

The Under-Reporting of Transfers in Household Surveys: Its Nature and Consequences

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Policy Abstract

Benefit receipt in major household surveys is often under-reported. In recent years, as many as half of the dollars received through Food Stamps, Temporary Assistance for Needy Families (TANF) and Workers' Compensation has not been reported in the Current Population Survey (CPS). High rates of understatement are found for many other government transfer programs and in datasets such as the Survey of Income and Program Participation (SIPP) and the Panel Study of Income Dynamics (PSID). These datasets are among our most important for analyzing incomes and their distribution as well as transfer receipt. Thus, this understatement has major implications for our understanding of the economic circumstances of the population and the working of government programs. In this study, we provide estimates of the extent of transfer under-reporting for the main transfer programs and the major nationally representative household surveys. We obtain estimates by comparing weighted totals reported by households for these programs with those published by government agencies. Our results show sharp differences across programs and surveys as well as over time, and are suggestive of various reasons for under-reporting. The estimates indicate the magnitude of bias in existing estimates and can be used to improve statistical information and analyses using these various data sources.

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