

August 29, 2016

Nora Kincaid
BLS Clearance Officer, Division of Management Systems
Bureau of Labor Statistics, Room 4080
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Washington, DC 20212
Fax: 202-691-5111

Dear Ms. Kincaid:

This letter is in response to the Bureau of Labor Statistics (BLS) FR notice #81 FR 42731 requesting input to changes in the Consumer Expenditure (CE) Survey (OMB Number: 1220-0050). We (the undersigned) want to commend BLS on their responsiveness to data users and their willingness to dedicate staff and resources to improving the CE Survey. The Gemini Project, along with the CNSTAT report, "Measuring what we spend: Towards a new Consumer Expenditure Survey," have provided useful and important roadmaps for the future of the CE Survey.

As stated in the FR notice, the CE survey serves three main purposes: "(1) for CPI revisions, (2) to provide a continuous flow of data on income and expenditure patterns for use in economic analysis and policy formulation, and (3) to provide a flexible consumer survey vehicle that is available for use by other Federal Government agencies."

For the last two purposes, we believe that researchers have demonstrated the importance of the CE survey in measuring consumption poverty and inequality, the effectiveness of tax rebates, and the response to a variety of government programs. In order to continue this important policy research, we believe that the BLS must continue to enable the CE survey to provide a measure of total expenditures over an annual period that matches the collection of annual household income, and to continue to work to provide researchers and policy makers the ability to measure changes in consumer spending between periods (a panel of consumer spending) in order to evaluate the impacts of government transfer programs on the changes in consumption. In light of these two purposes, we strongly encourage BLS to re-evaluate the plans in the Gemini project to change the survey frequency and recall period that would not enable the construction of annual expenditures.

In addressing the specific changes in the Diary survey (CED), we support modernizing the diary survey form and the change in the placement of the surveys. However, we encourage BLS to address the recommendations of the CNSTAT panel by considering alternative methods of data collection, specifically, online data collection and the ability of respondents to scan their receipts. In addition, we support the plans in the Gemini project to merge the Diary and Interview collections and encourage BLS to focus the survey improvements in the Interview survey (CEQ).

Regarding the removal of the tax questions in the CED (and previously in the CEQ) survey, we agree that an improved method of obtaining taxes from households is to use a tax calculator (similar to the NBER TAXSIM); however, we encourage BLS to evaluate whether the survey should include additional questions about the tax unit structure to assist in computing taxes. This could include questions on the members of the tax unit, the filing status, and whether the tax unit itemizes deductions.

Regarding the changes in the CEQ survey, we commend the BLS on improving questions for use in the CPI, e.g., solar panels, internet, streaming videos, alternative fuels, apps and others. In changing the health insurance questions, we encourage the BLS to conduct a complete examination of the impact of these changes. In previous years BLS modified the income questions, which caused the changes in income between the adjacent years to be different from the annual income changes obtained in other surveys such as the Current Population Survey (that is, the CE showed a fall in income between 2012 and 2013, while the CPS showed an increase). For this reason, we strongly encourage BLS to thoroughly examine any question changes in order to maintain consistency over time.

Regarding the collection of outlet information in the CEQ, we agree that BLS should continue this plan to include outlet info in the CEQ. The response rate in the TPOPS has suffered in recent years. The inclusion of outlet purchases on the CEQ would not only improve the data collection, but will also allow researchers to improve their construction of household level price indexes (as suggested in the CNSTAT report, “At What Price?”).

Regarding question (1) in the FR notice on whether the “...proposed collection of information is necessary for the proper performance of the functions of the agency...”, we encourage BLS to follow the recommendations in the CNSTAT report and examine the number of questions and detail needed for the CPI weights, with the goal of streamlining the survey and reducing respondent burden. We believe that BLS needs a research program to evaluate the best method to determine the optimal number of spending questions, whether it is 300 categories or 90 categories.

Regarding the specific questions ((3) and (4)) on reducing respondent burden and enhancing “...the quality, utility, and clarity of the information to be collected,” we strongly encourage BLS to conduct validation studies of the CE survey. This would include comparing household’s answers to spending questions to other sources of data, such as credit card data. In addition, BLS should consider allowing the CE survey to be linked to commercial and administrative data to evaluate both income and spending questions. This would include working with the Census Bureau to construct Protected Identification Keys (PIK) that would allow the linkage of the CE Survey with other data sources available at Census. Not only would these linkages and validation studies improve the quality of the CE survey, in the future it could enable the substitution of survey questions with other data that would also reduce respondent burden. We also encourage BLS to continue their plans in the Gemini project to develop on-line surveys and allow respondents a variety of electronic mechanisms to submit their expenditures.

Finally, to further improve the quality and usefulness of the CE Survey data, we encourage BLS to include additional questions on life events of households (e.g., marriage, divorce, etc.), to encourage respondents to use records in answering income and spending questions, to further improving the income measure of households, to continue to improve the CE survey, in conjunction with Census, for use in the construction of the Supplemental Poverty Measure , to provide users with the blue book value of vehicles, and to work to allow researchers to access the internal CE Survey in the Federal Research Data Centers.

We appreciate the ability to provide these comments and thank the BLS for their continued work on improving the CE survey. If you have questions, please contact David Johnson at johnsods@umich.edu or 734-647-4076.

Sincerely,



David S. Johnson, PSID Deputy Director

On behalf of himself and the following:

Jonathan Fisher (Stanford University)
Irv Garfinkel (Columbia University)
Dirk Krueger (University of Pennsylvania)
Neeraj Kaushal (Columbia University)
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Robert Moffitt (Johns Hopkins University)
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