THE OUT-OF-WORK BENEFITS DATASET (OUTWB)

Documentation

Version October 2020

SPIN Social Policy Indicators

Swedish Institute for Social Research, Stockholm University, www.sofi.su.se/spin

Stockholm University

DISCLAIMER

The Out-of-Work Benefits Dataset (OUTWB) is free to use, but each user needs to register at the Social Policy Indicators (SPIN) homepage to access and analyze data. Each user is also obliged to report any publication resulting from the use of OUTWB data. This report is to be submitted online (www.sofi.su.se/spin).

Although variables in OUTWB have been carefully extracted, processed and analyzed, no warranty is given that the information supplied is free from error. Researchers involved in the establishment of SPIN and OUTWB shall not be liable for any loss suffered through the use of any of this information.

References to data should acknowledge the SPIN research infrastructure (see reference below) and the specific data module.

> *Our empirical analyses are based on data from the Out-of-Work Benefits Dataset (OUTWB), provided as part of the Social Policy Indicator (SPIN) database (Nelson et al. 2020).*

Nelson, K., Fredriksson, D., Korpi, T., Korpi, W., Palme, J. and O. Sjöberg. 2020. The Social Policy Indicators (SPIN) database. *International Journal of Social Welfare, 29*(3), 285-289. https://doi.org/10.1111/ijsw.12418.

THE SOCIAL POLICY INDICATOR DATABASE

The OUTWB data is collected within the framework of the Social Policy Indicator Database (SPIN), which is major investment in Swedish basic research and an ongoing research infrastructure project at the Swedish Institute for Social Research (SOFI), Stockholm University.

SPIN provides the foundations for new comparative and longitudinal research on causes and consequences of welfare states. SPIN data is oriented towards analyses of institutions as manifested in social policy legislation. Data are carefully collected in a coherent and consistent methodological manner to facilitate quantitative research of social policy across time and space.

The need to move from descriptive to causal analyses of social change has long been recognized in the social sciences. Due to the difficulties of conducting experimental studies, social scientists use comparisons between countries and over time as fruitful strategies to analyze central processes in modern societies.

Lack of relevant and reliable data has hitherto constrained comparative research, particularly in the field of social policy where expenditure data often is used. Comparative research requires more precise indicators on the institutional design of social policies in areas that are crucial for living conditions and capabilities of citizens. This type of institutional information cannot easily be extracted from extant data sources. Instead, a considerable amount of basic research is required concerning both conceptualization and measurement of institutional structures embedded within the welfare state.

The long tradition of comparative social policy infrastructure projects at SOFI provides considerable momentum towards better understanding of the ways in which countries have organized their welfare states. SPIN is a development of the advancements made possible by these investments in basic research.

SPIN is organized in data modules covering different policy areas or geographical regions. OUTWB constitutes one data module specifically designed to facilitate comparative and longitudinal analyses of income replacement in out-of-work benefits. More information about SPIN is found on the homepage (www.sofi.su.se/spin).

CONTENTS

THE OUT-OF-WORK BENEFITS DATASET (OUTWB)

The Out-of-Work Benefits Dataset (OUTWB) is an ongoing research project at the Swedish Institute for Social Research (Stockholm University). The dataset grew out of the recognition that analyses on the income position of vulnerable families as well as causal analyses on institutional change in single benefit programs require social policy data that distinguishes between overall income replacement rates in out-of-work benefits and the distribution of income replacement across earnings categories. The current version of the OUTWB dataset includes detailed information about the level and distribution of income replacement in out-of-work benefits in 39 countries year-by-year for the period 2001-2011.

ACKNOWLEDGEMENTS

Institutional information in the Out-of-Work Benefits Dataset is based on data from the Benefits and Wages project at the Organization for Economic Co-operation and Development (OECD), available online at http://www.oecd.org/social/benefits-and-wages.htm. The establishment of the OUTWB dataset has benefited extensively from excellent research assistance from a number of persons, including Laure Doctrinal and Sebastian Sirén at SOFI. Gratitude also goes to Herwig Immervoll at the OECD for providing access to their raw data.

