

4.8 Income, Program Participation & Assets

The NLSY97 survey collects a large amount of detailed information on the income of youth respondents, which complements the labor market data described in section 4.3, “Employment.” Some youths also answer questions on their assets, debts, and participation in government programs for low-income individuals and families. In addition, information is available for other members of the household, as described in section 4.6.5, “Household Composition,” and section 4.6.7, “Parent Characteristics.”

Table 1 overviews the *NLSY97 User’s Guide* subtopics available in this section and any global universe restrictions affecting those subtopics. Users should note that certain questions or groups of questions within a subtopic may have additional restrictions. Please consult the NLSY97 questionnaire and codebook for more information on particular questions.

**4.8 Table 1. Income, Program Participation & Assets
Subtopics and Universe Restrictions**

| <i>NLSY97 User’s Guide</i> Subtopics | Rounds 1-3 Universe (Age as of 12/31/96) | Rounds 4 Universe (Age as of 12/31/96) |
|-----------------------------------------|---------------------------------------------|------------------------------------------------------------------|
| 4.8.1 Assets & Debts | all ages; independent | independent or turned 18 or 20 years old since last interview |
| 4.8.2 Income | all ages | all ages |
| 4.8.3 Program Participation | all ages; independent | all ages; independent |

Note: To be called independent, a respondent must have at least one of the following characteristics: is age 18 or older, has had a child, is enrolled in a 4-year college, has ever been married or is in a marriage-like relationship at the time of the survey, is no longer enrolled in school, or is not living with any parents or parent-figures.

User Notes: Many of the questions on these topics can be cognitively difficult or feel intrusive to respondents. To reduce the proportion of missing (“don’t know” or “refused”) data, respondents who do not provide exact dollar answers to questions are asked follow-up questions designed to elicit approximate information. For many income categories, these respondents asked to select the applicable category from a predefined list of ranges. The approach for asset questions is slightly different: The initial question asks the respondent to provide an exact value, but if he or she is unable or unwilling to do so, interviewers are instructed to ask the respondent to define a range for the value using whatever values he or she feels are appropriate. If the respondent doesn’t know or refuses to provide either an exact value or a range, a follow-up question asks him or her to select the appropriate range from a predefined list. This will provide researchers with some information on income, asset, and debt amounts when the respondent is reluctant or unable to furnish an exact figure.

Because the NLSY97 is a public use data set distributed widely throughout the research and public policy communities, the survey takes extensive measures to protect the confidentiality of respondents. One aspect of assuring confidentiality is the “topcoding” of the highest income and asset values. In each survey round, income and asset variables that include high values are identified for topcoding. (For example, the wage and salary income variable is usually topcoded, but variables indicating the amount received from public assistance programs are not.) For each of these variables, the top 2 percent of reported values are topcoded, or replaced with the average of the high values. Calculating topcode values in this way allows statistics such as means to accurately reflect the status of the population under examination without violating respondent privacy. Notes in the codeblocks for topcoded income and asset variables provide more information about the exact calculations used to topcode each variable.

4.8.1 Assets & Debts

Independent youths¹ are surveyed on their current asset holdings and the amount of debt they currently owe. The assets section of the questionnaire first determines if respondents rent or own their dwelling place. These questions are tailored to respondents living on a farm or ranch, in a mobile home, or in another living situation (e.g., house, apartment). Renters are then asked to state the amount they pay in rent and utilities (such as heat, electricity, and water) per month. In rounds 2–4, renters were asked for more details, such as the percentage of the residence they owned, its value, and whether they have made improvements. Independent youths who were eligible to go through the assets section in round 1 numbered 429; this group increased to 1,835 in round 2 and grew to 3,105 in round 3. With the new age restrictions described below, 1,464 respondents were eligible in round 4.

Data hint →

In round 4, the criteria for eligibility changed slightly. Those respondents who had answered the assets section prior to their 18th birthday would not go through it again until after they turned 18 years old. All respondents are now eligible for this section in the first interview after turning 18 years old, the first interview after turning 20 years old, and at various future intervals.

Respondents who report owning part of their residential property are asked to estimate the percentage of the property held by them and the current value of their holdings. The respondent is asked if the property is mortgaged and, if so, the amount still owed on that mortgage or land contract. Additional questions determine the amount of property debt. The survey first asks respondents if a friend or relative loaned money to buy (or remodel) the residence. Follow-up questions include the relationship of the lender to the youth, the amount of money each lender provided, and the amount the respondent still owes. Next, these respondents are asked if the property is secured by other loans such as second mortgages or home equity loans. If the respondent reports either type of loan, he or she is asked to state the amount of the loan currently outstanding. Those who own property are surveyed on the amount they paid in property taxes in the past calendar year. A follow-up question asks for the average amount each respondent pays for utilities in a month.

