Appendix B. **Definitions and Explanations**

Population coverage. The estimates in this report are restricted to the civilian noninstitutional resident population of the United States and members of the Armed Forces living off post or with their families on post.

Age. Age classification is based on age as of last birthday (quarterly tabulations) or age as of the beginning of the 32-month period (longitudinal tabulations).

Race. The population is divided into three groups on the basis of race: White, Black, and "other races." The last category includes American Indians, Asian/Pacific Islanders, and any other race except White and Black.

Hispanic origin. Persons of Hispanic origin were determined on the basis of a question that asked for self-identification of the person's origin (or the origin of some other household member) from a "flashcard" listing ethnic origins. Hispanics were those who indicated that their origin was Mexican, Puerto Rican, Cuban, Central or South American, or some other Hispanic origin. It should be noted that persons of Hispanic origin may be of any race.

Householder. The instructions call for listing first the person (or one of the persons) in whose name the home is owned or rented. If the house is owned jointly by a married couple, either the husband or the wife may be listed first, thereby becoming the reference person, or householder, to whom the relationship of the other household members is recorded. One person in each household is designated as the "householder." The number of householders, therefore, is equal to the number of households.

Family. The term "family" refers to a group of two or more persons related by birth, marriage, or adoption who reside together; all such persons are considered as members of one family. For example, if the son of the person who maintains the household and the son's wife are members of the household, they are treated as members of the parent's family. Every family must include a householder; two or more people living in the same household who are related to one another, but are not related to the householder, form an "unrelated subfamily" and are not included in the count of families.

Married-couple family. A married couple, as defined for census purposes, is a husband and wife enumerated as members of the same household. The married couple may or may not have children living with them. The expression "husband-wife" or "married-couple" before the term "household," or "family" indicates that the household, or family, is maintained by a husband and wife.

Other family type. Families which are not maintained by a married couple are designated "other family" type in this report. These include families in which the householder is a woman with no husband present and families in which the householder is a man with no wife present.

Unrelated individuals. The term "unrelated individuals" refers to persons 15 years old and over (other than inmates of institutions) who are not living with any relatives. An unrelated individual may (1) constitute a one-person household, (2) be part of a household including one or more other families or unrelated individuals, or (3) reside in group quarters such as a rooming house. Thus, a widow living by herself or with one or more other persons not related to her, a lodger not related to the householder or to anyone else in the household, and a servant living in an employer's household with no relatives are examples of unrelated individuals. The poverty status of unrelated individuals is determined independently of other household members' incomes.

Years of school completed. Data on years of school completed were derived from the combination of answers to questions concerning the highest grade of school attended by the person and whether or not that grade was finished. The questions of educational attainment apply only to progress in "regular" schools. Such schools included public, private, and parochial elementary and high schools (both junior and senior), colleges, universities, and professional schools (whether day schools or night schools). Thus, regular schooling is that which may advance a person toward an elementary school certificate, a high school diploma, or a college, university, or professional school degree.

Work disability. A person was classified as having a work disability if he/she responded positively to the question— Does...have a physical, mental or other health condition which limits the kind or amount of work...can do.

Metropolitan areas. The population residing in metropolitan statistical areas (MSAs) as defined in June 1984

constitutes the metropolitan population. MSAs are defined by the Office of Management and Budget for use in the presentation of statistics by agencies of the Federal Government. An MSA is a geographic area consisting of a large population nucleus, together with adjacent communities which have a high degree of economic and social integration with that nucleus. The definitions specify a boundary around each large city so as to include most or all its suburbs. Entire counties form the MSA building blocks, except in New England where cities and towns are used. The former term SMSA was changed to MSA in 1983. An area qualifies for recognition as an MSA if (1) it includes a Census Bureau-defined urbanized area of at least 50,000 with a total metropolitan population of at least 100,000 (75,000 in New England). In addition to the county containing the main city or urbanized area, an MSA may include other counties having strong commuting ties to the central county. If specified conditions are met, certain large MSAs are designated as consolidated MSAs (CMSAs) and divided into component primary MSAs (PMSAs).

Non-metropolitan areas. The territory outside metropolitan statistical areas is referred to here as non-metropolitan.

