Income analysis- Exploratory Data Analysis

Introduction

Many factors effect a person's income over a period of years. In this analysis we will explore how income is affected by gender, education level, and BMI. The data set used contains data about income, years of education, and physical characteristics for respondents to NLSY '79.

Load libraries and data to be used

```
library(tidyverse)
## -- Attaching packages ----
                                             ----- tidyverse 1.3.1 --
## v ggplot2 3.3.5
                   v purrr
                            0.3.4
## v tibble 3.1.6
                   v dplyr
                            1.0.7
## v tidyr
         1.2.0
                   v stringr 1.4.0
## v readr
          2.0.1
                   v forcats 0.5.1
## Warning: package 'tidyr' was built under R version 4.1.2
## -- Conflicts -----
                        ## x dplyr::filter() masks stats::filter()
## x dplyr::lag()
                 masks stats::lag()
library(scales)
## Attaching package: 'scales'
## The following object is masked from 'package:purrr':
##
##
      discard
## The following object is masked from 'package:readr':
##
##
      col_factor
load("/Users/disha/Documents/R\
class/FinalProject-B/FinalProjectPartB/income_data_nlsy79.RData")
load("/Users/disha/Documents/R\
load("/Users/disha/Documents/R\
Class/FinalProject-B/FinalProjectPartB/physical_data_nlsy79.RData")
```

Univariate Exploration

Exploring Income Data:

Income data is only available for years 1982-2014

```
glimpse(income_data_nlsy79)

## Rows: 291,778

## Columns: 3

## $ CASEID <int> 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, ~

## $ income <int> NA, 10000, 7000, 1086, 2300, 3250, 4975, 7500, 5000, 9000, 4002~

## $ year <int> 1982, 1982, 1982, 1982, 1982, 1982, 1982, 1982, 1982, 1982, 1982, 1982, 1982, 1982

## [1] 1982 1983 1984 1985 1986 1987 1988 1989 1990 1991 1992 1993 1994 1996 1998

## [16] 2000 2002 2004 2006 2008 2010 2012 2014

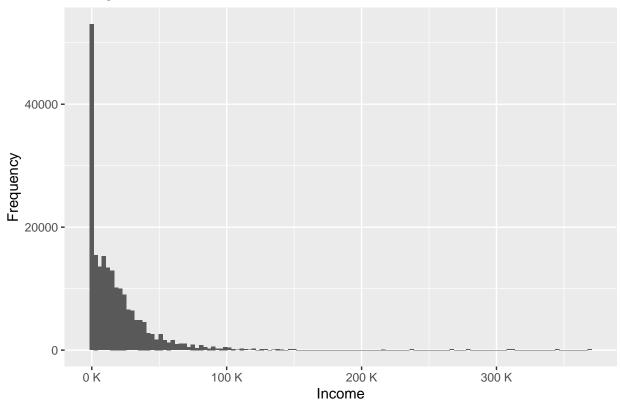
length(income_data_nlsy79$income)

## [1] 291778
```

Histogram of Income:

Warning: Removed 85628 rows containing non-finite values (stat_bin).

Histogram of Income



Observations: There are some extreme values of income

Summary statistics of income variable:

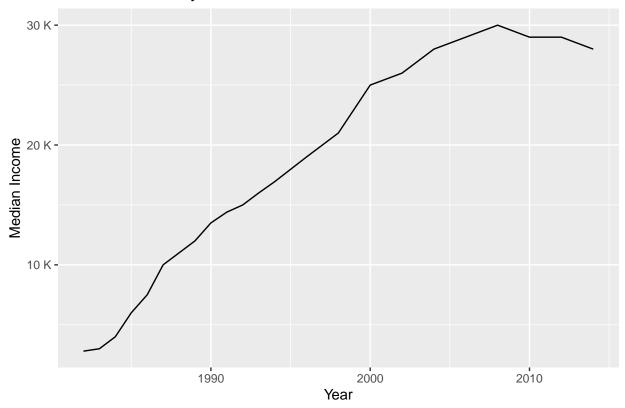
```
summary(income_data_nlsy79$income)
```

```
## Min. 1st Qu. Median Mean 3rd Qu. Max. NA's ## 0 1344 12000 19867 26000 370314 85628
```

```
## 1% 5% 10% 50% 75% 95% 99%
## 0 0 0 12000 26000 65000 130000
```

Looking at the year to year median income

Median Income by Year



Found that there were a number of individuals with a max(income) of \$370,314 which seems to be some sort of issue in the data, because it seems very unlikely that so many individuals would report such a high, yet very specific income.