After determining the respondent's residential ownership status, the second part of this section surveys other asset holdings, such as a business or vehicle, as well as current debt. For each asset held or debt owed by the respondent, he or she reports the amount the asset is worth or the amount currently owed. If a respondent reports a loan of \$200 or more, follow-up questions determine the relationship of the lender to

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the respondent, the amount loaned, and the amount owed. Figure 1 lists NLSY97 asset and debt categories used in each round.

4.8.1 Figure 1. NLSY97 Asset and Debt Categories

| Asset Categories | |
|--------------------------------------------------------------------------------------------|-----------------------|
| Business, partnership, or professional practice | Stock |
| Other real estate (e.g., second home, rental real estate, or land) | Vehicles |
| Pension or retirement accounts (e.g., 401k, IRA, stock ownership) | Household furnishings |
| Savings accounts, checking accounts, money market accounts | Other assets |
| Certificates of deposit, savings bonds, treasury bills | |
| Debt Categories | |
| Vehicle debt | |
| Other debts | |
| Non-educational loans of at least \$200 from friends or relatives (up to 5 loans recorded) | |

In rounds 2–4, additional questions referred to the spouse or partner of the youth. Respondents who were married or began living with a partner since the date of last interview were asked for the amount that would be left over if the spouse/partner sold their assets and paid off any debts. A second question, directed toward all respondents with a spouse or partner, asked whether that person had assets, savings, or investments that the respondent did not share. A follow-up question recorded the value of these assets.

Parent Questionnaire (round 1). The responding parent provided information on his or her assets and debts in round 1. These data are described in section 4.6.7, “Parent Characteristics.”

Created Variables. Based on the information provided by independent youths, a created variable calculates the net worth of the respondent’s household (CV_HH_NET_WORTH_Y), defined as the amount of total assets minus the amount of total debts. Asset values used in this calculation are property or money from estates; ownership of a ranch, mobile home, house, business, or second piece of real estate; a retirement pension; savings accounts; stocks; the value of owned vehicles and furniture, and other assets. Debt values used are a mortgage, a second mortgage, loans owed, amount owed on a car, and other loans. A similar net worth variable is calculated based on parent data; see section 4.6.7, “Parent Characteristics,” for details.

User Notes: Researchers using asset data should be aware of survey practices with respect to item nonresponse and topcoding high asset values. These issues are discussed in the introduction to this section of the guide.

Comparison to Other NLS Surveys: Information on assets is regularly collected from each cohort (but only from NLSY79 Children age 15 and older). Users should note, however, that the assets included have varied widely over time and among cohorts. Data on the respondent's debts have been collected from each cohort on a less regular basis. For more details, including specific years, consult the *NLS Handbook* or the appropriate cohort's *User's Guide*.

Survey Instruments: These questions are found in the income and assets section (YINC) of the round 1 *Youth Questionnaire* and in the assets section (YAST) of the *Youth Questionnaire* beginning in round 2.

| <i>Related User's Guide Sections</i> | <i>CD—Main Areas of Interest</i> | <i>CD—Supplemental Areas of Interest</i> |
|--------------------------------------|----------------------------------|------------------------------------------|
| 4.2.1 College Experience | Assets & Debts | College Experience |
| 4.8.2 Income | Created Variables | Income Training |

4.8.2 Income

Youth Questionnaire. The NLSY97 collects gross wage and salary data for the past calendar year from all respondents. In addition to income from a regular job, the surveys instruct the respondent to include income from odd jobs, temporary or seasonal work, and military positions. Information is also gathered on allowances during the past calendar year, including the amount received and periodicity of the allowance.

Independent youths¹ answer more extensive questions about income in the past calendar year in addition to wages and salary. First, they report any income received from self-employment, including a farm, business, or professional practice. Respondents who are married or living with a partner report the amount of wage and salary income the spouse/partner received, as well as the amount earned from any self-employment. A series of questions then records income received by the respondent and spouse or partner together from the following sources: child support; interest payments; dividend payments; rental properties; inheritance, trust, or annuity income; and other income received in the last calendar year. Some sources considered “other income” include Social Security, alimony, or survivor’s benefits. If respondents or their spouses/partners have any sources of income, they state whether they claimed an Earned Income Tax Credit (EITC) on their federal income tax return for the past calendar year.

