

SIPP User Notes

To: SIPP Users

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RE: Set F: Income and Poverty

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Set F includes income from all sources. Appendix 1 shows a list of the variables included in Set F.

Table 1 compares the median household income from the 1996 and 2001 SIPP panels to that from the March Current Population Survey. Using the SIPP data we calculate the monthly median income in two ways. First we calculate SIPP-M, which is the monthly average total income over all the months the individual is in the sample for a given calendar year. We also calculate SIPP-Y, which is the monthly average for only those individuals who were in the sample for all 12 months of the year.

Table 1: Median Household Income

Panel	Year	SIPP-M	SIPP-Y	Census	SIPP-M	SIPP-Y	Census
		<i>All</i>			<i>White</i>		
1996	1996	\$3,190	\$3,236	\$2,958	\$3,546	\$3,582	\$3,097
	1997	3,343	3,375	3,084	3,700	3,729	3,248
	1998	3,548	3,583	3,240	3,888	3,907	3,409
	1999	3,751	3,776	3,401	4,075	4,113	3,697
2001	2001	3,858	3,899	3,519	4,256	4,291	3,859
	2002	3,821		3,534	4,249		3,908
		<i>African American</i>			<i>Hispanic</i>		
1996	1996	\$2,144	\$2,167	\$1,957	\$2,291	\$2,407	\$2,076
	1997	2,294	2,308	2,088	2,478	2,480	2,219
	1998	2,431	2,468	2,113	2,619	2,619	2,361
	1999	2,604	2,549	2,326	2,808	2,797	2,561
2001	2001	2,651	2,644	2,456	3,067	3,077	2,797
	2002	2,609		2,419	2,959		2,759

Notes: SIPP-M is the monthly average over all the months the individual is in the sample for a given calendar year.

Top-coding

To protect against the possibility that a user might recognize the identity of a SIPP respondent with very high income, income from every source is “topcoded” so that no individual income amounts above \$150,000 are revealed. While the data dictionary indicates a topcode of \$50,000 for monthly income, this topcode will rarely be used. In most cases the monthly income is shown as an individual dollar amount of \$12,500, with \$12,500 actually representing “\$12,500 or more.” (The \$150,000 annual income topcode is \$12,500 multiplied by 12 months). Individual monthly amounts above \$12,500 may occasionally be shown if the respondent's income varied considerably from month to month, as long as the average does not exceed \$12,500. For example, if a respondents' income from a single job were concentrated in only one of the four reference months, a figure as high as \$50,000 could be shown. (Income from either interest or property have lower topcodes.) Table 2 shows the topcodes for variables included in Set F.

While the income amounts from most sources are recorded monthly for the 4-month reference period, property income amounts, interest, dividends, rental income, etc., were recorded as totals for the 4-month period. These totals were distributed equally between months of the reference period for purposes of calculating monthly averages.

Summary income figures on the person, family, and household records are simple sums of the components shown on the file after topcoding, and are not independently topcoded. Thus, a person with high income from several sources (jobs, businesses, property) could have aggregate monthly income well over the topcode for each source. Families and households with a number of high income members could theoretically have aggregate income shown well over \$150,000, though well below the \$1.5 million shown as the highest allowable value in the data dictionary.

The U.S. Census Bureau cautions the user against trying to make much use of the occasional monthly figures above \$12,500, except in calculating aggregates or observing patterns across the 4-month period for a single individual, family, or household. Those units with higher monthly amounts shown are a biased sample of high-income units, more likely to include units with income from multiple sources than other units with equally high aggregate income, which comes from a single source. (See *SIPP User's Guide*, Ch. 10 and Appendix for information on topcoding.)

Topcoding has implications for analysis of income in a number of ways. First, truncating the income distribution at the topcode value will lower the mean and variance of the series relative to its true value. Further, the topcode values do not often change and thus will truncate increasing proportions of the distribution over time. This is likely to be especially the case with data from the late 1990s when incomes were rising relatively rapidly.

The next update to Set F will include topcode adjustments.

