

Expanding Upon Issues in
Measuring What We Spend:
Toward a New Consumer Expenditure Survey

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- The report contains the results of tremendous efforts by the panel to
 - synthesize a wealth of information (prior research, workshops, etc.)
 - identify potential improvements in the collection of expenditure data
 - produce prototype surveys that meet the CE requirements while improving the overall quality of the CE data
 - do so within a relatively short period of time
- While agreeing with the vast majority of the report, three of us felt that there were some important areas that may be overlooked and/or were underdeveloped.
- Our discussion is labelled as a “dissent” in the report, but not really.
- This presentation highlights these issues.

Current Interview and Diary Surveys

- While the goal is to develop a new methodology, there are many lessons to be learned from existing surveys.
 - The report suggests expanding diary-style data collection
 - Also states that existing interview and diary survey data are not comparable
- Recent bias and precision estimates compare these two methods (Bee et al 2012).
 - Most interview survey expenditure categories are closer to national income account totals than are diary survey categories.
 - Nearly all diary survey categories have much higher dispersion than the corresponding interview categories.
- Recent evidence from Canadian survey redesign
 - Switch from interview to diary led to 9-14 percent more under-reporting on average (Debreuil et al. 2011).
- Diary survey which includes use of incentives and multiple respondents with tablet technology are primary features of report

Potential Limitations in Redesigns

- While we are very positive about the redesigns, there are elements which would be helpful to address
- Panel data is needed for microdata research that investigates changes in consumption
 - Short waves (e.g., two weeks) provide incomplete picture of spending
 - Small number of waves reduces effective sample size for any given change
 - Inability to examine changes at lower frequencies throughout the designs except Design B intensive subsample
- Modeling of expenditures reduces respondent burden
 - Complexity of decision requires including individual specific prices in model
 - Thwarts use of data to uncover these behavioral relationships
 - Potentially problematic for distributional analysis
 - Modeling based on current income problematic for numerous economic uses
 - Collection of spending over differing time periods in same survey raise a different set of modeling issues.

Quite Helpful But Nearly Invisible Recommendations

- We felt the next set of issues deserved greater attention than given, i.e., recommendations
- Immediately changing language of intro letter to allow for linkages as in
 - American Community Survey (ACS)
 - Survey of Program Participation (SIPP)
 - Current Population Survey (CPS)
- Development of a gold standard research panel
 - Advocated in design B: the development of an intensive gold standard survey that could be linked to a subset of the sample
- Having ability to balance budget during sample period
 - Requires spending and income collected over same interval
 - Provides additional check (“balance edit”) to improve data quality

Improving the Accuracy of the CPI

- Using information on underreporting to improve survey design
 - Emphasis on gathering detail could be linked to item-specific underreporting
- Addressing underreporting by high income households
 - Recent study documents lower participation of high income households in CE (Sabelhaus et al. 2011).
 - Underreporting of certain items (e.g., jewelry) is linked to higher income households
- Role of complementary data sources
 - Much as the PCE combines expenditures from various sources
 - Helpful to define where might the CPI benefit from such data
 - E.g., Alcohol is underreported by 75% in CE
 - Ability to match such data (pulled from a variety of sources) to households may be challenge that is as yet unexplored