Independent youths also report parental transfers in the past year. Aside from allowances and parental loans, respondents state the amount of money they received from each parent or guardian. Additionally, round 1 respondents were asked if they made regular payments to their parents during the previous year. For respondents living at home, this survey collected information on money paid for room and board.

Older youths answer questions about the income of their parents or guardians. In round 1, this group was composed of respondents age 14 and older as of 12/31/96; round 2 collected this data from youths who were age 14 or older as of 12/31/97. In rounds 3 and 4, all respondents were age-eligible for these questions. For each parent or guardian listed, the respondent is asked if that person received any earnings or income during the previous calendar year. Follow-up questions gather information on the amount the parent or guardian earned. Finally, independent respondents are asked about the income of all other individuals age 14 or older who currently reside in the household.

¹ To be considered independent, respondents must have at least one of these characteristics: are age 18 or older, have had a child, are enrolled in a 4-year college, have ever been married or are in a marriage-like relationship at the time of the survey, are no longer enrolled in school, or are not living with any parents or parent-figures.

Parent Questionnaire (round 1). Data on the earnings and income of the youth in 1996 were collected from the responding parent. The survey also established the amount of financial support given to an independent youth by the parent.

The responding parent provided information about his or her own income, the income of his or her spouse, and the income of each household occupant age 14 or older. These data are described in section 4.6.5, “Household Composition,” and section 4.6.7, “Parent Characteristics.”

Household Income Update. In rounds 2–4, a parent of the respondent answered this short paper instrument concerning his or her income and that of his or her spouse/partner. See section 4.6.7, “Parent Characteristics,” for more information.

User Notes: Researchers using income data should be aware of survey practices with respect to item nonresponse and topcoding high income values. These issues are discussed in the introduction to this section of the guide.

Created Variables. If the respondent is independent, a variable based on the data he or she provided calculates total household income (CV_INCOME_GROSS_YR) in the previous calendar year. Several sources are combined to create this income variable: non-farm and farm wages, the wages of the respondent’s spouse/partner, child support, interest and dividends from stocks or mutual funds, rental income, retirement pension/alimony/Social Security payments, parents’ income if the respondent resides with them, monetary gifts (other than allowance) from parents, public support sources, and other income. A second variable creates a poverty status ratio comparing total household income to the federal poverty level for the previous year (CV_HH_POV_RATIO). In round 1, these two variables could be based on either youth or parent data as described in section 4.6.7, “Parent Characteristics.” Therefore, a third variable, CV_HH_INCOME_SOURCE, indicates whether the information was taken from the youth or parent interview.

Comparison to Other NLS Surveys: Information on income is regularly collected from each cohort. Users should note, however, that the income sources included have varied widely over time and among cohorts. For more information, refer to the *NLS Handbook* or the appropriate cohort’s *User’s Guide*.

Survey Instruments: These questions are found in the income and assets section (YINC) of the round 1 *Youth Questionnaire*, the income section (YINC) of the round 2–4 *Youth Questionnaires*, and section PC10 of the round 1 *Parent Questionnaire*.

Related User’s Guide Sections *CD—Main Areas of Interest* *CD—Supplemental Areas of Interest*

| | | |
|------------------------------|-------------------|---------------------------|
| 4.6.5 Household Composition | Created Variables | Children |
| 4.6.7 Parent Characteristics | Income | Household Characteristics |
| 4.8.1 Assets & Debts | | Illegal Activity & Arrest |
| 4.8.3 Program Participation | | Parent Current Status |
| | | Program Participation |
| | | Wages & Compensation |

4.8.3 Program Participation

Independent youths¹ provide information about participation in government programs. The respondents are told these questions refer only to payments made directly to themselves and their spouses; answers should not include payments made to other members of the household. For each program listed in Figure 1, the surveys ask whether the respondent or his or her spouse had participated in the program since the last interview (for respondents who had answered these questions in a previous interview) or had ever participated (for respondents going through this section for the first time). If so, respondents report whether they are currently receiving payments from that program. Questions concerning unemployment compensation or Worker’s Compensation receipt ask about the respondent and spouse separately.