CODING COMMENTS

OUTWB data is based on a common methodological approach of using model family techniques to measure income replacement in major cash benefit programs (Bradshaw et al., 1993). Based on social policy legislation, entitlements are calculated for model family types that are considered representative for the rights and duties of social citizenship and for the distribution of social risks in society. Three model families are included in the OUTWB dataset: a single person, a lone parent with two dependent children, and a two-parent family with two dependent children. The breadwinner is assumed to be involuntary unemployed for the whole year. The out-of-work benefit packages includes social assistance and associated minimum income benefits, housing allowances, child or family benefits, unemployment benefits, and tax expenditures of various kinds. Income taxation and social security contributions are also included in the benefit packages.

For each model family we use OECD calculations of income replacement based on benefit packages that include [a)] only unemployment benefits, [b)] unemployment benefits and social assistance, and [c)] unemployment benefits, social assistance and housing allowances. Child benefits are included in all analyses where they are applicable (i.e. for model families with children). A few notes on housing allowances are worth mentioning. Housing allowances often differ from other items in the benefit package since entitlements are set in relation to rent expenses of the household. The OECD uses a very simple and straightforward assumption where the rent level is 20 percent of the gross average wage, irrespective of earnings-level and type of model family. In future updates of the OUTWB dataset we hope to modify the OECD assumptions used to collect information on housing allowances, for example, by calculating benefits at different rent costs of model families. For further information concerning the

assumptions used to calculate replacement rates at different levels of earnings we kindly refer to documentation at the OECD.

To allow for even greater flexibility in policy analysis, income replacement in out-of-work benefits are calculated at different earnings intervals of model families, including earnings ranging from 33-200, 50-200 and 67-200 percent of an average wage, with earnings intervals of 1 percent. Thus, for each country and year the OECD Benefit and Wages data matrix includes 603 different replacement rates (3 model families and 201 earnings levels). At lower earnings levels, the benefit packages usually include any means- or income-tested benefits to which the model families are entitled, such as social assistance and housing allowances. As the earnings levels of the model families' increase, low-income targeted benefits are gradually phased out.

The overall level of income replacement in out-of-work benefits is simply defined as the average income replacement of model families at different earnings-levels. The progressiveness of income replacement in out-of-work benefits is the concentration coefficient of replacement rates when model families are ranked according to their earnings level (net of taxes). For ease of presentation, we have multiplied the concentration coefficient of income replacement by a factor of -1.0. The progressiveness of income replacement in out-of-work benefits ranges between values of -1 and +1. Positive values indicate that income replacement is higher among model families with lower earnings, and that progressiveness is strong. Negative values indicate that income replacement is higher among model families with higher earnings, and consequently regressive. Values close to zero suggest that the rate of income replacement is evenly distributed across earnings levels. For both the overall rate and the progressiveness of income replacement in out-of-work benefits, all benefits and earnings are measured after tax and social security contributions. More information about the data and illustration of its use are provided by Doctrinal et al. (2015).

COUNTRY DETAILS

Countries included are Australia (AUS), Austria (AUT), Belgium (BEL), Bulgaria (BGR), Canada (CAN), Chile (CHI), Cyprus (CYP), Czech Republic (CZE), Denmark (DNK), Estonia (EST), Finland (FIN), France (FRA), Germany (DEU), Great Britain (GBR), Greece (GRC), Hungary (HUN), Iceland (ISL), Ireland (IRL), Israel (ISR), Italy (ITA), Japan (JPN), South Korea (KOR), Latvia (LVA), Lithuania (LTU), Luxembourg (LUX), Malta (MLT), Netherlands (NLD), Norway (NOR), New Zealand (NZL), Poland (POL), Portugal (PRT), Romania (ROU), Slovakia (SVK), Slovenia (SVN), Spain (ESP), Sweden (SWE), Switzerland (CHE), Turkey (TUR), United States (USA).

