

# Expanding Upon Issues in Measuring What We Spend: Toward a New Consumer Expenditure Survey

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- The report contains the results of tremendous efforts by the panel to
  - synthesize a wealth of information (prior research, workshops, etc.)
  - identify potential improvements in the collection of expenditure data
  - produce prototype surveys that meet the CE requirements while improving the overall quality of the CE data
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  - do so within a relatively short period of time
- While agreeing with the vast majority of the report, three of us felt that there were some important areas that may be overlooked and/or were underdeveloped.
- Our discussion is labelled as a “dissent” in the report, but not really.
- This presentation highlights these issues.

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  - Switch from interview to diary led to 9-14 percent more under-reporting on average (Debreuil et al. 2011).
- Diary survey which includes use of incentives and multiple respondents with tablet technology are primary features of report

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- Panel data is needed for microdata research that investigates changes in consumption
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- Modeling of expenditures reduces respondent burden
  - Complexity of decision requires including individual specific prices in model
  - Thwarts use of data to uncover these behavioral relationships
  - Potentially problematic for distributional analysis
  - Modeling based on current income problematic for numerous economic uses
  - Collection of spending over differing time periods in same survey raise a different set of modeling issues.

## Quite Helpful But Nearly Invisible Recommendations

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- Having ability to balance budget during sample period
  - Requires spending and income collected over same interval
  - Provides additional check (“balance edit”) to improve data quality

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  - Underreporting of certain items (e.g., jewelry) is linked to higher income households
- Role of complementary data sources
  - Much as the PCE combines expenditures from various sources
  - Helpful to define where might the CPI benefit from such data
  - E.g., Alcohol is underreported by 75% in CE
  - Ability to match such data (pulled from a variety of sources) to households may be challenge that is as yet unexplored