Central cities. The largest city in each MSA is always designated a central city. There may be additional central cities if specified requirements, designed to identify places of central character within the MSA, are met. Although the largest central cities are generally included in the title of the MSA, there may be central cities that are not part of the title. The balance of the MSA outside the central city or cities often is regarded as equivalent to "suburban areas."

Non-central cities. The territory outside central cities of metropolitan statistical areas but within MSAs is referred to here as non-central cities or "suburban areas."

Labor force and employment status. The definitions of labor force and employment status relate to persons 18 years old and older.

Full-time employed. A person was employed full-time in a given month if he or she worked at least 1 week during that month and at least 35 hours during a usual week of employment.

Part-time employed. A person was employed part-time in a given month if he or she worked at least one week during that month and less than 35 hours during a usual week of employment.

Unemployed. A person was unemployed in a given month; if he or she had no job during the month and spent 1 or more weeks looking for employment or on layoff.

Not in the labor force. A person was not in the labor force in a given month if he or she held no job during the month and spent no time looking or on layoff.

Income. The cash income concept used in this report includes the sum of all income received from any of the sources listed in table B-1. Rebates, refunds, loans and

Table B-1. **Income Sources Included in Monthly Cash Income**

Earnings from Employment
- Wages and salary
- Nonfarm self-employment income
- Farm self-employment income

Income from Assets (Poverty Income)
- Regular/passbook savings accounts in a bank, savings and loan, or credit union
- Money market deposit accounts
- Certificate of deposit
- NOW, Super NOW, or other interest-earning checking accounts
- Money market funds
- U.S. Government securities
- Municipal or corporate bonds
- Other interest-earning assets
- Stocks or mutual fund shares
- Rental property
- Mortgages
- Royalties
- Other financial investments

Other Income Sources
- Social Security
- U.S. Government Railroad Retirement
- Federal Supplemental Security
- State Administered Supplemental Security Income
- State unemployment compensation
- Supplemental Unemployment Benefits
- Black Lung payment
- Worker's compensation
- State temporary sickness or disability benefits
- Employer or union temporary sickness policy
- Payments from a sickness, accident, or disability insurance policy purchased by individual
- Aid to Families with Dependent Children (AFDC), (ADC)
- General assistance or General relief
- Indian, Cuban, or Refugee assistance
- Foster child care payments
- Other welfare
- Child support payments
- Alimony payments
- Pensions from a company or union
- Federal Civil Service or other Federal civilian employee pensions
- U.S. Military retirement
- National Guard or Reserve Forces retirement
- State government pensions
- Local government pensions
- Income from paid-up life insurance policies or annuities
- Estates and trusts
- Other payments for retirement, disability or survivors, and G.I. Bill/VEAP education benefits
- Income assistance from a charitable group
- Other unemployment compensation (e.g. Trade Adjustment Act benefits, strike pay, other)
- Veterans' compensation or pensions
- Money from relatives or friends
- Lump sum payments
- Income from roomers or boarders
- National Guard or Reserve pay
- Incidental or casual earnings
- Other cash income not included elsewhere

capital gain or loss amounts from the sale of assets, and interhousehold transfers of cash such as allowances are not included.

Accrued interest on Individual Retirement Accounts, KEOGH retirement plans, and U.S. Savings Bonds are also excluded. This definition differs somewhat from that used in the annual income reports based on the March CPS income supplement questionnaire. The data in those reports, published in the Current Population Reports, Series P-60, are based only on income received in a regular or periodic manner and, therefore, exclude lump-sum or one-time payments, such as inheritances, or insurance settlements which are included as income in SIPP. Educational assistance, which is included in the March CPS income concept, is not included in the SIPP income concept.

The income amounts represent amounts actually received during the month, before deductions for income and payroll taxes, union dues, Part B Medicare premiums, etc. The SIPP income definition includes three types of earnings: wages and salary, nonfarm self-employment, and farm self-employment. The definition of nonfarm self-employment and farm self-employment is not based on the net difference between gross receipts or sales and operating expenses, depreciation, etc. The monthly amounts for these income types are based on the salary or other income received from the business by the owner of the business or farm during the 4-month period. Earnings from all jobs and self-employment are included.

While the income amounts from most sources are recorded monthly for the 4-month reference period, property income amounts such as interest, dividends, and rental income, were recorded as totals for the 4-month period. These totals were distributed equally between months of the reference period for purposes of calculating poverty status in this report.

