

THE OUT-OF-WORK BENEFITS DATASET (OUTWB)

Documentation

Version April 2023

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).

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THE OUT-OF-WORK BENEFITS DATASET (OUTWB)

The Out-of-Work Benefits Dataset (OUTWB) is the product of an ongoing research project at the Swedish Institute for Social Research (SOFI) at 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 41 countries year-by-year for the period 2001-2022.

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 by several persons at SOFI, most prominently Laure Doctrinal and Sebastian Sirén. 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 takes into consideration 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 when applicable.

For each country and year, the OECD Benefit and Wages data matrix includes data on the level of income replacement calculated for each percentage point between 0 and 200 percent of an average wage. 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.

For each model family we use calculations of income replacement based on three different benefit packages, including 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 provided by the OECD.

The overall level of income replacement in out-of-work benefits is defined as the average income replacement of model families across a range of previous earnings. In order to allow for flexibility in policy analysis, indicators are calculated for three different intervals of previous earnings of model families, at 33-200, 50-200 and 67-200 percent of an average wage. 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 a high degree of progressiveness, meaning that income replacement is higher among model families with lower earnings when in work. Negative values indicate that income replacement is higher among model families with higher earnings, and consequently that the distribution of benefits is 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 (CHL), Croatia (HRV), 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), Russia (RUS), Slovakia (SVK), Slovenia (SVN), Spain (ESP), Sweden (SWE), Switzerland (CHE), Turkey (TUR), United States (USA).

VARIABLES

In total, the OUTWB dataset includes 72 different variables reflecting the levels and progressiveness of income replacement in out-of-work benefits. *Table 1* shows the variable list of the Out-of-work Benefits Dataset. Variables are named using abbreviations that reflect the

type of indicator, benefit package, household type and income range to which each variable make reference. A key to these abbreviations is provided in *Table 2*.

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

country	rr_u_33_si	rr_u_50_lp	pg_u_33_si	pg_u_50_lp
countrynr	rr_us_33_si	rr_us_50_lp	pg_us_33_si	pg_us_50_lp
year	rr_ush_33_si	rr_ush_50_lp	pg_ush_33_si	pg_ush_50_lp
country_year	rr_u_33_fa	rr_u_50	pg_u_33_fa	pg_u_50
	rr_us_33_fa	rr_us_50	pg_us_33_fa	pg_us_50
	rr_ush_33_fa	rr_ush_50	pg_ush_33_fa	pg_ush_50
	rr_u_33_lp	rr_u_67_si	pg_u_33_lp	pg_u_67_si
	rr_us_33_lp	rr_us_67_si	pg_us_33_lp	pg_us_67_si
	rr_ush_33_lp	rr_ush_67_si	pg_ush_33_lp	pg_ush_67_si
	rr_u_33	rr_u_67_fa	pg_u_33	pg_u_67_fa
	rr_us_33	rr_us_67_fa	pg_us_33	pg_us_67_fa
	rr_ush_33	rr_ush_67_fa	pg_ush_33	pg_ush_67_fa
	rr_u_50_si	rr_u_67_lp	pg_u_50_si	pg_u_67_lp
	rr_us_50_si	rr_us_67_lp	pg_us_50_si	pg_us_67_lp
	rr_ush_50_si	rr_ush_67_lp	pg_ush_50_si	pg_ush_67_lp
	rr_u_50_fa	rr_u_67	pg_u_50_fa	
	rr_us_50_fa	rr_us_67	pg_us_50_fa	
	rr_ush_50_fa	rr_ush_67	pg_ush_50_fa	

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

Indicator	
pg	Progressiveness
rr	Overall net replacement rate
Benefit package	
u	Unemployment benefits
s	Social assistance and other minimum income benefits
h	Housing benefits
Household type	
si	Single person
lp	Lone parent with two children
fa	Two parent family
***	Variables without abbreviations ‘si’, ‘lp’ or ‘fa’ are averages of the three model family types
Earnings interval	
33	Benefits calculated for model families earning from 33 to 200 percent of an average wage
50	Benefits calculated for model families earning from 50 to 200 percent of an average wage
67	Benefits calculated for model families earning from 67 to 200 percent of an average wage

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.

