

LIMEW

Methodological Differences: 2007-10 vs 2019-20

Fernando Rios-Avila

Introduction

LIMEW is one of the Levy Institute Flagship programs that aims to provide a more comprehensive measure of welfare by accounting for other goods and services households have access to.

In contrast with traditional Money Metric measures, LIMEW also includes:

- **Valuations of time:** LIMEW adds a valuation of how much time people dedicate to household production, using a component of opportunity cost.
- **Income from wealth:** LIMEW incorporates the flow value of this component to the main householder/older.
- **Public Consumption:** LIMEW incorporates values for public services like education, security, access to water, public transportation, etc.
- **Public Transfers:** LIMEW adds monetary Transfers such as Medicaid/medicare, food-stamps, unemployment, etc.
- **Taxes:** LIMEW subtracts from disposable constraints given by tax collections

Methodological Differences

Between 2007-10 and 2019-2020, quite few methodological constraints had to be introduced.

1. One of the main changes was the Matching Algorithm. Until 2013/16 we were using Statistical matching with coarse rank matching. 2019 forward we started using weight split matching. This improves matching quality using all donor/recipient data.

2. In the past, wealth was constructed using statistical matching from SCF¹, which is available every 3 years.

For 2020, we use SCF2019 ageing assets and home values based on 2020 Returns (and median Price change)

3. Starting in 2016, (value) Medicaid and Medicare data is no longer easily available. For 2019-2020, values for these items need to be constructed from scratch.
4. For 2020, we include CPS² aggregates on CARES and CRRSAA act, as part of Government-household transfers, but without their NIPA counterparts

Other Changes

1. ATUS³ 2020 warns about the use of Time use Data due to Covid.

This may translate into data not being representative of annual typical activities in the US for 2020.

2. Other Changes in the Constructions were more in terms of implementation and programming, providing a more modular set process.

¹Survey of Consumer Finances

²March - Current Population Survey

³American Time Use Survey