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MAY 1993 TEST -- INCOME AND WEALTH DATA

§ The previous issue of *Dynamics* described the SLID content. The SLID team's efforts these days are focused on two major field tests, in January/February and May 1993, to test the questions corresponding to this content. These field tests follow the planned annual schedule for SLID data collection: labour market activity in January and income and wealth in May.

(As if this is not enough, in January 1993 the Preliminary Interview was conducted on our first panel of about 20,000 households. This Preliminary Interview collected information on the household composition, demographic characteristics and labour market activity.)

The next issue of *Dynamics* will feature some summary results (such as response rates and interview times) from the January test, and from the Preliminary Interview. In this issue, a description is



Illustration from Notebook

Editor's Note

Spring is in the air, and that means it's income tax time again. As this issue's feature article explains, completed income tax forms are of great interest to SLID. We will be collecting information on income, assets and debts during a field test in May. People will be asked to refer to their income tax forms when responding to SLID. Among other things, we will be testing the ability and willingness of our respondents to do so. The May test will be the third, and last major, data collection in 1993, as we prepare for the first

"regular" collection of data from the first panel of respondents next January and May.

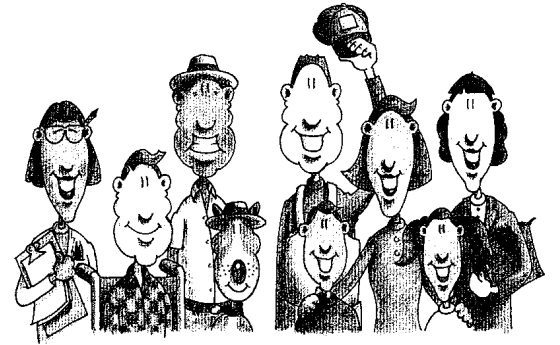
Are you finding *Dynamics* useful and informative? Let me know at 11-D8 Jean Talon Building, Tunney's Pasture, Ottawa, Ontario, K1A 0T6, or by telephone at (613) 951-2891, or fax at (613) 951-3253.

Philip Giles

given of the collection methodology for the income and wealth data (from persons 16 years of age and over) in the May 1993 field test. This is a summary of SLID Research Paper 93-04. Those interested in more details are referred to that Research Paper.

The first major decision was to make, to the extent possible, a direct correspondence between income items collected for SLID and items on the 1992 T1 income tax form. This approach differs from the method of collecting income data used by the Survey of Consumer Finances (SCF) and the Census of Population. SLID Research Paper 93-01, described later in this issue, discusses the advantages and disadvantages of the two approaches. The primary determining factor for going a new route was that it has been considered in the past by other surveys but never tested. The test results using the traditional approach can be reasonably-well predicted. By testing a new approach, the choice between the two approaches is left open for implementation in May 1994.

A second major decision, copied from SCF and others, was to send the list of questions to respondents a few weeks before the interviewer calls. (For SLID, most data will be collected by telephone.) It is

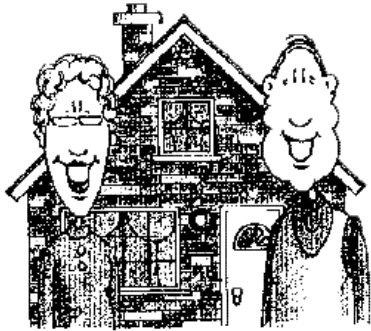


believed that income data collected directly, without referring to financial documents, are of inferior quality. Therefore, it is desirable that respondents prepare the answers ahead of time, and then simply read the numbers to the interviewer.

A package will be sent to every family (not household) in the sample, containing a "SLID Notebook" for every person 16 years of age and older. Names will be preprinted on the Notebooks.

Apart from the obvious reason of listing the questions, the form mailed to respondents (the SLID Notebook) had to be designed to motivate respondents to actually complete it. Since it was to contain 61 questions related to a respondent's income, assets and debts, the Notebook was developed to attempt to "lighten" the subject matter and the length. Eight pages in length, illustrations of smiling people are interspersed among the questions. As you will have already noticed, some of these "people" are also interspersed throughout this issue.

Two major problems arose during the development of the content of the Notebook: dealing with joint assets and debts, and inconsistencies among the four 1992 T1 Income Tax forms.



