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**MEASUREMENT ISSUES IN THE REPORTING OF  
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Alison Hale, Household Surveys Division

Chantal Grondin, Social Survey Methods Division

Sylvie Michaud, Social Survey Methods Division

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## **EXECUTIVE SUMMARY**

This paper was presented at the CERF Conference on the "Evaluation of Unemployment Insurance", in Ottawa on October 15, 1994. (The acronym CERF stands for "Canadian Employment Research Forum".)

How good are household surveys at measuring receipt of Unemployment Insurance benefits? The Survey of Labour and Income Dynamics (SLID) is a new longitudinal survey which includes questions on receipt of UI (both when it was received and amounts). This study will look at the receipt of UI reported by survey respondents in a 1993 field test as compared to a benchmark (what was reported on their income tax form).

## **1. INTRODUCTION**

The goal of the Survey of Labour and Income Dynamics (SLID) is to support research on changes through time in the labour market experiences and economic well-being of Canadians. Therefore SLID is a longitudinal survey which covers full households and deals with a range of topics that is broad enough to capture family circumstances and important demographic events. SLID was funded as an on-going survey to meet a gap in the social statistics program. The perception of a gap derives in part from a growing need to understand the determinants of labour market and income changes, and ultimately to use this knowledge in policy development. Once selected for the SLID sample, respondents are followed for six years. In that time thirteen interviews are done: a preliminary interview at the point of sample selection to collect baseline information, plus six labour interviews (every January or February) and six income interviews (every May). The labour and income interviews both refer to the previous calendar year.

Prior to the first labour and income interviews in 1994, a field test was conducted in 1993 to simulate the collection process. A sample of about 1500 households was selected in Newfoundland and southern Ontario. This sample was then linked to the tax data file in order to allow for data quality studies on the income data received in the test, the assumption being that the amounts reported on the tax file are the "true" values for UI. By doing micro-level comparisons, we can determine how close the data from the test are to reality.

## **2. COMPARISON OF TAX AND SURVEY DATA**

Historically, receipt of UI has been underreported in household surveys. For example, the Survey of Consumer Finances (Statistics Canada's annual income survey) captures approximately 80% of UI benefits, compared with 94% in the tax system.

In the 1993 test, SLID introduced data collection procedures to try to improve reporting of UI receipts. As mentioned earlier, SLID consists of two interviews per year, one early in the calendar year to collect detailed labour information and another in May to collect income information. (The collection of income in May is to take advantage of the fact that respondents have just filed their income tax forms and have information on income sources close by.) Within the context of the labour interview of the 1993 test, respondents were asked if they had received UI during any absences from work or during jobless spells. If respondents reported receipt of UI in the labour interview, this information was used at the time of the collection of income by alerting the interviewer if amounts for UI were not reported when receipt of UI was reported in the labour interview. This was made possible by the fact that SLID data are collected using computer assisted interviewing (CAI) where the questionnaire is a computer application. This allows for the feeding back of information from one interview to another.

The information on receipt of UI in the labour interview and the income interview was consistent 91% of the time. Looking at actual receipt of UI, 8% of those who reported receiving UI in 1992 during the labour interview did not report any income from UI in the income interview (even after being reminded of this fact by the interviewer). Conversely, 9% of the respondents who did report an amount for UI in the income interview had not reported receiving UI at the time of the labour interview. Discrepancies are to be expected given that at the time of the labour interview respondents are expected to recall events which may have occurred up to a year ago and by the time of the income interview, respondents would have received their T4U income tax form reminding them of UI receipts early in the previous year.

However, the question is how complete was coverage of reporting of UI - i.e., are there respondents who received UI but did not report it in either of the SLID

interviews? This is not a trivial issue, it is expected that one of the uses of SLID data will be to examine the relationship between the patterns of UI receipt and behaviour in the labour market. This question of coverage can only be answered if you have a benchmark against which to compare the survey results. Luckily, SLID was able to match the data from the 1993 test (reference year 1992) to the 1992 tax file, considered to be our benchmark.

The sample size of the test (3000 individuals 16+ years of age) does limit the analysis, but by looking at the results of the comparisons of survey and tax data we should be able to determine if, in general, the survey is doing a good job of collecting receipt of UI. Of the respondents to the test, 444 could be matched to the tax file and had reported UI income (either in the income interview of the test or on their tax form). Of these, 18% had an amount for UI on the tax file but none was reported in the survey, while only 1% reported an amount for UI in the survey without an amount on the tax file. The average amount on the tax file for UI for the 18% who did not report it in the survey was \$4,854. While this is significantly less than average UI amount on the tax file in general (\$6,216 for the matched test data) it is still large enough that it cannot all be contributed to respondents having just forgotten about receiving UI. There are any number of reasons why UI might not be reported during the SLID interview, such as proxy reporting ((ie, the reporting of information for an individual by another member of the household) or there may be a stigma attached to the receipt of UI causing a reluctance to report the information to the SLID interviewer. The small number of respondents who reported having received UI in the survey but did not have amounts for UI in their tax data, are probably due to misplacing of the receipt of UI by the respondent (i.e., receipt of UI was actually in 1991 not 1992 as reported in the survey).

