
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. The age of the person is based on the age of the person at his last birthday as of January 31, 1984.

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.

Marital status. The marital status classification identifies four major categories: never married, married, widowed, and divorced. These terms refer to the marital status at the time of the enumeration.

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. 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 experience. A person with work experience is one who, during the preceding calendar year, did any civilian work for pay or profit or worked without pay on a family-operated farm or business at any time during the year, on a part-time or full-time basis.

Year-round, full-time worker. A year-round, full-time worker is one who worked primarily at full-time (that is 35 hours or more per week) civilian jobs for 50 weeks or more during the preceding calendar year.

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.

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

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

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.

Equivalence-adjusted family income. The income concept used in the income section of this report incorporates an adjustment in every month for family size. The income of each persons family in each month is multiplied by a scaling factor which controls for the number of persons in the family and takes account of economies of scale achieved when people live together. The scale used here is the ratio of the monthly poverty threshold for a family of four divided by the monthly poverty threshold for the particular family. The poverty threshold for each family is calculated based on the composition of that family in each month. This equivalence-adjusted family income is calculated for each month of the 24-month period and then summed over 12 months to obtain annual equivalence-adjusted income for 1984 and 1985.

Index of equivalence-adjusted family income. This index scales the mean equivalence-adjusted family income for groups of persons for purposes of comparison. The index is equal to 100 for all persons, for whom mean equivalence-adjusted income in 1984 was \$35,870.

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 P-60 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 from the economy food plan. The poverty thresholds have been updated annually based on changes in the Consumer Price Index.

Average weighted poverty thresholds for 1984 and 1985 are shown below in table B-2.

Table B-2. **Weighted Average Poverty Thresholds in 1984 and 1985**

Characteristics	Threshold	
	1984	1985
One person (unrelated individual)	\$5,278	\$5,469
15 to 64 years	5,400	5,593
65 years and over	4,979	5,156
Two persons	6,762	6,998
Householder 15 to 64 years	6,983	7,231
Householder 65 years and over	6,282	6,503
Three persons	8,277	8,573
Four persons	10,609	10,989
Five persons	12,566	13,007
Six persons	14,207	14,696
Seven persons	16,096	16,656
Eight persons	17,961	18,512
Nine persons or more	21,247	22,083

A person's annual 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 (a 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 differences between the CPS and SIPP poverty estimates shown here, see the technical note on page 9. For further discussion of the poverty definition, see Current Population Reports, Series P-60, No. 163, Poverty in the United States: 1987.

Near-poor. The term near-poor as used in this report means the person's income was above the poverty level but below 125 percent of the poverty level.

Nonpoor. The term nonpoor as used in this report means the person's income was at or above 125 percent of the poverty level.

Above the poverty level or "not-poor". In the text these two terms are used interchangeably to mean the sum of near-poor and nonpoor as defined above.

Symbols. A dash (—) represents zero or rounds to zero, "B" means that the base for the derived figure is less than 200,000, and "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.