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An Alternate Approach of Measuring Household Income for Parents Not Living Together

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This paper addresses the issue in income distribution statistics with measuring the economic situation (equivalised disposable income) for families where the parents no longer live together.

Approximately one in four children in Sweden have parents who have separated or have never lived together (Different families live in different ways, Statistics Sweden, 2014). The living conditions for these families are hard to adequately measure in income distribution surveys. At the same time, one-parent families, especially single women, often are of special interest from a policy perspective due to their elevated risk of experiencing economic hardship.

When measuring the economic situation in families where the parents no longer live together, quality problems arise. These problems primarily consists of the fact that the children are included in just one of the households, usually the household participating in the survey or the household where the children are registered, and, consequently, have a direct impact on the economic situation of that household. At the same time, the economic situation of the other parent is unaffected.

Living arrangements in families with parents living apart varies greatly between different families in Sweden, and has changed over time. Parents living apart may have the children living most or all of the time or part of the time or the children may live about equally with both parents, often referred to as shared residence.

According to different surveys, shared residence has become more common in Sweden in recent years. Approximately one third of the children whose parents do not live together live alternately with their mother and their father. This is a sharp increase compared to the 1980s, when only a few percent of the children with parents not living together had this living situation.

Income distribution surveys tend to disregard the existence of shared residence, and that the parents to a certain extent split the cost of the children between them. Furthermore, the total cost of a child tend to rise due to the need for both parents to have larger accommodation as well as double sets of many things, such as clothes. Instead, the entire cost for the children falls on one household, thus resulting in an underestimation of the economic situation of one parent, more commonly the mother, and conversely an overestimation of the economic situation of the other parent, more commonly the father.

The Swedish income distribution survey is a total population survey, entirely based on administrative data, primarily from the Swedish Tax Agency. The household composition is based on a dwelling concept, where a household is comprised of the people registered in the same dwelling. There are no available administrative data on the prevalence of shared residence. In the statistics, children to parents who no longer live together, are included in the household where they are registered according to administrative data.

The aim of this paper is to analyze the economic situation for families where the parents live apart, using the equivalised disposable income of the household as the variable of analysis. In order to be able to identify families and children with shared residence, a logistic regression model is used, partially based on the Swedish EU-SILC. We will also present an alternative equivalence scale, which takes into account the needs of both parents when shared residence exist.