Pre-means tested income. This income concept represents income as defined above, minus the amount of cash benefits received from AFDC, general assistance, SSI, and means-tested veterans compensation or pensions.

Pre-transfer income. Pre-transfer income represents premeanstested income minus the amount of cash benefits received from nonmeans-tested veterans compensation or pensions, unemployment benefits, Social Security and Railroad Retirement.

Poverty definition. The poverty definition used in this report is based on the government's official definition but was calculated on a monthly basis using the family composition at that time rather than fixing it throughout the year as is done in the Current Population Survey. These data differ from the official figures and are not part of the standard data series on poverty established by Directive 14 from the Office of Management and Budget. Official figures are published annually from the March Current Population Survey in the P60 Series of Current Population Reports.

The poverty definition is based on an index developed at the Social Security Administration in 1964 and revised by Federal interagency committees in 1969 and 1981. The poverty concept is a statistical measure based on the Department of Agriculture's 1961 Economy Food Plan. It reflects the different consumption requirements of families in relation to their size and composition, and the age of the family householder. A ratio of food expenditures to income of one-third, based on the Department of Agriculture's 1955 Survey of Food Consumption, was used to derive the original poverty thresholds have been updated annually based on changes in the Consumer Price Index.

A person's poverty status in this report was determined by comparing the sum of the person's family income each month against the sum of the appropriate monthly poverty thresholds. If the person's family income (personal income if an unrelated individual) was below the sum of the monthly poverty thresholds, the person was classified as below the poverty level for the year shown.

For further discussion of the poverty definition, see Current Population Reports, Series P60-185, Poverty in the United States: 1992.

Income-to-poverty ratio. The income-to-poverty ratio used in this report incorporates an adjustment in every month for family size and composition. The poverty threshold for each family is calculated based on the size and composition of that family in each month. For unrelated individuals, individual income is divided by the appropriate one-person-family poverty threshold. In order to obtain the income-to-poverty ratio during a certain period, the family income of a person is summed over each month of that period and divided by the sum of the respective monthly poverty thresholds.

Low-income status. The low-income definition used in the report is based on the government's official poverty definition. A person's monthly low-income status in this report was determined by comparing the person's family income in a month against the appropriate monthly poverty thresholds (one-twelfth of the annual poverty threshold). If the person's family income was below the monthly poverty thresholds, the person was classified as having low-income for the month.

Major assistance programs. Participation in a major assistance program refers to the following programs: (1) Aid to Families with Dependent Children (AFDC), (2) General Assistance, (3) Supplemental Security Income (SSI), (4) food stamps, (5) public or subsidized rental housing.

AFDC or other cash assistance. AFDC or other cash assistance includes payments under the Aid to Families with Dependent Children (AFDC or ADC) Program and payments often categorized as General or Public Assistance.

Title VII of the Social Security Act permits States to give cash assistance to needy children who lack financial support of one parent because a parent is continuously absent from home, incapacitated, dead, or unemployed.[1] The Federal and State government share in the cost of benefit payments and administrative outlays and some State require local governments to share costs. Able-bodied AFDC recipients are required by federal law to register for training and employment services. Mothers receiving AFDC payments are required to assign their child support rights to the State and to cooperate in establishing paternity of a child born out of wedlock.

General assistance consists of a host of State and local programs to provide cash assistance to needy persons not qualifying for AFDC or SSI. Eligibility rules vary from State to State, and often from county to county within a State, ranging from aid to mostly unemployable single adults (District of Columbia), to workfare programs, where recipients work in exchange for the assistance (New York).

Persons are considered participants in AFDC or General assistance if they are identified as primary recipients or if they are covered under other persons' allotment.

Federal and State rent assistance. There are several programs designed to "remedy the unsafe and unsanitary housing conditions and the acute shortage of decent, safe, and sanitary dwellings for families of low income."[2] Among these, the most important are Low Rent Public Housing and Sections 8, 236, and 101 of the U.S. Housing Act, all of which are funded in full by the Federal Government. Under sections 8 and 101, Federal funds are used to subsidize private sector housing. The difference between the "fair market" rent and the rent charged to the tenant is paid to the owner by the government. Under an interest reduction program (e.g. section 236), the amount of interest paid on the mortgage by the owner is reduced and the subsequent savings are passed on to low-income tenants in the form of lower rent charges.