Exploring Education Data

```
length(education_data_nlsy79$CASEID)

## [1] 329836

unique(education_data_nlsy79$year)

## [1] 1979 1980 1981 1982 1983 1984 1985 1986 1987 1988 1989 1990 1991 1992 1993
## [16] 1994 1996 1998 2000 2002 2004 2006 2008 2010 2012 2014

sort(unique(education_data_nlsy79$education))
```

Education data is only available for 1979-2014. However, income is available for 1982-2014. Years 1979-1981 will be removed because of missing data.

Unique values for education has number 95. Replacing the number 95 in education with NA. Created a for loop that will backfill in educations level for any as NAs such that if 1998 was NA and 1999 was 16, 1998 would get filled with 16 making it easier to look at education for any given year. Assigning a categorical variable for education for easier analysis. (For loop takes some time to run) Also removed NA's from education data.

```
education_95 <- education_data_nlsy79 %>% filter(education == 95)
education_data_nlsy79_1 <- education_data_nlsy79 %>% mutate(education = ifelse(education
\rightarrow == 95, NA, education))
education_data_nlsy79_1 <- arrange(education_data_nlsy79_1,CASEID, year)</pre>
for(i in 2:nrow(education_data_nlsy79_1)){
if(is.na(education_data_nlsy79_1$education[i]) & education_data_nlsy79_1$CASEID[i] ==

    education_data_nlsy79_1$CASEID[i-1]){
  education_data_nlsy79_1$education[i] <- education_data_nlsy79_1$education[i-1]
}
education_data_nlsy79_1 <- education_data_nlsy79_1%% filter(!(is.na(education))) %%

→ mutate(education_level = case_when(
  education == 0 ~ "no education",
  education < 12 ~ "incomplete highschool",</pre>
  education > 11 & education < 14 ~ "highschool",
  education > 13 & education < 16 ~ "associates",
  education > 15 & education < 18 ~ "bachelors",
  education > 17 & education < 20 ~ "masters",
  education > 19 ~ "postgraduate"
))
```

Distribution of education levels: Note: This histogram counts rows and is not counting per person. Additionally, the proportion of people with no education is very small and therefore does not show on the graph.

```
education_data_nlsy79_1$education_level <-

factor(education_data_nlsy79_1$education_level, levels=c("no education","incomplete

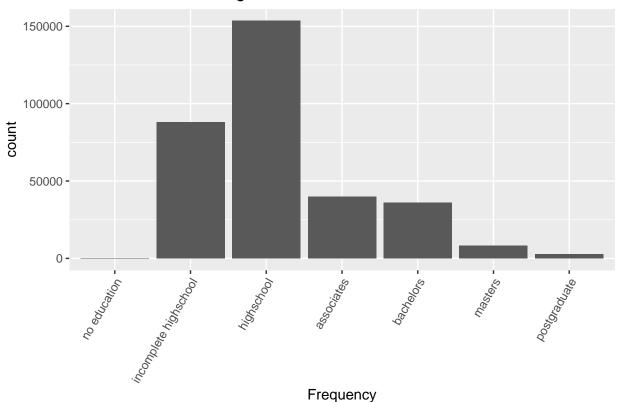
highschool", "highschool", "associates", "bachelors", "masters", "postgraduate"))

ggplot(data = education_data_nlsy79_1, aes(x=education_level))+ geom_bar()+

theme(axis.text.x = element_text(angle = 60, hjust = 1))+xlab("Education

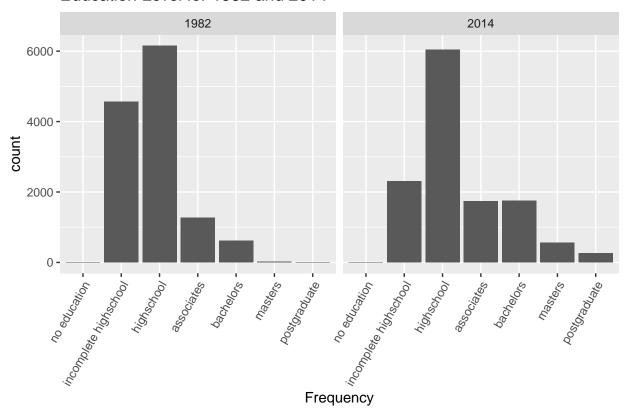
Level")+xlab("Frequency")+ggtitle("Education Level Histogram")
```