As mentioned earlier, one of the methods SLID is using to improve reporting of UI in the income survey is to feed back the reporting of UI receipt from the labour

interview. The data provide evidence of the benefits of this procedure. For those respondents with a matching record on the tax file and who reported receiving UI in the labour interview, 11% did not give an amount for UI in the income interview even though they would have been prompted for one by the interviewer. It should be noted that this includes cases in which the respondent told the interviewer they didn't know the dollar amount or refused to give an amount for UI. Of those respondents who did not report receipt of UI in either the labour or income interview, 30% had amounts for UI on the tax file (as shown in Table 1).

**TABLE 1**

<b>Comparisons between reporting of UI - Survey VS. Tax Data (non-zero amount in either survey or tax data)</b>			
	Overall	UI reported in Labour	UI not reported in Labour
Amount in tax & survey	80%	88%	67%
Amount in tax, not survey	18%	11%	30%
Amount in survey, not tax	1%	<1%	3%

But what about the amounts of UI reported by survey respondents? While it is important to know who received UI, it is equally important to have good reporting of how much income is received from UI. The impact of the receipt of UI on labour market behaviour and family income is, of course, related to the actual amount received. Again looking at the data from the SLID income interview and comparing it with the amounts on the tax file - for respondents who had an amount on both files, we find that 65% of the time the difference between the tax and survey data was within 10% and in only 11% of the cases was the difference more than 50%. The correspondence was slightly better for those who reported UI in the labour interview (see Table 2 for the details).

**TABLE 2**

<b>Comparisons of Amounts received for UI - Survey VS. Tax (amount reported on both tax and survey file)</b>			
	Overall	UI reported in Labour	UI not reported in Labour
Difference within 10%	65%	67%	59%
Difference > 30%	21%	18%	28%
Difference > 50%	12%	11%	14%

At the aggregate level, the survey appears to be doing a good job of collecting amounts for UI. For the matched records in the test, the difference between the average amount on the tax form and average reported in the survey was only 2%.

### **3. PLANS FOR THE FUTURE AND CONCLUSION**

It appears that SLID does a fairly good job of capturing receipt and amounts of UI when compared to the benchmark of the data on the income tax file, but there is still work to be done to increase the coverage. After the 1993 test, minor changes were made to how receipt of UI was collected in the labour interview. Rather than connecting receipt of UI with a jobless spell or absence from work, a general question is asked of all SLID respondents to determine if they received UI at any time in the previous year. This allows SLID to capture the receipt of UI while persons are working which would have been missed in the 1993 test. This change was implemented in time for the first production labour interview in January 1994.

SLID will be informing respondents of the uses of the data from the survey which may encourage persons who were reticent about giving information about UI.

Also, over the six years of the survey reluctant respondents will have a chance to get used to the sort of information being collected and may realize it is not threatening and decide not to hold back information.

We are in the midst of preparing for the next wave of collection in 1995 and procedures will be put into place to further improve SLID's chances of collecting receipt of UI. Respondents will be fed back the fact that they reported receiving UI at the end of the previous reference year, as a way to jog their memory. Another, more fundamental change, is that starting with the 1995 income interview, respondents will be given the option of reporting their income data to a Statistics Canada interviewer or allowing SLID access their income data directly from the tax file. If the respondent chooses the option of going to the tax file, they will no longer be interviewed in May and will only need to be contacted in January for the labour interview. This option is being introduced to reduce respondent burden and to improve data quality.

The first wave of labour and income interviews for the first panel of 31,000 persons aged 16 and over was just completed earlier this year (1994) and work is already underway to link to the tax data for these individuals. The resulting comparison of survey and tax data for the full SLID production file should be completed sometime in 1995. By linking the data collected in 1994 (for reference year of 1993) to tax data, we will be able to simulate the merging of income data from the survey and with that from the tax file. This is necessary to prepare for 1995 when some respondents will be giving us permission to get their income data directly from the tax file. One study which would be of interest would be to determine each respondent's eligibility for UI (based on the person's employment history and the UI rules that apply to region of residence) and then compare the survey and tax data to try to zero in on problem areas in collection of UI. Of course, if the information on how much UI an individual is theoretically eligible for



is added to the SLID data file this opens up a whole new area of research into the use of UI benefits. For example, for respondents who do not use all of their UI benefits, based on what they reported receiving and what they could have received, what were the circumstances that led to the decision to go off of UI? Obviously, research into reporting of UI in the Survey of Labour and Income Dynamics is just beginning.

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