Participation in pubic housing is determined by two factors: program eligibility and the availability of housing. Income standards for initial and continuing occupancy vary by local housing authority, although the limits are constrained by Federal guidelines. Rental charges, which, in turn, define net benefits, are set by a Federal statute not to exceed 25 percent of net monthly money income. A recipient unit can either be a family of two or more related persons or an individual who is handicapped, elderly, or displaced by urban renewal or natural disaster.

Federal law mandates that, as a total among all assisted housing programs, at most 25 percent of units that are re-rented and 5 percent of units that become available can be rented to households with incomes between 50 and 80 percent of the area median.[3] All other units are to be reserved for families at or below 50 percent of the area median.

In the SIPP survey respondents were asked whether their residence is owned by a local housing authority or whether the Federal, State, or local government is paying part of the rent. A "yes" to either question identified the respondent and others living at the same residence as participants in a public or subsidized rental housing program.

Medicare. The Medicare Program is designed to provide medical care for the aged and disabled. The Basic Hospital Insurance Plan (Part A) is designed to provide basic protection against hospital costs and related post-hospital services. This plan also covers many persons under 65 years old who receive Social Security or railroad retirement benefits based on long-term disability. Part A is financed jointly by employers and employees through Social Security payroll deductions. Qualified persons 65 years old and over who are not otherwise eligible for Part A benefits may pay premiums directly to obtain this coverage. The Medical Insurance Plan (Part B) is a voluntary plan which builds upon the hospital insurance protection provided by the basic plan. It provides insurance protection covering physicians' and surgeons' services and a variety of medical and other health services received either in hospitals or on an ambulatory basis. It is financed through monthly premium payments by each enrollee, and subsidized by Federal general revenue funds.

The term "covered" means enrolled in the Medicare Program. In order to be counted, the person did not necessarily have to receive medical care paid for by Medicare.

Medicaid. The Medicaid Program is designed "to furnish medical assistance on behalf of needy families with dependent children, and of aged, blind, or permanently

[1]The Family Support Act of 1988 requires all jurisdictions with AFDC programs to extend benefits to children in two-parent families in which the principal earner is unemployed (AFDC-UP). Jurisdictions with such a program already in place must continue year-round support for such families. Other jurisdictions have to cover such families for 6 out of 12 months.

[2]From P.L. 75-412, "The United States Housing Act of 1937," declaration of policy.

[3]See P.L. 100-242 of the Housing and Community Development Act of 1987.

and totally disabled individuals whose incomes and resources are insufficient to meet the costs of necessary medical services."[4] The program is administered by State agencies through grants from the Health Care Financing Administration of the Department of Health and Human Services. Funding for medical assistance payments consists of a combination of Federal, State, and in some cases, local funds.

Medicaid is for the most part a categorical program with complex eligibility rules which vary from State to State. There are two basic groups of eligible individuals: the categorically eligible and the medically needy. The major categorically eligible groups are all Aid to Families with Dependent Children (AFDC) recipients and most Supplemental Security Income (SSI) recipients. Other categorically eligible groups are (1) those who meet basic State cash assistance eligibility rules (the aged, blind, or disabled; needy single parents with children; and, in some States, needy unemployed parents with children who are not currently receiving money payments), and needy persons who meet categorical eligibility standards but are institutionalized for medical reasons (e.g., low-income elderly persons in nursing homes). However, such institutionalized persons are not included in the SIPP universe and, therefore, are not reflected in these statistics.

In roughly one-half of the States, coverage is extended to the medically needy: persons meeting categorical age, sex, or disability criteria whose money incomes and assets exceed eligibility levels for cash assistance but are not sufficient to meet the cost of medical care. In such States, qualifying income and asset levels are usually above those set for cash assistance. Families with large medical expenses relative to their incomes and assets may also meet medically needy eligibility standards in these States.

The Medicaid question on the SIPP attempted to identify all adults who were covered by Medicaid. The term "covered" means enrolled in the Medicaid program, e.g., had a Medicaid medical assistance card or incurred medical bills which were paid for by Medicaid. In order to be counted, the person did not have to receive medical care paid for by Medicaid.

