Appendix B. Definitions and Explanations

Population coverage. The estimates in this report are restricted to the civilian, nonfarm, noninstitutional population of the United States and members of the Armed Forces living off post or with their families on post. The universe for this report was restricted to the nonfarm population in order to allow for an examination of the quality of the farm self-employment income data. Table B-1 contains summaries of data applicable to the farm population for the first quarter of 1984. These tables are useful as references for comparing estimates for the farm and nonfarm populations.

The farm population accounted for 2.2 percent of all households and 2.5 percent of the persons living in households. Average household monthly income for farm households was $3,238, about 45 percent higher than the average for nonfarm households. Only about 2.8 percent of the total number of households receiving means-tested benefits were in the farm sector. More details concerning the characteristics of the farm population are outlined in table B-1.

Farm-nonfarm residence. The farm population refers to residents living on farms. Under this definition, a farm is any place from which sales of crops, livestock, and other agricultural products amounted to $1,000 or more during the previous 12-month period.

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

Table B-1. Comparison of Selected Characteristics of Farm and Nonfarm Households: Monthly Average, First Quarter 1984

Characteristic	Farm	Nonfarm
HOUSEHOLDS		
Number of households.....thousands..	1,897	83,643
Percent receiving:		
Means-tested benefits.....	10.6	19.2
Food stamps.....	2.8	7.7
Free or reduced-price school meals.....	5.1	7.0
AFDC or other cash assistance.....	1.1	4.6
Low-income energy assistance.....	2.8	4.6
Medicaid.....	3.6	9.1
Social Security or railroad retirement.....	32.8	28.1
Medicare.....	29.3	24.5
Mean monthly household cash income.....	$3,238	$2,231
PERSONS		
Number of persons in households.....thousands..	5,798	225,657
Percent receiving means-tested benefits.....	13.5	22.9
Number with earnings, total.....thousands..	2,079	98,288
Males.....thousands..	1,309	55,110
Females.....thousands..	770	43,178
Mean monthly earnings, total.....	$2,348	$1,480
Males.....	$3,249	$1,856
Females.....	$816	$1,000

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.

The SIPP data covering metropolitan residence are based on different procedures than used in publications of income data from the March CPS. Although both the CPS and SIPP samples were selected using 1970 census as the basic sample frame and supplemented with samples of new construction, the CPS is tabulated using metropolitan area designations based on the 1970 census definitions of standard metropolitan statistical areas.

Householder. Survey procedures 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.

Household. A household consists of all persons who occupy a housing unit. A house, an apartment or other group of rooms, or a single room is regarded as a housing unit when it is occupied or intended for occupancy as separate living quarters; that is, when the occupants do not live and eat with any other persons in the structure and there is either (1) direct access from the outside or through a common hall or (2) a kitchen or cooking equipment for the exclusive use of the occupants.

A household includes the related family members and all the unrelated persons, if any, such as lodgers, foster children, wards, or employees who share the housing unit. A person living alone in a housing unit or a group of unrelated persons sharing a housing unit as partners is also counted as a household. The count of households excludes group quarters. Examples of group quarters include rooming and boarding houses, college dormitories, and convents and monasteries.

Family. A family is a group of two or more persons (one of whom is the householder) related by blood, marriage, or adoption and residing together; all such persons (including related subfamily members) are considered members of one family.

Family household. A family household is a household maintained by a family; any unrelated persons (unrelated subfamily members and/or secondary individuals) who may be residing there are included. The number of family households is equal to the number of families. The count of family household members differs from the count of family members, however, in that the family household members include all persons living in the household, whereas family members include only the householder and his/her relatives.

Nonfamily households. A nonfamily household is a household maintained by a person living alone or with nonrelatives only.

Median income. The median income is the amount which divides the distribution into two equal groups, one having incomes above the median, and the other having incomes below the median.

Mean income. The mean income is the amount obtained by dividing the total income of a group by the number of units in that group.