4.8.3 Figure 1. Government Assistance Programs

| Round 1 | Rounds 2–4 |
|-----------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Aid to Families with Dependent Children (AFDC) or Aid to Dependent Children (ADC) | Aid to Families with Dependent Children (AFDC) or Aid to Dependent Children (ADC) |
| Cuban/Haitian or Indian assistance | Food stamp benefits |
| Emergency assistance | Unemployment Compensation |
| Food stamp benefits | Women, Infants, and Children (WIC) |
| Foster child support | Worker’s Compensation |
| General assistance | Other welfare programs, including: |
| Low Income Home Energy Assistance Program (LIHEAP) | <ul style="list-style-type: none"> • Cuban/Haitian or Indian assistance • Emergency assistance • General assistance • Supplemental Security Income (SSI) |
| Supplemental Security Income (SSI) | |
| Unemployment Compensation | |
| Women, Infants, and Children (WIC) | |
| Worker’s Compensation | |
| Other welfare programs (none specified) | |

For each program reported, the survey collects information on the duration of each spell of receipt (e.g., stop and start dates) and the amount of aid the respondent or his or her spouse/partner received for each spell. For certain programs (e.g., AFDC or ADC, WIC, food stamps), the survey asks the respondent to state the members of the household covered by the program.

These respondents are then questioned on whether they lived in public housing, received public housing assistance, or received rental vouchers. The wording in these questions directs respondents to report only the amount they directly received from public housing benefits, as opposed to indirect benefits (e.g., living with a parent). Similar to the information gathered for other programs, respondents are asked to state dates they participated in these programs and the dollar amount of the benefits they received.

¹ To be considered independent, respondents must have at least one of these characteristics: are age 18 or older, have had a child, are enrolled in a 4-year college, have ever been married or are in a marriage-like relationship at the time of the survey, are no longer enrolled in school, or are not living with any parents or parent-figures.

Created Variables. To summarize the above information for the user, three series of created variables provide data about total benefit amounts received and time periods of receipt. Table 1 shows the variables available for unemployment insurance, Worker’s Compensation, and any other government program.

4.8.3 Table 1. Created Program Participation Summary Variables

| Type of Information | Any gov’t program except UI and WC | Unemployment Insurance (UI) | Worker’s Compensation (WC) |
|--------------------------------------------------|------------------------------------|-----------------------------|----------------------------|
| Total amount received in calendar year | CV_AMT_GOVNT_PGM_PCY.xx | CV_AMT_UI_YR.xx | CV_AMT_WC_YR.xx |
| Number of months/weeks received in calendar year | CV_GOVNT_PRG_YR.xx (months) | CV_UI_WKS_YR.xx (weeks) | CV_WC_WKS_YR.xx (weeks) |
| Number of months/weeks ever received | CV_GOVNT_PRG_EVER (months) | CV_UI_WKS_EVER (weeks) | CV_WC_WKS (weeks) |
| Number of spells of receipt each year | — | CV_UI_SPELLS_YR.xx | — |

In addition, the Event History CD contains a number of created variables tracing the respondent’s participation in various government programs over time. Interested researchers should refer to section 4.4, “Event History.”

User Notes: In the round 1 survey, youths with a current partner who did not meet any of the other independence criteria were incorrectly skipped past the program participation section. These youths are coded as –3, invalid skip, in the data.

In round 2, respondents who were receiving benefits from a given program at the time of the round 1 interview and who were currently receiving benefits at the round 2 interview date reported whether they had stopped receiving benefits at any point between the interviews. If the respondent reported a stop date, he or she was **not** subsequently asked to report the start date of the current spell (that is, the period of receipt after the gap through the current interview date). Information was gathered on the current spell regarding amount and household member(s) receiving. This was corrected for all types of programs except food stamps in rounds 3 and 4.

For the Worker’s Compensation variables, the data suggest that some respondents are reporting the dates the payment was actually received as opposed to the period of time to which the payment applied. For example, if a respondent was out of work for six months but received a lump sum payment a year later, he or she might report either the date the lump sum was paid or the dates he or she was unable to work.

Comparison to Other NLS Surveys: Information on public assistance has been regularly collected for each cohort (but only for NLSY79 Children age 15 and older) as part of the income section. Additionally, the NLSY79 data include a series of created variables detailing spells of program participation and amounts of assistance received. Consult the *NLS Handbook* or the appropriate cohort's *User's Guide* for details.

Survey Instruments: These questions are found in the program participation section (YPRG) of the *Youth Questionnaire*.

Related User's Guide Sections

- 4.4 Event History
- 4.6.5 Household Composition
- 4.6.7 Parent Characteristics
- 4.8.2 Income

CD—Main Areas of Interest

- Created Variables
- Program Participation

CD—Supplemental Area of Interest

- Income