

Small Area Estimation

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Introduction

Small areas estimation (SAE) is a method for starting with a dataset for a Large Area, for example a Public Use Microdata Area (PUMA) American Community Survey (ACS) PUMS dataset, and creating a “synthetic” dataset for a Small Area, for example a census tract or block group.

One reason for using SAE is because PUMA microdata has more variables with many more categories than are available in ACS tract and block group level Detail “B”, Subject “S” and “DP” Data Profile tables.

For example, the ACS Detail table B01001 (AGE BY SEX) has a lowest age category of “Under 5 years.” If you would like to have a estimate of the “Pre-K” population (3 and 4 years old), for a census tract you cannot get this information from the B01001 table. However using the Microdata AGEP variable, which is divided into 1 year age categories, you can easily define a “3 to 4 year old” age category for the PUMS data. Then using the Pre-K PUMS variable and applying the Poverty Assessment Toolkit SAE package, you will be able synthesize census tract data with a “Pre-K” variable. You can then tabulate the Pre-K variable in the synthetic tract data with other variables.

Computation Algorithm

The statistical algorithm or method for creating the tract and block group data is called “Iterative Proportional Fitting” or “Raking.” The algorithm takes a cross tabulation of PUMA/PUMS categorical variables, the “seed” table, and adjusts the seed table so that its marginals match multiple tract or block group tables. The marginal tables are ACS Detail, Subject and Data Profile tables. The algorithm repeatedly cycles or iterates through the set of marginal or target tables.

An example illustrates the method. Start with a 5-way cross tabulation “seed” table “Age x Sex x Race x Employed x Tenure (Owner v Renter)” along with a set of 2 target marginal tables, “Age x Sex” and “Employed” from ACS Detail tables. The seed table is scaled, hence “proportional,” so that the resulting updated seed table “Age x Sex” marginal matches the target “Age x Sex” table. Next the seed table is scaled again so that the updated seed table (second update) “Employed” marginal matches the “Employed” target table. This cycling process is repeated again and again, i.e. “iterated” until the updated seed table marginals are close to the target tables.

The adjusted output seed table is then converted to a “synthetic” dataset with rows, columns and weights. There is one row for each “cell” in the output table and one column for each variable in the output table. The weight for a cell/row is the value of the cell in the adjusted table. The weights do not have to have integer values. This takes some time to get used to this but the value of a survey based estimate is not an integer even though the data collected on the survey form started out as an integer. You can then make any multiway tabulation using the synthetic data. You can also stack/merge the tract data sets to get tables for other geographies, for example school districts.

Some Background and an Example from Epidemiology

Iterative proportional fitting is a generalization of direct/indirect adjustment used in statistics. An early example is the Standardized Mortality Rate, which is the Crude Rate (counts of individual deaths) adjusted for the population age distribution. This calculation started with the first Life Table published in 1693 Edmond Halley. A life table has the population and number of deaths for each year of age. Using a life table you can compute the age specific death rate for each age by dividing the number of deaths for each age by population for that age. The age specific death rates depend on the population age distribution.

Now suppose we want to see if we are winning the “War on Cancer.” We could compare the “cause specific” death rate for cancer in 2023 to the rate in 1980 for example. Is this a fair way to make the comparison? We can do better than that. The age distribution in 1980 was substantially different from the age distribution in 2023. This is largely because of the “baby boomers.” In 1980 the baby boomers were 43 years younger than 2023.

We know that the cancer death rate increases with age, so we won’t know if we are winning the War on Cancer unless we account for the difference in ages.

We do something simple. We take the 2023 age specific death rates from cancer and we multiply them by the 1980 population for that age group. We add these numbers to get a total death rate for the 2023 rate adjusted to agree with the 1980 population distribution.

We can then compare the adjusted 2023 deaths to the 1980 crude death rate. The ratio of these rates is the Standardized Mortality Ratio. We have adjusted the 2023 life table to the 1980 population distribution. This “scaling” calculation the same as the calculation used with iterative proportional fitting except IPF that is a multidimensional version.

To translate this into the calculations in the PovertyAssessmentToolkit package consider the case of 10 age categories of 10 years each. Construct the 2 x 10 table with rows for each age decade and 2 columns, “alive” and “dead” based on how many people in each age decade have died. Now take this table and adjust the table to the age (by decade) of the 1980 population. Next take the 1-way tabulation of mortality variable. This then corresponds to the 2023 life table adjusted to the 1980 population. Dividing the number of deaths in this adjusted 2023 rate by the crude death rate for 1980 produces the Standardized Mortality Ratio or SMR. The usual SMR adjusts for both age and sex. In the IPF case the corresponding calculation starts with a 3 way Age x Sex x Vital_Status table and then adjusts to the 2 way Age by Sex 1980 population marginal.

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