

**THE SURVEY OF INCOME AND
PROGRAM PARTICIPATION**

**Developing Extended Measures of Well-Being:
Minimum Income and
Subjective Income Assessments**

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U.S Department of Commerce BUREAU OF THE CENSUS

Developing Extended Measures of Well-Being:
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Income Assessments

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This paper reports the general results of research undertaken by Census Bureau staff. The views expressed are those of the authors and do not necessarily reflect those of the Census Bureau.

Introduction

Among the various activities social scientists engage in, one is an ongoing attempt to systematically measure or assess the state of the population with respect to its quality of life and progress. Over the decades, these assessment efforts have taken a variety of forms. Dating back to the 1920's, researchers attempted to construct scales of measurement that would detail the standard of living in a typical American home (the "Livingroom scale") ; later, others would attempt to develop a single indicator of socioeconomic status for characterizing the quality of the background characteristics of an individual. In the 1960's, the focus began to turn to series of different variables, taken as a constellation of measures that depicted the individuals condition. The social indicators movement, as it was called, was the first attempt to systematically assemble a large array of measures, or indicators, covering a wide variety of topical issues, e.g., health, income, safety, community services, and many other factors, which together were assumed to paint a portrait of the overall quality of life.

It was during this time that a number of subjective indicators began to appear in the research and publications tied to this general topic. In the early years of this research, most of the measures used represented some sort of quantitative (or "objective") count or assessment of a directly observable phenomenon - number of books, wages received, years of education. During the strong social indicators movement of the 1960's, however, a number of social assessment items began to surface. Questions such as these asked respondents to give an evaluation of a situation, for example, how well they believed their goods and services to be, how effective they thought a program was, how happy or satisfied they felt about a given situation. These subjective measures began to take a place in the overall social indicators movement, but because of their sometimes volatile measurement properties, have always been relegated to something of a backseat in many discussions of quality of life assessments.

Well-Being as a Concept

During the past few decades, a part of the social indicators agenda has experienced rebirth in the form of a program dedicated to examining the "well-being" of the population. If one is to explain the difference between this program and the earlier activities of "social indicators", it can perhaps best be described as follows: whereas social indicators focused on a variety of measures in an attempt to characterize a detailed portrait of the population, the "well-being" effort is aimed at being able to make definitive statements about the level of quality of life, and how that level can vary markedly, depending on which domains are examined.

Unlike social indicators research, analysts who document well-being recognize that it is possible for members of a population to have objectively low levels of a given commodity, say, income, while still being relatively "well-off ", if other aspects of their lives act to compensate in some way. An extensive social support system, for, example, might significantly offset some of the disadvantages created by low wages. In this context, it is important to be able to measure a wide variety of factors, just as with social indicators. The key difference, however, is to be able to meld these indicators with

subjective self-assessments of the quality of one's life. Of course, this also means that a collection of subjective assessment indicators are important in any attempt to measure well-being.

During the early 1990's, a small group of researchers began an effort to develop a package of questions to measure personal well-being in the context of an ongoing national survey. Working with the basic economic framework provided by the Survey of Income and Program Participation (SIPP) fielded by the U.S. Census Bureau, an interagency group of researchers began to consider how to develop a set of questions that could be used to assess the more general concept of "well-being" for the population. The SIPP was seen as a good natural source for such a measurement issue because of the wealth of income and program activity questions that formed the core base of the survey. Work using some of the first panels of the survey (from the mid 1980's) had demonstrated that the SIPP had great potential for measuring well-being if it could be supplemented with some additional questions that were not of a conventional income measurement nature. Interagency support for the effort was strong, and in late 1991, work began with the members of the SIPP Interagency Working Group to consider the development of a SIPP well-being topical module for inclusion on the 1991 and 1992 panels of the survey.

Over a period of roughly 6 months, the researchers involved put together an ambitious collection of materials to assess the issue of well-being. Because the module could only be a small part of the total SIPP interview package, ultimately some topics had to be discarded. The final list of topics for inclusion in the proposed well-being module were:

- * Consumer durables
- * Housing conditions
- * Crime conditions
- * Neighborhood conditions
- * Ability to meet expenses
- * Help when in need
- * Food adequacy
- * Community services
- * Food and clothing expenses
- * Housing expenses
- * Transportation expenses
- * Health expenses

minimum income. Even this large group of topics (and the questions they imply) only begins to touch at the expansive pool of questions and topics brought up by the interagency committee in the context of well-being. Nevertheless, these domains were settled on by the Interagency Working Group for the SIPP topical module.