Education Level Histogram



Compare education level for two extreme years- 1982 and 2014

Education Level for 1982 and 2014



Exploring Gender Data

The data has no null values in the sex column and is pretty evenly distributed between male and female. 49.5% are female and 50.5% male. Data is available for 1981-2014

glimpse(physical_data_nlsy79)

```
## Rows: 253,720
## Columns: 9
## $ CASEID <int> 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, ~
## $ weight <int> NA, 120, NA, 110, 130, 200, 131, 179, 145, 115, 155, 118, 180, ~
## $ year
                                                                           <int> 1981, 1981, 1981, 1981, 1981, 1981, 1981, 1981, 1981, 1981, 198-
                                                                           <chr> NA, "hazel", "blue", "blue", NA, "brown", "brown", "hazel", "ha~
## $ eyes
                                                                           <chr> NA, "light brown", "blond", "light brown", NA, "brown", "brown"~
## $ hair
                                                                           <chr> "NBNH", "NB
## $ race
## $ sex
                                                                           <chr> "female", "female", "female", "female", "male", 
## $ height <int> 65, 62, NA, 67, 63, 64, 65, 65, 66, 66, 71, 66, 71, 67, 73, 63,~
                                                                           <dbl> NA, 21.94843, NA, 17.22855, 23.02862, 34.33015, 21.79968, 29.78~
```

unique(physical_data_nlsy79\$year)

```
## [1] 1981 1982 1985 1986 1988 1989 1990 1992 1993 1994 1996 1998 2000 2002 2004
## [16] 2006 2008 2010 2012 2014
```

```
table(physical_data_nlsy79$sex)
##
## female
          male
## 125660 128060
format(round(proportion, 1), nsmall = 1)
##
## female
         male
## "49.5" "50.5"
Exploring BMI data
Explore the BMI data
length(physical_data_nlsy79$CASEID)
## [1] 253720
unique(physical_data_nlsy79$year)
## [1] 1981 1982 1985 1986 1988 1989 1990 1992 1993 1994 1996 1998 2000 2002 2004
## [16] 2006 2008 2010 2012 2014
```

Bivariate Exploration

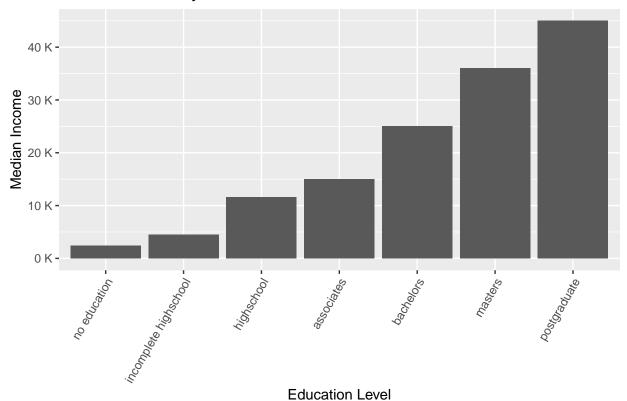
Education and Income

Merge the income data and education data by caseID and year. For education we have years 1979- 1981 which doesnt exist in income.

Verify if higher education means higher income.

```
income_education_data1 <- income_education_data %>% group_by(education_level) %>%
    summarize(median_income = median(income, na.rm = TRUE))
income_education_data1$education_level <- factor(income_education_data1$education_level,
    levels=c("no education","incomplete highschool","highschool",
    "associates","bachelors","masters","postgraduate"))
ggplot(income_education_data1, aes(education_level, median_income)) + geom_col() +
    theme(axis.text.x = element_text(angle = 60, hjust = 1)) +
    scale_y_continuous(name="Median Income",labels = label_number(suffix = " K", scale =
    1e-3))+ xlab(lab="Education Level")+ggtitle("Median Income by Education Level")</pre>
```

