the response to these items was "no" then the payment was classified as "means-tested";
- c) if the respondent did not know the answer, refused to answer or was not asked the question, the type of payment was designated as "not classified".<sup>6/</sup>

Then the information was summarized at the level of the Census family or unrelated individual and tabulated. (Henceforth we shall use the term family<sup>7/</sup> to include both the Census family and unrelated individual.)

Our initial tabulation of aggregate means-tested payments by family income as a percent of the poverty line showed a very high percentage of program benefits going to families with incomes of 200 percent or more of the poverty threshold. This did not seem reasonable and, upon examination of the information for families in this group, six cases were found to be reporting rather large benefits (more than \$500 per month) in conjunction with rather high family incomes (in five of six instances, monthly family incomes ranged between \$1,000 and \$7,000).

On the basis of a more detailed review, the classification of these six families was changed so that they were not classified as means-tested veterans' recipients (Tables 1 and 2). In one instance, a widow reported receiving a payment for \$10,000 in one month and no payments in the other two reference months. It was deemed highly likely that she was reporting a VA Life Insurance settlement, and so her payment was entirely excluded from the subsequent tabulations on compensation and pension. Two other families reported payments averaging about \$900 and \$1,000 per month in the presence of monthly family incomes of approximately \$2,700 and \$8,100. Clearly neither the nominal VA payment amount nor the family incomes were commensurate with the provisions of the VA means-tested pension programs. Indeed, given their overall circumstances, it is even questionable that they were compensation recipients.<sup>8/</sup> Consequently, these two families were tabulated in the "not classified" group (Tables 5 and 6). The three

remaining suspect cases had not provided information on the amount of the payment in the interview and were subsequently assigned a monthly payment amount of \$541 via the Census imputation algorithm. Receipt of Social Security income was also reported by all three respondents. Again the amount was missing and had to be imputed. The amounts imputed for both the VA and OASDI benefits were not consistent with the provisions of the VA pension program. These cases were also tabulated with the "not classified group".

This first attempt to distinguish between means-tested and service-connected veterans' payments in the ISDP context was evaluated by reference to benchmark data (Attachment A, Tables 7-9). The results are mixed. On the positive side, the count of families classified as receiving service-connected veterans' payments comes to almost ninety percent of the number understood to be in the survey universe (Table 7). On the negative side, the survey estimate for the number of families receiving means-tested payments comes to only 62 percent of the control, and fifteen percent of recipient families had not been classified in either group (Table 8).

The characteristics of the means-tested and service connected groups are quite different and generally in line with what would be expected (Table 9). For example, families classified as receiving means-tested pensions are twice as likely to be poor as families classified as receiving payments stemming from a service-connected death or disability (20 vs. 10 percent). Also, the families provisionally classified as receiving veterans' pensions are much more likely to contain aged individuals (62 vs. 22 percent) <sup>9</sup>. Furthermore, the average monthly payment received by the means-tested families is about 55 percent of the average service-connected payment, the same percentage that obtains in program data adjusted to the survey universe.

In a number of respects, the unclassified group appears to be similar to the families receiving service-connected payments. For example, survey estimates show the two groups to be similar in age, poverty status and average payment (Table 9). However, if on the basis of the two groups' similarities, one were to assume that all the unclassified families were really receiving service-connected payments, the ISDP estimate of the number of service-connected recipient families would exceed the benchmark by about 13 percent. Clearly, then, such a simple assumption is not fully warranted.

### Conclusions

The ISDP program fielded 4 formal field trials over the period 1976-1981. Questionnaires were modified from one to another in order to resolve problems as they were encountered. Unfortunately, not all leads could be pursued. In this case, we would have liked to have tried a broader analytic approach which would incorporate the veteran's disability rating and the monthly payment amount for both veterans and survivor recipients, for we believe that this would have improved the assignment of type of VA payment. For example, 15 - 20 percent of the unclassified families reported a monthly benefit which exactly matched the monthly benefit amount payable to a disabled veteran on the basis of one or another of the ten separate

percent disability rating categories. Such an expanded approach would have been technically feasible given the 1979 ISDP data base, but it could not be undertaken in the present context.