Since income tax returns are filed individually, it seems that income sources are best collected at the individual level. There are certain sources, such as interest from joint bank accounts, which do not strictly relate to an individual. However, this is handled when completing the income tax form, so is not really an issue for SLID. For joint assets and debts, the choice is not as clear. Respondents could be asked to report on an individual basis, reporting the value of his or her share. However, it may not be obvious to some respondents that this can be done or how to do it. For example, a couple may view their house as belonging to the two of them, but may be confused when asked to report their individual shares. There may be several ways of determining shares: Who makes the decisions relating to the asset? Who is registered as the legal owner? Who are the "de facto" owners according to family law?

In terms of collection, it seems logical to allow respondents to report joint assets and debts in the most convenient fashion. (Possibilities are: every person in the family reports individually; totals reported for all persons in the family; totals reported for two persons and individually for all other members; family totals for some items and individual reporting for other items; various other

combinations of these.) However, the team was unable to design a Notebook, accounting for all possible scenarios as well as explaining, in simple terms, how to complete the form. Therefore, the decision was made to have one Notebook per person, with the respondent instructed to report only his or her share of any joint item. No instructions on determining shares are provided.

The second major problem was handling multiple tax forms, with inconsistent line numbers among them. That is, identical items on different forms have different line numbers. The two most frequently-used, T1 General and T1 Special, do have consistent line numbers. The other two forms (T1 Short and T1 65Plus) have consecutive line numbers starting at one. As well, they are no-calculation forms, so the tax filer does not calculate income tax payable (which, unfortunately, is a SLID data item). It was decided to put the line numbers corresponding to the T1 General on the Notebook. Respondents who had completed the T1 Special can also use the line numbers. However, those with the other forms will be unable to do so.

Obviously, the design of the Notebook had major implications on the method developed for the interviewer to collect the data. The use of computer-assisted interviewing (CAI) greatly assisted this development. A respondent will follow one of three "streams" of data collection:

- those with a completed Notebook;
- those without a completed Notebook, but willing to consult their T1 tax form during the interview;
- those with neither a completed Notebook nor a completed T1 tax form.





Respondents with a completed Notebook will be instructed by the interviewer to simply read the amounts recorded for each completed question in the Notebook. This will save time in two ways: the question need not be asked and the respondent can skip questions without entries (i.e., where the amount is zero). Based on SCF data, it is estimated that, on average, a respondent will have only three or four income sources (from a total list of 35 in the Notebook).

Those respondents without a completed SLID Notebook will follow a different collection "path". Ideally, we would like to ask all 61 questions. However, that this approach would lead to long interview times and likely, higher non-response rates. Therefore, the complete set of questions was split into 28 "blocks" of logically-connected questions. One overall question is asked for each block. If the respondent replies "No", then he/she is asked the question for the next block. "Yes" responses lead to the detailed questions which are identical to those in the Notebook. Therefore, the data collected in this approach are identical to those in the other approach. Respondents using a tax return during the interview will be asked to read off the amounts -- the appropriate tax line numbers will appear on the screen to speed up the process.

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SYMPOSIUM 92: DESIGN AND ANALYSIS OF LONGITUDINAL SURVEYS

§ On November 2, 3 and 4 1992, Statistics Canada held its ninth annual methodology symposium in the Simon Goldberg Centre. The subject of this year's symposium was the design and analysis of longitudinal surveys. Over 400 registrants, representing 9 different countries, attended.

Thirty-one papers were presented over the three-day event. The keynote address was given by Graham Kalton, currently vice-president of Westat Inc, who has worked on a number of panel surveys and is one of the editors of a compendium of papers called "Panel Surveys". He spoke about the issues associated with conducting a longitudinal survey in a talk entitled "Panel Surveys: Adding the Fourth Dimension".

This paper set the stage for sessions on data collection, sample selection and rotation, weighting and estimation, non-response

and non-sampling errors in longitudinal surveys. The program also included sessions on the analysis of data from longitudinal surveys and longitudinal studies in health research. Other presentations provided descriptions of important methodological aspects of some on-going longitudinal surveys, including speakers from the U.S. Bureau of the Census, from INSEE (Institut National de la Statistique et des Études Économiques) in France, the Universities of Essex and Southampton and the Office of Population Censuses and Surveys in Britain, Eurostat and the CEPS/INSTEAD in Luxembourg and the Bergische Universität and IFO-Institut für Wirtschaftsforschung in Germany.