The Minimum Income Issue

Early in the development of the well-being module, the Census Bureau was approached by a variety of groups interested in including questions on minimum income, or subjective income assessment. The argument was made that questions regarding minimum income were much better in some cases in assessing income satisfaction and adequacy levels than were measures accepted as more conventionally objective, such as the direct level of income and wealth, or poverty definition limits. The purpose of the minimum income questions (MIQ's) would not be to assess an alternative poverty level, but to evaluate overall perceived income adequacy of the household, given the other subjective evaluations of well-being that were simultaneously being made. As such, the purpose of the minimum income questions was to provide yet another dimension of information in the overall picture of well-being created for the household.

The discussion of the MIQ's revealed that there were a variety of measures which might be candidates for inclusion in the SIPP. Part of our goal, in the context of assessing well-being, was to try to be as inclusive as possible, that is, to use multiple indicators whenever we could. On the other hand, the need to construct a reasonable instrument in terms of respondent burden led us to a compromise. The section on minimum income would begin with a standard "feeling question about one's current family income. The sample would then be split, with each half being asked one of 2 questions. The first focuses on minimum before-tax income that is needed to make ends meet. The second, administered to the other half of the sample, asks how much money is needed to buy basic necessities for the family. Review of past research on the minimum income topic showed that there was considerable discussion about which of these two items were better indicators, and without the ability to include both, the split sample gave us the greatest flexibility. The proposed minimum income section of the SIPP 91/92 module is shown in Figure 1.

The proposed module on well-being was submitted to OMB for approval in the summer of 1991, intended for fielding as part of the SIPP interviews for wave 6 of the 1991 panel and wave 3 of the 1992 panel (that is, October 1992-January 1993). The subsequent review by OMB revealed that among the sections that were seen as problematic were those on expenses and minimum income. The objection to the expenses portion was that the items

had too much overlap with the subject matter of the Consumer Expenditure Survey, but were not comparable with the items asked in that survey, and, that without testing to verify that these shortened versions would produce reliable data, they could not be included in the SIPP. The objection to the minimum income questions was less clear. Without offering written explanation for their rejection, OMB informed the Bureau of its hesitancy to approve questions which could be used to raise issues about the accepted standards of minimum income and poverty, especially in a survey where so much objective information (e.g., earnings and income) on this topic would be available. Our presentation had made clear the Bureau's interest was in simply providing another dimension for the evaluation of well-being, but this was not accepted by OMB, and the questions were removed from the module.

The resultant well-being module fielded as part of wave 6 of the 1991 SIPP panel and wave 3 of the 1992 panel was accomplished with no significant problems. Respondents for the most part were favorably disposed to the questions. Evaluation of the data collected from the questions to other available data indicated response levels of comparable value, and nonresponse levels in the low range of several percent. Debriefings with field representatives indicated that respondents in general had few problems with the topic matter covered in the module.

Current Activities and Plans

In the Fall of 1994 the Census Bureau reconvened the SIPP Interagency Working Group to discuss topic candidates for the 9th wave interview of the 1993 SIPP panel (scheduled for fielding in the period Oct 95-Jan 96). The 9th wave was one scheduled to include "variable topical modules", that is, modules designed in consultation with other federal agencies to reflect their special data needs and interests. At the initial meeting, a proposal was made by the Bureau to once again field a section on "adult" well-being (by this time questions on children's well-being had also been added to the survey). Our proposal included the full array of items proposed in the 91/92 module, including questions on minimum income.

Two primary factors led us to make this proposal. First, we had continued to receive strong signals of interest from both the Bureau of Labor Statistics and the Social Security Administration for the inclusion of measures on minimum income in the SIPP. Second, the Census Bureau was encouraged by a correspondence from the Office of Management and Budget to Senator Moynihan concerning the elimination of the minimum income questions from the SIPP 91/92 modules. In the letter OMB extended the possibility that a research agenda involving MIQ's was possible, and that they (the OMB) would work with Census and BLS to explore alternatives. The proposed content of the wave 9 module for the 93 panel of the SIPP was accepted by OMB, including the questions on minimum income. As part of the approval process, OMB requested that the Bureau undertake a research plan to test and evaluate minimum income questions.

