# 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 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 Data 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**
- **The income data collected are for the previous year.**
  - ► **For example, 2023 income data were collected in early 2024.**
- **These data are collected for all persons in the panel, including children.**

# Income Data Collection

- **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 Data Collection

- **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 2022:**
  - ► **Wages: 83% of persons ages 18 to 64**
  - ► **Interest: 22% of persons age 18+**
  - ► **Social Security: 81% of persons age 65+**
- **The least common type of non-zero income in 2022 was alimony, which was an income type reported by 0.3% of persons age 18+.**

# Income Data Collection

- **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 Data 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 Data Editing

- **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 Data Editing

- **Imputation results for WAGEP22X (wage income)**

**Variable: WAGIMP22 (imputation flag for WAGEP22X)**

| Value | Unweighted |
|---|---|
| 1 Original Response Used | 14,483 |
| 2 Bracket Converted | 1,807 |
| 4 Weeks worked/Earnings used | 4,788 |
| 5 Conditional Hotdeck | 1,017 |
| 6 Unconditional Hotdeck | 336 |

# Income Data Editing

- **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 Data Editing

- **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**

  ► **2022 version released August 2024**

# Income Variables

- **Frequently used variables (2022 data names) include the following:**
    - TTLP22X: Total person-level income
    - CPSFAMID: Concatenate with DUID to identify CPS family of person (see file documentation)
    - FAMINC22: CPS family total income
    - POVCAT22: CPS family poverty category
- **All family-level income variables are included on the record of each family member.**

# Income Variables

- **Three income types can have negative, as well as zero or positive, amounts:**
  - **BUSNP22X: Business income**
  - **TRSTP22X: Trust income**
  - **SALEP22X: 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!

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