Median Income by Education Level



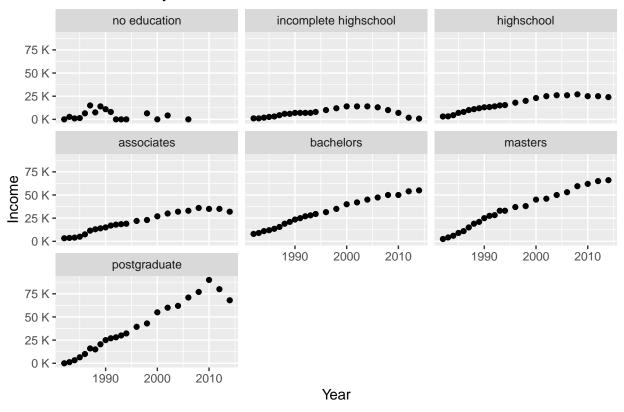
For same education level, compare income year to year

```
income_education_data2 <- income_education_data %>% group_by(education_level,year) %>%

summarize(median_income = median(income, na.rm = TRUE))
```

`summarise()` has grouped output by 'education_level'. You can override using the `.groups` argument

Income YoY by Education Level



Gender and Income

Merging Income and Gender

nrow(physical_data_nlsy79)

[1] 253720

nrow(income_data_nlsy79)

[1] 291778

```
##
        CASEID
                                       sex
                                                          income
                         year
##
                           :1982
                                   Length:241034
          :
                1
                    Min.
                                                      Min.
    1st Qu.: 3172
                    1st Qu.:1989
                                   Class : character
                                                      1st Qu.: 2000
   Median: 6344
                    Median:1996
                                   Mode :character
                                                      Median : 14200
##
##
    Mean : 6344
                    Mean
                           :1997
                                                      Mean
                                                            : 22642
                    3rd Qu.:2006
                                                      3rd Qu.: 30000
##
    3rd Qu.: 9515
##
   Max.
           :12686
                    Max.
                           :2014
                                                      Max.
                                                             :370314
##
                                                      NA's
                                                             :77963
```

We were not able to find an income record for each of the sex records (77963). The NA's will be filled with the previous year income when available

```
nrow(sex_income)
```

[1] 241034

```
for(i in 2:nrow(sex_income)){
if(is.na(sex_income$income[i]) & sex_income$CASEID[i] == sex_income$CASEID[i-1]){
    sex_income$income[i] <- sex_income$income[i-1]
    }
}
summary(sex_income)</pre>
```

```
CASEID
##
                        year
                                      sex
                                                        income
##
   Min.
         :
               1
                   Min. :1982
                                  Length: 241034
                                                    Min.
                                                          :
                                                                 0
##
   1st Qu.: 3172
                   1st Qu.:1989
                                 Class :character
                                                    1st Qu.:
                                                               900
## Median : 6344
                   Median:1996
                                 Mode :character
                                                    Median : 12000
## Mean
         : 6344
                   Mean
                         :1997
                                                    Mean
                                                          : 20066
## 3rd Qu.: 9515
                                                    3rd Qu.: 27000
                   3rd Qu.:2006
## Max.
          :12686
                   Max.
                          :2014
                                                    Max.
                                                           :370314
##
                                                    NA's
                                                           :5820
```

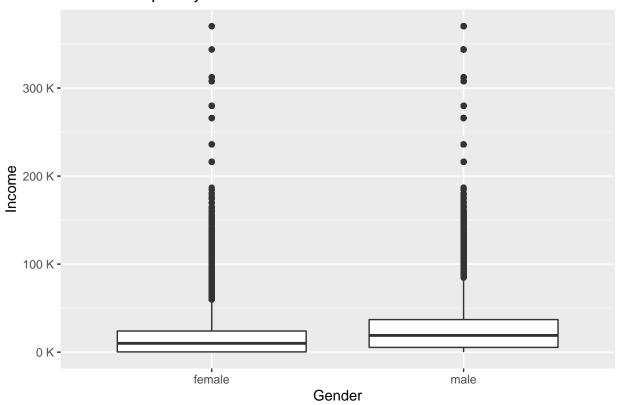
We were able to reduce the NA values to 5,820. These remaining records will be discarded since we don't have any income records for any year for these individuals and we cannot assume they received 0 income for that year.

Exploring how income differ according to gender. Based on the boxplot below we can see that the median salary for women is lower than the median salary for males.

```
sex_income <- merge(physical_data_nlsy79, income_data_nlsy79, by= c("CASEID",
    "year"))%>% select(CASEID, year, sex, income)
ggplot(sex_income, aes(x=sex, y=income))+ geom_boxplot() +
    scale_y_continuous(name="Income",labels = label_number(suffix = " K", scale = 1e-3))+
    xlab(lab="Gender")+ggtitle("Income Boxplot by Gender")
```

Warning: Removed 77963 rows containing non-finite values (stat_boxplot).

