SUPPORTING STATEMENT
U.S. Department of Commerce
U.S. Census Bureau
2008 Panel of the Survey of Income & Program Participation,
Wave 8 Topical Modules
OMB Control No. 0607-0944

A. Justification

1. Necessity of Information Collection

The U.S. Census Bureau requests authorization from the Office of Management and Budget (OMB) to conduct the Wave 8 interview for the 2008 Panel of the Survey of Income and Program Participation (SIPP). The core SIPP and reinterview instruments were cleared under Authorization No. 0607-0944.

The SIPP represents a source of information for a wide variety of separate topics to be integrated to form a single and unified database in order to examine the interaction between tax, transfer, and other government and private policies. Government domestic policy formulators depend heavily upon the SIPP information to determine the effect of tax and transfer programs on the distribution of income received directly as money or indirectly as in-kind benefits. They also need improved and expanded data on the income and general economic and financial situation of the U.S. population. The SIPP has provided these kinds of data on a continuing basis since 1983, by measuring levels of economic well-being and changes in these levels over time.

The survey is molded around a central "core" of labor force and income questions that remain fixed throughout the life of a panel. The core is supplemented with questions designed to answer specific needs such as estimating eligibility for government programs, examining pension and health care coverage, and analyzing individual net worth. These supplemental questions are included with the core and are referred to as "topical modules."

The topical modules for the 2008 Panel Wave 8 are as follows: Annual Income and Retirement Accounts; Taxes; Child Care; and Work Schedule (Attachment A). These topical modules were previously conducted in the SIPP 2008 Panel Wave 5 instrument. Wave 8 interviews will be conducted from January 1, 2011 through April 30, 2011.

The SIPP is designed as a continuing series of national panels of interviewed households that are introduced every few years with each panel having durations of approximately 3 to 4 years. The 2008 Panel is scheduled for four years and four months and includes thirteen waves which began September 1, 2008. All household members 15 years old or over are interviewed using regular proxy-respondent rules. They are interviewed a total of thirteen times or waves, at 4-month intervals, making the SIPP a longitudinal survey. All household members present at the time of the first interview who move within the country and reasonably close to a SIPP primary sampling unit (PSU) will be followed and interviewed at their new address.

Individuals 15 years old or over who enter the household after Wave 1 will be interviewed; however, if these people move then they are not followed unless they happen to move along with a Wave 1 sample individual.

The OMB has established an Interagency Advisory Committee to provide guidance for the content and procedures for the SIPP. Interagency subcommittees were set up to recommend specific areas of inquiries for supplemental questions.

The Census Bureau developed the 2008 Panel Wave 8 topical modules through consultation with the SIPP OMB Interagency Subcommittee. The questions for the topical modules address major policy and program concerns as stated by this subcommittee and the SIPP Interagency Advisory Committee.

The SIPP is authorized by Title 13, United States Code, Section 182.

2. <u>Needs and Uses</u>

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

Data provided by the SIPP are being used by economic policymakers, Congress, state and local governments, and federal agencies that administer social welfare or transfer payment programs such as the Department of Health and Human Services and the Department of Agriculture.

Knowledge gained from the core items will be of limited value without information about how the respondents reached their status at the time of the Wave 1 interview. Therefore, the core is supplemented with questions designed to answer specific needs such as estimating eligibility for government programs, examining pension and health care coverage, and analyzing financing of post-secondary education. These supplemental questions are included with the core and are referred to as "topical modules." The questions in these topical modules will help us reduce, if not eliminate, the "left-censoring" analysis problem that occurs in nearly all longitudinal surveys and cited as a serious concern by our data users. Left-censoring refers to the experiences of individuals or other units of longitudinal analysis prior to the start of the longitudinal study period.

The topical module questions address major policy and program concerns. Each component is intended to provide explanatory data describing likely relationships between earlier life-course experiences and current socioeconomic status. Personal history data is linked with data derived from the panel interviews to yield a powerful set of explanatory indicators which help analysts more fully understand associations between social, demographic, and economic events.

