

Modernizing the Current Population Survey

Discussion

FESAC MEETING
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This discussion benefitted greatly from comments and suggestions from Katherine Abraham (University of Maryland), Steven Davis (Stanford University), and Giuseppe Moscarini (Yale University).

Overview

- Large declines in CPS response rates, large increases in survey costs
 - Issue clearly needs addressing
 - Issue spilling over to reliability of subsidiary CPS statistical products (e.g., LAUS)
- Census-BLS Plan: Five-year modernization plan
 - Move survey to web-based design; focus direct interviews on traditionally hard-to-reach respondents
 - Minor survey redesign to accommodate web-based collection
 - Extensive testing on collection, questionnaire, usability, and production of statistics
 - Testing on effects on ASEC, other CPS supplements
- Open questions on process moving forward
 - Thoughts on move to web collection?
 - Potential for use of administrative records?
 - Other concerns on response rate declines?

Immediate Responses

- Overall, approach for moving to web-based survey, improvement in response rates seems sound, with some small(ish) questions
 - How will web-based design relate emails to **physical addresses**? (i.e., dealing with geographic moves out of CPS scope, capturing new residents at existing address)
 - Scope for improving **item nonresponse** with web-based design? (e.g., through enforcement of skip logic in web survey)
 - Any foreseeable issues with **time consistency of estimates** post-redesign?
- Using administrative data and other outside data
 - Seems more relevant for LAUS than CPS survey itself or supplements
 - **Main issue:** CPS is not revised (but LAUS is) – implies greater scope for using outside data (e.g., QCEW, UI records) to improve estimates
 - Using multiple months for more reliable measure, more frequent revisions less of a concern (policymakers are used to this in other major indicators)
 - Bigger concern is maintaining reliability at finer **geographic detail** (important for wide range of data users)

Broader Response

- **Why are we only focusing on the response rate issue?**
 - Last major CPS redesign was 1994 (30 years ago)
 - Nature of the U.S. labor market has changed considerably since then, some CPS questions struggle to capture these changes (will focus on these for remainder)
 - Proposed plan spans five years and foresees edits to survey questionnaire, extensive testing of survey instruments

- **I would suggest a much broader and extensive CPS redesign**
 - The changes in the nature of work in the U.S. since the 1990s suggest a redesign will be needed eventually to maintain **relevance** (independent of response rate issues)
 - Given the time frame for the current modernization proposal, any future redesign would likely not be implemented before the **mid-2030s**.
 - There are significant **cost savings** and **time savings** from addressing the response rate issue and the broader demands of survey redesign together

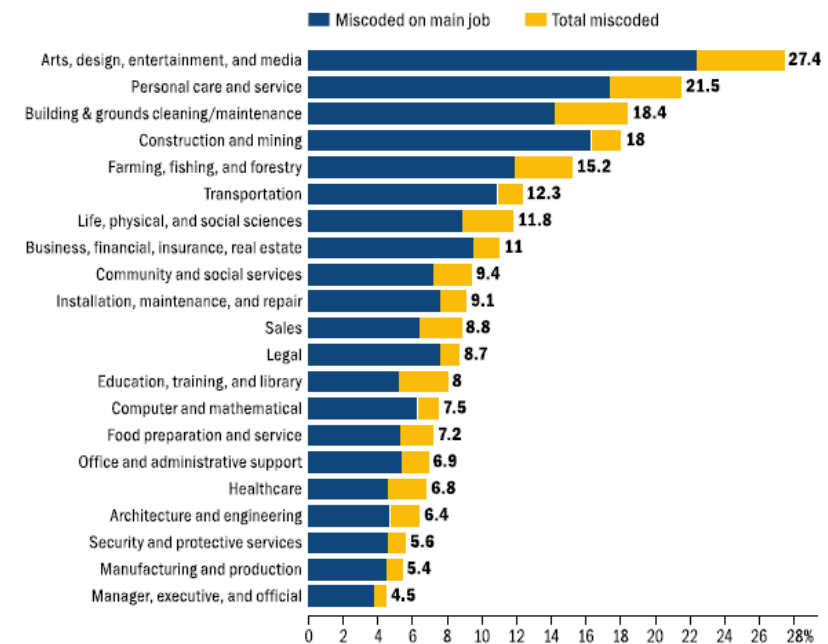
Issues for a Broader Redesign to Address

