

SELECTED SOURCES OF PUBLIC TRANSFER MONEY INCOME FROM
THE CURRENT POPULATION SURVEY

by

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Introduction

In recent years, there has been rising interest in the distribution of income by income class intervals for families and unrelated individuals in the United States. Much of this interest has been directed toward the distribution and effect of public transfer payments. The purpose of this paper is to describe a source of more detailed information on four types of public transfer payments and to explain the methods that can be used to extract this information from the March Current Population Survey data file. The four types of public transfers to be discussed in this paper include (1) unemployment compensation, (2) workmen's compensation, (3) government employee pensions, and (4) veterans' payments.

Since 1947, the Bureau of the Census has collected annual money income information in the March supplement to the Current Population Survey (CPS). As the need for more accurate and more detailed income data has grown, the income supplement program to the March CPS has been revised several times to improve and expand the quality and quantity of income data collected by the Bureau of the Census. Shown in Figure 1 is the March 1971 income questionnaire. The use of the detailed "yes-no" response circles as shown in Questions 48b, 48d, and 48e was adopted beginning with the March 1969 CPS for the purpose of reducing the chance that an interviewer or respondent would overlook a particular type of income that the respondent received but would otherwise fail to report. Although, these "yes-no" response circles were first introduced to aid in the information collection process, recent inquiries have been made as to how the "yes-no" response circles could be used to obtain more income information for detailed money income sources.

Data Collection and Availability

In March of each year, the eight income questions, as shown in Figure 1, are asked of each person 14 years old and over in each CPS sample household. (Sample size for the March 1971 CPS was about 50,000 households.) The interview procedure requires the interviewer to ask each question, word for word, as printed on the questionnaire, for each eligible person in the sample household. If the person did not receive a specific type of income, the appropriate "none" or "no" circle is marked. If the person reports that he (she) did receive a specific type of income, the "yes" circle is marked and the dollar amount is recorded. For questions containing more than one set of "yes-no" response circles, (Questions 48b, 48d, and 48e), each "yes" or "no" response for each income type is recorded in sequence after which the amounts of income received are summed and recorded. This procedure allows

only one amount to be recorded for each question, even though the respondent reported receiving income from two or more of the types covered in that question.

Beginning with the March 1969 CPS, the response to each set of "yes-no" circles has been carried on the tape file for each person 14 years old or over. Data for income years 1968 through 1972 can be tabulated using the "yes-no" response indicators on the March CPS file. This paper, however, is limited to a discussion of 1970 income data.

Definitions of Public Transfer Income Types in Question 48d

The Bureau of the Census definition of income is restricted to only the periodic receipt of money income.^{1/} Therefore, any lump sum payments, regardless of their sources are conceptually excluded. In order to insure that all procedures and concepts in collecting income data are fully understood, the CPS interviewers are retrained in March of each year prior to the March CPS operation.

Following is a description of the four types of public transfer income covered in Question 48d of the March CPS supplement questionnaire. Although the majority of the income included in these types is paid by governmental agencies, some non-governmental payments such as union strike benefits are also included.

Unemployment Compensation.--Amounts to be included as unemployment compensation are money received from governmental unemployment insurance agencies or private companies and strike benefits received from union funds. Also included are money received for transportation and/or subsistence by persons participating in the Area Redevelopment Act and the Manpower Development Training Act.

Workmen's Compensation.--Amounts to be included as workmen's compensation are money received periodically for injuries incurred at work. This money must have been paid under workmen's compensation laws required by all states or from private insurance companies where the insurance was paid by the employer, not by the employee.

Government Employee Pensions.--Amounts to be included as government employee pensions are money received from retirement pensions paid by Federal, State, county, or other government agencies to former employees, including pensions paid to retired members of the Armed Forces and their survivors.

Veterans' Payments.--Amounts to be included as veterans' payments are money payments made periodically by the Veterans Administration to disabled members of the Armed Forces or to the survivors of deceased veterans. Also included are subsistence allowances paid to veterans for education and on-the-job training.

Excluding Unusable Sample Cases

As a result of the design of the income question (i.e., grouping of the income types within one overall question using "yes-no" response circles) and method of data processing, there are a number of cases which must be excluded from the overall sample before data for individual "yes-no" responses can be tabulated.