The following is a description of the topical modules for Wave 8 and their uses:

Work Schedule

The items in the Work Schedule topical module are identical to the 2008 Panel Wave 5 questionnaire. The Work Schedule topical module will provide information about the respondent's work schedule including data on hours worked per day, days worked per week, beginning and ending work hours, the main reason for working the reported work schedule, and the number of days worked at home. This topical module combined with the child support data allows you to analyze fathers who pay little or no child support. Developing useful and effective policies requires understanding the dynamics between and the relative importance of these various factors for children and their families.

Child Care

The items in the Child Care topical module are identical to those asked in the 2008 Panel Wave 5 questionnaire. This topical module asks questions about the child care arrangements of children under 15 years of age who live in the same household as their designated parents or guardians. The data is used by government agencies such as the Department of Health and Human Services for purposes such as determining the proper use of grant funds for various government health care programs. The topical module is also used to determine what types of child care working families are most commonly using and how much it costs.

Annual Income and Retirement Accounts

The items in this topical module are identical to those fielded in the 2008 Panel Wave 5 questionnaire. The purpose of this topical module is to (1) obtain information on the organizational characteristics of and the net income produced by businesses owned by household members; and (2) obtain information on the ownership, contributions, and withdrawals from IRA, Keogh, and 401K plans.

The core questionnaire obtains data on "income received from own business." The core questions do not mention net business profit and the amount reported in the core is the amount withdrawn from the business by the owner. The questions on net profit are necessary to obtain a measure of business income comparable to definitions used in the national accounts, tax records, and income data from the Current Population Survey (CPS).

The core questionnaire does not obtain data on contributions and withdrawals from IRA, Keogh, or 401K plans. Information on contributions and withdrawals is required to describe accurately the annual income situation of sample persons including household savings.

Taxes

The items in this topical module are identical to those fielded in the 2008 Panel Wave 5 questionnaire. This topical module asks about tax filing status, exemptions, and several other tax form items.

Information about filing status and exemptions is necessary so that each member of the SIPP sample unit can be placed in the proper tax return unit. Information on itemized deductions, capital gains and losses, child and dependent care expense credits, credits for the elderly and the permanently and totally disabled, earned income credits, and total tax liability will be collected because these data items are not available from the tax return file. The questionnaire will also ask about adjusted gross income as a screener for the question on earned income credits.

3. Use of Information Technology

The survey is administered using computer-assisted personal interviewing (CAPI) methodologies. The Census Bureau field representatives (FR) collect the data from respondents using laptop computers and the data are transmitted to the Census Bureau Headquarters via high-speed modems. Automation significantly enhances our efforts to collect high quality data with skip instructions programmed into the instrument and with information obtained in earlier interview segments fed back to the respondent. Response burden can be minimized by incorporating design features that make it easier to collect and record respondent information. Appropriate screening and lead in questions, which serve to skip respondents out of sections of the questionnaire that are not relevant or applicable, are built into the automated instrument.

Preliminary analysis from an Internet field test conducted by the SIPP Methods Panel in August and September 2000 indicated that using the Internet as a mode of collection for a complex demographic survey such as SIPP is not feasible. The conclusions of the test indicated that Internet survey technology is not currently sophisticated enough to handle the complexity of a typical survey conducted by the Census Bureau's Demographic Surveys Division and the complicated skip patterns and rostering that they entail. Low response rate combined with technological challenges and limitations indicate that the costs of converting a complex questionnaire to an online survey far outweigh the benefits even in a multimode environment. The final report is available upon request.

4. Efforts to Identify Duplication

To ascertain whether duplication exists between the SIPP and ongoing or previously approved Census Bureau information collections, we examined the following surveys:

- Supplements to the Current Population Survey (CPS).
- The American Housing Survey.
- The National Crime Victimization Survey.
- The Consumer Expenditure Survey.
- The National Health Interview Survey.
- The American Community Survey (ACS).

A review of information collections conducted outside the Census Bureau indicated that no past or current national survey duplicates the SIPP with respect to its longitudinal component or its scope and coverage.