In collaboration with BLS, we have developed an evaluation program which includes several parts. BLS, with some Census funding support, agreed to undertake cognitive testing of a variety of MIQ's to address issues of respondent comprehension and response reliability. Recently, the BLS has undertaken plans to move forward with this cognitive testing. Census, with the approval of both the Interagency Working Group and the OMB, agreed to include the MIQ questions originally intended for the 91/92 SIPP module as part of the adult well-being module in the SIPP 93 panel, wave 9 interview (Figure 2). Within the well-being module, we will attempt to ask the questions of the reference person for the household, that is the person listed on line 1, and who is one of the persons in whose name the housing unit is rented or owned.

In addition, we also agreed to ask the same questions in the SIPP reinterview for that wave (Figure 3). These data should allow us to examine basic reliability and response variability issues associated with the items, as well as give us a rich data context in which to examine the relationship of these items to other objective and subjective measures of well-being,

An interagency working group, comprised of staff from BLS, Census and SSA have been meeting to discuss analysis of these data. We expect data files to be available for internal research in mid-1997. Eventually, we expect the research products of this effort to be a series of analyses that will give us a better understanding of the role and usability of minimum income questions in studies of well-being.

Conclusion

The interagency effort to include questions on minimum income in the SIPP has been facilitated by a wide variety of interests and needs. Our current plan represents a partnership of several statistical agencies and the OMB in an effort to provide fundamental data on this topic in a survey context which will maximize their analytic usefulness, while also supporting a basic cognitive research effort as well. We expect the ultimate yield of research products from this effort to have high value in establishing minimum income measures as one valuable component of measuring well-being.

Section 5 - TOPICAL MODULES (Continued)

Part E - MINIMUM INCOME

1. (Please look at Flashcard MM.) Which of the following categories best describes how you feel about your family income (or your own income if you are not living with relatives)? Mark (X) only one answer.

#500 Delighted
 Pleased
 Mostly satisfied
 Mixed (about equally satisfied and dissatisfied)
 Mostly dissatisfied
 Unhappy
 Terrible

CHECK ITEM 13 Refer to Item 2 of the Control Card. If the check digit is an odd number, ask Question 2 only; if the check digit is an even number, ask Question 3 only.

2a. To meet the expenses you consider necessary, what do you think is the minimum income, BEFORE TAX, a family like yours needs, on a yearly basis, to make ends meet? (If you are not living with relatives, what are the minimum income needs, BEFORE TAX, of an individual like you?)

#502 \$. 00 Yearly
 x1 DK - ASK JD

b. If it is easier, give me an estimate for a week, 2 weeks, or a month.

#503 \$. 00 Weekly
 #504 \$. 00 Every 2 weeks
 #505 \$. 00 Monthly
 x1 DK

SKIP to Check Item C1, page 67

3a. In your opinion, how much would you have to SPEND each year in order to provide the BASIC necessities for your family? By basic necessities I mean barely adequate food, shelter, clothing, and other essential items required for daily living.

#510 \$. 00 Yearly
 x1 DK - ASK JD

d. If it is easier, give me an estimate for a week, 2 weeks, or a month.

#512 \$. 00 Weekly
 #514 \$. 00 Every 2 weeks
 #516 \$. 00 Monthly
 x1 DK

SKIP to Check Item C1, page 67

NOTES

Figure 1.
Proposed minimum income questions:
SIPP Panel 91/92

Section 5 - TOPICAL MODULES (Continued)

Part G - BASIC NEEDS (Continued)

MINIMUM INCOME

(Please look at Flashcard MM.)

14. Which of the following categories best describes how you feel about your family income (or your own income if you are not living with relatives) — (Read categories)?

Mark (X) only one answer.

