Closing the Gap. How to Estimate Inter-household Data Transfers in Income Statistics

Jon Epland
Statistics Norway
jep@ssb.no

Tor Morten Normann
Statistics Norway

Mads Ivar Kirkeberg
Statistics Norway

As pointed out in the Canberra report (UNECE 2011), inter-household transfers remain as one of the most difficult issues in income measurement. This is particularly true for countries collecting income data from administrative sources.

In the Norwegian case, the statistics on income and wealth for households is based on data from administrative registers, mainly from taxation authorities and the social security administration (NAV). In these data, it is not possible to specify inter-household transfers between split-up parents, typically alimonies paid from a totally private arrangement between the ex-spouses. Until 2003, child alimonies were taxable income, thus available from registers. From then on, new regulations made this income non-taxable while parents who split up where encouraged to reach private agreements for care and alimonies regarding their children. Only those who cannot reach a private agreement are handled by NAV, and thus, only in these cases do we get access to data on alimonies. Moving a large part of this income from the public to the private realm, created a hole in the income data, especially for single parents. As this group is exposed to high risks of low income and falling into the at-risk-of poverty group, collection of this information is very important to properly understand the economic circumstances of these households.

Statistic Norway are currently working along two different tracks to be able to close this apparent gap in our income data. The most imminent and feasible solution includes utilizing population data on parents and their place of residence. By combining data on physical distance between parents with their socio-economic characteristics, we are developing a model for imputation of inter-household transfers, utilizing information from public guidelines for estimating child alimonies. These are the same guidelines used by NAV when deciding alimonies for parents who cannot reach a private agreement. A second solution is related to possible future access to data on private transactions from the banks. Several government agencies are involved in a project aimed at establishing a digital solution for utilizing data on transfers in and out of private bank accounts. Though this project is only in very early stages and its further progress is uncertain, it has the potential to give more precise income estimates for single parent households. Our preliminary thoughts are to identify all parents not living with the other parent (if still alive) from population

registers and identify regular payments between them. The model for data-collection and identification of alimonies in the data must be further developed.

This paper will describe how Statistics Norway are working along these two tracks, mainly focusing on the imputation model, and which challenges that need to be met before we can improve the income statistics.

Keywords: Income, register, Big Data, at-risk-of poverty, inter-household transfers.