The Census Bureau tries to avoid unnecessary duplication in all of its surveys and will continue to do so. Our views on the duplication problem were stated in a letter from William P. Butz to James B. MacRae, Jr., OMB, on July 29, 1988. In that letter, we proposed three conditions under which duplication is warranted as follows:

a. When the duplication supplies necessary classifying variables for data analysis.

b. When the duplication prevents more extensive duplication.

c. When the users' analyses require the duplicate questions on a particular survey.

Outside these areas of justified duplication, we think that duplication is unwarranted. The Census Bureau has always attempted to avoid such situations in its own surveys and will continue to do so. We are continuing to examine the content of the SIPP topical modules and recurring CPS supplements to determine whether these contain inappropriate duplication and we will take steps to eliminate any that we find from future collection efforts. To the best of our ability we also try to make sponsors of other surveys aware of existing sources of data on subjects about which they propose to collect information. However, if upon such notification of potential duplication the sponsor wishes to proceed with collection, we will go forward with a new or existing data collection effort. This clearance request points out the duplication and the need for it from our perspective as well as that of the Interagency Advisory Committee.

5. Minimizing Burden

The Census Bureau uses appropriate technology to keep respondent burden to a minimum. Examples of technology used to minimize respondent burden include: use of appropriate screening and lead in questions that serve to skip respondents out of sections of the CAPI instrument that are not relevant or applicable to them; use of flash cards to aid respondents with multiple response categories; and arrangement of questions and sections of the CAPI instrument that facilitate the flow of administration from one topic area to another.

6. Consequences of Less Frequent Collection

The SIPP is designed as a continuing series of national panels of interviewed households that are introduced every few years, with each panel having durations typically of 3 to 4 years. The 2008 Panel is scheduled for four years and four months and includes thirteen waves which began September 1, 2008. The survey uses a 4 month recall period with approximately one-fourth of the sample households being interviewed each month. A less frequent data collection schedule could cause a severe reduction in the accuracy of reporting due to memory decay. Also, a major feature of the SIPP is that it produces a time series of data as described above. Breaks in the series arising from cessation of the interviewing would severely limit the data's usability.

7. Special Circumstances

There are no special circumstances associated with this clearance request.

8. Consultations Outside the Agency

The OMB established an Interagency Advisory Committee to provide guidance for the content and procedures for the SIPP. That committee along with the subcommittee on the topical modules has worked actively with the Census Bureau to assure that the SIPP content and procedures collect the appropriate data and that duplications between surveys are minimized to the extent possible.

We published a notice in the *Federal Register* on April 26, 2010, Vol. 75, No. 79, page 21593, inviting public comment on our plans to submit this request. We received no comments.

9. Paying Respondents

The Census Bureau’s plans are to continue the Incentive Test during the remaining waves of the 2008 Panel as described in the Memorandum from Ruth Ann Killion to Brian Harris-Kojetin dated July 2, 2008, with the subject “SIPP 2008: Incentive Test (ALYS-4)”. During Wave 1, 25 percent of the respondents were sent a $20 incentive with the Advance Letter, 25 percent were eligible for a $40 discretionary incentive, and 50 percent were assigned to the control group and not eligible for an incentive. In Wave 2+ the same 25 percent of respondents continue to be eligible for the $40 discretionary incentives at each wave. The incentive is in the form of a debit card with a unique PIN number which can be cashed at any ATM machine. The discretionary incentive is offered by the FR at the point the respondent is clearly planning to leave the survey and is used to persuade them to respond. The FR makes clear at the time the incentive is offered that a complete interview is required before the debit card and unique PIN number is given.

10. Assurance of Confidentiality

We are conducting this survey under the authority of Title 13, United States Code, Section 182. Section 9 of this law requires us to keep all information strictly confidential. The respondent will be informed of the confidentiality of their responses and that this is a voluntary survey by a letter from the Director of the Census Bureau that will be sent to all participants in the survey (Attachment B).

