

Summary of T-2 Weeks, Hours and Labor Income in the PSID Data

Overview

When the PSID transitioned to biennial interviewing in 1999, Section R was added to capture information on labor, transfer and asset income in the “off” year (the T-2 year, two years before the year of the interview). Beginning in 2003, we also began collecting employment data for the T-2 year for heads and wives/”wives” in the Employment Event History Calendar (EHC).

T-2 variables are spread over the family and individual files. If only Heads and Wives are asked a particular question, then these variables generally are stored on the Family File. However, if OFUMs (other family unit members) are also asked then by necessity these variables must be stored on the Cross Year Individual File. Sometimes we have replicated the same information in both places. For example, if we have an individual earnings question that includes OFUMs then there will be an individual level variable that has data for Heads/Wives and OFUMs; additionally we may repeat Head’s earnings on the family file under Head’s income and then a second family level variable for Wife’s earnings (*see R26/R33 (ER33727B/ ER23702F2/ ER23702L5) in 2003 as an example*).

Section R, which focuses on T-2 income, weeks, and transfers continued to evolve from 1999 forward. In some waves we ask certain questions about all individuals at the same question (Heads/Wives/”Wives” and OFUMs) but once the EHC was added in 2003 then questions pertaining specifically to heads and wives were moved to that section. From 2003 forward, some questions in Section R that had been asked of Head/Wife and OFUMs were now only asked of OFUMs in section R and then Head and Wife in BC/DE (EHC) module. Users must use great caution when using T-2 variables as the number of observations can fluctuate significantly for the same question because of the shifting universe of individuals being asked a specific series.

Due to concerns about the quality of the T-2 data, much of it was not released as part of the regular Family and Individual releases each wave. In March 2014 and in January 2016, PSID Staff have released all the T-2 variables asked in Section R or derived from the EHC module. Users may find a complete list of these variables [listed here](#). We nevertheless still remind the user to exert caution in analyzing T-2 information that may be subject to significantly higher measurement error (e.g. through recall errors) than the corresponding core PSID variables.

EHC Summary

In the Employment EHC, we ask heads and wives/”wives” about employment as of Jan 1st in the T-2 year. We collect the employer name and the start and stop dates for any employment spells in T-2 (see BC/DE4).

We also ask about unemployment (UNEMP) and out of the labor force (OOLF) time for T-2 (see BC/DE7/8). Respondents may answer these questions using start and stop dates as they do with employment spells, but, in addition, they may answer in days, weeks or months (if the R doesn't know when exactly but they know it was sometime in the T-2 year). For editing purposes we combine the times for the spells and periods of 'Don't Know When' in terms of days, weeks, and months unemployed and out of the labor force.

From the start and stop dates for each job record we can calculate the number of weeks employed. Please note that we cannot calculate the number of weeks worked because for T-2 we do not ask about time away from the job such as vacation, sick time and so forth as we do for T-1. We also determine whether the Head/Wife/"Wife" was employed, unemployed, or out of the labor force, by month.

The January 2016 release updates the family files from 2003-2011 to include the full set of T-2 EHC variables for all years that the EHC was used (2003-2013). The full set of the T-2 EHC variables was only previously included in the 2013 data; the 2011 and 2009 data had a portion of the T-2 EHC data, and no T-2 EHC data had previously been released for 2007, 2005 or 2003.

List of Variables Derived from the EHC module

For 2003-2013, we have generated the following list of variables for T-2 work, unemployment and out of labor force time.

- 1) Whether HD was employed in T-2
- 2) Number of jobs employed at in T-2
- 3) Number of weeks HD was employed in T-2 (BC/DE4)
- 4) Average hours a week HD worked (BC/DE14EE)
- 5) Accuracy code for hours a week worked
- 6) Labor income for T-2 amt (R2)
- 7) Labor income per
- 8) Accuracy code for labor income
- 9) WTR HD was employed in Jan T-2
- 10) WTR HD was employed in Feb T-2
- 11) WTR HD was employed in Mar T-2
- 12) WTR HD was employed in Apr T-2
- 13) WTR HD was employed in May T-2
- 14) WTR HD was employed in Jun T-2
- 15) WTR HD was employed in Jul T-2
- 16) WTR HD was employed in Aug T-2
- 17) WTR HD was employed in Sep T-2
- 18) WTR HD was employed in Oct T-2
- 19) WTR HD was employed in Nov T-2
- 20) WTR HD was employed in Dec T-2
- 21) Whether HD was unemployed in T-2
- 22) Number of weeks HD was unemployed (BC/DE7)
- 23) WTR HD was unemp in Jan T-2