VARIABLES

In total, the OUTWB dataset includes 92 different variables on income replacement in out-of-work benefits. *Table 1* shows the variable list of the Out-of-work Benefits Dataset, and abbreviations are shown in *Table 2*.

Table 1. Variable list of the Out-of-work Benefits (OUTWB) Dataset.

Year	Country (ISO-3166)	pg_ush_33_si	pg_us_33_si
pg_u_33_si	pg_ushc_33_lp	pg_usc_33_lp	pg_uc_33_lp
pg_u_33_lp	pg_ushc_33_fa	pg_usc_33_fa	pg_uc_33_fa
pg_u_33_fa	pg_ush_67_si	pg_us_67_si	pg_u_67_si
pg_ushc_67_lp	pg_usc_67_lp	pg_uc_67_lp	pg_u_67_lp
pg_ushc_67_fa	pg_usc_67_fa	pg_uc_67_fa	pg_u_67_fa
pg_ush_50_si	pg_us_50_si	pg_u_50_si	pg_ushc_50_lp
pg_usc_50_lp	pg_uc_50_lp	pg_u_50_lp	pg_ushc_50_fa
pg_usc_50_fa	pg_uc_50_fa	pg_u_50_fa	rr_u_33_si
rr_us_33_si	rr_ush_33_si	rr_u_33_lp	rr_uc_33_lp
rr_usc_33_lp	rr_ushc_33_lp	rr_u_33_fa	rr_uc_33_fa
rr_usc_33_fa	rr_ushc_33_fa	rr_u_50_si	rr_us_50_si
rr_ush_50_si	rr_u_50_lp	rr_uc_50_lp	rr_usc_50_lp
rr_ushc_50_lp	rr_u_50_fa	rr_uc_50_fa	rr_usc_50_fa
rr_ushc_50_fa	rr_u_67_si	rr_us_67_si	rr_ush_67_si
rr_u_67_lp	rr_uc_67_lp	rr_usc_67_lp	rr_ushc_67_lp
rr_u_67_fa	rr_uc_67_fa	rr_usc_67_fa	rr_ushc_67_fa
pg_ushc_33	pg_usc_33	pg_u_33	pg_uc_33
pg_ushc_50	pg_usc_50	pg_u_50	pg_uc_50
pg_ushc_67	pg_usc_67	pg_u_67	pg_uc_67
rr_ushc_33	rr_usc_33	rr_u_33	rr_uc_33
rr_ushc_50	rr_usc_50	rr_u_50	rr_uc_50
rr_ushc_67	rr_usc_67	rr_u_67	rr_uc_67

Table 2. Abbreviations in the Out-of-work Benefits (OUTWB) Dataset.

pg	Progressiveness
rr	Overall net replacement rate
u	Unemployment benefits
s	Social assistance and other minimum income benefits
h	Housing benefits
c	Child and Family benefits
si	single person
lp	lone parent
fa	Two parent family
33	Benefits calculated for model families earning 33, 34, …, 200 percent of an average wage
50	Benefits calculated for model families earning 50, 51, …, 200 percent of an average wage
67	Benefits calculated for model families earning 67, 68, …, 200 percent of an average wage
***	Variable names without abbreviations ‘si’, ‘lp’ or ‘fa’ are averages of the three model family types

REFERENCES

Bradshaw, J., Ditch, J., Holmes, H. and P. Whiteford. (1993). *Support for Children: A Comparison of Arrangements in Fifteen Countries*. London: HMSO.

Doctrinal, L., Nelson, K., and S. Sirén. 2015. *Comprehensive Indicators for the Analysis of Out-of-Work Benefits: Introducing the Out-of-Work Benefits Dataset*. InGRID Deliverable 22.3. Stockholm: Swedish Institute for Social Research.