11. Justification for Sensitive Questions

The sources of income and assets are among the kinds of data collected and may be considered to be of a sensitive nature. The Census Bureau takes the position that the collection of these types of data is necessary for the analysis of important policy and program issues and has structured the questions to lessen their sensitivity. The FRs fill in the SIPP-28003 Reminder Card during an interview for persons who are not able to provide answers to certain critical items in the questionnaire. The Reminder Card (Attachment C) contains a list of items designated as call back items for which the FR telephones the respondent after the interview to obtain the missing information.

12. Estimate of Respondent Burden

Based on our experience with the 1996, 2001, and 2004 SIPP panels and in-house testing, the burden estimates for FY 2011 are as follows:

2008 SIPP PANEL
FY 2011 BURDEN HOUR SUMMARY

	Respondents	Waves	Responses	Hours Per Response	Total Hours
Interview	94,500	3	283,500	.50	141,750
Reinterview	3,100	3	9,300 [1]	.167	1,553
Totals	94,500	3.09 [2]	292,800	.49 [3]	143,303

We will obtain interviews from approximately 45,000 households, yielding about 94,500 individual interviews (2.1 individuals 15 years old or over per household). The household interviews will be conducted at 4 month intervals.

The total number of burden hours requested for Wave 8, inclusive of the core, topical module sections of the instrument and reinterview is 47,767. The total number of burden hours for the 2008 SIPP Panel in FY 2011 is 143,303.

13. Estimate of Cost Burden

There are no direct costs to respondents participating in the survey, other than the time involved in answering the survey questions.

14. Cost to Federal Government

The production costs of all parts of this survey are approximately $50,096,000 in FY 2011. That amount is included in the estimate of total costs to the federal government of the Census Bureau's current programs supplied to the OMB.

[1] The 3,100 cases in re-interview will be contacted twice during the same wave. Therefore, the total number of **respondents** is 94,500 per wave (included in original interview sample).

[2] The weighted average for waves is determined by taking the number of respondents interviewed once during a wave (91,400 contacts) plus the number of households that will be interviewed twice during a wave due to reinterview (6,200 contacts) and dividing this sum by the number of total respondents in the SIPP/CAPI sample (94,500 respondents) times three waves; this comes out to 3.09 (weighted average).

[3] The weighted average for hours per response is determined by multiplying the number of interview responses by the response hours (283,500 * .50) plus the number of reinterview responses multiplied by the response hours (9,300 * .167) and dividing this sum by the total number of responses per fiscal year (292,005); this comes out to 0.49.

15. Reason for Change in Burden

There is no change in burden.

16. Project Schedule

The Census Bureau will release a series of cross-sectional and topical module reports from the 2008 Panel. Edited cross-sectional core files as well as topical module files will be released.

Wave-based data can be used to create a basic set of statistics from the SIPP core. These statistics can be used to evaluate the survey, to profile the participants in various programs, to examine the characteristics of the population in need, and to examine how the economy is changing. Such statistics can include average monthly estimates of:

- Median household income.
- Number of workers and their median earnings.
- Number of people in poverty.
- People with labor force activities.
- People who spent time looking for work or on layoff.
- Participants in government programs, such as:
    - Public assistance.
    - Social security and supplemental security income.
    - School lunches.
    - Food stamps.
    - Medicare and medicaid.
    - Public or subsidized housing.
    - Unemployment and workers' compensation.

These statistics from each SIPP wave are crossed by race, age, and other characteristics and would be the basis for a report or fact sheet on the economic situation of Americans and their families.

These data products will enable us to examine issues such as:

- Annual income and poverty estimates based on different definitions of income.
- Estimates of people experiencing unemployment and median unemployment spells.
- The characteristics of people ever participating in government programs and people who participated in each month.
- Median program participation spells.
- The characteristics of people with lapses in health insurance coverage.
- Median spells without health insurance.
- Family and household transitions.

In addition, as our observation length grows, we will be better able to examine issues such as long-term versus short-term poverty and program participation.

17. Request Not to Display Expiration Date

We request not to display the expiration date to avoid unnecessary respondent confusion arising from the fact that the OMB approval lasts for three years and respondent participation in the SIPP often lasts for longer periods.

18. Exceptions to the Certification

There are no exceptions to the certification.