

## Inequality of opportunity – income dimension

### Technical documentation sheet

Indicator	Indicator of inequality of opportunity – income dimension
<b>JAF dimension</b>	PA11a (as sub-indicator)
<b>Policy relevance</b>	<p>Relevant to combatting poverty and social exclusion.</p> <p>The gap indicator is a proxy measure of inequality of opportunity based on the income dimension.</p>
<b>Agreed definition</b>	<p>The indicator measures the gap in at-risk-of-poverty rates between the children (for the age cohort: less than 18 years old) of low-educated versus those of high-educated parents. It has two versions: an unweighted gap and a weighted gap.</p> <p>The unweighted gap version is obtained as the difference between the AROP rate of children with low-educated parents and the AROP rate of children with high-educated parents.</p> <p>The unweighted indicator should be interpreted as the extent to which being at risk-of-poverty is driven by parents' educational attainment level for children (irrespective of the composition of the total children population as regards parents' educational attainment level).</p> <p>However, it is also relevant to use a weighted version of this gap indicator to take account of differences, across countries, in the composition of the total children population as regards parents' educational attainment level<sup>1</sup>. This weighted indicator corresponds to the unweighted indicator multiplied by the share of children with low-educated parents in the total children population.</p> <p>The weighted indicator formula thus corresponds to:</p> <p>(AROP rate of children with low-educated parents - AROP rate of children with high-educated parents) x (share in percentage of children with low-educated parents in the total children population)</p> <p>The weighted indicator adds an additional (mitigating) factor to the unweighted indicator and should thus be interpreted as providing an overall indication of the size of the extent to which being at risk-of-poverty is driven by parents' educational attainment level for children. It factors in the unweighted gap as well as whether low-educated parents make relatively a large or small chunk of all parents in a given country.</p>
<b>Calculation method (incl. practical implementation, e.g. question in surveys)</b>	<p>-This indicator is calculated on the basis of the microdata collected in the EU-SILC survey. The AROP threshold is set at 60 % of the national median equivalised disposable income after social transfers (for the total population). This national AROP threshold is used to compute the AROP rates for respectively the sub-populations of children with low- educated parents and of children with high-educated parents. As a matter of illustration, the AROP rate for children with low-educated parents is the percentage of children – within the sub-population of children with low-educated parents – which equivalised disposable income (of their household) is below the aforementioned national AROP threshold.</p>

<sup>1</sup> Children have either low-educated (ISCED11 levels 0-2), middle-educated (ISCED11 levels 3-4) or high-educated parents (ISCED11 levels 5-8).

	-Under EU-SILC, the educational attainment levels of the parents are classified according to the 'International Standard Classification of Education' version of 2011 (ISCED11). Low education corresponds to ISCED11 levels 0 to 2 (Less than primary, primary and lower secondary education).
<b>Major breakdowns</b>	None
<b>Data source(s)</b>	EU-SILC (for 2004-present)
<b>Data periodicity</b>	Annual
<b>Data availability (countries * time, incl. EU aggregates)</b>	2004 – 2006: only some of the Member States 2007 – present: for all Member States (HR as of 2010) and related EU averages
<b>Time Changes</b>	
<b>Sustainability of the data collection</b>	EU-SILC is a recurrent survey governed by regulation and implemented by the NSIs of the EU Member States
<b>Methodological issues (including comparability across countries and over time)</b>	Some weaknesses have been identified in the right- and left-tails of the distribution due to underreporting and sampling error. Sample size is robust for all EU Member States.

*Conformity with the SPC-ISG guiding principles for the selection of indicators and statistics*

<b>SCP-ISG Methodological criteria</b>	
<b>The indicator captures the essence of the problem (policy relevance) and has a clear and accepted normative interpretation</b>	Yes
<b>The indicator is robust and statistically validated.</b>	Yes
<b>The indicator provides sufficient level of cross countries comparability.</b>	Yes
<b>The indicator is built on available underlying data. It is timely and susceptible to revision.</b>	Yes
<b>The indicator is responsive to policy interventions but not subject to manipulation.</b>	Yes
<b>EU/NAT classification</b>	