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.

Persons of Spanish origin. Persons of Spanish origin were 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 the origin of some other household member) from a "flash card" listing ethnic origins. Persons of Spanish origin, in particular, 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 Spanish origin may be of any race.

Work disability. Persons were classified as having a work disability if they were identified by the respondent as having a physical, mental, or other health condition that limits the kind or amount of work they can do.

Monthly income. The monthly income estimates shown in this report for households are based on the sum of the monthly income received by each household member age 15 years old or over. The figures represent the average monthly

amounts received by households during the January 1 to March 31 period of 1984. The cash income concept used in this report includes the sum of all income received from any of the sources listed in figure 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, KEOUGH 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.

The Bureau of Labor Statistics publishes quarterly averages for an earnings concept called "usual weekly earnings" for employed, full-time wage and salary workers. The concept differs from the SIPP earnings concept since it is based on usual, not actual earnings, includes the farm population, excludes the self-employed, and excludes earnings from secondary jobs. Table B-2 provides a comparison of BLS usual weekly earnings figures, adjusted to a monthly income concept, with SIPP monthly earnings estimates that exclude all self-employed persons and include the farm population. The BLS estimates include self-employed, incorporated persons.

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

Figure 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 (Property Income)

Regular/passbook savings accounts in a bank, savings and loan or credit union
Money market deposit accounts
Certificates of Deposit or other savings certificates
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 Income (SSI)
State Administered Supplemental Security Income
State unemployment compensation
Supplemental Unemployment Benefits
Other unemployment compensation (Trade Adjustment Act benefits, strike pay, other)
Veterans' compensation or pensions

Other Income Sources—Continued

Black lung payments
Worker's compensation
State temporary sickness or disability benefits
Payments from a sickness, accident or disability insurance policy purchased on your own
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
G.I. Bill/VEAP education benefits
Income assistance from a charitable group
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

Table B-2. Comparison of SIPP Median Monthly Earnings and CPS Median Usual Weekly Earnings Adjusted to a Monthly Concept, by Age and Sex: First Quarter 1984

(Data for persons working full time)

Age and sex	SIPP	CPS[1]	SIPP as a percent of CPS
Total.....	$1,392	$1,398	99.6
Males, all ages.....	1,669	1,720	97.0
16 to 19 years....	720	774	93.0
20 to 24 years....	1,039	1,075	96.7
25 to 34 years....	1,584	1,630	97.2
35 to 44 years....	2,042	1,965	103.9
45 to 54 years....	2,057	1,952	105.4
55 to 64 years....	1,890	1,759	107.4
65 years and over.	1,420	1,462	97.1
Females, all ages...	1,090	1,109	98.3
16 to 19 years....	652	701	93.0
20 to 24 years....	907	894	101.5
25 to 34 years....	1,172	1,208	97.0
35 to 44 years....	1,204	1,230	97.9
45 to 54 years....	1,152	1,183	97.4
55 to 64 years....	1,130	1,105	102.3
65 years and over.	974	894	108.9

[1]The CPS earnings are "usual" weekly earnings which have been converted to monthly amounts by multiplying by 4.3 weeks, while the SIPP earnings are "actual" monthly earnings. Both sets of earnings relate to wage and salary workers (in SIPP, the earnings of persons living in farm households have been included). The overall CPS median covers 72.1 million persons and the SIPP median is 68.9 million.

recorded as totals for the 4-month period. These totals were distributed equally between months of the reference period for purposes of calculating monthly averages.

Means-tested benefits. The term means-tested benefits refers to programs that require the income or assets (resources) of the individual or family be below specified guidelines in order to qualify for benefits. These programs provide cash and noncash assistance to the low-income population. The major sources of means-tested cash and noncash assistance are shown in figure B-2.

