

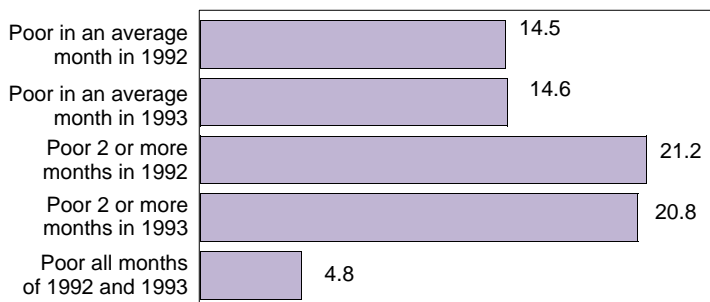
### Introduction

From the beginning of the "War on Poverty" in 1964, Americans have been concerned about the consequences of poverty and how to reduce its prevalence. Much public policy debate is concerned with people and families who remain poor for long periods of time. On the other hand, people who are poor for even a short period of time often require outside assistance, a "safety net," to support themselves and their families through unfortunate circumstances.

This report uses data from the *Survey of Income and Program Participation (SIPP)* to examine the incidence of poverty over various time frames, from October 1991 through April 1994.<sup>1</sup> The SIPP allows us to examine both the static and dynamic aspects of poverty. Unlike the poverty and income data collected in the *Current Population Survey (CPS)*, which do not allow analysis of changes in income and poverty status for particular individuals, SIPP's longitudinal data make it possible to measure movement into and out of poverty for the same people over the life of the panel. Examining poverty with longitudinal data also allows one to distinguish between short- and long-term poverty.

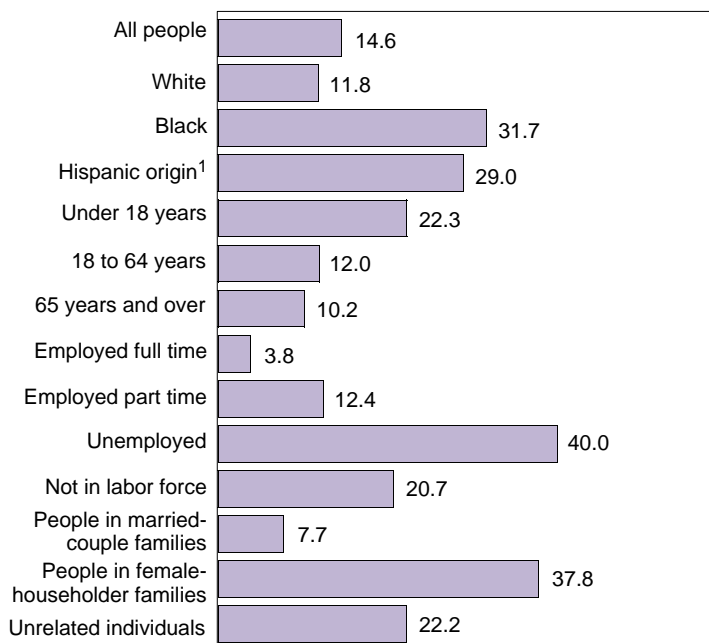
This report focuses on monthly measures of poverty as derived from the SIPP—namely, the percent of people who were poor in an average month of 1992 or 1993, and the percent of people who were poor 2 months or more during 1992 or 1993.<sup>2</sup> In addition, the report examines the "chronically poor," that is, the percent of people who were poor each month of 1992 and 1993. Median

Figure 1.  
**Selected Poverty Rates: 1992 and 1993**  
(In percent)



Source: U.S. Bureau of the Census, Survey of Income and Program Participation (SIPP).

Figure 2.  
**Percent of People With Selected Characteristics Who Were Poor in an Average Month: 1993**



<sup>1</sup>People of Hispanic origin may be of any race.