Income Boxplot by Gender



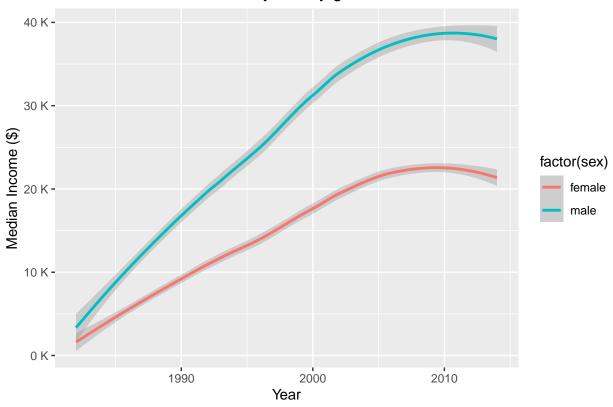
How has income change throughout the year for males and females? Based on the data below we can income has increased throughout the years, however it has increased at a faster rate for males.

```
years_income_sex<-sex_income%>%select(year, sex, income)%>%group_by(year,sex)%>%
        summarize(median_income = median(income, na.rm = TRUE))
```

`summarise()` has grouped output by 'year'. You can override using the `.groups` argument.

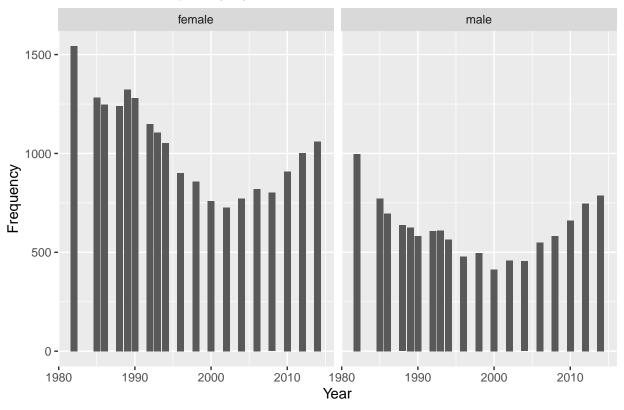
`geom_smooth()` using method = 'loess' and formula 'y ~ x'

Median Income across the years by gender



One reason why median income is lower for females than males could be because more females than male report not having any income at all

No Income Frequency by Gender



BMI and Income

Limit the BMI data to only the last year

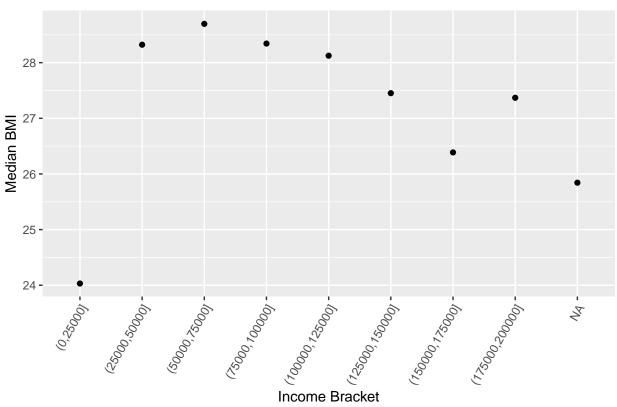
```
BMI_phys <- physical_data_nlsy79 %>% filter(!is.na(BMI)) %>% select(CASEID,year,BMI,sex)
BMI_phys <- BMI_phys %>% group_by(CASEID) %>% filter(year == max(year))
```

Merge the BMI and Income data

```
BMI_Income <- merge(BMI_phys,income_data_nlsy79, by = c("CASEID","year"), all.x = TRUE)

\( \times \)% filter(income <=250000)
```

