

## Appendix B. Definitions and Explanations

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

**Metropolitan-nonmetropolitan residence.** The population residing in metropolitan statistical areas (MSA's) constitutes the metropolitan population. The concept of a metropolitan area is one of a large population nucleus, together with adjacent communities, that have a high degree of economic and social integration within the nucleus. Each MSA has one or more central counties containing the area's main population concentration: an urbanized area of at least 50,000 inhabitants. In New England, MSA's consist of cities and towns, rather than whole counties. The metropolitan-nonmetropolitan designations in this report are based on MSA's defined for the 1980 census.

**Geographic regions.** Some of the data in this report are presented for the four major regions of the United States.

*Northeast.* Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, and Vermont.

*Midwest (formerly North Central).* Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin.

*South.* Alabama, Arkansas, Delaware, District of Columbia, Florida, Georgia, Louisiana, Kentucky, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, and West Virginia.

*West.* Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, and Wyoming.

**Age.** The age of the person is based on the age of the person at the beginning of the 32-month period.

**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.** Hispanic origin was determined on the basis of a question that asked for self-identification of the person's origin or descent. Respondents were asked to select their origin (or origin of 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 Spanish origin. It should be noted that persons of Hispanic origin may be of any race.

**Marital status.** The marital status classification identifies four major categories: never married, married, widowed, and divorced. The category "married" is further divided into "married, spouse present," "separated," and "other married, spouse absent." A person was classified as "married, spouse present" if the husband or wife was reported as a member of the household, even though he or she may have been temporarily absent on business or on vacation, visiting, in a hospital, etc., at the time of the enumeration. Persons reported as separated included those with legal separations, those living apart with intentions of obtaining a divorce, and other persons permanently or temporarily separated because of marital discord. The group "married, spouse absent" includes married persons living apart because either the husband or wife was employed and living at a considerable distance from home, was serving away from home in the Armed Forces, had moved to another area, or had a different place of residence for any other reason except separation as defined above.

**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.

**Subfamily.** A subfamily is a married couple with or without children, or one parent with one or more own single children under 18 years old living in a household but not including among its members the person or couple maintaining the household. Because a subfamily does not include a householder, it is by definition excluded from the count of families. There are two kinds of subfamilies, related and unrelated.

**Related subfamily.** A related subfamily is a subfamily whose members are related to the person or couple maintaining the household. The most common example of a related subfamily is a young married couple sharing the home of the husband's or wife's parents. Members of a related subfamily are also members of the householder's family.

**Unrelated subfamily.** Unrelated subfamilies are not included in the count of families, nor are the members of unrelated subfamilies included in the count of family members. An unrelated subfamily is a subfamily whose members are not related to the person or couple maintaining the household. Members of unrelated subfamilies may include such persons as guests, lodgers, or resident employees and their relatives living in a household. Unrelated subfamily members are not part of the householder's family. Even though unrelated subfamilies are not counted as families, they are treated as families for the purpose of determining whether their members are above or below the poverty level.

**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.** 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 (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 college, university, or professional school degree.

**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 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 Consumer Income 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. The March CPS income definition also excludes those same income sources excluded by SIPP.

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.

Act of 1977 defines this Federally funded program as one intended to "permit low-income households to obtain a more nutritious diet."<sup>1</sup> 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 lowresource 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 were also asked about the number of months food stamps were received and the total face value of all food stamps received during the period.

**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."<sup>2</sup> Among these, the most important are Low Rent Public Housing and Sections 8, 236, and 101 (rent supplements) of the U.S. Housing Act. Low rent public housing projects are owned, managed, and administered by a local housing authority. Partial financing may be provided by the State or the Department of Housing and Urban Development. Participation in public 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.

There are some programs through which housing assistance is provided to low-income families and individuals living in publicly or privately owned dwellings.

<sup>1</sup>For title XIII of P.L. 95-113, "The Food Stamp Act of 1977," declaration of policy.

<sup>2</sup>From P.L. 75-412, "The United States Housing Act of 1937," declaration of policy.

Two of the more common types of programs in which Federal, State, and local funds are used to subsidize private sector housing are Section 8 and 101, rent supplement plans. The difference between the "fair market" rent and the rent charged to the tenant is paid to the owner by a government agency. Under an interest reduction program (e.g., Section 236), the amount of interest paid on the mortgage by the owner is reduced so that subsequent savings can be passed along to low-income tenants in the form of lower rent changes.

**Medicaid.** The Medicaid Program is designed "to furnish medical assistance on behalf of needy families with dependent children, and of aged, blind, or permanently and totally disabled individuals whose incomes and resources are sufficient to meet the costs of necessary medical services." 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 CPS 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.

**Cash public assistance or welfare.** Cash public assistance or welfare includes payments under the Aid to Families with Dependent Children (AFDC or ADC) program, Supplemental Security Income (SSI), and payments often categorized as General Assistance.

**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 persons's family income was below the monthly poverty thresholds, the person was classified as having low-income for the month.

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.

## TABLE B-1. INCOME SOURCES INCLUDED IN MONTHLY CASH INCOME

Earnings From Employment	National Guard or Reserve pay
Wages and salary	Incidental or casual earnings
Nonfarm self-employment	Other cash income not included elsewhere
Farm self-employment income	Black Lung payments
	Worker's compensation
Income From Assets (Property Income)	State temporary sickness or disability benefits
Regular/passbook savings accounts in a bank, savings and loan or credit union	Employer or union temporary sickness policy
Money Market deposit accounts	Payments from a sickness, accident or disability insurance policy purchased on your own
NOW, Super NOW or other interest-earnings checking accounts	Aid to Families With Dependent Children (AFDC, ADC)
Money market funds	General assistance or General relief
U.S. Government securities	Indian, Cuban, or Refugee Assistance
Municipal or corporate bonds	Foster child care payments
Other interest-earnings accounts	Other welfare
Stocks or mutual fund shares	Child support payments
Rental property	Alimony payments
Mortgages	Pensions from a company or union
Royalties	Federal Civil Service or other Federal civilian employee pensions
Other financial investments	U.S. Military retirement
Other Income Sources	National Guard or Reserve Forces retirement
Social Security	State Government pensions
U.S. Government Railroad Retirement	Local Government pensions
Federal Supplemental Security Income (SSI)	Income from paid-up life insurance policies or annuities
State Administered Supplemental Security Income	Estates and trusts
State unemployment compensation	Other payments for retirements, disability or survivors
Supplemental Unemployment Benefits	G.I. Bill/VEAP education benefits
Other unemployment compensation (Trade Adjustment Act benefits, strike pay, other)	Income assistance from a charitable group
Veteran's compensation or pensions	Money from relatives or friends
	Lump sum payments
	Income from roomers or boarders