Source: U.S. Bureau of the Census, Survey of Income and Program Participation (SIPP).

durations of the length of poverty spells for various subgroups of the population are also estimated. Finally, the report examines transitions into and out of poverty during 1992 and 1993 by estimating the number and percent of people who were poor in 1 year but not the other.<sup>3</sup>

### Highlights

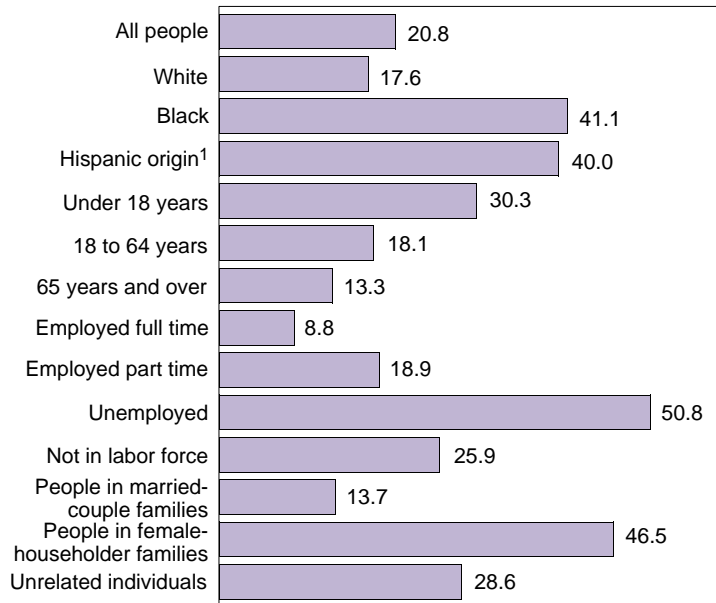
- Using annual estimates, about 21.6 ( $\pm 1.9$ ) percent of people who were poor in 1992 were not poor in 1993.<sup>4</sup> Children and the elderly were less likely to exit poverty than nonelderly adults.
- A noticeable proportion of the population was poor on a chronic basis: 4.8 ( $\pm 0.3$ ) percent or 11.9 ( $\pm 0.7$ ) million people were poor all 24 months of 1992 and 1993.
- One-half of all poverty spells lasted 4.9 months or longer, but Blacks had significantly longer poverty spells than Whites. One-half of all spells experienced by Blacks lasted longer than 6.2 months, compared with 4.6 months for Whites.

### Poverty Rates: 1992 and 1993

Figure 1 presents different monthly measures of poverty for the population. About 37.6 million people were poor in an average month of 1993, representing 14.6 percent of the population, not significantly different from 14.5 percent in 1992. But people poor in an average month may provide too narrow a picture of the poor. About 52.7 million people or 20.8 percent were poor 2 months or more in 1993, not significantly different from the 1992 estimate of 52.9 million people or 21.2 percent. A noticeable proportion of the population was poor on a chronic basis: 4.8 percent (11.9 million) were poor all 24 months of 1992 and 1993, not statistically different from the 5.1 percent (12.5 million) who were poor all of 1991 and 1992.

Figures 2, 3, and 4 show the percent of people who were poor in

Figure 3.  
Percent of People With Selected Characteristics Who Were Poor 2 Months or More: 1993

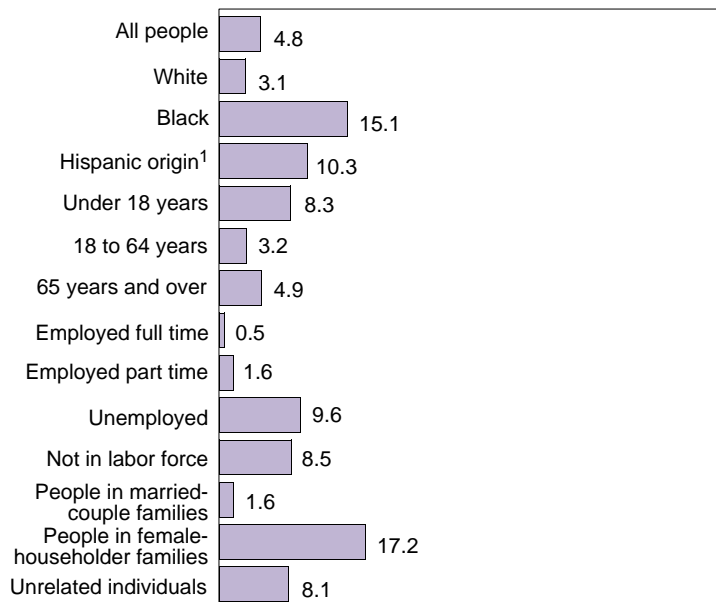


<sup>1</sup>People of Hispanic origin may be of any race.

Source: U.S. Bureau of the Census, Survey of Income and Program Participation (SIPP).