- 1 Delighted
- 2 Pleased
- 3 Mostly satisfied
- 4 Mixed (about equally satisfied and dissatisfied)
- 5 Mostly dissatisfied
- 6 Unhappy
- 7 Terrible

CHECK ITEM 183

Refer to item 2 on the Control Card.

- 1 Check digit is an even number - Ask question 15a
- 2 Check digit is an odd number - Ask question 16a

15a. To meet the expenses you consider necessary, what do you think is the minimum income, BEFORE TAX, a family like yours needs, on a yearly basis, to make ends meet? (If you are not living with relatives, what are the minimum income needs, BEFORE TAX, of an individual like you?)

9284 \$. 00 Yearly - SKIP to Check Item C1, page 128

DK

b. If it is easier, give me an estimate for a week, 2 weeks, or a month.

9285 \$. 00 Per week

9286 \$. 00 Biweekly

9287 \$. 00 Per month

} SKIP to Check Item C1, page 128

16a. In your opinion, how much would you have to SPEND each year in order to provide the BASIC necessities for your family? By basic necessities I mean barely adequate food, shelter, clothing, and other essential items required for daily living.

9287 \$. 00 Yearly - Skip to Check Item C1, page 128

DK

b. If it is easier, give me an estimate for a week, 2 weeks, or a month.

9284 \$. 00 Per week

9285 \$. 00 Biweekly

9286 \$. 00 Per month

} SKIP to Check Item C1, page 128

NOTES

Figure 2.
Administered minimum income questions:
SIPP Panel 93, Wave 1

SIPP-04631

U.S. DEPARTMENT OF COMMERCE
BUREAU OF THE CENSUS

**REINTERVIEW
QUESTIONNAIRE
AND RECONCILIATION
RECORD**

**SURVEY OF INCOME AND
PROGRAM PARTICIPATION**

TOPICAL MODULE UPDATE

NOTICE - Your report to the Census Bureau is confidential by law (Title 13, U.S. Code). It may be seen only by certain Census employees and may be used only for statistical purposes.

a. RO code **b. Control number** **c. Address ID code**

PSL1 Segment Serial Sample

d. Name and person number of reinterview sample person

e. Original respondent for reinterview sample person
 Self Proxy - Enter name and person number of proxy

f. Date of original interview
 Month Day Year

g. Interviewed by Code

i. Sample person's telephone number (include area code)

j. Sample person's address

Noninterview reason (if noninterview in the original) - Explain

1. Reinterviewed by Code

2a. Noninterview reason (if noninterview in reinterview) - Explain

Method of reinterview

Record of calls and/or visits

Telephone	Personal visit	Total

3b. Name and person number of reinterview respondent

(Please look at Flashcard MM.)

3. Which of the following categories best describes how you feel about your family income (or your own income if you are not living with relatives) - (Read categories?)

Mar. only one answer.

3280 Delighted
 3281 Pleased
 3282 Mostly satisfied
 3283 Mixed (about equally satisfied and dissatisfied)
 3284 Mostly dissatisfied
 3285 Unhappy
 3286 Terrible

HECKLE EN TZY Refer to item 2 on the Control Card.

3287 Check digit is an even number - Ask question 30a
 3288 Check digit is an odd number - Ask question 37a

4a. To meet the expenses you consider necessary, what do you think is the minimum income, BEFORE TAX, a family like yours needs, on a yearly basis, to make ends meet? (If you are not living with relatives, what are the minimum income needs, BEFORE TAX, of an individual like you?)

3289 \$.00 Yearly - End questions and start reconciliation

x1 DK

b. If it is easier, give me an estimate for a week, 2 weeks, or a month.

3290 \$.00 Par week
 3291 \$.00 Biweekly
 3292 \$.00 Per month

End questions and start reconciliation

4a. In your opinion, how much would you have to SPEND each year in order to provide the BASIC necessities for your family? By basic necessities I mean barely adequate food, shelter, clothing, and other essential items required for daily living.

3293 \$.00 Yearly - End questions and start reconciliation

x1 DK

b. If it is easier, give me an estimate for a week, 2 weeks, or a month.

3294 \$.00 Par week
 3295 \$.00 Biweekly
 3296 \$.00 Per month

End questions and start reconciliation

Figure 3.
SIPP Reinterview minimum income questions: SIPP Panel 93, Wave 9