

Evaluating the Construct of a Canberra Household Income Definition Using the CPS ASEC

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Qualifications of Using the ASEC for Canberra Income Definition

- The ASEC collects or imputes almost all of the components needed to compute the Canberra income definition.
- Imputes or models values for:
 - State and federal taxes
 - Return to home equity
 - Housing subsidies
 - Market value of Medicaid and Medicare
 - Employer provided health benefits
 - Net imputed rental income
- Lacking:
 - Two conceptual definitions (*values of unpaid domestic services and services from household consumer durables*)
 - Some employer provided benefits (i.e. company cars and subsidized meals)
 - Home production for home use or barter transactions

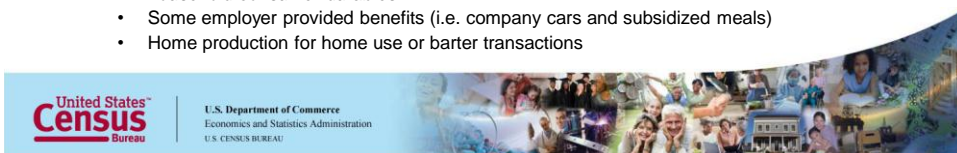


Table 1. Canberra Income Components and Availability in the CPS ASEC		
	Table 2.1 Income components in the conceptual and operational definitions (Canberra Group Handbook, 2011)	Availability in the CPS ASEC
1	Income from employment (2.3.1)	
a	Employee income	
	Wages and salaries	✓
	Cash bonuses and gratuities	✓
	Commissions and tips	✓
	Directors' fees	✓
	Profit-sharing bonuses and other forms of profit-related pay	✗
	Shares offered as part of employee remuneration	✗
	Free or subsidised goods and services from an employer	✗
	Severance and termination pay (optional)	✓
	Employers' social insurance contributions (optional) ¹	I
b	Income from self-employment	
	Profit/loss from unincorporated enterprise	✓
	Goods produced for barter, less cost of inputs	✗
	Goods produced for own consumption, less cost of inputs	✗
2	Property income (2.3.2)	
a	Income from financial assets, net of expenses	✓
b	Income from non-financial assets, net of expenses	✗
c	Royalties	✓
3	Income from household production of services for own consumption (2.3.3)	
a	Net value of housing services provided by owner-occupied dwellings and subsidised rentals	I
b	Value of unpaid domestic services	✗
c	Value of services from household consumer durables	✗
4	Current transfers received (2.3.4)	
a	Social security pensions / schemes	✓
b	Pensions and other insurance benefits	✓
c	Social assistance benefits (excluding social transfers in kind, see 10)	✓
d	Current transfers from non-profit institutions	✓
e	Compulsory and quasi-compulsory inter-household transfers received	✓
5 (sum of 1 and 3)	Income from production (2.4)	
6 (sum of 2 and 5)	Primary income (2.4)	
7 (sum of 4 and 6)	Total income (2.4)	
8	Current transfers paid (2.4)	
a	Direct taxes (net of refunds)	I
b	Compulsory fees and fines	✗
c	Compulsory and quasi-compulsory inter-household transfers paid	✓
d	Employee and employers' social insurance contributions (if included in 1a)	I
e	Current transfers to non-profit institutions	✗
9		
(7 less 8)	Disposable income	
10	Social transfers in kind (STIK) received (2.3.5)	✓
11		
(9 plus 10)	Adjusted disposable income	
✓	Collected separately or jointly in the CPS ASEC	
✗	Not collected in the CPS ASEC	
I	Imputed or modeled in the CPS ASEC	

¹ Includes employer contributions to health insurance and to government insurance schemes (including payroll taxes)



Income from Employment

- Using ASEC we can include:
 - Employer, self and farm earnings from main job
 - Income from all other jobs
 - Severance pay
 - Employer contributions to health insurance
 - Employer contributions to government insurance schemes



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Property Income

- Using ASEC we can include:
 - Rental income
 - Interest*
 - Dividends
 - Royalties
 - Estates and trusts



Income from HH production for own consumption

- Using ASEC we can include:
 - Imputed value of owner-occupied housing
- Drawback:
 - No question on value of home equity in ASEC
 - Municipal bond rate used in the calculation is arbitrary
- Lacking in ASEC:
 - *value of unpaid domestic services*
 - *Value of services from household consumer durables*



Transfers

- Current Transfers Received
 - ASEC directly collects values of Social security, Retirement, Survivor, Disability, Workers' compensation, Veterans' benefits, Pensions, Annuities, Public assistance, Union strike, Alimony, Child support received
- Current Transfers Paid:
 - Using ASEC we can include:
 - State and federal taxes
 - Employee contributions to social insurance
 - Child support paid
 - Alimony paid
 - Lacking in ASEC but included in Canberra:
 - *Compulsory fees and fines*
 - *Monies paid to charities*

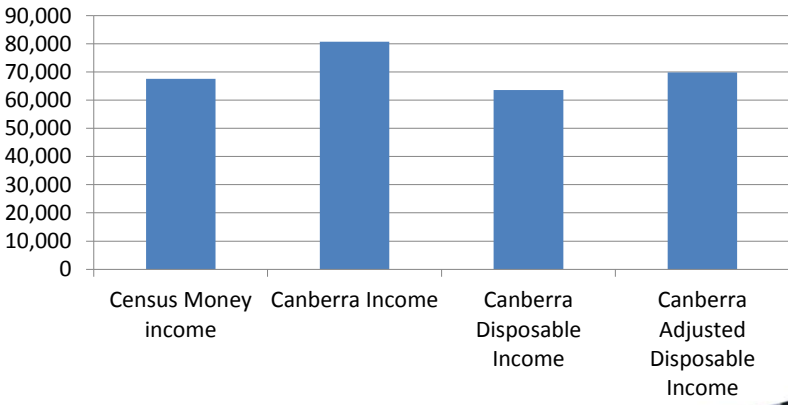


Social Transfers in Kind (STIK)

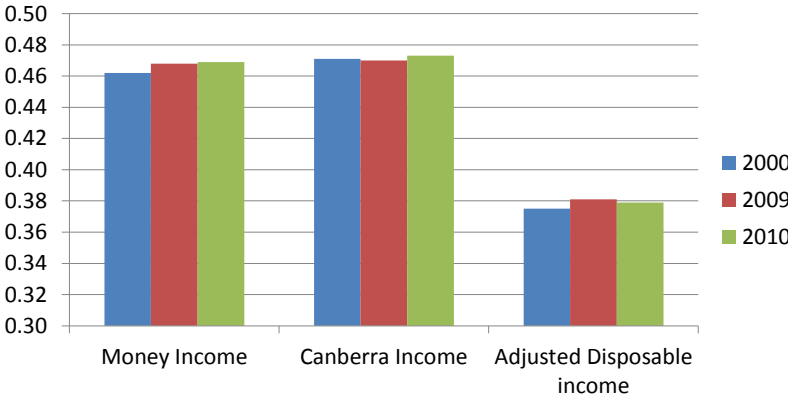
- Using ASEC we can include:
 - Value of food stamps (SNAP)
 - Housing subsidies
 - Free or reduced school lunch
 - Medicaid and Medicare
- Drawbacks to imputation:
 - Housing subsidies are imputed based on the 1985 AHS file
 - State Medicaid and Medicare data lag a few years so they are inflated
- Mean value of STIK \$6,251 in 2010
- Received by 57% of households



Mean Household Income comparisons: 2010 CPS



Gini coefficients using household income: 2000, 2009, 2010



Gini coefficients using equivalized household income: 2000, 2009, 2010