Figure 4.  
Percent of People With Selected Characteristics Who Were Chronically Poor: 1992 and 1993

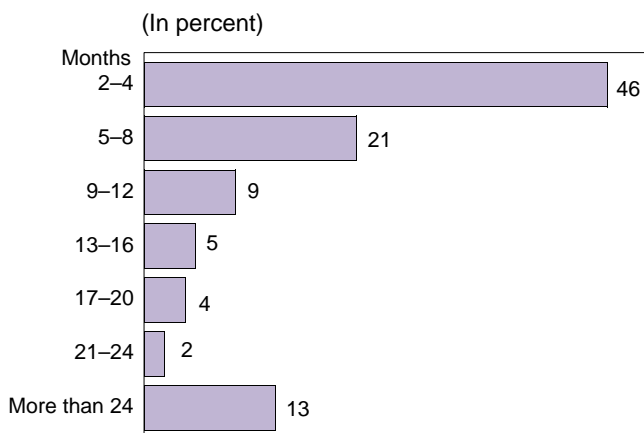
(The chronically poor were poor in all 24 months of 1992 and 1993.)



<sup>1</sup>People of Hispanic origin may be of any race.

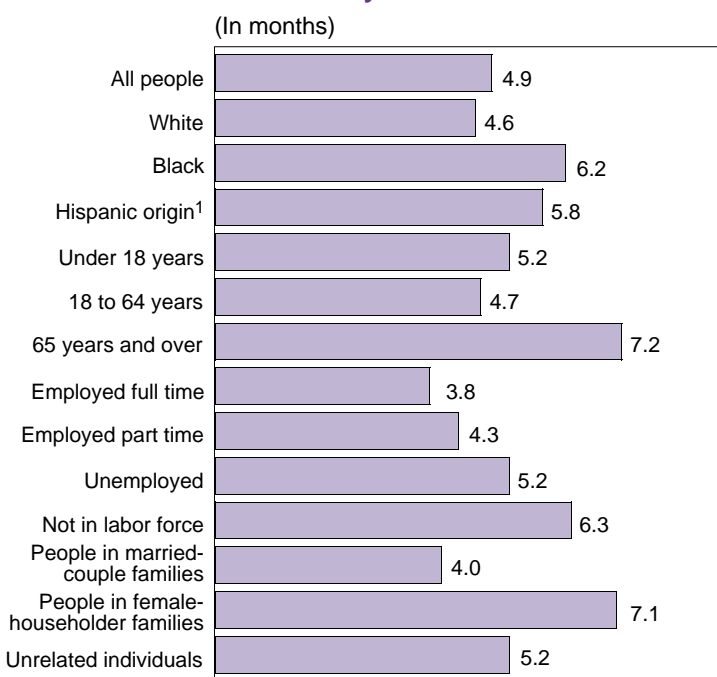
Source: U.S. Bureau of the Census, Survey of Income and Program Participation (SIPP).

**Figure 5.**  
**Distribution of Poverty Spells, by Length of Spell: 1992 to 1994**



Source: U.S. Bureau of the Census, Survey of Income and Program Participation (SIPP).

**Figure 6.**  
**Median Durations of Poverty Spells, by Selected Characteristics: 1992 to Early 1994**



<sup>1</sup>People of Hispanic origin may be of any race.

Source: U.S. Bureau of the Census, Survey of Income and Program Participation (SIPP).

an average month of 1993, the percent of people who were poor 2 months or more during 1993, and the percent of people who were poor each month of 1992 and 1993, respectively,

by race, Hispanic origin, age, employment status, and family status. These figures show strong correlations between those characteristics and poverty status.

Whites were less likely than Blacks and Hispanics to be poor in an average month and for 2 months or more during 1993. Blacks were slightly more likely than Hispanics to be poor in an average month during 1993, although this was not true in 1992. Blacks and Hispanics were almost two and one-half times as likely as Whites to be poor in an average month of 1993.<sup>5</sup> Blacks, however, were significantly more likely than people of Hispanic origin to be poor all 24 months of 1992 and 1993, 15.1 percent versus 10.3 percent.

More than one in five children (22.3 percent) was poor in an average month of 1993, compared with 12.0 percent of nonelderly adults and 10.2 percent of the elderly. The difference in chronic poverty between children and nonelderly adults was striking—8.3 percent versus 3.2 percent.

Single-parent families generally have female householders, and people in female-householder families are much more likely to be poor than people in married-couple families. Figures 2, 3, and 4 show that 37.8 percent of people in female-householder families were poor in an average month of 1993, 46.5 percent were poor at least 2 months, and 17.2 percent were poor continuously for 24 months. The corresponding proportions of people in married-couple families who were poor were significantly smaller—7.7 percent, 13.7 percent, and 1.6 percent, respectively. Unrelated individuals had poverty rates that were between those in female-householder and married-couple families.

