

Supporting Statement

A. Justification

1. Necessity of the Information Collection

The purpose of this request for review is to obtain clearance for the Annual Social and Economic Supplement (ASEC), which we will conduct in conjunction with the February, March, and April Current Population Survey (CPS). Congressional passage of the State Children's Health Insurance Program, or Title XXI, led to a mandate from Congress, in 1999, that the sample size for the CPS, and specifically the Annual Social and Economic Supplement (ASEC), be increased to a level whereby more reliable estimates can be derived for the number of individuals participating in this program at the state level. By administering the ASEC in February, March, and April, we have been able to achieve this goal.

The U.S. Census Bureau has conducted this supplement annually for over 50 years. It is authorized by Title 13, United States Code, Section 182, and Title 29, United States Code, Sections 1-9. The Census Bureau, the Bureau of Labor Statistics (BLS), and the Department of Health and Human Services (HHS) sponsor this supplement.

The proposed supplement, as it will appear in the CPS instrument, is shown in Attachment A. The instrument questionnaire contains the same items that were in the 2006 ASEC instrument, with the inclusion of additional questions that collect information on payments from pensions and retirement plans.

This request also asks for clearance for the forms that are used in conjunction with the ASEC supplement. These forms include:

<u>Form No.</u>	<u>Description</u>	<u>Attachment</u>
CPS-580 (ASEC)(L)	Advance letter sent to each household in sample.	F
CPS-580 (L)SP	Same letter as above sent to Hispanic households in sample.	G
CPS-676	Pamphlet with information from the ASEC.	H
CPS-676(SP)	Same pamphlet as above but in Spanish.	I

These forms are made available so that the respondents will have a clear understanding of the purpose and uses of the CPS ASEC supplement.

2. Needs and Uses

The ASEC can be divided into five logical series of questions as follows:

a. Work Experience (See Attachment A: Items Q29A-Q4788)

The work experience items provide a unique measure of the dynamic nature of the labor force as viewed over a 1-year period. These items produce statistics that show movements in and out of the labor force by measuring the number of periods of unemployment experienced by people, the number of different employers worked for during the year, the principal reasons for unemployment, and part-/full-time attachment to the labor force. We can make indirect measurements of discouraged workers and others with a casual attachment to the labor market.

b. Personal Income and Noncash Benefits (See Attachment A: Items Q48A-Q52C4, Q56a-Q7324, Q74a, Q74b and Q75-Q78f)

The ASEC supplement collects data on a number of personal income and noncash benefit sources as listed below:

Sources of Income

Earned Income
 Unemployment and Workers' Compensation
 Social Security and Supplemental Security Income
 Public Assistance and Veterans Payments
 Survivor Benefits and Disability Income
 Retirement and Pensions
 Interest, Dividends, and Property Income
 Education Assistance
 Child Support and Alimony
 Regular Financial Assistance and Other Income
 Health Insurance and Employer Pension Plan
 Lump-Sum 401k Payments (New for 2007)

The income data from the ASEC are used by social planners, economists, government officials, and market researchers to gauge the economic well-being of the country as a whole and selected population groups of interest. Government planners and researchers use these data to monitor and evaluate the effectiveness of various assistance programs. Market researchers use these data to identify and isolate potential customers. Social planners use these data to forecast economic conditions and to identify special groups that seem to be especially sensitive to economic fluctuations. Economists use ASEC data to determine the effects of various economic forces, such as inflation, recession, recovery, and so on, and their differential effects on various population groups. A prime statistic of

interest is the classification of people in poverty and how this measurement has changed over time for various groups. Researchers evaluate ASEC income data not only to determine poverty levels but also to determine whether government programs are reaching eligible households.

The **2007 health insurance items** (as seen in Attachment A) are described below:

<u>Item Numbers</u>	<u>Type of Health Coverage</u>
SHI2-SHI6	Health insurance plans provided through current or former employer.
SHI7-SHI10	Coverage of a private health insurance plan purchased directly.
SHI11-SHI12	Coverage on any health insurance plan, including that of a nonhousehold member.
SHI13-SHI20a	Government-sponsored coverage, including medicare, medicaid, and State Children's Health Insurance Program (SCHIP).
SHIC1-SHIC3	State-specific coverage for low-income uninsured individuals.
SHI24-SHI25	Current health status of family members.