Medicare. The Federal Health Insurance Program for the Aged and Disabled as provided for by Title XVIII of the Social Security Act. The phrase "Medicare covered" refers to persons enrolled in the Medicare program, regardless of whether they actually utilized any Medicare covered health care services during the survey reference period.

Medicaid. The Federal-State program of medical assistance for low-income individuals and their families as provided for by Title XIX of the Social Security Act. The phrase "Medicaid covered" refers to persons enrolled in the Medicaid program, regardless of whether they actually utilized any Medicaid covered health care services during the survey reference period.

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 goverment employees, Federal civilian employees, and veterans.

Low-Income Home Energy Assistance. Benefits from the Federally funded LIHEAP program authorized by Title XXVI of the Omnibus Budget Reconciliation Act of 1981, or comparable assistance provided through State-funded assistance programs. The assistance may be received in the form of direct payment to the household as reimbursement for heating or cooling expenses or paid directly to the fuel dealer or landlord.

Special Supplemental Food Program for Women, Infants, and Children (WIC). Benefits are recieved in the form of vouchers that are redeemed at retail stores for specific supplemental nutritious foods. Eligible low-income recipients are infants and children up to age five, and pregnant, postpartum, and breastfeeding women.

Figure B-2. Sources of Means-Tested Benefits Covered in SIPP

Cash Benefits

Federal Supplemental Security Income (SSI)
State Administered Supplemental Security Income
Veterans' pensions
Aid to Families with Dependent Children (AFDC, ADC)
General assistance or General relief
Indian, Cuban, or Refugee Assistance
Other welfare

Noncash Benefits

Food Stamps
Special Supplemental Food Program for Women, Infants, and Children (WIC)
Low-Income Home Energy Assistance

Medicaid
Free or reduced-price school lunches
Free or reduced-price school breakfasts
Public or subsidized rental housing

With a job. Persons are classified as "with a job" in a month if they were 16 years old or over and, during the month, either (a) worked as paid employees or worked in their own business or profession or on their own farm or worked without pay in a family business or farm or (b) were temporarily absent from work either with or without pay. In general, the word "job" implies an arrangement for regular work for pay where payment is in cash wages or salaries, at piece rates, in tips, by commission, or in kind (meals, living quarters, supplies received). In this report, "job" also includes self-employment at a business, professional practice, or farm. A business is defined as an activity that involves the use of machinery or equipment in which money has been invested or an activity requiring an office or "place of business" or an activity that requires advertising. Payment may be in the form of profits or fees.

The Current Population Survey (CPS), the official source of labor force statistics for the Nation, uses the same definition for a job or business. The term "with a job," however, should not be confused with the term "employed" as used in the CPS. In SIPP, "With a job" includes those who were temporarily absent from a job because of layoff and those waiting to begin a new job in 30 days; in the CPS these persons are not considered employed, but are classified as "unemployed."

Worked each week. Persons "worked each week" in a month if, for the entire month, they were (a) on the job the entire month, or (b) they received wages or a salary for all weeks in the month, whether they were on the job or not. Persons also worked each week if they were self-employed and spent time during each week of the month at or on behalf of the business or farm they owned, as long as they received or expected to receive profit or fees for their work.

In the CPS, the concept "at work" includes those persons who spent at least 1 hour during the reference week at their job or business (except unpaid family workers who must work 15 or more hours per week). It does not include persons who were temporarily absent from their jobs during the entire reference week because of vacation, sick leave, industrial dispute, etc. In the SIPP, "worked each week" does include persons on paid absences.

Absent 1 or more weeks. Absent 1 or more weeks means absent without pay from a job or business. Persons were absent without pay in a month if they were "with a job" during the entire month, but were not at work at that job during at least 1 full week (Sunday through Saturday) during the month, and *did not* receive wages or a salary for any time during that week. Reasons for an unpaid absence include vacation, illness, layoff, bad weather, labor disputes, and waiting to start a new job.

