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
Measuring What We Spend

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- 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.
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- Also states that existing interview and diary survey data are not comparable
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- 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.
Current Interview and Diary Surveys

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- 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).
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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 an incomplete picture of spending.
- A small number of waves reduces effective sample size for any given change.
- Inability to examine changes at lower frequencies throughout the designs except for Design B's intensive subsample.
- Modeling of expenditures reduces respondent burden.
- Complexity of decisions requires including individual specific prices in the model.
- The 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 the same survey raises a different set of modeling issues.
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We felt the next set of issues deserved greater attention than given, i.e., recommendations

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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

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, it is helpful to define where the CPI might benefit from such data.

E.g., Alcohol is underreported by 75% in CE. The ability to match such data (pulled from a variety of sources) to households may be a challenge that is as yet unexplored.
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