MEPS-HC
Income Data

William Carroll, MA

Income Overview

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

Income Collection

- **Income data are collected once for each year of the panel, in the following rounds:**
  - ► **Round 3 in first year**
  - ► **Round 5 in second year**
  - ► **Round 7 in third year**
  - ► **Round 9 in fourth year**
- **The income data collected are for the previous year.**
  - ► **For example, 2022 income data were collected in early 2023.**
- **These data are collected for all persons in the panel, including children.**

Income Collection (cont.)

- **Respondents are asked to use federal income tax forms for the prior year as the basis for their responses.**
  - ► **For married couples filing jointly, amounts are split between spouses.**

- **But information is collected for all persons, even those not filing tax forms.**

Income Collection (cont.)

- **Data on 18 types of income are collected.**
  - ► **Most persons have zero income for most types.**
- **These were the most common types of non-zero income in 2020:**
  - ► **Wages: 81% of persons ages 18 to 64**
  - ► **Interest: 23% of persons age 18+**
  - ► **Social Security: 81% of persons age 65+**
- **The least common type of non-zero income in 2020 was alimony, which was an income type reported by 0.2% of persons age 18+.**

Income Collection (cont.)

- **Wages in the Income section are collected separately from hourly wages reported in the Employment section.**
  - ► **Employment section data are used in Income editing.**

Income Editing

- **Amount is needed for each income type for each person.**
  - ► **Amounts cannot be missing because total income is needed for determining poverty level.**
  - ► **The missing value codes -1, -7, -8, -15 are not used 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 (cont.)

- **Hotdeck imputation is used to fill in missing amounts.**
  - ► **Multiple hotdecks are needed for most types.**
  - ► **The first hotdeck usually imputes for brackets (respondent has reported range).**

Income Editing (cont.)

- **Imputation results for WAGEP20X (wage income)**

Variable: WAGIMP20 (imputation flag for WAGEP20X)

Value	Unweighted
1 Original Response Used	18,334
2 Bracket Converted	2,361
4 Weeks worked/Earnings used	5,608
5 Conditional Hotdeck	1,212
6 Unconditional Hotdeck	290

Income Editing (cont.)

- **Once imputation is completed for all income types, the poverty category is determined.**
- **Calculation is based on the following:**
  - ► **Current Population Survey (CPS) definition of family and family income**
  - ► **"Poverty thresholds" are identified by U.S. Census Bureau annually**
- **CPS family income/poverty line**
  - ► **Resulting percent converted to poverty category**

Income Editing (cont.)

- **Each person is assigned to a 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

- **Income variables are available in annual Full-Year Consolidated File.**
  - ► **Person-level file**
    - − **Round 3 income for panel in first year**
    - − **Round 5 income for panel in second year**
    - − **Round 7 income for panel in third year**
    - − **Round 9 income for panel in fourth year**
  - ► **2021 version released August 2023**

Income Variables (cont.)

- **Frequently used variables (2020 data names) include the following:**
  - TTLP20X: Total person-level income
  - CPSFAMID: Concatenate with DUID to identify CPS family of person (see file documentation)
  - FAMINC20: CPS family total income
  - POVCAT20: CPS family poverty category

- **All family-level income variables are included on the record of each family member.**

Income Variables (cont.)

- **Three income types can have negative, as well as zero or positive, amounts:**
  - **BUSNP20X: Business income**
  - **TRSTP20X: Trust income**
  - **SALEP20X: 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.**

Thank you!

William.Carroll@ahrq.hhs.gov