In addition, our experience suggested that certain questionnaire modifications would likely contribute to more reliable and complete reporting of pension and compensation benefits--questions that would stimulate the reporting of child-only cases, help to explicitly identify means-tested recipients, and identify length of military service. With the exception of questions to stimulate the reporting of child-only cases, these items made their way into the first wave questionnaire of the "Survey of Income and Program Participation--1984 Panel" that will go into the field under the auspices of the Bureau of the Census this fall. The questionnaire segments containing these items are reproduced in Attachment C.

Hopefully, other analysts will find merit in the general approach outlined here to enhance the reliability of survey classifications of public program benefits. We also hope that this piece will contribute to an awareness on the part of two groups--both data producers and those who make use of survey data to depict public programs--that it is necessary to proceed with considerable care when dealing with essentially "raw" survey responses. Methods pioneered in the ISDP, a small subset of which have been presented here, succeeded in producing markedly improved survey estimates of government income maintenance programs 10/. However, until a lot more experience is obtained with the processing and use of such information, we feel there is a clear need for in-depth review and analysis of the performance of items associated with each of the Federal Government's major cash and in-kind programs.

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### Note:

Readers who want sets of tables to accompany this paper may obtain them by writing one of the authors at:

Social Security Administration  
Universal North Building  
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Washington, D.C. 20009

FOOTNOTES

- 1/ Ycas, M. and C. Lininger, "The Income Survey Development Program: Design Features and Initial Findings," Social Security Bulletin, vol. 44, No. 11, November, 1981.
- 2/ No author, Income Survey Development Program: 1979 Research Panel Documentation, National Technical Information Service, Springfield, Va., 1983.
- 3/ The ISDP files identify VA educational benefits separately. They are not included in this discussion or in the analysis.
- 4/ Veterans' Service-connected death or disability payments.--Veterans Administration disability or death compensation payments made to veterans with service-related disabilities or to surviving dependents of veterans who died while in the service or of a service-connected cause subsequent to discharge, or in certain cases, to survivors of totally disabled veterans who had service-connected disabilities but whose deaths resulted from some other cause. There were three types of compensation payments in force at the time of the survey (disability compensation paid to veterans and dependency and indemnity compensation (DIC) or death compensation paid to survivors). All three are covered by the term "veterans' service-connected death or disability payments".
- 5/ Means tested veterans' payments.--The various Veterans Administration disability and death pension programs which provide support to low-income veterans or their survivors. The veteran must be either permanently and totally disabled for reasons not traceable to military service or be 65 years of age or older. In addition, survivors must meet an asset test to be eligible. At the time of the survey, several types of service and death pensions were in effect (improved pensions, prior law pensions, protected pensions, Spanish American War pensions and so forth). All such pensions are included under the term "means-tested veterans' pensions."
- 6/ Veterans' payments not classified by type.--A compensation or pensions payment that could not be uniquely identified as compensation or pension based on the information collected in the survey. Educational benefits received under the G.I. Bill, identified by means of a separate item, are expressly excluded.
- 7/ Family.--As used in this report, the term family includes one-person as well as multi-person families. In Bureau of the Census publications, one-person families are referred to as "unrelated individuals (UI's)" while the term "family" is reserved for a group of two or more persons related by blood, marriage or adoption and residing together. While unrelated individuals (one-person families) may live alone or with non-relatives, they appear in this report according to their characteristics as individuals.
- 8/ Careful review of the circumstances of these families and the manner in which the information was developed in the interview raises the question if reported benefits actually came from the VA. In each case, the income was reported by a veteran in his late 40's or early 50's who acted as a self-respondent. Each affirmed that he had no service-connected disability, worked all 13 weeks of the reference period and reported sizable amounts of personal earnings (\$1,400 in one case and \$4,000 in the other). Thus it would be under only the most unusual of circumstances that these individuals would actually have been receiving disability compensation in the amounts reported. A sensible competing hypothesis is that they were actually receiving military retirement but because of survey terminology or some other reason, misreported the source of their payment.
- 9/ For the means-tested recipient families the proportion in the "aged" group is substantially higher than suggested by the program data. A closer review of the age distribution of the individual recipients suggests that in most, instances in which adult recipients were not part of the benefit group (case), the case went unreported. Thus it is likely that the disproportionate share of "aged" cases in the survey data stems from a very substantial under identification of so-called "child only" cases, and not from over identification of aged cases per se.
- 10/ Vaughan, D., T.C. Whiteman and C. Lininger, "Quality of the Income and Program Data in the 1979 ISDP Research Panel: Preliminary Findings." A paper in the Social Science Research Council Conference Report, Technical, Conceptual and Administrative Lessons of the Income Survey Development Program (Washington, D.C., July 1983).

