

# 1 SUPPORTING STATEMENT

U.S. Department of Commerce  
U.S. Census Bureau  
Annual Social and Economic Supplement  
to the Current Population Survey  
OMB Control Number 0607-0354

## Part A - Justification

### Question 1. Necessity of the Information Collection

This request is for approval of revision to a currently approved collection due to material changes to the data collection instrument and burden estimate. The Annual Social and Economic Supplement (ASEC) is currently approved through January 31, 2014, with OMB Control Number 0607-0354.

The U.S. Census Bureau has conducted the ASEC annually for over 60 years. It is authorized by Title 13, United States Code, Section 182, and Title 29, United States Code, Sections 1-9. The Census Bureau and the Bureau of Labor Statistics (BLS) sponsor this supplement. The Census Bureau will conduct the ASEC in conjunction with the February, March, and April Current Population Survey (CPS).

The proposed supplement, as it will appear in the CPS instrument, is shown in Attachment A. The data collection instrument has undergone substantive revisions from the previous collection in 2013. A summary of the revisions include:

- Tailoring the order of income questions to match those sources most likely received given certain known characteristics of the household: 1) householder aged 62 and older; 2) low-income households; and 3) a default for all other household types.
- Use of a dual-pass approach through the income types first, identifying all sources of income received. Then proceed to ask amounts for those sources the respondent indicated receiving.
- Use of income ranges as a follow-up for “don’t know” or “refused” income amount questions.
- Change to the disability income questions to eliminate confusion between disability income from Social Security and Supplemental Security Income.
- Collecting back-payments for disability benefits.
- Use of a new strategy to collect property income by asking separately about income from retirement assets and other assets.
- Collecting the value of assets that generate income if the respondent is unsure of the income generated.
- Asking about withdrawals and distributions from retirement accounts.
- Total revision to Health Insurance Coverage questions, asking about coverage

at the present time and then coverage since January 1 of the previous year. The questions continue to concentrate on the major types of health coverage, which are employer-based, privately-purchased, or government-sponsored. The revisions surround the method by which the questions are asked.

The net result of these revisions is that the time to complete an ASEC interview has been reduced from 28 minutes to 25 minutes. Justification for revisions to the ASEC supplement questions are summarized in Part B, Question 4 of this Supporting Statement. A full report on the need for revisions to income questions are explained in Attachment J. Detailed justification for revisions to the health insurance coverage questions are explained in Attachment L.

Analysis of recent ASEC data have shown an underreporting and misclassification of certain sources of income. Evidence for revising the ASEC appears in the report *ASEC 2013 Redesign Results* (Attachment K). This report gives results from a test conducted in March 2013. Results show the question changes increased reciprocity and aggregate income for several key income sources. Examples of these sources are interest, dividends, and retirement income.

As for Health Coverage, the same test in March 2013 provided evidence for revising health coverage questions in the ASEC. The report *Health Insurance in the Current Population Survey: Redesign and Production* (Attachment M) shows results for the comparison of the test to the production ASEC. Comparisons are shown for the percentage of people uninsured the previous calendar year, and for persons without coverage, by the type of coverage.

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

<b><u>Form No.</u></b>	<b><u>Description</u></b>	<b><u>Attachment</u></b>
CPS-580 (ASEC)(L)	Advance letter sent to each household in sample.	F
CPS-580 (L)SP	Same letter as above translated into Spanish.	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. Changes to the questionnaire had no effect on these forms, other than the estimate of burden to respond.

## **Question 2. Needs and Uses**

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

a. Work Experience (See Attachment A: pages 2-10)

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: pages 10-179)

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

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 of 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 **2014 health insurance items** (pages 164-179 in Attachment A) revolve around five possible categories of health insurance coverage. They are described below:

- 1) Coverage provided through a current or former employer.
- 2) Coverage through a private health insurance plan purchased directly.
- 3) Coverage on any health insurance plan, including that of a nonhousehold member.
- 4) Government-sponsored coverage, including medicare, medicaid, and State Children's Health Insurance Program (SCHIP).
- 5) State-specific coverage for low-income uninsured individuals.

c. Household Noncash Benefits (See Attachment A: page 181-185)

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 Q94) 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 heating or cooling assistance in the previous calendar year, and the amount of such assistance. State agencies provide the only other available data relevant to the energy 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. Supplemental Poverty Measures (See Attachment A: page 179-180, 191-194)

Questions designed to produce a supplemental poverty measure can be divided into four parts: 1) Property value and presence of mortgage; 2) Medical expenditures; 3) Child support paid; and 4) Child care expenses paid.

Many agencies use poverty data from the Census Bureau, including the U.S. Department of Health and Human Services, the U.S. Department of Housing and Urban Development, and the U.S. Department of Agriculture. Each of these agencies, and many more, are anxious for the Census Bureau release improved poverty measures so they can ascertain how such a measure can enhance their ability to provide assistance and services to those in need. Agencies which publish documents based on the traditional (current) poverty measure are encouraged to also produce information based on a supplemental poverty measure to the fullest extent possible.

e. Migration (See Attachment A: pages 185-190)

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.

**Question 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. We are examining the Internet as a reporting option, but have not yet determined whether the Internet is feasible for a complex demographic survey such as the CPS.

**Question 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 Question 2.

**Question 5. Minimizing Burden**

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

**Question 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.

**Question 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.

**Question 8. Consultations Outside the Agency**

The following individuals have contributed to the development of the ASEC supplement by providing valuable feedback in the area(s) of their expertise:

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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 September 5, 2013, edition of the Federal Register (78FR, pg 54622 - 54623). The notice invited comments on the necessity and practicality of the data collection and comments on various other aspects of the proposed collection. We have received no comments in response to the notice.

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.

**Question 9. Paying Respondents**

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

**Question 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.

**Question 11. Justification for Sensitive Questions**

The sources of income and assets are among the kinds of data collected and possibly considered 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 consequently has structured the questions to lessen their sensitivity. The Census Bureau pledges its commitment to keep all survey responses confidential (Attachment E), and response is voluntary, however, each unanswered question lessens the accuracy of the final data.

**Question 12. Estimate of Hour Burden**

The total estimated respondent burden is 32,500 hours for fiscal year 2014. 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.

For the ASEC, there will be approximately 78,000 households interviewed with one respondent per household. Each interview will take approximately 25 minutes; therefore, the total estimated respondent burden is 32,500 hours for fiscal year 2014. See Section B for a size breakdown of the various segments of the sample.

**Question 13. Estimate of Cost Burden**

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

**Question 14. Cost to Federal Government**

We estimate the cost to the government of the CPS program to be \$94 million in fiscal year 2014. The costs are to be borne by the Census Bureau, BLS, and other government agencies, if involved. The estimated cost of including the ASEC questions is \$2 million in fiscal year 2014 and is borne by the Census Bureau and BLS.

**Question 15. Reason for Change in Burden**

Due to a program change in the questionnaire, which reduced the average ASEC interview time, there is a change in burden. The number of burden hours is 3,900 hours less than what it was in 2013.

**Question 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 September. We will publish advance reports based on the CPS data in September. Final reports will follow throughout 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, 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.

**Question 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 complexities and the 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.

**Question 18. Exceptions to the Certification**

There are no exceptions to the certification.