

Appendix B. Definitions and Explanations

AFDC. 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. Some States require local governments to share these 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.

Age. For Labor Force the age of the person is based on the age at the time of the start of the survey. For Income the age of the person is based on the age of the person at his last birthday as of December 31, 1990.

Average weekly earnings. Weekly wage and salary earnings relate to the month in which a person experienced a job accession or separation. They were obtained by dividing the monthly earnings reported in the month in which the accession or separation occurred by the number of weeks worked in that month.

Educational attainment. 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.

Employment status recodes. In SIPP, although monthly labor force activity is recorded on a weekly basis, specific activities are summarized into eight employment status recodes (ESRs). These are:

- ESR 1—With a job or business the entire month, worked all weeks.
- ESR 2—With a job or business the entire month, missed one or more weeks (without pay) but not because of layoff.
- ESR 3—With a job or business entire month, missed one or more weeks because of layoff.
- ESR 4—With job or business part of month, but not because of layoff or looking for work.
- ESR 5—With job or business part of month, some time spent looking for work or on layoff.
- ESR 6—No job or business in month, spent entire month looking for work or on layoff.
- ESR 7—No job or business in month, spent part of month looking for work or on layoff.
- ESR 8—No job or business in month, no time spent looking for work or on layoff.

These recodes are used to classify individuals' labor force status in this report. Specifically, in tables C and P, employment is defined as persons with ESRs 1 to 5; unemployment is defined as persons with ESRs 6 or 7; and not in the labor force is defined as persons with ESR 8. In table E, which relates to spells of looking for work and layoff, ESRs 6 and 7 were the operational categories.

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." Persons in unrelated subfamilies are not included in the count of family members in the Current Population Survey, but are included as family members in this report and are classified by family type as if they were families.

Family status. Persons were classified as members of a married-couple family, other family type, or as an unrelated individual based on their most common status during the calendar year. For example, a person who in 1987 was in a married-couple family in January through

¹The 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). The law took effect October 1, 1990, for the States and the District and 2 years later for the outlying areas.

March but was an unrelated individual in April through December would be characterized here as an unrelated individual in 1987. Ties were broken by using the family status that occurred first. Family size was also based on the most common size during the calendar year.

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."² 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.

General Assistance. 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).

Geographic regions. The four major regions and nine Census divisions of the United States for which data are presented in this report represent groups of States as follow:

Northeast:

New England: Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, and Vermont.

Middle Atlantic: New Jersey, New York, and Pennsylvania

Midwest (formerly North Central):

East North Central: Illinois, Indiana, Michigan, Ohio, and Wisconsin

West North Central: Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, and South Dakota.

South:

South Atlantic: Delaware, District of Columbia, Florida, Georgia, Maryland, North Carolina, South Carolina, Virginia, and West Virginia.

East South Central: Alabama, Kentucky, Mississippi, and Tennessee.

West South Central: Arkansas, Louisiana, Oklahoma, and Texas.

West:

Mountain: Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah, and Wyoming.

Pacific: Alaska, California, Hawaii, Oregon, and Washington

North and West:

Northeast, Midwest, and West combined.

Health insurance coverage. In this report, health insurance coverage relates to coverage in one's own name, whether it is obtained through an employer or through some other means.

Hispanic origin. Persons of Hispanic origin were identified by a question that asked for self-identification of the person's origin or descent. Respondents were asked to select their origin (and the origin of other household members) from a "flash card" listing ethnic origins. Persons of Hispanic origin, in particular, were those who indicated that their origin was Mexican, Puerto Rican, Central or South American, or some other Hispanic origin. It should be noted that persons of Hispanic origin may be of any race.

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.

Housing, public and subsidized. 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."³ Among these, the most important are Low

²For Title XIII of P.L. 95-113, "The Food Stamp Act of 1977," declaration of policy.

³From P.L. 75-412, "The United States Housing Act of 1937," declaration of policy.

Rent Public Housing and Sections 8, 236, and 101 of the United States 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 public housing is determined by two factors: program eligibility and 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 being 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.⁴ All other units are to be reserved for families at or below 50 percent of the area median.

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 relates 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.

Even though 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 from Assets (Property Income)
Regular passbook savings accounts
Money market deposit accounts
Certificates of deposit
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
Workers' 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

⁴See P.L. 100-242 of the "Housing and Community Development Act of 1987."

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. The income of each person's family is summed over each month and divided by the sum of the monthly poverty thresholds for the particular family to obtain the annual income-to-poverty ratio.

