



September 18, 2023

Ms. Sheleen Dumas
Department PRA Clearance Officer
Office of the Under Secretary for Economic Affairs
US Department of Commerce
1401 Constitution Ave., NW
Washington, DC 20230
Submitted via <http://www.regulations.gov>

Re: US Census Bureau Request for OMB Clearance for the Collection of Data Concerning the Survey of Income and Program Participation (SIPP) (FR Doc. 2023-15422, OMB Control No. 0607-1000)

Dear Ms. Dumas,

Thank you for the opportunity to comment on the importance of the Survey of Income and Program Participation (SIPP) and the potential impacts of reducing the sample size from 53,000 housing units to 35,000 housing units. The views in this letter are those of the authors, and should not be attributed to the Urban Institute, its trustees, or its funders. We believe reducing the sample size would decrease the reliability and usefulness of SIPP data, with a potentially substantial impact on the survey's ability to produce meaningful comparisons and to distinguish among demographic subgroups, such as Hispanic and Asian households, and complex households—those that contain more than one family, unmarried couples, and multigenerational families—all of whom are of considerable importance as the federal government develops policies to best meet the needs of all families and children. **We urge the Census Bureau to reconsider its recommendation to reduce the SIPP sample size and to instead identify adequate fiscal resources to preserve the future of this vital measure of household economic health and stability.**

In addition to being “the best source for the information needed to determine eligibility for and receipt of transfers,”¹ SIPP is the leading—and often the only—federal source of survey data on such key topics as changing family structures and changing incomes. Having reliable information is critical to answering policy questions that are coming to light now about how to best deliver tax benefits.

Urban Institute researchers have used the SIPP to understand how families and incomes have changed over time—and, in particular, how families change from the start of the year to the end of the year. In early analysis, we documented changes from 1996 to 2008 using two waves of SIPP data, and then used data from the 2008 panel to show the likelihood that a child's family structure changes over the year. This information is crucial because family changes can alter who is able to claim a tax benefit for the child. Together, the earned income tax credit and child tax credit can make up almost one-quarter of annual income for a family with income below the poverty level.² To get a large-enough sample size to detect meaningful differences across family types, we compiled data from each year of the SIPP, allowing us to analyze relatively rare family structures, including cohabiting couples and children in relative of foster care. We were also able to analyze multigenerational households. This information is critical to improving our understanding of

¹ Bruce D. Meyer, Wallace K. C. Mok, and James X. Sullivan. 2015. “Household Surveys in Crisis.” *Journal of Economic Perspectives* 29 (4): 199–226.

² Elaine Maag, H. Elizabeth Peters, Nikhita Airi, and Karen E. Smith. 2022. [How Well Can Limited Data Predict Annual Tax Credits: The Importance of the Earned Income Tax Credit, Child Tax Credit, and an Option for Advancing Credits](#). Washington, DC: Urban Institute.

whether the federal and state governments could reasonably deliver tax credits based on information received at the start of the year.

In a similar analysis, Urban Institute researchers looked at income volatility—another issue that helps determine the usefulness of regular payments of tax credits rather than annual payments. Because of the SIPP’s size, we were able to detect differences in how Black and Hispanic families experience income volatility relative to other families.³

Urban Institute researchers have also used the SIPP to analyze the simultaneous effect of participation in three programs, TANF, SNAP, and Medicaid/SCHIP, on a set of measures of material hardship⁴. In this research, they were able to detect changing state policies on relatively rare outcomes – information critical to designing programs that meet the program’s goals.

The availability of retrospective information of a quarterly nature in the SIPP is also important. Using SIPP data, we have demonstrated the likelihood that the IRS could use data from the first quarter of the year to predict tax credits.⁵ The quarterly data allow analysts to implement a simple algorithm (which could be replicated by an agency or a family) to determine how much child tax credit or earned income tax credit they are likely to be eligible for at the end of the year—and whether advancing the credit(s) would put the family at risk of repayment. During the 2021 COVID-19 pandemic, when the child tax credit was advanced as monthly payments, families were less food-insecure and more able to meet their basic needs.⁶ As a result, policymakers seek ways to safely advance the child tax credit in the future to best meet the needs of families with very low incomes.

In an environment where policymakers aim to implement policies that can support all families, it is essential that researchers are able to discern even subtle differences impacting families. Reducing the SIPP sample size would likely increase standard errors by an estimated 20 to 25 percent, making it more difficult to detect differences among small groups of people.

We understand that it is more expensive than in the past to obtain the same sample size due to increased non-response. We believe that it is important to maintain the sample size, even at increased cost.

Thank you for your consideration of these concerns and views.

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³ Elaine Maag, H. Elizabeth Peters, Anthony Hannagan, Cary Lou, and Julie Siwicki. 2017. [Income Volatility: New Research Results with Implications for Income Tax Filing and Liabilities](#). Washington, DC: Urban Institute.

⁴ Signe-Mary McKernan, Caroline Ratcliffe, and Breno Braga. 2021. [The Effect of the US Safety Net on Material Hardship over Two Decades](#). Journal of Public Economics, Vol. 197.

⁵ Elaine Maag, H. Elizabeth Peters, Nikhita Airi, and Karen Smith. 2022. [How Well Can Limited Data Predict Annual Tax Credits: The Importance of the Earned Income Tax Credit, Child Tax Credit, and An Option for Advancing Credits](#). Washington, DC: Urban Institute.

⁶ Michael Karpman, Elaine Maag, Stephen Zuckerman, and Doug Wissoker. 2022. [Child Tax Credit Recipients Experienced a Larger Decline in Food Insecurity and a Similar Change in Employment as Nonrecipients between 2020 and 2021](#). Washington, DC: Urban Institute.