Median BMI based on Income

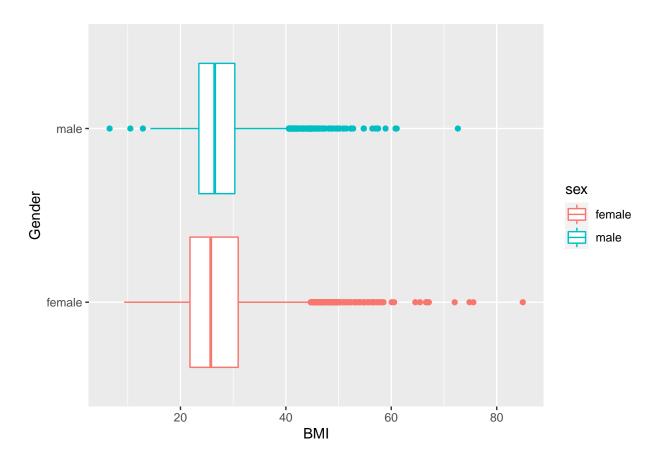


BMI and Gender

Median BMI seems lower for females than males. Also females have a larger spread of BMI than males

```
BMI_Sex_BoxPlot <- BMI_Income %>% filter(income <= 250000)

ggplot(BMI_Sex_BoxPlot, aes(x=BMI, y=sex)) + geom_boxplot(aes(color = factor(sex)))+ylab("Gender")+scale_colour_discrete("sex")
```



```
## # A tibble: 8,588 x 6
## # Groups:
               inc_bracket [8]
##
      CASEID year
                     BMI sex
                                income inc_bracket
##
       <int> <int> <dbl> <chr>
                                 <int> <fct>
                                 21000 (0,25000]
##
           2
              2014 29.5 female
   1
                    23.0 female 40000 (25000,50000]
##
    2
           3
              2014
                                  2300 (0,25000]
##
    3
           5
              1982
                    23.9 male
##
           6
              2014
                    32.4 male
                                112000 (100000,125000]
    4
                    34.0 female 47000 (25000,50000]
##
    5
           8
             2014
                                 80000 (75000,100000]
##
    6
           9
              2014
                    30.7 male
    7
                    21.8 female
                                  6000 (0,25000]
##
          10
              1985
                                 20000 (0,25000]
##
    8
          11
             1985
                   21.6 male
##
    9
          12
             1985
                    17.6 female
                                 25000 (0,25000]
          13
              2006 31.9 male
                                  8000 (0,25000]
## 10
## # ... with 8,578 more rows
```

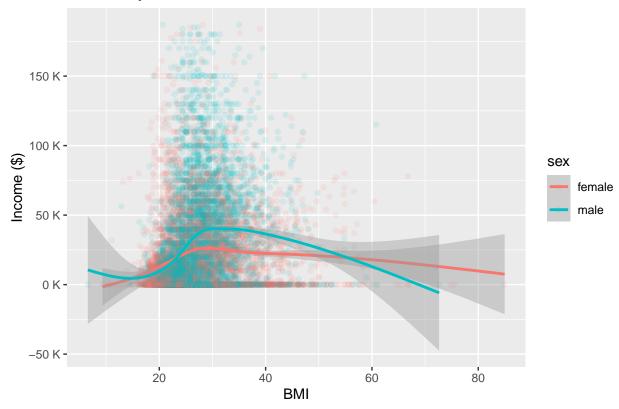
Multivariate Exploration

Income, Gender, BMI

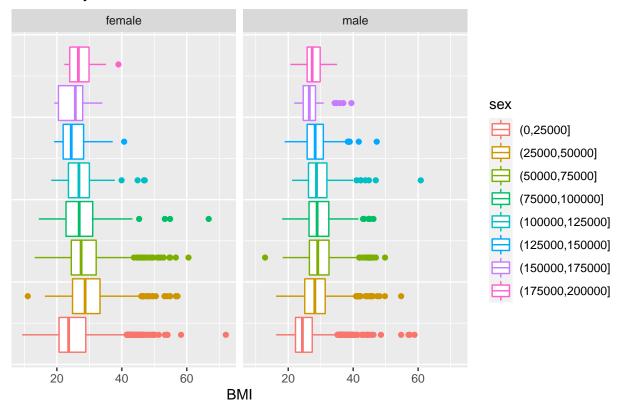
Income, BMI, and gender were graphed in different ways to explore their multivariate relationship in order to see which one would give us the most information to continue our investigation.

```
## `geom_smooth()` using method = 'gam' and formula 'y ~ s(x, bs = "cs")'
```

