

## **Economic Well-Being and the Effects of Transfer Programs Using Linked Expenditure and Administrative Data**

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### **Key Findings and Policy Implications**

This paper seeks to improve income-based measures of wellbeing by integrating survey and administrative records from multiple sources. It then uses these measures to examine the anti-poverty impact of government transfer programs. The study relies on restricted-use data from the Consumer Expenditure Survey, which are then linked to administrative records from the Internal Revenue Service (IRS), Social Security Administration (SSA), Department of Housing and Urban Development (HUD), state-based Supplemental Nutrition Assistance Programs (SNAP), and other government agencies. The paper finds that:

- The blended income measures that combine survey and administrative data compare much more closely than survey-based aggregates to benchmark totals from national accounts and other sources. The distributions of the blended income measures are also closer to those of expenditure measures.
- The blending of survey and administrative sources is especially important for people near the bottom of the income distribution, where prior research has suggested significant under-reporting of income in survey-based data alone. Blended income measures of deep poverty tend to be very close to consumption-based deep poverty measures, closing nearly all the observed gap between income and consumption when using survey data alone.
- Using the blended income measures, the study finds larger poverty reduction effects of nearly all government programs, particularly retirement pensions, including OASI, the Earned Income Tax Credit, SNAP, housing benefits, and SSI.

This study advances a large literature on poverty measurement and the wellbeing of people at the lower end of the income distribution. It is the first to directly compare measures of expenditures and consumption to income that has been corrected for a substantial part of misreporting. It is also the first to examine the anti-poverty impact of transfer programs using accurate measures of government social insurance and welfare payments. The results suggest that many past analyses of government transfer programs may understate their anti-poverty impact.

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