Not surprisingly, unemployed people were more likely than other labor force groups to be poor. About 40.0 percent of the unemployed were poor in an average month of 1993, followed by 12.4 percent of part-time workers, and 3.8 percent of full-time workers. The proportion of those not in the labor force who were poor was intermediate between part-time workers and

the unemployed, 20.7 percent. The percent of people chronically poor and the percent of people who were poor 2 months or more varied in a similar fashion with employment status.<sup>6</sup>

### Poverty Spells

Figure 5 shows the percent distribution of poverty spells in the 1992 to 1994 period by their length. Just under one-half of spells lasted 4 months or less.<sup>7</sup> Two-thirds of spells lasted 8 months or less. These estimates are similar to estimates for the 1991 to 1993 period.

Figure 6 shows the median duration of poverty spells by various characteristics. The median duration of poverty spells that began after October 1991 was 4.9 months for all people, higher than the previously published median of 4.2 months for spells beginning after October 1990.<sup>8</sup> Between these two periods, the median spell duration among people 18 to 64 years old increased from 4.0 months to 4.7 months. The median poverty spells during 1992 through early 1994 lasted 4.7 months for nonelderly adults, 5.2 months for children, and 7.2 months for the elderly.<sup>9</sup>

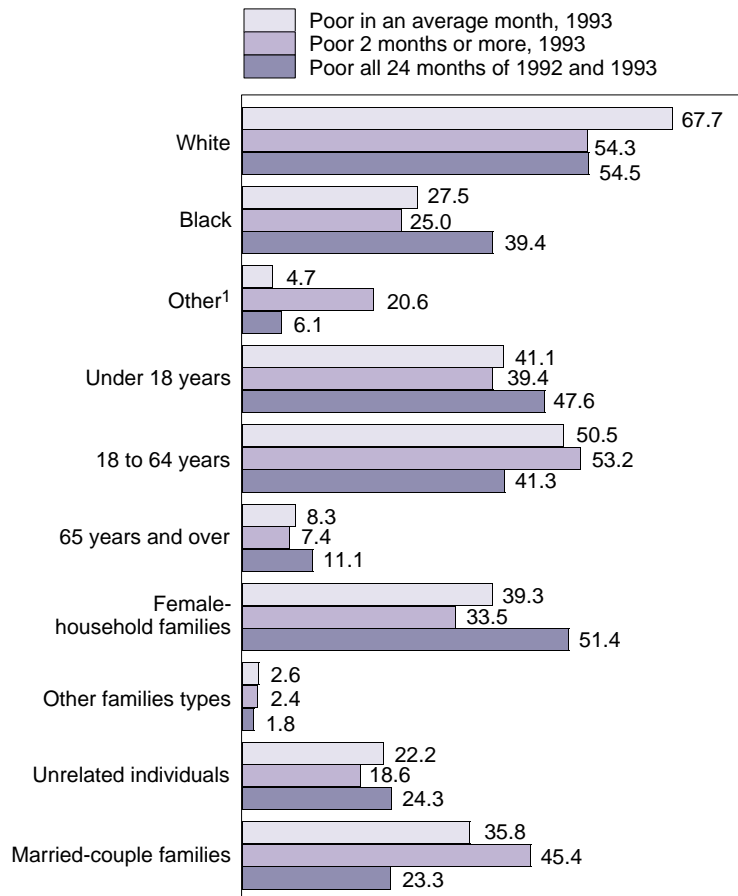
The median durations of poverty spells were higher for Blacks than for Whites—6.2 months compared with 4.6 months. People of Hispanic origin had a median duration of 5.8 months, not significantly different from the duration of Blacks.

There were significant differences in spell lengths between full-time and unemployed workers. Full-time workers had a median spell of 3.8 months, compared with 5.2 months for the unemployed. There were also statistically significant differences in spell lengths between the full-time employed and those not in the labor force, as well as the part-time employed and those not in the labor force.