Food stamps. The Food Stamp Act of 1977 defines this Federally funded program as one intended to "permit low-income households to obtain a more nutritious diet."[5] Food purchasing power is increased by providing eligible households with coupons which can be used to purchase food.

The Food and Nutrition Service of the U.S. Department of Agriculture (USDA) administers the Food Stamp Program through State and local welfare offices. The Food Stamp Program is the major national income support program which provides benefits to all low-income and low-resource households regardless of household characteristics (e.g., sex, age, and disability). The questions on participation in the Food Stamp Program in SIPP were designed to identify households in which one or more of the current members received food stamps. Once a food stamp household was identified, a question was asked to determine the number of current household members covered by food stamps. Questions also were asked about the number of months food stamps were received and the total face value of all food stamps received during the period.

Railroad Retirement benefits. Railroad Retirement benefits are based on a person's long-term employment (10 years or more) in the railroad industry. Railroad Retirement disability payments are received by severely disabled workers who worked long enough in "covered employment" prior to their disability to be entitled to payments. Children of retired or disabled workers and jointly covered spouses are also counted as participants.

Social Security. In the context of this report, Social Security refers to the Old-Age, Survivors, and Disability Insurance (OASDI) Program.[6] The Old-Age Program provides benefits for the workers who retire in old age, the Survivors Program provides benefits to families of workers who died, and the Disability Program grants assistance to persons whose disabilities do not permit a continuation of the work effort. Persons are participants in Social Security if they worked in covered employment and are now disabled or retired. In addition, participants include spouses or dependent children of retired or disabled workers, and widowed spouses and surviving children.

Supplemental Security Income. Authorized as Title XVI of the Social Security Act by the Social Security Amendments of 1972 and implemented in 1974, the SSI program provides cash benefits, paid monthly, to aged, blind, and disabled persons who are financially needy according to criteria governing both income and assets. The program is allied with optional State Supplemental Programs (SSPs), which raise the levels of payments to amounts desired by individual states. SSI/SSP, which covers people of all ages, replaced federal grants to the states for old-age assistance and aid to blind and permanently and totally disabled adults. A person is considered a participant in the SSI program during a given month, if he/she received payments from the U.S. Government or from a State or local welfare office during that month.

[4]From title XIX of the 1965 Amendments to P.L. 89-97, The Social Security Act, "Grants to States for Medical Assistance Programs," declaration of policy.

[5]For title XIII of P.L. 95-113, "The Food Stamp Act of 1977", declaration of policy.

[6]The term Social Security is often used in a broader context referring to all types of social insurance programs.

Unemployment compensation. Cash benefits paid to unemployed workers through a State or local unemployment agency. This includes all benefits paid under the Federal-State unemployment insurance program as established under the Social Security Act, as well as those benefits paid to State and local government employees, Federal civilian employees, and veterans.

Veterans' benefits. Veterans can receive benefits from two major programs. The first grants benefits to veterans with service related disabilities, and the second pays benefits to veterans with nonservice-connected disabilities.

Compensation payments for a service-connected disability are made to veterans with a disability that was caused or aggravated by military service. Payment amounts are related to the extent of the disability which can range from 10 to 100 percent. Veterans with ratings of 50 percent or more receive additional benefits for wives, all children under 18, children aged 18 to 22 and attending school full-time, and for dependent parents. These benefits are not means-tested, that is they do not depend on the veteran's income or resources.

Nonservice-connected disability pensions are granted to veterans who have disabilities sustained outside of the service but who served on active duty in wartime and are in financial need. Payments vary depending on such factors as income, number of dependents, and need for the regular aid of another person. We refer to nonservice-connected disability pensions as means-tested Veterans pensions.

Persons are considered participants in a Veterans Administration compensation program if they are primary recipients of payments or if they are covered under other persons' allotment.

Symbols. A dash (—) represents zero or rounds to zero, the symbol "B" means that the base for the derived figure is less than 200,000 and the symbol "X" means not applicable.

Rounding. Percentages are rounded to the nearest tenth of a percent; therefore, the percentages in a distribution do not always add to exactly 100.0 percent. The totals, however, are always shown as 100.0. Moreover, individual figures are rounded to the nearest thousand without being adjusted to group totals, which are independently rounded; percentages are based on the unrounded numbers.