Income by BMI and Gender



Income by BMI and Gender



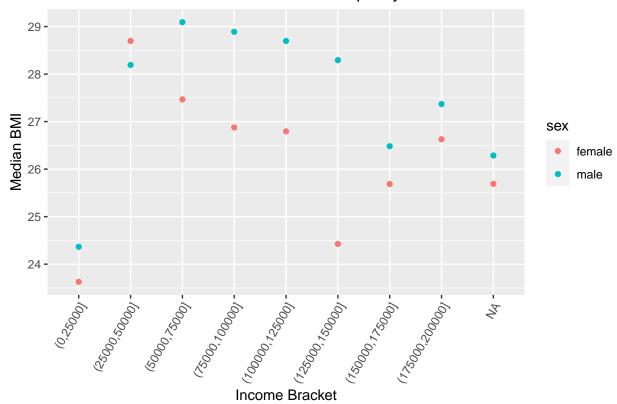
`summarise()` has grouped output by 'inc_bracket'. You can override using the `.groups` argument.

point_plot2

```
## # A tibble: 18 x 3
## # Groups:
               inc_bracket [9]
      inc_bracket
                              med_BMI
##
                      sex
      <fct>
##
                       <chr>
                                <dbl>
##
   1 (0,25000]
                      female
                                 23.6
    2 (0,25000]
                                 24.4
##
                      male
    3 (25000,50000]
                      female
                                 28.7
##
   4 (25000,50000]
                      male
                                 28.2
##
   5 (50000,75000]
                                 27.5
##
                      female
##
    6 (50000,75000]
                      male
                                 29.1
   7 (75000,100000]
                      female
                                 26.9
##
                                 28.9
   8 (75000,100000]
                      male
  9 (100000,125000] female
                                 26.8
## 10 (100000,125000] male
                                 28.7
## 11 (125000,150000] female
                                 24.4
## 12 (125000,150000] male
                                 28.3
## 13 (150000,175000] female
                                 25.7
```

```
## 14 (150000,175000] male
                                26.5
## 15 (175000,200000] female
                                26.6
## 16 (175000,200000] male
                                27.4
## 17 <NA>
                      female
                                25.7
## 18 <NA>
                      male
                                26.3
ggplot(point_plot2, aes(inc_bracket,med_BMI)) + geom_point(aes(colour = factor(sex))) +
   theme(axis.text.x = element_text(angle = 60, hjust = 1))+ ggtitle("Median BMI based
   on Income Backet/ Split by Gender")+ylab("Median BMI")+xlab("Income
   Bracket")+scale_colour_discrete("sex")
```

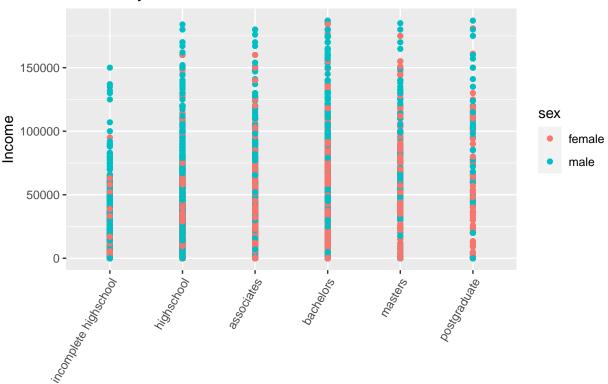
Median BMI based on Income Backet/ Split by Gender