Proceedings will be published this summer by Statistics Canada and can be ordered by contacting John Armstrong at (613) 951-4768, or at 11-N R.H. Coats Building, Ottawa, K1A 0T6.

Following the symposium, Statistics Canada invited several conference participants to attend two days of meetings on specific issues related to SLID. Team members feel that the advice and direction given during these meetings were invaluable to the survey development.

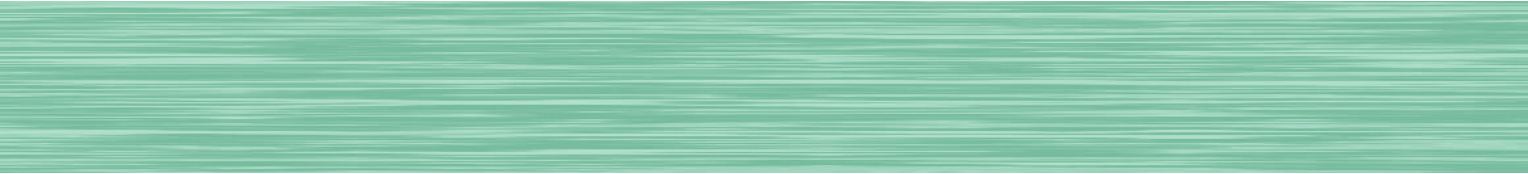
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RESEARCH PAPER SERIES

§ Each issue of *Dynamics* contains a short description of new Research Papers. You may request individual documents or you may be placed on the mailing list to receive all, as they become available. For more information contact Anne Palmer at (613) 951-2903, or by fax or by mail at our office location given in the *Editor's Note* on the first page.

- **93-01 The Use of Income Tax Data for SLID**
Susan Poulin, Garnett Picot

Current household surveys experience data quality problems when collecting individual and family incomes. Many respondents consider "income" to be a sensitive topic and, therefore, non-response is higher than for many other subjects. For those who do respond, under-reporting is problematic for many income components. Also, it is believed that data of much higher quality



are obtained if respondents refer to financial documents for the requested amounts. For these reasons, in May 1993, SLID is testing an approach to collect income data whereby respondents will be encouraged, as much as possible, to refer to their T1 income tax forms.

While this may seem like an obvious solution to the traditional problems of income household surveys, it is not without problems of its own. This paper discusses the advantages and disadvantages of this approach.

- **93-02 SLID Labour Interview "Questionnaire" - January 1993**

Mary Allen, François Simard

In January 1993, the Survey of Labour and Income Dynamics (SLID) tested the labour portion of the survey content using a computer-assisted interviewing (CAI) approach. Because of the nature of computer-assisted interviewing, there is no paper version. This document is therefore intended as a written approximation of the computer-assisted interview -- the "questionnaire." The paper provides question wording, lays out the possible responses, and maps out the flow of the questions.

- **93-03 SLID Microdata Files - Content Proposal**

Jamie Brunet, Philip Giles

This document is not yet available. However, as it is expected that there will be great interest in it, advance notice of its release is being given. With an anticipated availability by the end of June, the document will be the first step in a consultation phase on SLID output.

The document will describe a proposed approach for microdata files. It is hoped that potential SLID data users will provide comments, with the objective to developing microdata files which will satisfy the variety of demands from the user community. More details will be provided in the next issue of *Dynamics*.

- **93-04 SLID Income Interview - May 1993**
Questionnaire and Data Collection Procedures
Philip Giles

In May 1993, the Survey of Labour and Income Dynamics (SLID) will test the income and wealth portion of the survey content. Since computer-assisted interviewing -- the standard SLID data collection method -- will be used, there is no questionnaire in the traditional sense. Most of the questions are listed in a form sent ahead of time, encouraging respondents to consult records for the actual answers. The interviewer asks the remaining questions when collecting the data.

The purpose of this document is to provide a description of the data collection procedures and the question wordings, as well as some rationale for the chosen direction. Although there are differences, this is essentially the equivalent of 93-02, but for the May 1993 test.

Analysis of January Field Test

The results of the field test in January are currently being analyzed for input to the development of the Labour Interview in January 1994. The intention is to document these analytical studies in the Research Paper Series.