The length of time spent in poverty also differed by family type, as shown at the bottom of figure 6. People in married-couple

Figure 7.  
**Distribution of the Poor, by Race, Age, and Family Type: Using Three Measures of Poverty**

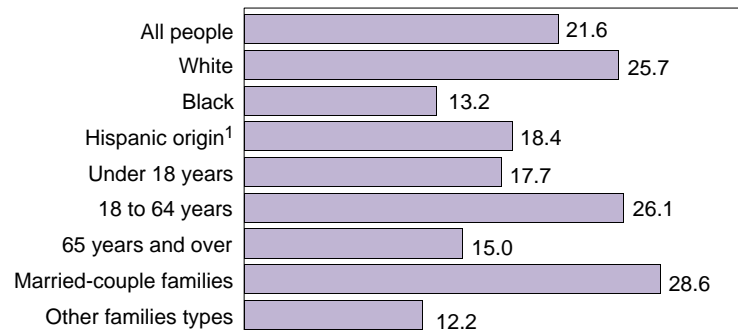
(In percent)



<sup>1</sup>People in the "other" category represent non-Black and non-White respondents.

Source: U.S. Bureau of the Census, Survey of Income and Program Participation (SIPP).

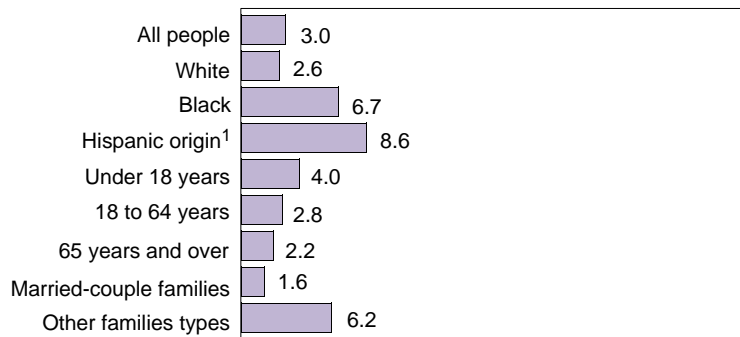
Figure 8.  
**Percent of People With Selected Characteristics Who Exited Poverty in 1993**



<sup>1</sup>People of Hispanic origin may be of any race.

Source: U.S. Bureau of the Census, Survey of Income and Program Participation (SIPP).

Figure 9.  
Percent of People With  
Selected Characteristics Who  
Entered Poverty in 1993



<sup>1</sup>People of Hispanic origin may be of any race.

Source: U.S. Bureau of the Census, Survey of Income and Program Participation (SIPP).

families and unrelated individuals had shorter poverty spells than people in female-householder families.<sup>10</sup> The median poverty spell experienced by people in female-householder families lasted 7.1 months, compared with 4.0 months for people in married-couple families and 5.2 months for unrelated individuals.

### The Composition of the Poor

Figure 7 shows that the composition of the poor varies by the measure used.<sup>11</sup> Reflecting a tendency toward longer spells of poverty, the elderly and children made up a larger fraction of the chronically poor than of the poverty population defined by the average monthly measure. The elderly accounted for 11.1 percent of the chronically poor, but only 8.3 percent of those who were poor in an average month. For children, the corresponding fractions were 47.6 percent and 41.1 percent. In contrast, nonelderly adults accounted for 41.3 percent of the chronically poor, but 50.5 percent of those who were poor in an average month.

Figure 7 also shows that despite much higher poverty rates for Blacks and people of Hispanic origin, the majority of the poor are White, regardless of the poverty measure used. Whites constituted

67.7 percent of the poverty population in an average month of 1993 and 54.5 percent of the long-term poor.

One sees a strikingly different picture of poverty among various family types depending on the measure of poverty that is chosen. Figure 7 shows that 39.3 percent of the poor on an average monthly basis live in families with female householders, only slightly higher than the 35.8 percent of the average monthly poor who live in married-couple families. However, among the chronically poor, 51.4 percent live in families with a female householder, compared with 23.3 percent who live in married-couple families.

### Transitions Into and Out of Poverty

Based on people interviewed over the 2-year period, 22.7 million people who were poor in 1992 remained poor in 1993. There was no significant increase in the number of poor people between 1992 and 1993, as the number of people who moved out of poverty (6.3 million) was similar to the number of people who moved into poverty (6.5 million). Figure 8 reveals characteristics associated with high exit rates (i.e. high proportions of people who were poor in 1992 and then not poor in

1993). For instance, people in married-couple families were much more likely to exit poverty than people in other types of families: 28.6 versus 12.2 percent. Blacks were less likely than Whites to exit poverty, and children and the elderly were less likely than nonelderly adults to exit poverty.<sup>12</sup>

Figure 9 shows the newly poor as a percent of the population that was not poor in 1992.<sup>13</sup> Characteristics that are associated with relatively high entry rates are generally the same as those associated with relatively low exit rates. For instance, Blacks were much more likely to become poor in 1993 than Whites—6.7 percent versus 2.6 percent. Similarly, people in female-householder families were almost four times as likely as people in other types of families to become poor—6.2 compared with 1.6 percent.