ATTACHMENT A

- TABLE 1.--Number of families with means-tested veterans' payments by presence of aged members receipt of selected sources of income and total family money income as a percent of the official poverty threshold, Spring, 1979.
- TABLE 2.--Aggregate means-tested veterans' payments by presence of aged members receipt of selected sources of income and total family money as a percent of the official poverty threshold, Spring, 1979.
- TABLE 3.--Number of families with veterans' service connected death or disability payments by presence of aged members, receipt of selected sources of income and total family money income as a percent of the official poverty threshold, Spring, 1979.
- TABLE 4.--Aggregate veterans' service connected death or disability payments by presence of aged members, receipt of selected sources of income and total family money income as a percent of the official poverty threshold, Spring, 1979.
- TABLE 5.--Number of families with veterans' compensation or pension payments, type not classified, by presence of aged members, receipt of selected sources of income and total family money income as a percent of the official poverty threshold, Spring, 1979.
- TABLE 6.--Aggregate veterans' compensation or pension payments, type not classified, by presence of aged members, receipt of selected sources of income and total family money as a percent of the official poverty threshold, Spring, 1979.
- TABLE 7.--Comparison of ISDP estimates of veterans' payment recipients and aggregate benefits to program benchmarks.
- TABLE 8.--Distribution of recipient families and aggregate benefits by preliminary classification of type of veterans payment.

ATTACHMENT B

1979 ISDP Wave 2 Questionnaire

VETERANS' COMPENSATION AND PENSION ITEMS

<p><b>CHECK ITEM C17</b></p>	<p>▶ Is "10" (veteran's compensation or pension) marked on ISS for . . . ?</p>	<p>(3282) 1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No - SKIP to 39a</p>
<p><b>CHECK ITEM C18</b></p>	<p>▶ Is . . . a veteran? ("Y" in cc 30a)</p>	<p>(3283) 1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No - SKIP to Check Item C19</p>
<p>37a. Do(es) . . . have a service-connected disability; that is, a health condition or illness caused or made worse by military service?</p>		<p>(3284) 1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No 7 <input type="checkbox"/> DK</p>
<p>b. Do(es) . . . have a VA disability rating?</p>		<p>(3285) 1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No 7 <input type="checkbox"/> DK } SKIP to 39a</p>
<p>c. What is . . . 's VA disability rating? Use the following probe, if needed (Such as 0, 10, 20, 30, 40, 50, 60, 70, 80, 90, or 100%)</p>		<p>(3286) <input type="text"/> <input type="text"/> Percent 7 <input type="checkbox"/> DK</p>
<p><b>CHECK ITEM C19</b></p>	<p>▶ Is . . . a widow? (cc 29)</p>	<p>(3287) 1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No - SKIP to 39a</p>
<p>38. Some widows' pensions from the Veterans Administration are made because a husband died or was injured while serving in the military. Was the death of . . . 's late husband service-connected; that is, did he die while in service or from a service-related injury or disability?</p>		<p>(3288) 1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No 7 <input type="checkbox"/> DK 8 <input type="checkbox"/> Ref.</p>