- The rise of the “**gig**” **economy** and measurement of type of worker
 - Survey seems increasingly challenged in measuring self-employment, independent contractors, other contingent workers
- **Respondent Identification Policy (RIP)** affecting measures of transitions, potentially other estimates that use dependent interviewing
 - Documented large effect on employer-to-employer transition estimates
- Potential increasing role of **remote work** going forward
 - Should ensure that respondents understand survey instruments eliciting “work from home,” “telework,” etc.
- Interaction between **Outgoing Rotation Group (ORG)** questions and declining response rates
 - Attrition has amplified response for earnings data in particular
- Check that **terminology** for various labor concepts still germane
 - E.g., why were many workers on temp layoff misclassified during the pandemic?

Addressing the “Gig” Economy

- CPS facing increasing difficulty identifying self-employed, particularly **independent contractors**
 - See Abraham et al. (2023)
- Issue spans respondent identification on main job & missing secondary jobs
- Recent research on contingent work, 2017 CPS Contingent Worker Supplement can help guide addressing issues
 - Distinguishing independent contractor vs. other self-employed in monthly survey would help
 - Could also bring questions from CWS to basic monthly CPS
 - More recommendations in *National Academy of Sciences* report (2020)

Figure 1: Among Those “Employed by an Employer,” Share Who Indicate They Are an Independent Contractor, by Occupation



Source: Abraham, Hershbein, Houseman, and Truesdale (2023)

Respondent Identification Policy (RIP) Issues

- RIP issue upending estimates based on dependent interviewing
 - Dependent interviewing key innovation of 1994 CPS redesign
 - Issue has had major impact on estimates of **job switching** (Fujita et al., forthcoming)
 - Potentially affects other measures that use dependent interviewing (increases **item nonresponse**)
- Some suggestions to address issue:
 - Evaluate alternative ways to implement RIP to reduce item nonresponse
 - Add forward looking “opt-in” question for initial respondents, asking if it is okay for future HH respondents to answer dependent-interview questions

