MEPS – HC
Income Data

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Income Overview

- **Income data is needed to determine the poverty category for each person/family and is used for**
  - ► **Analysis and research using MEPS-HC**
  - ► **Post-stratification of weights on file**
- **The following 13 slides will cover the highlights of the**
  - ► **Income data collection**
  - ► **Income data editing**
  - ► **Release of income variables on Public Use File**

Income Collection 1

- **Income data collected once for each year of the Panel**
    - ▶ **Round 3 in 1st year**
    - ▶ **Round 5 in 2nd year**
- **For year just ended**
    - ▶ **i.e., 2016 income in early 2017**
- **Collected for all persons in Panel, including children**

Income Collection 2

- **Respondents asked to use federal income tax forms for prior year as basis for responses**
  - ► **Skip patterns vary based on type of 1040 form filed**
  - ► **For married couples filing jointly, amounts are split between spouses**
- **But information collected for all persons, even those not filing tax forms**

Income Collection 3

- **18 types of income are collected**
  - ▶ **Most persons have zero income for most types**
- **Most common types of non-zero income (2013)**
  - ▶ **Wages: 70% of population 18+**
  - ▶ **Interest: 22% of population 18+**
  - ▶ **Social Security: 81% of population 65+**
- **Least common – Alimony: 0.2% of population 18+**

Income Editing 1

- **Need amount for each income type for each person**
  - ► **Cannot have missing amounts since need total income for determining poverty level**
  - ► **No -1, -7, -8, -9 for income amounts on file**
- **Logical edits set many missing values to zero, based on skip pattern**
- **Then remaining missing values must be imputed**

Income Editing 2

- **Hotdeck imputation used to fill in missing amounts**
  - ► **Multiple hotdecks needed for most types**
  - ► **First Hotdeck usually imputes for brackets (respondent has reported range)**
- **Wages in Income section collected separately from hourly wages reported in Employment section**
  - ► **Employment section data used in Income editing**

Income Editing 3

- **Poverty category determined once imputation complete for all income types**

- **Calculation based on**
  - ► **Current Population Survey (CPS) definition of Family and Family Income**
  - ► **'Poverty Line' identified by Census Bureau**

- **CPS Family Income/Poverty Line**
  - ► **Resulting % converted to Poverty Category**

Income Editing 4

- **CPS Family Income**
  - ▶ **Sum of person-level income (17 income types) for all members of CPS family**
    - ○ **Excludes sales income**
  - ▶ **Many CPS families made up of only one person**
- **Poverty line**
  - ▶ **Dollar amount of poverty level income**
    - ○ **Varies by family size and number of children**
    - ○ **Also, age of householder if fewer than 3 in family**

Income Editing 5

- **Each person assigned poverty category based on income of CPS family**
  - **1=poor (less than 100% of poverty line)**
  - **2=near poor (100% to less than 125%)**
  - **3=low income (125% to less than 200%)**
  - **4=middle income (200% to less than 400%)**
  - **5=high income (greater than or equal to 400%)**

Income Variables 1

- **Income variables available on annual Full Year Consolidated File**
  - ▶ **Person-level file**
    - ○ **Round 3 income for Panel in 1st year**
    - ○ **Round 5 income for Panel in 2nd year**
  - ▶ **2015 version released by September 30th**
    - ○ **Not on Spring version of file (Population Characteristics)**

Income Variables 2

- **Frequently used variables (2013 file names)**
  - **TTLP13X: Total person-level income**
  - **CPSFAMID: concatenate with DUID to identify CPS family of person (see file documentation)**
  - **FAMINC13: CPS family total income**
  - **POVCAT13: CPS family poverty category**
- **All family-level income variables included on record of each family member**

Income Variables 3

- **Other variables include**
  - ▶ **18 income types for each person, with imputation flag showing how each amount was derived**
    - **1=Original response**
    - **2=Bracket converted**
    - **3=Missing values set to 0**
    - **4=Weeks worked/earnings used**
    - **5=Conditional hotdeck**
    - **6=Unconditional hotdeck**
  - ▶ **Tax-related (i.e., tax form used)**
  - ▶ **Food stamps (Supplemental Nutrition Assistance Program)**
- **Top 1% records of each income type masked for confidentiality reasons**

Income Variables 4

```
WAGEP14X        PERSON'S WAGE INCOME                                6.0   NUM   1465    1470

                VALUE                           UNWEIGHTED      WEIGHTED BY PERWT14F

                0.00                               17,339           142,210,796
                $10 - $12,522                       4,387            36,859,380
                $12,523 - $25,000                   4,617            38,584,573
                $25,001 - $45,000                   4,236            43,089,415
                $45,001 - $395,558                  4,296            57,696,259
                TOTAL                              34,875           318,440,423


WAGIMP14        WAGE IMPUTATION FLAG                               1.0   NUM   1471    1471

                VALUE                           UNWEIGHTED      WEIGHTED BY PERWT14F

                1 ORIGINAL RESPONSE USED           26,491           237,091,284
                2 BRACKET CONVERTED                 3,569            35,039,397
                4 WEEKS WORKED/EARNINGS USED        3,849            37,654,063
                5 CONDITIONAL HOTDECK                 667             7,697,826
                6 UNCONDITIONAL HOTDECK               299               957,852
                TOTAL                              34,875           318,440,423
```

Income Variables 5

- **3 income types can have negative, as well as zero or positive, amounts**
  - o **BUSNP14X: Business income**
  - o **TRSTP14X: Trust income**
  - o **SALEP14X: Sales income**
    - ◆ **Sales income is not included in total person income**
- **Therefore, total person-level income or total family-level income can be a negative amount**