- 24) WTR HD was unemp in Feb T-2
- 25) WTR HD was unemp in Mar T-2
- 26) WTR HD was unemp in Apr T-2
- 27) WTR HD was unemp in May T-2
- 28) WTR HD was unemp in Jun T-2
- 29) WTR HD was unemp in July T-2
- 30) WTR HD was unemp in Aug T-2
- 31) WTR HD was unemp in Sep T-2
- 32) WTR HD was unemp in Oct T-2
- 33) WTR HD was unemp in Nov T-2
- 34) WTR HD was unemp in Dec T-2
- 35) Whether HD was out of the labor force in T-2
- 36) Number of weeks HD was out of the labor force in T-2. (BCDE8)
- 37) WTR HD was oolf in Jan T-2
- 38) WTR HD was oolf in Feb T-2
- 39) WTR HD was oolf in Mar T-2
- 40) WTR HD was oolf in Apr T-2
- 41) WTR HD was oolf in May T-2
- 42) WTR HD was oolf in Jun T-2
- 43) WTR HD was oolf in Jul T-2
- 44) WTR HD was oolf in Aug T-2
- 45) WTR HD was oolf in Sep T-2
- 46) WTR HD was oolf in Oct T-2
- 47) WTR HD was oolf in Nov T-2
- 48) WTR HD was oolf in Dec T-2

A parallel list of variables is available for WF/"WF".

Variable Generation and Cleaning

If Head or Wife/"Wife" is marked as having at least one job record in T-2 then "whether employed" is coded as 'yes'. The total number of weeks unemployed and OOLF was constructed by bringing months and days marked to the week level and generating the sum of weeks unemployed and weeks out of the labor force (OOLF), rounded to the nearest whole week.

For T-2 we do not enforce the same types of consistency checks as we do in T-1. Therefore the most efficient way to account for all 52 weeks of the year for those who had at least one job was to subtract the number of weeks unemployed and the number of weeks OOLF from 52.

In Stage 1, we check that for those not reporting any job, they must have all 52 weeks covered by UNEMP or OOLF time. For cases with no job but fewer than 52 weeks reported, we made adjustments based on interviewer notes, the T-1 job and labor force data, and the T-2 data reported. For example, if only part of T-2 was marked unemployed and this person reported no job, then we marked the rest of the year as OOLF. If the person had no job, and had neither UNEMP nor OOLF marked, then we flagged this person as having both UNEMP and OOLF time, but marked the months of each to N/A.

Similarly, if head or wife/"wife" reported 52 weeks of employment but also marked weeks of UNEMP or OOLF time then we corrected the UNEMP /OOLF time so that employed time and UNEMP/OOLF time do not overlap. During Stage 1 cleaning, we also flagged cases where at least one job was mentioned but average hours a week across jobs was zero. If we had enough information from T-1 then we used this to code average hours a week in T-2 with an accuracy code of 1. If we had no information, then we coded average hours a week as N/A.

Stage 2 cleaning involved picking up labor income amounts from Section R. We combined this amount with whether employed and checked that we had a non-zero value for labor income if whether employed was 'yes'. If we had no report for labor income, and we had information for T-1 then we used that information in addition to the weeks employed in T-2 to code labor income with an accuracy code of 1. If we had no information about earnings, then labor income was coded N/A. Conversely, we also checked that we had a zero value for T-2 labor income if the Head or Wife/"Wife" was not employed. During this stage, we also checked and cleaned all cases with labor income amounts coded as \$1.

Limitations

We were not able to generate weeks worked in T-2 due to the lack of information collected about sick time, vacation time and any other time away from work. The weeks reported in the T-2 EHC data are weeks employed, based on the job start and end dates. Without weeks worked, we are not able to generate an hourly rate for HD or WF in T-2. We do not perform extensive checking or cleaning of T-2 labor income.

Weeks employed, weeks OOLF, and weeks unemployed are rounded to the nearest week even though sometimes OOLF and unemployment time are reported in units of days or months. We do not have accuracy codes for weeks employed, weeks unemployed or weeks OOLF. If we were not given an actual report of weeks, we do not make any assignments of weeks. If no weeks were reported then weeks are marked N/A.