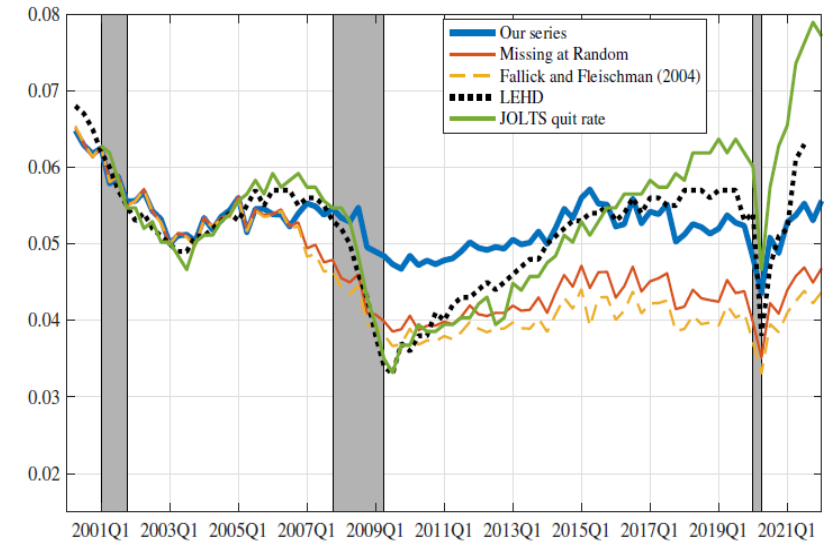
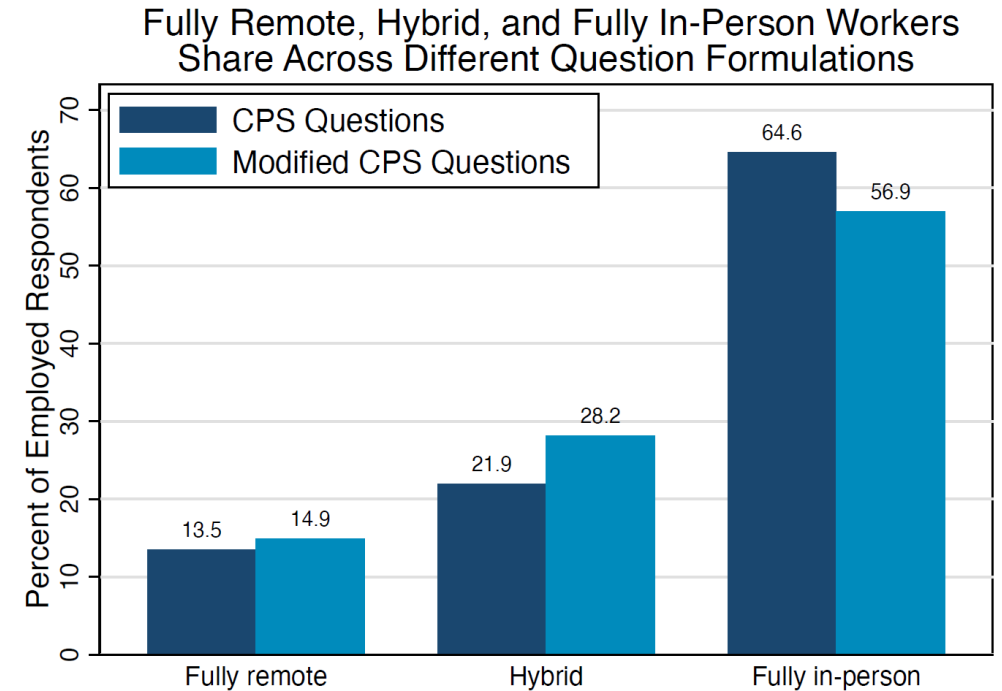


Figure 17. : Quarterly EE probability: CPS, LEHD and JOLTS

Source: Fujita, Moscarini, and Postel-Vinay (forthcoming)

The Rise of Remote Work

- Strong arguments for incorporating special, pandemic-related questions on remote work into CPS (monthly, ORG, or supplements)
 - Evidence thus far shows only small reductions in WFH post-pandemic (Barrero et al., 2021)
- Incorporation likely needs revision of survey instrument to broaden scope beyond pandemic-specific reasons for WFH
 - See WFH Research Report (Nov. 2023)
- Internal research also needed on respondents' understanding of terminology (i.e., "WFH," "remote work," "telework")



Source: WFH Research Report, November 2023

Other Issues for a Redesign

- **Outgoing Rotation Group (ORG)** questions and declining response rates
 - Earnings questions asked only in 4th, 8th months in CPS sample; attrition rates already high by that point
 - Alternative is to add earnings questions to 1st (and maybe 5th) months in CPS sample
 - Earlier timing of questions also lends itself to dependent interviewing approach, minimizing respondent burden
- Not clear **terminology** for various labor concepts are still germane
 - Large misclassification of temporary layoffs as “employed on leave” during pandemic lockdowns: issue with terminology (“layoffs” vs. “furloughs”), skip logic, or something else?
 - To some extent, self-employment/independent contractor issue is one of respondents potentially misunderstanding survey terminology
 - Testing of current, updated terminology on test/focus groups would help ensure that terms used in CPS are still relevant, recognizable by today’s workforce

Conclusions

- Current plan for CPS modernization addresses key issue of declining response rates, but should be much bolder and broader in its redesign
 - Response rates a key, but not only issue facing CPS
 - Last redesign was 30 years ago
 - Response rate issue and broader issues to address in a redesign would have significant cost savings and time savings if addressed simultaneously
- Recent research identifies several key issues for a CPS redesign to address
 - Issues span addressing changes in the nature of work in U.S. labor market and measurement challenges that have arisen because of them
 - Growing body of research with excellent suggestions on how to deal with challenges
 - Existing survey instruments in CPS special surveys, supplements, etc., likely also a good resource for survey redesign

References

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