Gender, BMI, Education Level for the year 2014

Join the education, BMI data frames



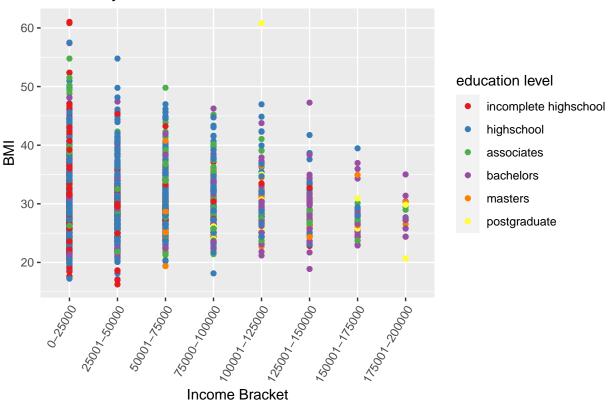


Education Level

Income, BMI, Education Level for Males for the year 2014 The analysis below is restricted to a single year which is the last year of information available, 2014.

```
all_factors_df_male <- all_factors_df %>% filter(sex == "male") %>% mutate(income_bracket
income \geq 0 \& income \leq 25000 \sim "0-25000",
  income \geq 25000 & income \leq 50000 \sim "25001-50000",
  income >50000 & income <= 75000 ~ "50001-75000",
  income >75000 & income <= 100000 ~ "75000-100000",
  income >100000 & income <= 125000 ~ "100001-125000",
  income > 125000 & income <= 150000 ~"125001-150000",
  income > 150000 & income <= 175000 ~"150001-175000",
  income > 175000 & income <= 200000 ~"175001-200000",
)) %>% filter(!(is.na(education_level)))
all_factors_df_male$income_bracket <- factor(all_factors_df_male$income_bracket, levels =
→ c("0-25000","25001-50000","50001-75000","75000-100000","100001-125000","125001-150000","150001-1750
all_factors_df_male$education_level <- factor(all_factors_df_male$education_level,
→ levels=c("no education", "incomplete highschool", "highschool",
   "associates", "bachelors", "masters", "postgraduate"))
ggplot(data = all_factors_df_male, aes(y = BMI, x = income_bracket))+geom_point(aes(color
= factor(education_level)))+theme(axis.text.x = element_text(angle = 60, hjust = 1))+
   ggtitle("Income by BMI and Education Level For Males In Year 2014")+xlab("Income
→ Bracket")+scale_color_brewer("education level",palette = "Set1")
```





Income, BMI, Education Level for Females for the year 2014

```
all_factors_df_female <- all_factors_df %>% filter(sex == "female") %>%

→ mutate(income_bracket = case_when(
 income \geq 0 \& income \leq 25000 \sim "0-25000",
 income >25000 \& income <= 50000 ~ "25001-50000",
 income >50000 & income <= 75000 ~ "50001-75000",
 income >75000 & income <= 100000 ~ "75000-100000",
 income >100000 & income <= 125000 ~ "100001-125000",
 income > 125000 & income <= 150000 ~"125001-150000",
 income > 150000 & income <= 175000 ~"150001-175000"
 income > 175000 & income <= 200000 ~"175001-200000"
)) %>% filter(!(is.na(education_level)))
all_factors_df_female$education_level <- factor(all_factors_df_female$education_level,
→ levels=c("no education", "incomplete highschool", "highschool",
   "associates", "bachelors", "masters", "postgraduate"))
all_factors_df_female$income_bracket <- factor(all_factors_df_female$income_bracket,
```

```
ggplot(data = all_factors_df_female, aes(y = BMI, x =

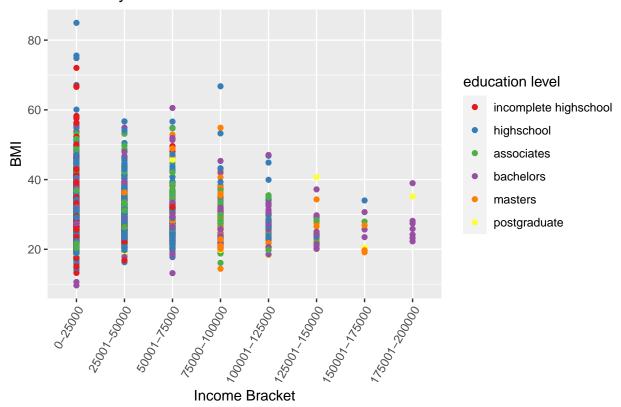
income_bracket))+geom_point(aes(color = factor(education_level)))+theme(axis.text.x =

element_text(angle = 60, hjust = 1))+scale_color_brewer("education level", palette =

"Set1")+ ggtitle("Income by BMI and Education Level For Females In Year

2014")+xlab("Income Bracket")
```

Income by BMI and Education Level For Females In Year 2014



Observations and Hypothesis to test:

- 1. There are more people with bachelors, masters and post-graduate level education in year 2014 than in the year 1982.
- 2. Women make less income than men. This may be because more female report that they make no income.
- 3. The general trend is that BMI decreases as the income increases.
- 4. Females have a wider spread of BMI than males.
- 5. For the same level of education, males make more income than females.
- 6. For the most recent year, 2014, for both male and female, as the income and education level increases, the BMI decreases.
- 7. For both male and female, the highest income bracket (income>175000), there are more people with bachelors degree.

Further statistical analysis is needed to test the above hypothesis.