The **2007 lump-sum 401k payment items** (as seen in Attachment A) are described below:

<u>Item Numbers</u>	<u>Pension and Retirement Plan Accounts</u>
Q75	Individual Retirement Account (IRA), Keogh, or other retirement plan such as a 401k, 403b, or thrift plan.
Q76-Q76c	IRA withdrawals.
Q77-Q77c	Keogh Account withdrawals.
Q78-Q78f	Retirement plan, such as 401k, 403b, or thrift plan, withdrawals or re-investments.

c. Household Noncash Benefits (See Attachment A: Items Q80-Q94)

These items collect data on participation in the school lunch, public housing, food stamp, and fuel assistance programs.

The questions (Q80 and Q83) concerning school lunches identify households with children who participated in the Federal School Lunch Program during the previous year. These data allow for more effective analyses of the program and, along with the food stamp data, show where the client groups of the two food nutrition programs overlap.

The questions (Q85 and Q86) on public housing identify households that are owned by a housing authority or other public agency and households where a government agency is paying for part of the rent. These data allow for more effective analysis of public housing programs and measure the extent of participation among eligible families. The question (SPHS8) determines the specific source of housing assistance.

The questions (Q87 through Q904) on food stamps identify which household members received food stamps during the previous year. These data, along with the detailed supplemental income data, allow for a more comprehensive evaluation of the food stamp program and measure the extent of participation among eligible families.

Items Q93-Q94 provide a measurement of the number of households that have received government fuel assistance since October 1 of the previous year, and the amount of such assistance. State agencies provide the only other available data relevant to the fuel assistance program in the form of summary counts of households receiving this type of assistance, cross-classified by their annual income levels. The ASEC is the only current data set capable of cross-tabulating fuel assistance recipients/nonrecipients with their socioeconomic characteristics. This allows analysts to determine whether funds are reaching eligible households.

d. Welfare Reform Items (See Attachment A: Items SWR1-SWR18)

The welfare reform item series allows analysts to research the impact of welfare reform. This item series was developed based on the results of respondent debriefings and cognitive testing conducted in June 1997 by the Census Bureau and the BLS staff. Rephrasing of certain items happened in June 2000 based on cognitive testing. The items inquire whether the respondent's low income resulted in any type of government assistance, including transportation assistance and child care services that allowed him/her to go to work, attend school, or training.

e. Migration (See Attachment A: Items MIGSAM-NX10TH)

The migration questions refer to one year ago and collect information on residency including state, county, and city. Private and government analysts use migration statistics from this supplement to determine the mobility of the country's population. Specifically, it is important to determine which areas are losing/gaining in population over the decade and to monitor the population shifts between regions and between cities, suburbs, and nonmetropolitan areas of the country. These migration patterns provide researchers the ability to predict future population decline/growth and general socioeconomic conditions for these areas.

Information quality is an integral part of the pre-dissemination review of the information disseminated by the Census Bureau (fully described in the Census Bureau's Information Quality Guidelines). Information quality is also integral to the information collections conducted by the Census Bureau and is incorporated into the clearance process required by the Paperwork Reduction Act.

3. Use of Information Technology

We deem the use of personal visits and telephone interviews, using computer-assisted telephone interviewing and computer-assisted personal interviewing, the most appropriate collection methodology given existing available information technology.

4. Efforts to Identify Duplication

The ASEC and the Survey of Income and Program Participation (SIPP) contain similar content, but the ASEC remains a vital data source. It provides a database for measuring economic activity dating back to 1947. The ASEC is often matched to the other CPS supplements conducted in adjacent months, thereby greatly enhancing the utility of those datasets at minimal cost to the sponsors without increasing respondent burden. ASEC provides a higher level of statistical reliability than SIPP because the SIPP sample size is smaller than the CPS. However, SIPP collects considerably more detail on program benefits and assets, which enables measurements of wealth and well-being. The ASEC focuses on accurate cross-sectional data (providing a clear snapshot), while SIPP focuses on accurate longitudinal data (providing a moving picture).

A number of independent surveys and supplements to the CPS have contained selected income and noncash benefit items. Until the implementation of the SIPP, however, no other data source was available that provided the depth and scope of information of the kind described in Section 2.

5. **Minimizing Burden**

This collection does not involve small businesses or other small entities.

6. **Consequences of Less Frequent Collection**

We collect the ASEC annually to detect shifts in household composition, labor force activity, migration patterns, and income levels. These measurements are very sensitive to the general economic climate, and to collect these data less frequently would mask some trends and disrupt time series analyses.

7. **Special Circumstances**

There are no special circumstances. We collect the CPS data in a manner that is consistent with the Office of Management and Budget (OMB) guidelines.