Table 2. Income Topcodes

Income Variables	Name of raw SIPP variable							
	2001 panel		1996 panel		1993 panel		1992 panel	
	Variable name	Topcode	Variable name	Topcode	Variable name	Topcode	Variable name	Topcode
Household poverty threshold	rh pov	\$5,000	th pov	\$40,000	hpov	\$30,000	hpov	\$30,000
Family poverty threshold	rfpov	5,000	tfpov	40,000	ff_pov	35,000	ff_pov	35,000
Sub-family poverty threshold	rsfpov	5,000	tsfpov	40,000	spov	30,000	spov	30,000
Total household earned income	thearn	150,000	thearn	150,000	hh_ear	100,000	hh_ear	100,000
Total household property income	thrpinc	150,000	thrpinc	150,000	hh_pro	100,000	hh_pro	100,000
Total household mean-tested cash transfers	thtrninc	150,000	thtrninc	150,000	hh_tra	100,000	hh_tra	100,000
Total household 'other' income	thothinc	150,000	thothinc	150,000	hh_oth	100,000	hh_oth	100,000
Total household income	thtotinc	150,000	thtotinc	150,000	hh_inc	100,000	hh_inc	100,000
Total family earned income for this month	tfearn	150,000	tfearn	150,000	ff_ear	100,000	ff_ear	100,000
Total family property income for this month	tfprpinc	150,000	tfprpinc	150,000	ff_pro	100,000	ff_pro	100,000
Total family means-test cash transfer for this month	tftrninc	150,000	tftrninc	150,000	ff_tra	100,000	ff_tra	100,000
Total 'other' family income for this month	tfothinc	150,000	tfothinc	150,000	ff_oth	100,000	ff_oth	100,000
Total family income for this month	tftotinc	150,000	tftotinc	150,000	ff_inc	100,000	ff_inc	100,000
Total related subfamily earned income this month	tsfearn	150,000	tsfearn	150,000	searn	100,000	searn	100,000
Total related subfamily property income for this month	tsprpinc	150,000	tsprpinc	150,000	sprop	100,000	sprop	100,000
Total related subfamily means-tested cash transfers	tstrninc	150,000	tstrninc	150,000	strans	100,000	strans	100,000
Total 'other' related subfamily income for this month	tsothinc	150,000	tsothinc	150,000	sother	100,000	sother	100,000
Total related subfamily income for this month	tstotinc	150,000	tstotinc	150,000	stotinc	100,000	stotinc	100,000
Total person's earned income for the reference month	tpearn	150,000	tpearn	150,000	pp_ear	100,000	pp_ear	100,000
Total property (asset) income for the month	tpprpinc	150,000	tpprpinc	150,000	prop	100,000	prop	100,000
Total means-tested cash transfer for the reference month	tptrninc	150,000	tptrninc	150,000	trans	100,000	trans	100,000
Total person's other income for the reference month	tpothinc	150,000	tpothinc	150,000	other	100,000	other	100,000
Total person's income for the reference month	tptotinc	150,000	tptotinc	150,000	pp_inc	100,000	pp_inc	100,000

Appendix: Variable List**Merging Variables (appear on every Set)**

id	Unique ID
srefmon	Reference month
wave	Wave of data collection
age	Age in this month

Variables in this set only

tfafdc	Total family public assistance payments
tfearn	Total family earned income for this month
tffdstp	Total family food stamps received recode
tfothinc	Total 'other' family income for this month
tfpov	Family poverty threshold
tfprpinc	Total family property income for this month
tfsocsec	Total family social security income recode
tfssi	Total family supplemental security income recode
tfotinc	Total family income for this month
tftrninc	Total family means-test cash transfer for this month
tfunemp	Total family unemployment income recode
tfvets	Total family veterans payments recode
thafdc	Total household earned income for this month
thearn	Total household earned income
thfdstp	Total household food stamps received recode
thnoncsh	Total household noncash income
thothinc	Total household 'other' income
thpov	Household poverty threshold
thprpinc	Total household property income
thsocsec	Total household social security income recode
thssi	Total household supplemental security income recode
thtotinc	Total household total income
thtrninc	Total household mean-tested cash transfers
thunemp	Total household unemployment income recode
thvets	Total household veterans payments recode
tpearn	Total person's earned income for the reference month
tpothinc	Total person's other income for the reference month
tpprpinc	Total property (asset) income for the month
tpotinc	Total person's income for the reference month
tptrninc	Total persons means-tested cash transfer for the reference month
tsafdc	Total subfamily public assistance payments
tsfdstp	Total subfamily food stamps received recode
tsfearn	Total related subfamily earned income this month
tsfpov	Sub-family poverty threshold
tsothinc	Total 'other' related subfamily income for this month
tsprpinc	Total related subfamily property income for this month
tsocsec	Total subfamily social security income recode
tsssi	Total subfamily supplemental security income recode
stotinc	Total related subfamily income for this month
sttrninc	Total related subfamily means-tested cash transfers
tsunemp	Total subfamily unemployment income recode
tsvets	Total subfamily veterans payments recode

Notes: variables are available in all panels except where noted