First, the indicators of a "yes-no" response on each person's computer data record for each income question having "yes-no" response circles are "unedited." "Unedited" means that these indicators have not been checked and edited to be consistent with the reported dollar amount. Due to very tight quality control, inconsistent cases occur infrequently. However, since the amount reported for an inconsistent "yes-no" response cannot be attributed to any single "yes" response, these cases should be excluded from any analysis of income using "yes-no" response circles.

Also, nonrespondents need to be excluded from the sample. Since the CPS income processing procedures allocate^{2/} income to non-

respondents by each overall question and not by individual "yes-no" response circle, allocated cases must be excluded. For the March 1971 CPS, the nonresponse rate for Question 48d was about 5.6 percent. This means that 5.6 percent of all persons did not report the amount of income they received from this source.

Finally, because only a single dollar amount is carried on each person's computer record for each income question regardless of the number of "yes" responses for income types within a single question, amounts for persons with more than one "yes" response cannot be assigned to any specific income type, e.g., if "yes" responses were made to both government employee pensions and veterans' payments there is no good method of separating the amount reported for each source. Therefore, in order to examine the individual income types in Question 48d, persons reporting the receipt of more than one type of income must also be excluded. About 4.3 percent of the "fully reported" persons with income (all "yes-no" responses filled and work experience unallocated) reported receiving more than one of the income types covered in Question 48d. After eliminating persons with the above problems, the remaining universe in 1970 represents about 84 percent of all persons 14 years old and over with income from these sources.

Analysis of Data from the March 1971 CPS

Shown below in table 1 is the distribution of "yes" responses in Question 48d.

Table 1.--Question 48d, Public Transfer Income by Type of "Yes" Response for "Fully Reported" Persons Reporting a Dollar Amount: March 1971 CPS

Type of "YES" Response	Number (thousands)	Percent
Total.....	9,749	100.0
<u>Only One "yes" response marked.....</u>	9,334	95.7
Unemployment Compensation.....	3,657	37.5
Workmen's Compensation.....	785	8.1
Government Employee Pensions.....	1,335	13.7
Veterans' Payments.....	3,557	36.5
All "yes" response marked.....	-	-
Other combinations ^{1/}	415	4.3

- Represents zero

1/ The other combinations group includes combinations of any two or three "yes" responses. There are no persons receiving all four types.

The most important finding in table 1 is the large proportion of persons reporting only one "yes" response. For March 1971 CPS, about 95.7 percent reported receiving only one of the four types covered in Question 48d. This means that, as previously mentioned, only about 4.3 percent of all "fully reported" persons reported receiving more than one of the income types covered in Question 48d. If the proportion of persons receiving more than one type of income for a question designed such as Question 48d becomes too large, information is lost because the income for these persons cannot be attributed to one specific income type. This would suggest a need for either rearranging the types of income into different groupings or completely separating the types of income into individual questions.

Of the total "fully reported" persons with income in Question 48d, 37.5 percent reported receiving unemployment compensation only, 8.1 percent reported receiving workmen's compensation only, 13.7 percent reported receiving government employee pensions only, and 36.5 percent reported receiving veterans' payments only. As would be expected, no person reported receiving all four sources (all "yes" responses).

Shown in table 2 are the income distributions for the four types of public transfer income for "fully reported" persons with a single "yes" response for the March 1971 CPS (1970 income). The 1970 median incomes for these public transfers were: 1) Unemployment compensation, \$449, 2) workmen's compensation, \$445, 3) government employee pensions, \$2,626, and 4) veterans' payments, \$857.

Shown in table 3 are data on the reciprocity rate and median income for each of the public

transfer income type by selected persons' characteristics. These data indicate that in 1970 about 4.9 percent of all male family heads with income received some income from unemployment compensation, for which the median income amount received was \$451. Also, about 5.0 percent of all male family heads with income received some income from veterans' payments, for which the median income amount received was \$907.

It should be noted that, because the data presented here are estimates based on a sample, they are subject not only to sampling variability but errors of response and nonreporting. In most cases the income questions are based on the respondent's memory rather than on records. This memory factor in data derived from field surveys of income probably produces underestimates, especially of irregularly received types of income such as unemployment and workmen's compensations.

Statistical Comparisons Between Household Survey and Administrative Record Data

At present, work is being undertaken to compare statistically, public transfer income data collected from the March CPS to data obtained from administrative records of Federal and State governments which administer these programs. As these analyses are completed, they will be made available in future publications.

