



Studying Economic Opportunity and Inclusive Growth using the Survey of Consumer Finances

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This presentation was prepared for the FRB Minneapolis Opportunity and Inclusive Growth Institute Conference, May 22-23, 2017. The FRB staff currently working on the 2016 SCF includes Neil Bhutta, Jesse Bricker, Lisa Dettling, Peter Hansen, Alice Henriques, Joanne Hsu, Lindsay Jacobs, Elizabeth Llanes, Kevin Moore, Sarah Pack, Jeffrey Thompson, and Richard Windle.

Presentation Outline

- I. What is the SCF (and how is the survey changing for 2016 and beyond)?
- II. Using the SCF for Studying Opportunity and Inclusive Growth
- III. Open Questions to Study Using the SCF
- IV. Enhancing the SCF for Studying Inequality, Opportunity, and Inclusion
- V. Access to Non-Public SCF and Linkages to Administrative Data

What is the SCF?

- Comprehensive balance sheet, incomes, demographics, work histories, attitudes
- Cross-section, triennial, 1989-2013
- Oversamples high-wealth families using administrative data derived from tax returns
- Trades off sample size for data quality: extensive case review and data reconciliation based on interviewer notes, sampling data, and internal consistency within the case

Focus on Data Quality

- Samples fairly small ($\approx 6,000$) so it is possible to thoroughly review every case
- Case review for wealthy business owner might focus on how reported wealth lines up with reported income, and whether reported income consistent with sampling data
- Case review for low-income household might focus on how reported incomes (including transfers) line up with reported spending

Is SCF Just about the Rich?

- Top 1% is represented by about 10% of cases
- Several questions/modules focused mostly on finances of low/moderate income families
 - Financial support from others
 - Loan payment status, bankruptcy history
 - Whether spending exceeded income
 - Use of payday loans
- Increasing focus on financial environment and decisions confronting the non-rich

SCF 2016: What's New?

- Improved credit demand and supply module
- Improved tracking of pre-paid debit cards
- Expanded student loan module
- Prospective response to financial shocks
- Foreclosures initiated/current status
- Financial literacy
- Expanded retirement account tracking
- Parent's educational attainment

SCF Research: Inclusion and Growth

- Lots of attention paid to “top shares” trends, but SCF also being used for studying (e.g.) determinants of wealth by race and ethnicity
- Other research focused on homeownership, debt, spending, retirement preparedness for (especially) the bottom half by income
- SCF design consistent with pseudo-panel analysis: track various economic outcomes by birth cohort/race/education/permanent income groups across survey waves

Open Questions for SCF

- Homeownership: Decrease in demand because of diminished income expectations, or are regulatory credit restrictions limiting access?
- Education: Barriers to access by race, ethnicity, income? What is tradeoff between taking on more debt and increasing income? What changes in policy (i.e., IBR) are called for?
- Business formation: Is lack of home equity or restricted access to credit limiting new business formation?

Open Questions for SCF (Cont.)

- Distributional National Accounts (DINAs): SCF is micro-level nexus between income, wealth, and spending; how is distribution of *production* actually changing over time?
- Broader wealth concepts, value of social insurance: We are paying a lot more today for public health and retirement programs, and subtracting those costs, but are we really measuring the benefits?

Enhancing the SCF

- More sample size (perhaps oversample of disadvantaged groups) seems potentially useful, though expensive to collect and process
- Adding a panel dimension has been considered and tried, distinctive nature of the SCF has led us to focus on improving the cross-sections
- Very likely to adopt on-line survey component in future waves: other FRS projects (SCE, SHED, SCPC) have shown high data quality at lower cost (may make first two ideas feasible!)

SCF Data Access and Linkage

- SCF is a pioneer in linking surveys and administrative data, because admin data used to select (and validate) high wealth sample
- MOU with IRS prohibits any further linking of SCF, and any release of or access to data that could lead to disclosure of respondent identity
- Might a future SCF sample be completely drawn from comprehensive administrative data, with both tax and transfer program information, giving better data on income for everyone?

SCF Data Access and Linkage

- Although no direct data linkage currently possible, two ways of supplementing data
- First, past projects have linked (by local area geography) to summary variables like house prices, unemployment, typical incomes
- Second, working on statistically matching individual SCF records to multiple Equifax/CCP records to get a statistical representation of SCF family credit histories

Questions?

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Survey of Consumer Finances