

Appendix B. Definitions and Explanations

Population coverage. All of the estimates in this report, with the exception of those relating to health insurance, 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 health insurance estimates relate to the farm population, as well as the civilian, nonfarm, noninstitutional population and members of the Armed Forces living off post or with their families on post.

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. A household includes the related family members and all the unrelated persons, if any, such as lodgers, foster children, 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 is also counted as a household. The count of households excludes group quarters, such as dormitories.

Householder. One person in each household is designated as the householder. Survey instructions call for listing first the person (or one of the persons) in whose name the housing unit is owned or rented. If the unit is owned jointly by a married couple, either the husband or wife may be listed first, thereby becoming the householder.

Income. The income concept used in this report includes the sum of all "cash" income received from any of the sources listed in table B-1. Rebates, refunds, loans and capital gains 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. The SIPP definition differs somewhat from that used in the annual reports based on the March CPS income supplement questionnaire. The latter relate only to income received in a regular or periodic manner, while in SIPP lump sum payments, or one-time payments (such as inheritances) are included as income.

The SIPP income definition includes three types of earnings: wages and salary, nonfarm self-employment earnings, and farm self-employment earnings. The SIPP wage and salary income amounts represent amounts actually received during the month, before deductions for income and payroll taxes, union dues, etc. The monthly

amounts for the self-employment 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 reference period. It is not based on the net difference between gross receipts or sales and the cost of operating the enterprise.

While 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 and distributed equally between months of the reference period.

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 (Property Income)

- Regular passbook savings accounts
- Money market deposit accounts
- Certificate of deposits
- NOW, Super NOW, or other interest bearing 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
- State Administered Supplemental Security Income
- State unemployment compensation
- Supplemental Unemployment Benefits
- Black Lung payments
- Worker's compensation
- State temporary sickness or disability benefits
- Employer or union temporary sickness policy

Payments from an insurance policy (sickness, accident, disability)
 Aid to Families with Dependent Children
 General Assistance or General Relief
 Indian, Cuban, or Refugee assistance
 Foster child care payments
 Other welfare
 Child support payments
 Pensions from a union or company
 Federal retirement 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/VEEP education benefits
 Income assistance from a charitable group
 Other unemployment compensation (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

Low income. The low income definition used in this report is based on the Federal government's official poverty definition. The count of low income households is calculated on a monthly basis using the household composition at the time rather than fixing it throughout the year as is done in the CPS. A household's low income status was determined by comparing the household's income in a month against the appropriate monthly poverty thresholds (one-twelfth of the appropriate annual poverty threshold). If the income was below that monthly threshold, it was considered to be a low income household.

The official poverty definition reflects 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. Poverty thresholds have been updated annually based on changes in the Consumer Price Index. For further discussion of the official poverty definition see, Current Population Reports, Series P-60 185, Poverty in the United States: 1992.

Persons with jobs. Persons are classified as "with a job" in a month if during the month they either a) worked as paid employees or worked in their own business or profession or worked without pay in a family business or b) were temporarily absent from work either with or without pay.

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. It also includes self employment at a business or professional practice. Persons with jobs full time in all weeks of the month implies that they worked 35 or more hours in each week of the month at a job or business. The term job should not be confused with the term employed as used in the CPS since they are conceptually different.

Persons who looked for a job or were on layoff. Persons looking for work are those who a) were without a job or business at some time during the month, b) tried to find work, and c) were available for work. In general, the term layoff means release from a job because of slack work, material shortages, inventory taking, plant remodeling, or other similar reason. In SIPP, persons who responded that they had spent at least 1 week on layoff from a job during the month are counted as being on layoff. In addition, persons who responded that they did have a job from which they had been laid off for at least 1 full week are counted. Persons reporting that they were waiting to report to a new wage or salary job within 30 days are also counted as on layoff.

Means-tested benefits. The term means-tested benefits refers to programs that require the income or assets of the individual or family to be below specified guidelines in order to qualify for benefits.

Unemployment compensation. Cash benefits paid to certain workers looking for work or on layoff 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.

Medicaid. The Federal-State program of medical assistance for low-income households and their families as provided for by Title XIX of the Social Security Act. 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 (primarily AFDC recipients and most SSI recipients) and the medically needy.

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. The plan also covers many persons under 65 years of age who receive Social Security or railroad retirement benefits based on long-term disability. The Medical Insurance Plan (Part B) is a voluntary plan which builds upon the hospital insurance protection provided by the basic plan. The term "covered" means enrolled in the Medicare program.

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

AFDC or other cash assistance. AFDC or other cash assistance includes payments to households containing needy children who lack financial support of one parent because a parent is continuously absent from the home, incapacitated, dead, or unemployed. General assistance consists of a host of State and local programs to provide cash assistance to needy persons not qualifying for AFDC or SSI.

Public or subsidized rental housing. Several programs are designed to remedy unsafe and unsanitary housing conditions of households with low incomes. 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.

Free or reduced-price school meals. Children are eligible to receive free or reduced price meals in schools if their families' gross incomes fall below certain percentages of the Federal government's poverty income guidelines.