1/ March CPS money income represents income prior to any deductions such as income tax, Social Security, health insurance, union dues, etc.

2/ Nonrespondents are allocated an income amount for each unanswered question by assigning the income reported for that question by a respondent with similar social and economic characteristics.

Table 2.--QUESTION 48d, PUBLIC TRANSFER INCOME IN 1970 - ALL PERSONS 14 YEARS OLD AND OVER REPORTING
ONLY ONE "YES" RESPONSE: MARCH 1971 CPS
(Persons 14 years old and over as of March 1971)

Type of Income	Number fully reported with income (thousands)	Percent Distribution														Median income (dollars)	Mean income (dollars)
		Total	Under \$100	\$100 to \$299	\$300 to \$499	\$500 to \$699	\$700 to \$999	\$1,000 to \$1,499	\$1,500 to \$1,999	\$2,000 to \$2,499	\$2,500 to \$2,999	\$3,000 to \$4,999	\$5,000 to \$6,999	\$7,000 to \$9,999	\$10,000 and over		
Unemployment Compensation	3,657	100.0	11.7	24.9	18.1	12.7	12.2	11.8	6.0	1.8	0.3	0.4	0.2	-	(Z)	449	620
Workmen's Compensation	785	100.0	12.0	27.9	13.7	9.0	7.8	10.2	6.7	4.2	3.1	3.9	0.6	0.8	-	445	877
Government Employee Pensions	1,335	100.0	0.4	1.5	3.8	3.7	7.3	10.4	10.5	10.0	9.5	25.0	10.9	4.5	2.4	2,626	3,166
Veterans' Payments	3,557	100.0	3.3	8.4	14.8	12.6	20.6	16.8	6.7	6.1	3.3	4.0	2.5	0.4	0.3	857	1,230

- Represents zero

Z = Less than 0.05 percent

Table 3.--PERSONS WITH PUBLIC TRANSFER INCOME IN 1970 AS A PERCENT OF ALL PERSONS WITH INCOME, AND MEDIAN PUBLIC TRANSFER INCOME, BY TYPE OF PUBLIC TRANSFER INCOME, BY SELECTED PERSON'S CHARACTERISTICS

Selected Characteristics 1/	Unemployment Compensation		Workmen's Compensation		Government Employee Pensions		Veteran's Payments	
	Persons with this source as a percent of all persons with income 2/	Median income (dollars)	Persons with this source as a percent of all persons with income 2/	Median income (dollars)	Persons with this source as a percent of all persons with income 2/	Median income (dollars)	Persons with this source as a percent of all persons with income 2/	Median income (dollars)
Family Relationship								
Male family head	4.9	451	1.3	441	1.8	3,254	5.0	907
Female family head	2.9	432	0.7	(B)	1.5	(B)	5.1	939
Other family member	5.5	414	0.7	357	0.9	1,838	2.6	640
Unrelated individual	2.8	571	0.6	633	2.7	2,150	5.6	852
Race and Sex								
White male	4.4	466	1.0	436	1.5	3,232	4.8	881
Negro and other races, male	4.4	425	1.2	(B)	0.8	(B)	3.5	1,269
White female	2.5	437	0.4	425	1.2	1,945	2.0	754
Negro and other races, female	2.5	352	(Z)	(B)	(Z)	(B)	2.0	860
Age								
14 to 24 years	2.7	375	0.4	374	(Z)	(B)	1.4	552
25 to 64 years	4.4	455	1.0	453	0.9	2,493	3.2	1,164
65 years and over	0.7	768	(Z)	(B)	4.6	2,237	4.3	891

B = Base less than 75,000

Z = Less than 0.05 percent

1/ Characteristics as of March 1971.

2/ In order to obtain the reciprocity rates, the number of persons who reported only one type of income in Question 48d was raked to the total number of persons receiving income in this question assuming those persons excluded from the sample received these types of income in the same proportion as did the fully reported persons who reported receiving only one type of income.