Industry. The industry of the first (and subsequent) job accession or separation is based on the census industrial classification system which was used within the context of the Standard Industrial Classification (SIC) system prepared by the Office of Management and Budget.

Job accession and separation. The method for identifying a job accession and separation in this report is based on the existence of an employer or job "id" number. In the course of a SIPP interview, if a respondent reported that a wage or salary job had been held during a month (either by himself or herself, or someone else in the household), an employer id number was assigned to that individual's wage or salary job. If no job were held, the id number would be zero. By comparing month-to-month values of the field containing the employer id number, it can be determined whether or not a person moved into or out of a job across the 32 months of the SIPP 1990 panel (28 months in the 1987 panel). Obviously, a number of wage or salary jobs could be held and many id numbers recorded. In each SIPP interview, up to two jobs can be identified in any one month (as well as in the 4-month reference period). Secondary wage and salary jobs held are not included in this definition nor are job transitions (an accession followed by a separation, or a separation followed by an accession) taking place in a single month.

Marital status. The marital status classification identifies five major categories: married, widowed, divorced, separated, and never married. Persons were classified in one of these categories based on the most common marital status in each calendar year. For example, a person who was married and living with his or her spouse for 7 months and widowed for 5 months was classified as married. Persons whose marital status was split between more than one category for an equal number of months were included in the status category that occurred first. The category "married" includes both "married, spouse present," 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. The group "married, spouse absent" included 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. 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.

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.

Means-tested assistance. There are two categories of means-tested assistance:

Means-tested cash assistance. Includes cash benefits received from Aid to Families with Dependent Children (AFDC), General Assistance, Supplemental Security Income (SSI), and means-tested veterans compensation or pensions.

Means-tested noncash assistance. Includes Medicaid benefits, food stamps, subsidies from free or reduced-price school lunches, and rent subsidies.

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 insufficient to meet the costs of necessary medical services."⁵ 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 resources.

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 those who meet basic

⁵From 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.

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.

Occupation. The occupation of the first (and subsequent) job accession or separation is based on the census occupational classification system and was developed to be consistent with the 1980 Standard Occupational Classification (SOC) manual published by the U.S. Department of Commerce.

Other family type. Families that 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.

Period of joblessness. The period of time (a month or months) an individual spends between a job separation and job accession as defined in this report.

Population coverage. This report includes the civilian noninstitutional population of the United States and members of the Armed Forces in the United States living off post or with their families on post, but excludes all other members of Armed Forces.

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

A person's annual poverty status in this report was determined by comparing the sum of the person's family income each month with 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.

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

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.

Spells of looking for work or layoff. Persons whose ESR (employment status recode) in a month is either a 6 or 7 are identified as experiencing a spell of looking for work or layoff. Spells were begun when the preceding month's ESR was 1 to 5 or 8. Spells are ended when the following month's ESR is 1 to 5 or 8.

Supplemental Security Income (SSI). Authorized as Title XVI of the Social Security Act by the Social Security Amendments of 1972 and implemented in 1974, the SSI program provides monthly cash benefits 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 Supplementation

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

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.

Survival data analysis. It is possible, with the longitudinal data in the SIPP, to estimate distributions of spell durations of persons looking for work or on layoff. A survival analysis technique is used to derive these distributions and their medians for persons who experienced spells of looking for work or layoff, as defined in this report, over the lengths of the 1987 and 1990 panels.

Spells of looking for work or layoff, defined as months in which persons were identified as having ESRs (employment status recodes) 6 and/or 7, must have been preceded by other ESRs (see above); all spells are observed until they end or until the survey ends. The probability of leaving a spell of looking for work or layoff in month t , given the person was experiencing a spell at the beginning of the month, is defined as

$$h(t) = \frac{\text{exits } (t)}{\text{prog } (t) - \text{end } (t) / 2}$$

where "exits" (t) denotes the number of spell exits in month t , "prog t " is the number of spells that were in progress at the beginning of the month t , and "end t " is the number of spells that ended in month t because the survey ended.

The survival rate in month t , which is the *probability that a spell lasts longer than t months*, can then be written as

$$S(t) = \prod_{k=1}^t (1 - h(k))$$

The median survival time or spell duration M can be estimated by linear interpolation. Let $[t, t + 1]$ be the interval such that $S(t) \geq .5$ and $S(t + 1) < .5$. Then

$$m = t + \frac{s(t) - 1/2}{s(t) - s(t+1)}$$

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 each of the unrelated individuals is determined independently.

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.