Looking for work. Persons who "looked for work" in a given month are those who were 16 years old or over and (a) were without a job during at least 1 week during the month, (b) tried to get work or establish a business or profession in that week, and (c) were available to accept a job. Examples of jobseeking activities are (1) registering at a public or private employment office, (2) meeting with prospective employers, (3) investigating possibilities for starting a professional practice or opening a business, (4) placing or answering advertisements, (5) writing letters of application, (6) being on a professional register, and (7) asking friends or relatives.

Layoff. In general, the word "layoff" means release from a job because of slack work, material shortages, inventory taking, plant remodeling, installation of machinery, or other similar reasons; the released workers anticipate recall at some future date, either specified or not. For this survey, persons were also on "layoff" who did not have a job but responded that they had spent at least 1 week on layoff from a job and that they were available to accept a job.

In addition, persons were on "layoff" in a given month if they were "with a job" but "absent without pay" from that job for at least 1 full week during that month, and they responded that their main reason for being absent from their job or business was "layoff." In this report, the figures for persons "on layoff" also include a small number of persons who responded that they were waiting to report to a new wage and salary job that was to begin within 30 days.

Full time and part time. The data on full- and part-time workers pertain to the number of hours a person usually worked per week during the weeks worked in the 4-month reference period of the survey. If the hours worked per week varied considerably, the respondent was asked to report an approximate average of the actual hours worked each week.

Persons 16 years old and over who reported usually working 35 or more hours each week during the weeks they worked are classified as "full-time" workers; persons who reported that they usually worked fewer than 35 hours are classified as "part-time" workers. The same definitions are used in the CPS.

With labor force activity. The term "with labor force activity" as used in this report includes all persons with a job (as defined above) and those looking for work or on layoff from a job for at least 1 week during a given month. Conversely, those persons "with no labor force activity" had no job, were not on layoff from a job and made no effort to find a job during the month.

Comparability of SIPP and CPS labor force data. SIPP and CPS labor force estimates for the first quarter of 1984 differ not only because of the differences in labor force definitions discussed previously, but also because of differences in procedures and designs of the two surveys. For example: 1) In this report the data cover only persons in nonfarm households, but the official CPS statistics cover persons in both farm and nonfarm households; 2) members of the Armed Forces living off post in households are eligible for interview in SIPP, but not eligible in the CPS; 3) in SIPP the data relate to the entire month, but in CPS the data are based on activities occurring

in the week containing the 12th of the month; 4) the recall period in SIPP extends up to 4 months, but is only 1 week in the CPS; and 5) the labor force questions used in SIPP are not identical to, nor as extensive and probing as those in the CPS; and 6) the classification scheme used in processing the CPS gives priority to "employment" before "unemployment" and "unemployment" before "not in the labor force," whereas in SIPP a person may be in each of these statuses in a single month.

Because of these procedural and design differences, estimates derived from the CPS and SIPP will be different. It is, therefore, inappropriate to compare "employed" in CPS to "having a job" in SIPP, or compare "unemployed" in CPS with "looking or on layoff" in SIPP. Moreover, it should be remembered that SIPP is primarily an income survey and the CPS a labor force survey. As SIPP data for subsequent quarters become available, however, it may be possible to gain additional insight into differences between SIPP and CPS labor force estimates.

Calculation of monthly averages. The estimates in this report are monthly averages for the first calendar quarter (January, February, and March) of 1984. The procedures used to compute monthly averages treat each month of the quarter as an independent observation. For example, table 9 shows that the average monthly number of households receiving food stamps was 6,461,000. The number receiving food stamps varied, however, from month to month. The monthly average estimate was computed by calculating the number receiving food stamps in each individual month, summing the three estimates, and dividing the sum by 3. The mean income of food stamp households, $633, is also shown in table 9. This estimate is based only on the household income during the month in which food stamps were received. The $633 figure is, therefore, the average monthly income of households receiving food stamps, for the months in which food stamps were received during the first quarter of 1984.