

# Income Distributions: An Update

*Dennis Fixler*

*Marina Gindelsky*



- Distribution of Personal Income for 2007-2018 released in December 2020
  - Initial release (March 2020): 2007-2016
    - 3 Tables and 3 Charts
    - Levels of personal income, real growth, and distributional statistics for households
  - Subsequent release (December 2020): 2007-2018
    - 3 Tables and 6 Charts
    - Updated methodology and documentation based on feedback received from experts and data users, including at a CNSTAT expert panel (December 2020) which reviewed the methodology
    - All items from previous release and disposable personal income

# Planned Improvements for Next Release

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- Estimates for 2019
- Efforts to extend the series backwards (i.e., pre-2007)
- Implementing improvements; captures suggestions from CNSTAT Expert Group Meeting (Dec. 2020)
  - Additional inequality statistics for the bottom of the distribution
  - Methodological
    - More nuanced distribution of Medicare by state, age group, and disability status
    - More nuanced distribution of owner-occupied housing using the ACS, consistent with new BEA methodology
- New collaboration with BLS!

- BLS & BEA have begun a new initiative to create a distribution of consumption expenditures
  - Combine expertise and internal microdata from the BLS Consumer Expenditure Survey (CE) and macro totals from the BEA Personal Consumption Expenditure (PCE) series
- Resulting estimates will represent a large and significant effort by BLS economists to reconcile micro and macro definitions and utilize the CE survey in a novel way
  - Many nuanced measurement challenges, including reconciling the income distributions of the CPS & CE
  - Timeline depends on clearing hurdle of CE-PCE correspondence

- Benefits for BEA
  - Complement the distribution of personal income
  - Create novel inequality series, highlighting link between macroeconomic growth and consumption expenditures
- Benefits for BLS
  - Increase understanding of the economic well-being of individuals in the U.S. by joining CE & PCE
  - While the CE is a household survey designed to collect expenditures and related information, the PCE is designed to reflect spending by consumers and on their behalf
- Benefits for data users
  - Gain new, multifaceted perspective into national inequality
  - Haig-Simons:  $\text{Income} = \text{Consumption} + \Delta \text{Wealth}$
  - A consumption-based resource measure more directly captures available resources (2020 OMB Measures of Poverty Report)

# Thank you!

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- BEA would like to express tremendous gratitude to BLS for undertaking this project
- We welcome your comments!