Figure 1.—The March 1971 CPS Income Supplement Questionnaire

<p>34. In 1970 how many weeks did ... work either full time or part time not counting work around the house? (Include paid vacation and paid sick leave)</p> <div style="border: 1px solid black; width: 100px; height: 30px; margin: 5px;"></div> <p style="text-align: right;">(Mark weeks) →</p> <p>If 1-49 (Skip to 38) If 50-52 (Skip to 40)</p> <p style="text-align: center;">None <input type="radio"/> (Ask 35)</p>	<p>38. You said ... worked about (entry in item 34) weeks in 1970. How many of the remaining (52 minus entry in item 34) weeks was ... looking for work or on layoff from a job?</p> <div style="border: 1px solid black; width: 100px; height: 30px; margin: 5px;"></div> <p style="text-align: right;">(Mark weeks and ask 39) →</p> <p style="text-align: center;">None <input type="radio"/> (Skip to 41A)</p>	<p>40. Did ... lose any full weeks of work in 1970 because he was on layoff from a job or lost a job?</p> <p>Yes <input type="radio"/> No <input type="radio"/> (Skip to 42)</p>	<p>42. When ... was working in 1970, did he usually work full time or part time?</p> <p style="text-align: center;">Full-time <input type="radio"/> Part-time <input type="radio"/></p>	<p>FOR OFFICE USE ONLY</p> <p>INDUSTRY</p> <p>0 <input type="radio"/> A <input type="radio"/> 1 <input type="radio"/> B <input type="radio"/> 2 <input type="radio"/> C <input type="radio"/> 3 <input type="radio"/> D <input type="radio"/> 4 <input type="radio"/> E <input type="radio"/> 5 <input type="radio"/> F <input type="radio"/> 6 <input type="radio"/> G <input type="radio"/> 7 <input type="radio"/> H <input type="radio"/> 8 <input type="radio"/> J <input type="radio"/> 9 <input type="radio"/> K <input type="radio"/> L <input type="radio"/> M <input type="radio"/></p> <p>OCCUPATION</p> <p>0 <input type="radio"/> N <input type="radio"/> 1 <input type="radio"/> P <input type="radio"/> 2 <input type="radio"/> Q <input type="radio"/> 3 <input type="radio"/> R <input type="radio"/> 4 <input type="radio"/> S <input type="radio"/> 5 <input type="radio"/> T <input type="radio"/> 6 <input type="radio"/> U <input type="radio"/> 7 <input type="radio"/> V <input type="radio"/> 8 <input type="radio"/> W <input type="radio"/> 9 <input type="radio"/> X <input type="radio"/> Y <input type="radio"/> Z <input type="radio"/></p>	
<p>35. Even though ... did not work in 1970, did he spend any time trying to find a job?</p> <p>Yes <input type="radio"/> (Ask items 36-37) No <input type="radio"/> (Skip to item 37)</p>	<p>39. Were the ... weeks ... was looking for work (or on layoff) all in one stretch?</p> <p>Yes - 1 stretch <input type="radio"/> (Skip to item 41A) No - 2 stretches <input type="radio"/> No - 3+ stretches <input type="radio"/></p>	<p>41A. INTERVIEWER CHECK ITEM Are all weeks accounted for in items 34 and 38?</p> <p>Yes <input type="radio"/> (Skip to 42) No <input type="radio"/> (Ask 41B)</p>	<p>43. What was ...'s longest job in 1970? (Compare with entry in item 23)</p> <p>Same as item 23 ... <input type="radio"/> (Skip to item 44) Different from item 23 <input type="radio"/> (Specify below and go to item 44)</p>		
<p>36. How many different weeks was ... looking for work or on layoff from a job?</p> <p>1-4 wks. <input type="radio"/> 27-39 wks. <input type="radio"/> 5-14 wks. <input type="radio"/> 40 wks. <input type="radio"/> 15-26 wks. <input type="radio"/> or more (Ask item 37)</p>		<p>41B. What was ... doing most of the remaining weeks in 1970?</p> <p>Was he ...</p> <p>Ill or disabled and unable to work <input type="radio"/> Taking care of home or family <input type="radio"/> Going to school <input type="radio"/> In Armed Forces <input type="radio"/> Retired <input type="radio"/> (Specify) <input type="radio"/></p> <p style="text-align: center;">(Ask item 42)</p>			<p>43A. NAME OF EMPLOYER</p>