8. **Consultations Outside the Agency**

We have consulted the following persons concerning the development of the ASEC supplement:

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The result of these consultations is the final set of questions. In addition, a statement soliciting comments for improving this supplement is prominently placed in all Census Bureau publications that cite ASEC data and a similar statement is included in the technical documentation that accompanies the ASEC microdata files.

We also published a notice of our intent to ask the ASEC supplement questions in the August 7, 2006, edition of the Federal Register. The notice invited comments on the necessity and practicality of the data collection and comments on various other aspects of the proposed collection. We received two comments in response to this notice. One of which was deemed irrelevant to the collection. The second comment can be found in Attachment J.

Finally, the advance letters (see Attachments D and F) provide respondents with an address at the Census Bureau and at the OMB to which they can submit general comments on the survey, specifically those regarding respondent burden.

9. Paying Respondents

We do not pay the CPS respondents or provide them with gifts.

10. Assurance of Confidentiality

We will collect these supplemental data in compliance with the Privacy Act of 1974. Each sample household will receive an advance letter approximately one week before the start of the initial CPS interview (see Attachment D). The letter includes the information required by the Privacy Act of 1974, informs each respondent of the voluntary nature of the survey, and states the estimated time required for participating in the survey.

Additionally, interviewers must ask each respondent if he/she received the advance letter and, if not, will provide a copy of the letter to each respondent and allow sufficient time for him/her to read its contents. Upon request, interviewers also provide households with the pamphlet on "How the Census Bureau Keeps Your Information Strictly Confidential," which reaffirms the confidentiality assurances and mentions the Census Bureau's past performance in assuring confidentiality (see Attachment E). All information given by respondents to Census Bureau employees is

held in strict confidence under Title 13, United States Code, Section 9. Each Census Bureau employee has taken an oath to that effect and is subject to a jail penalty and/or a substantial fine if he/she discloses any information given to him/her.

11. Justification for Sensitive Questions

The ASEC supplement does not include questions of a sensitive nature.

12. Estimate of Hour Burden

The total estimated respondent burden is 32,500 hours for fiscal year 2007. We base this estimate on previously conducted ASEC supplements and previous use of automated interviewing procedures in the CPS. The actual interview time is dependent upon the size of the household. Because we expect few respondents to be eligible for the lump-sum 401k items that are being added for 2007, we do not anticipate a significant change to the total estimated respondent burden.

For the ASEC, there will be approximately 78,000 households interviewed with one respondent per household. Each interview takes approximately 25 minutes; therefore, the total estimated respondent burden is 32,500 hours for fiscal year 2007. See Section B for a size breakdown of the various segments of the sample.

13. Estimate of Cost Burden

There are no costs to the respondents other than that of their time to respond.

14. Cost to Federal Government

We estimate the cost to the government of the CPS program to be \$62.7 million in fiscal year 2007. The costs are to be borne by the Census Bureau, the BLS, and other government agencies, if involved. The estimated cost of including the ASEC questions is \$2 million in fiscal year 2007 and is borne by the Census Bureau, the BLS, and the HHS.

15. Reason for Change in Burden

Our estimated respondent burden is the same.

16. Project Schedule

We will conduct the CPS, of which this supplement is a part, during the months of February, March and April. Processing of this supplement will commence in May. The Public Use file will be released in August. We will publish advance reports based on the CPS data at the end of August. Final reports will follow through the middle of the following year.

March ASEC Publications

The following publications are released annually based on the ASEC data:

- a) *Income, Poverty, and Health Insurance Coverage in the United States*
- b) *Alternative Income Estimates in the United States*
- c) *America's Families and Living Arrangements*
- d) *Geographic Mobility*
- e) *Educational Attainment* (since 1947).
- f) In addition to the Census Bureau publications listed above, the BLS has published yearly results from the ASEC supplement (educational attainment, marital history, and work experience) in news releases, articles in the *Monthly Labor Review*, and special bulletins.

17. Request to Not Display Expiration Date

The ASEC Supplement is administered as part of the CPS monthly interview. However, this supplement (as well as all the CPS supplements) bears an OMB control number and expiration date which is different from the basic CPS interview. The OMB control number and expiration date for the CPS basic interview is included in the advance letter we give respondents (see Attachment F). Because of these difficulties and anticipated respondent confusion involved with expressing a separate control number and expiration date to respondents for the supplement questions, we do not wish to display the OMB control number and expiration date for the CPS ASEC Supplement.

18. Exceptions to the Certification

There are no exceptions to the certification.