MetaSILC 1: An assessment of the content and cross-country comparability of the EU-SILC benefit variables

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Introduction

• EU-SILC is now the standard reference source for statistics on income and living conditions in Europe

• Essential information source for analysing the distributive effects of the welfare state

• Growing interest in the distributive effects of particular benefits
  - Social Investment Package
  - Country-specific recommendations
  - Children / Adequacy & sustainability of pension systems

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Introduction

- Knowledge of content (aggregation) and comparability of income variables is key

- Description of target variables in Doc065 & Quality reports not sufficiently detailed for:
  - Identifying exact classification of all income components in all countries
  - Evaluating level of cross-country comparability ('correct' classification) depends also on question)
What is MetaSILC 1?

- Documentation (report) and database (excel)
- Contents of income variables – currently 13 variables, over 1000 income components
MetaSILC 1 - Database

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>HY010</td>
<td>TOTAL HOUSEHOLD GROSS INCOME</td>
</tr>
<tr>
<td>HY020</td>
<td>TOTAL DISPOSABLE HOUSEHOLD INCOME</td>
</tr>
<tr>
<td>HY022</td>
<td>BEFORE SOCIAL TRANSFERS OTHER THAN OLD-AGE AND SURVIVOR’S BENEFITS</td>
</tr>
<tr>
<td>HY023</td>
<td>TOTAL DISPOSABLE HOUSEHOLD INCOME BEFORE SOCIAL TRANSFERS INCLUDING OLD-AGE AND SURVIVOR’S BENEFITS</td>
</tr>
<tr>
<td>HY050</td>
<td>FAMILY/CHILDREN RELATED ALLOWANCES</td>
</tr>
<tr>
<td>HY060</td>
<td>SOCIAL EXCLUSION NOT ELSEWHERE CLASSIFIED</td>
</tr>
<tr>
<td>HY070</td>
<td>HOUSING ALLOWANCES</td>
</tr>
<tr>
<td>PY090</td>
<td>UNEMPLOYMENT BENEFITS</td>
</tr>
<tr>
<td>PY100</td>
<td>OLD-AGE BENEFITS</td>
</tr>
<tr>
<td>PY110</td>
<td>SURVIVOR’S BENEFITS</td>
</tr>
<tr>
<td>PY120</td>
<td>SICKNESS BENEFITS</td>
</tr>
<tr>
<td>PY130</td>
<td>DISABILITY BENEFITS</td>
</tr>
<tr>
<td>PY140</td>
<td>EDUCATION-RELATED ALLOWANCES</td>
</tr>
</tbody>
</table>
What is MetaSILC 1?

• Documentation (report) and database (excel)

• Contents of income variables – currently 13 variables, over 1000 income components

• On the basis of survey among national statistical institutes

• Currently 20 countries (15 only benefits, 5 all income variables)
What is MetaSILC 1?
What is MetaSILC 1?

- Documentation (report) and database (excel)
- Contents of income variables – currently 13 variables, over 1000 income components
- On the basis of survey among national statistical institutes
- Currently 20 countries (15 only benefits, 5 all income variables)
- Focus on EU-SILC 2010
- Herman Deleeck Centre for Social Policy (10 researchers), no external funder

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MetaSILC 1 - Database

- For every income component
  - Official name (national language) & code
  - Name in English
  - Target variable code and name
  - Source (register / questionnaire / imputation)
  - Level of aggregation during collection (separate question / part of broader question)
  - Changes 2005-2013
  - Remarks
## MetaSILC 1 - Database

<table>
<thead>
<tr>
<th>Country</th>
<th>Component</th>
<th>Official name</th>
<th>Original variable name</th>
<th>Target variable code</th>
<th>Target variable name</th>
</tr>
</thead>
<tbody>
<tr>
<td>AT</td>
<td>Family allowance</td>
<td>Familienbeihilfe</td>
<td>fambh</td>
<td>HY050</td>
<td>Family/Children related allowances</td>
</tr>
<tr>
<td>AT</td>
<td>Confinement</td>
<td>Wochengeld</td>
<td>wog</td>
<td>HY050</td>
<td>Family/Children related allowances</td>
</tr>
<tr>
<td>AT</td>
<td>Parental leave benefit</td>
<td>Karenz-/Kinderbetreuungsgeld</td>
<td>karennz</td>
<td>HY050</td>
<td>Family/Children related allowances</td>
</tr>
<tr>
<td>AT</td>
<td>Advance payments of allimones</td>
<td>Staatliche Unterhaltsvorschüsse</td>
<td>untvor</td>
<td>HY050</td>
<td>Family/Children related allowances</td>
</tr>
<tr>
<td>AT</td>
<td>Other family related benefits of Länder or municipalities</td>
<td>Sonstige Familienleistungen von Ländern und Gemeinden</td>
<td>fam</td>
<td>HY050</td>
<td>Family/Children related allowances</td>
</tr>
<tr>
<td>AT</td>
<td>TV: HY050</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
MetaSILC 1 - Report

- Room for improvement:
  - Definition of target variables
  - Classification of benefits
  - Difference in information between Quality Reports and Survey results on comparability
MetaSILC 1 - Report

- **Definition of target variables**
  - Before transfers variables HY022 & HY023
    - Total gross income, minus transfers, minus taxes & social contributions
  - In quite a few countries some benefits are taxed
  - In these cases taxes are deducted twice
  - A few countries correct for this, but not all
  - Reduces value of variable as indicator of ‘pre-transfer counterfactual’
Number of households with a negative income (non-weighted), EU-SILC 2010 UDB ver2
MetaSILC 1 - Report

- Definition of target variables

  - Split HY050?
    - Compensation for cost of children (child benefits, birth grants, tax credits,...)
    - Compensation for loss of income - Work-life balance (maternity leave, parental leave, social leave, ...)
    - Public & private alimony together; rest of HY050 in separate variable
• Classification of benefits
  - Relatively many borderline cases, often not consistent
    • some housing cost related benefits (HY060 – HY070);
    • vocational training (PY090 - PY140);
    • maternity benefits (HY050 – PY120)

  - Exceptionally incorrect classification

  - Some income components not registered?
    • Tax credits (some countries yes, others no)
    • Education-related allowances for children under the age of 16? (some countries HY060, others not registered?)
    • Carers allowance if not paid to disabled person
MetaSILC 1 - Report

- Difference in information between Quality Reports and Survey results on comparability
  - We found more deviations from definition in Doc065
  - Not always documented in quality reports
Recommendation

- More disaggregated information in UDB (proposal EUROMOD team), consider revising some variables (e.g. in consultation with DG EMPL)

- A database with the classification of all income components, for every year and all countries + changes documented in quality reports

- International panel with social policy experts can help decide on borderline cases (cf. Canberra Group)
Next steps

- Validation by national statistical institutes
- Final Report in June
- Expansion to other countries and income variables (if resources available)