<p>37. What was the main reason ... did not work in 1970? Was he ...</p> <p>Ill or disabled and unable to work <input type="radio"/> Taking care of home or family <input type="radio"/> Going to school <input type="radio"/> Could not find work <input type="radio"/> In Armed Forces <input type="radio"/> Retired <input type="radio"/></p>		<p>43B. INDUSTRY</p> <p>43C. OCCUPATION</p> <p>43D. CLASS OF WORKER</p> <p>PRIVATE <input type="radio"/> P <input type="radio"/> GOV'T. <input type="radio"/> G <input type="radio"/> SELF-EMP. <input type="radio"/> O <input type="radio"/> INC. <input type="radio"/> Yes <input type="radio"/> No <input type="radio"/> WITHOUT PAY... WP <input type="radio"/></p>			
<p>INCOME IN THE YEAR 1970 (Write actual amount in the space provided in items 45-48c and mark the appropriate dotted numbers.)</p> <p>LAST YEAR (1970) How much did ... receive:</p>					
<p>45. In wages or salary before any deductions?</p> <p style="text-align: center;">CPS-581 <input type="radio"/> MARK</p> <div style="border: 1px solid black; width: 100px; height: 30px; margin: 5px;"></div> <p style="text-align: right;">None</p>	<p>46. In net income from his own business or professional practice or partnership?</p> <p style="text-align: center;">CPS-581 <input type="radio"/> MARK NET INCOME</p> <p>Gross income \$ <div style="border: 1px solid black; width: 100px; height: 30px;"></div></p> <p>minus <input type="radio"/> None <input type="radio"/> Lost Money <input type="radio"/></p> <p>Business \$ <div style="border: 1px solid black; width: 100px; height: 30px;"></div></p> <p>equals <input type="radio"/></p> <p>Net income \$ <div style="border: 1px solid black; width: 100px; height: 30px;"></div></p>	<p>47. In net income from his own farm?</p> <p style="text-align: center;">CPS-581 <input type="radio"/> MARK NET INCOME</p> <p>Gross income \$ <div style="border: 1px solid black; width: 100px; height: 30px;"></div></p> <p>minus <input type="radio"/> None <input type="radio"/> Lost Money <input type="radio"/></p> <p>Business expense \$ <div style="border: 1px solid black; width: 100px; height: 30px;"></div></p> <p>equals <input type="radio"/></p> <p>Net income \$ <div style="border: 1px solid black; width: 100px; height: 30px;"></div></p>			
<p>48. During 1970, did ... receive any money from:</p>			<p>48d. -Unemployment compensation?</p> <p>Yes <input type="radio"/> No <input type="radio"/></p> <p>-Workmen's compensation? Yes <input type="radio"/> No <input type="radio"/></p> <p>-Government employee pensions? Yes <input type="radio"/> No <input type="radio"/></p> <p>-Veteran's payments? Yes <input type="radio"/> No <input type="radio"/></p> <p>How much altogether? \$ <div style="border: 1px solid black; width: 100px; height: 30px;"></div></p>		
<p>48a. -Social Security or Railroad Retirement checks from the U.S. Government?</p> <p>Yes <input type="radio"/> No <input type="radio"/></p> <p>How much altogether? \$ <div style="border: 1px solid black; width: 100px; height: 30px;"></div></p>	<p>48b. -Estates, trusts or dividends?</p> <p>Yes <input type="radio"/> No <input type="radio"/></p> <p>-Interest on savings accounts or bonds? Yes <input type="radio"/> No <input type="radio"/></p> <p>-Net rental income? Yes <input type="radio"/> No <input type="radio"/></p> <p>How much altogether? \$ <div style="border: 1px solid black; width: 100px; height: 30px;"></div></p>	<p>48c. -Welfare payments or other public assistance (aid to families with dependent children, old age assistance, or aid to the blind or totally disabled)?</p> <p>Yes <input type="radio"/> No <input type="radio"/></p> <p>How much altogether? \$ <div style="border: 1px solid black; width: 100px; height: 30px;"></div></p>	<p>48e. -Private pensions or annuities?</p> <p>Yes <input type="radio"/> No <input type="radio"/></p> <p>-Alimony? Yes <input type="radio"/> No <input type="radio"/></p> <p>-Regular contributions from persons not living in this household? Yes <input type="radio"/> No <input type="radio"/></p> <p>-Anything else? Yes <input type="radio"/> No <input type="radio"/></p> <p>How much altogether? \$ <div style="border: 1px solid black; width: 100px; height: 30px;"></div></p>		