Computation of Actual Full Time and Part Time Experience from the PSID Data

for the 1980, 1990 and 1999 Data Files Used in the PSID Wage Regressions

Whenever people join the PSID panel for the first time as a head or wife, they are asked how many years they worked since they were 18 years old, and of these years, how many involved full-time work. In addition, in 1976 and 1985, the PSID asked all heads and wives these two questions regardless of when they joined the panel. The answers to these questions form the base from which we calculate actual full time experience and part time experience (which is defined as total experience minus full time experience). Once we have these initial values for full time and part time experience, we fill in the period between the date these questions were asked and the focal year (e.g. 1980, 1990 or 1999) by using the longitudinal work history data collected for all heads and wives in the years after they join the panel or in the years after 1976 or 1985, whichever comes last. For example, suppose one joined the panel in 1987 and we want to compute full time and part time experience as of the 1990 survey. These were collected as of 1987. We then add 1 to total labor market experience for each year between 1987 and 1990 in which the person worked positive hours and 1 for full time experience for each year the person worked at least 1500 hours. Part time experience is increased by 1 for each year there were positive but less than 1500 hours of employment.

This procedure allows us to fill in the experience history of all respondents for all years of the survey with one exception: the PSID began skipping alternate years with the 1999 survey, meaning that there was no 1998 survey. We therefore have no information on annual work hours between 1997 and 1998. To fill in this missing year of experience, we use the 1999 male and female samples and estimate logit models separately by gender for having positive work hours and for working at least 1500 hours in the previous year and in the year preceding the 1997 survey (for those who joined in 1999 and therefore have no data from the 1997 survey, we already have their complete work experience data). The explanatory variables include the race, schooling and experience variables in the human capital model, plus a marital status indicator and the number of children living with the respondent. To estimate part time and full time experience for the missing year (i.e. the year between 1997 and 1999), we average the two predicted values for these variables from the 1999 logit and the 1997 logit.