### Accuracy of the Estimates

All statistics are subject to sampling error, as well as nonsampling error such as survey design flaws, respondent classification and reporting errors, data processing mistakes, and undercoverage. The Census Bureau has taken steps to minimize errors in the form of quality control and edit procedures to reduce errors made by respondents, coders, and interviewers. Ratio estimation to independent age-race-sex population controls partially corrects for bias attributable to survey undercoverage. However, biases exist in the estimates when missed people have characteristics different from those of interviewed people in the same age-race-sex group.

Analytical statements in this report have been tested and meet statistical standards. However, because of methodological differences, use caution when comparing these data with data from other sources. More detailed tabulations on these measures can be found at the Census Bureau's internet site at <http://www.census.gov>.

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mhendric@census.gov for information on (1) the source of the data, (2) the accuracy of the estimates, (3) the use of standard errors, and (4) the computation of standard errors.

## Notes to pages 1–5

<sup>1</sup>The longitudinal estimates presented here are based on people who either were interviewed in all waves of the reference period, or for whom imputed information exists. Efforts were made during the life of the panel to ensure that the sample remained representative of the noninstitutional population of the United States. People who moved were followed to their new address. A “missing wave imputation” procedure was used for people who missed an interview but had completed interviews before and after the missing wave. If the people included in the estimates have different experiences of poverty than do the people who did not respond initially, left the sample, or missed two or more consecutive waves, these longitudinal estimates may be biased.

<sup>2</sup>The SIPP collects income information and family composition on a monthly basis.

Thus, poverty status can also be determined on a monthly basis by comparing monthly family income to monthly thresholds. Monthly thresholds rise from month to month by the same percentage as the Consumer Price Index (CPI). People living in families are poor if the family’s income is less than the threshold for that size family in the month. An unrelated individual is considered poor, if income in the month is less than an individual’s threshold income for the month. The number of poor in an average month is determined by averaging the number of poor in each month over the months of interest. The poverty rate for an average month is determined by summing the number of poor in each month (e.g., for calendar year 1993) and dividing by the sum of the poverty universes in each month (e.g., for calendar year 1993).

<sup>3</sup>The transition estimates reported here are based on annual poverty estimates. Annual poverty estimates in this report are obtained by summing monthly family income over the year and comparing it to the sum of the 12 corresponding monthly thresholds, based on family size and composition in each month. These annual poverty estimates differ from the official poverty estimates that are based on the March Supplement to the Current Population Survey (CPS). The official estimates assume that the family composition, reported in March of the interview year, did not change during the previous year. Additionally, the income and poverty thresholds are updated on a yearly basis, rather than a monthly basis.

<sup>4</sup>The figures in parentheses signify the 90-percent confidence intervals of the estimates.

<sup>5</sup>People of Hispanic origin may be of any race. The information on the Hispanic population shown in this report was collected in

the 50 States and the District of Columbia, and therefore, does not include residents of Puerto Rico.

<sup>6</sup>The unemployed were not significantly more likely than people out of the labor force to be poor all 24 months.

<sup>7</sup>Periods of poverty must last at least 2 months in order to be counted as spells.

<sup>8</sup>There was a statistically significant increase in the median spell duration for all people and for people 18 to 64 years old between the 1991 SIPP panel (covering the period October 1991 through August 1993) and the 1992 panel (covering the period October 1991 through April 1994). However, there were no statistically significant differences in the median durations of poverty spells, for the subpopulations shown in figure 6, between the 1991 and 1992 SIPP panels.

<sup>9</sup>The median duration of poverty spells was not significantly different for nonelderly adults and children.

<sup>10</sup>The median duration of poverty spells was lower for people in married-couple families than for unrelated individuals.

<sup>11</sup>The test compares the average monthly measure of poverty and the measure of chronic poverty. The distribution of those poor 2 months or more during 1993 is also shown in figure 7.

<sup>12</sup>Compared with estimates published earlier, there were no statistically significant changes in the likelihood of escaping poverty in 1992 (based on the 1991 panel) and in 1993 (based on the 1992 panel) for all population subgroups in figure 7.

<sup>13</sup>For the consideration of entries and exits into poverty in this publication, an annual poverty concept is used.

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