Attachment C

Survey of Income and Program Participation--1984 Panel

VETERANS' COMPENSATION AND PENSION ITEMS

<b>CHECK ITEMS</b>	<p>Refer to control card item 32a. Is . . . a veteran of the U.S. Armed Forces? Mark "No" if currently in Armed Forces. ("Yes" marked in cc item 32c)</p>	<p>1330 1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No — SKIP to Check Item R6</p>
<p>11a. How long did . . . serve on active duty in the Armed Forces?</p>		<p>1332 1 <input type="checkbox"/> Less than 6 months 2 <input type="checkbox"/> 6 to 23 months 3 <input type="checkbox"/> 2 to 19 years 4 <input type="checkbox"/> 20 or more years x1 <input type="checkbox"/> DK</p>
<p>b. Does . . . have a service connected disability; that is, a health condition or impairment caused or made worse by military service?</p>		<p>1334 1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No x1 <input type="checkbox"/> DK } SKIP to 11d</p>
<p>c. What is . . . 's VA percent disability rating? Use the following probe if needed: (Such as 0, 10, 20, 30, 40, 50, 60, 70, 80, 90, 100%)</p>		<p>1336 <input type="text"/> <input type="text"/> <input type="text"/> Percent x3 <input type="checkbox"/> 0% x1 <input type="checkbox"/> DK x2 <input type="checkbox"/> Ref. 101 <input type="checkbox"/> No rating</p>
<p>d. During this 4-month period did . . . receive pension or compensation payments from the Veterans Administration? (Exclude regular military retirement pay, insurance proceeds, and GI Bill benefits.)</p>		<p>1338 1 <input type="checkbox"/> Yes — Mark "8" on ISS 2 <input type="checkbox"/> No</p>

<b>CHECK ITEM R15</b>	Is "Both widowed and divorced" box marked in 17?	1424	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No — SKIP to Check Item R15
<b>19a.</b>	During this 4-month period, did . . . receive any pensions or annuities as a widow(er) (other than Social Security)?	1426	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No x1 <input type="checkbox"/> DK } SKIP to Check Item R15
<b>b.</b>	What kind of income was this? Was there anything else? (SHOW FLASHCARD K) Mark (X) all that apply.	1428	1 <input type="checkbox"/> U.S. Government Railroad Retirement — Mark "2" on ISS
		1430	2 <input type="checkbox"/> Veterans Compensation or pension — Mark "8" on ISS
		1432	3 <input type="checkbox"/> Black Lung benefits — Mark "9" on ISS
		1434	4 <input type="checkbox"/> Pension from company or union — Mark "30" on ISS
		1436	5 <input type="checkbox"/> Federal Civil Service or other Federal civilian employee pension — Mark "31" on ISS
		1438	6 <input type="checkbox"/> U.S. Military retirement pay (exclude payments from the Veterans Administration) — Mark "32" on ISS
		1440	7 <input type="checkbox"/> National Guard or Reserve Forces retirement — Mark "33" on ISS
		1442	8 <input type="checkbox"/> State government pension — Mark "34" on ISS
		1444	9 <input type="checkbox"/> Local government pension — Mark "35" on ISS
		1446	10 <input type="checkbox"/> Income from paid up life insurance policies or annuities — Mark "36" on ISS
		1448	11 <input type="checkbox"/> Payments from estate or trust — Mark "37" on ISS
		1450	12 <input type="checkbox"/> Other or DK — Specify and enter code from income source list. If income type not listed or "DK," enter code "38" — Mark ISS.
		1452	<input type="checkbox"/> <input type="checkbox"/>

<b>CHECK ITEM R15</b>	Is "Veterans Compensation or pension" marked in 19b?	1454	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No — SKIP to Check Item R15
<b>19c.</b>	Did . . . s late husband die while in the service or from a service-related injury?	1456	1 <input type="checkbox"/> Yes, in the service 2 <input type="checkbox"/> Yes, from service-related injury 3 <input type="checkbox"/> No

<b>CHECK ITEM A6</b>	Is this ISS code "8"?	3856	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No — SKIP to next ISS Code or Check Item P1, page 43
<b>7.</b>	Is . . . required to fill out an annual income questionnaire for the Veterans Administration?	3860	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No x1 <input type="checkbox"/> DK } SKIP to next ISS Code or Check Item P1, page 43