

# **TRANSITIONS INTO AND OUT OF POVERTY**

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**Abstract.** Transitioning into and out of poverty raises five questions. First, what kinds of persons and families are poor? Second, how do they become poor? Third, how long do they remain poor? Fourth, how do they cope with being poor? Fifth, how do they escape from being poor?

These questions are significant for one central and obvious reason: answering them improves our understanding of the nature of poverty or unmet human physical need, thereby contributing to the development of forms of aid to remedy that need. To the extent that we are successful in helping the needy, our social economics is enhanced, and any economic order based on that social economics should function more effectively.

Two main sources of information on poverty from the Census Bureau are used to address those questions: the Current Population Survey and the Survey of Income and Program Participation. Both use the same absolute standard of poverty but each source produces a different estimate of poverty because they are fundamentally different in design and coverage. The data presented herein cover the period 1985 through 1993.

Investigating the transition into and out of poverty necessarily begins with the question How is poverty to be defined? From the very beginning, students of poverty have been divided on this question: some have advocated a relative standard, others an absolute standard. In official circles, the view that has prevailed from the start is that poverty is an absolute concept. Accordingly, the official U.S. poverty standard always has been an absolute standard in which poverty is defined in terms of the income required to purchase the goods and services needed to maintain a minimal standard of living. That standard was constructed explicitly around the Economy Food Plan that the U.S. Department of Agriculture asserts as sufficient to meet basic nutritional needs.

Our views on this matter have been expressed at length elsewhere. Simply put, poverty is *both* relative *and* absolute because humans are two dimensional -- at once individual beings *and* social beings -- and for that reason any impoverishment they experience must be viewed two-dimensionally. The individuality of human beings argues for an absolute standard, while their sociality affirms the authenticity of a relative standard [O'Boyle, pp. 2-17].

This two-dimensional definition of poverty allows us to differentiate the poor by the severity of their impoverishment in a way that is less arbitrary and more accurate than the practice of using some multiple of the absolute standard (e.g., 125 percent of the official U.S. poverty threshold) to define the "near-poor." Clearly, persons or families classifiable as poor under the lower of the two poverty income cutoffs are needier than those who are classifiable only under the higher cutoff.

Table 1 illustrates that point using the official U.S. poverty threshold and family income data for 1993, and defining the relative standard as one-half of median family income. A family of four (A) with annual income of, say, \$11,013 in 1993 would be classifiable as poor under both the absolute standard which for a family of four is \$14,763 [Census 1995, p. A-4] and the relative standard which for a family of that size is \$22,581.<sup>1</sup> At the same time, another family (B) with income of, say, \$19,706 would be classifiable as poor under the relative standard but not the absolute standard. *Both* families would be recognized officially as needy, with one manifestly needier than the other, and for that reason probably more in need of help to exit from poverty.

Ultimately, though, the choice of a suitable definition is driven by the availability of the data that relate to falling into and breaking out of poverty. Overwhelmingly, those data are based on the official U.S. poverty standard and in large measure constitute the empirical evidence presented herein. Our utilization of these data should not be taken as an endorsement of the absolute standard to the exclusion of an appropriate relative standard.

## **FACTORS RELATING TO THE TRANSITION INTO AND OUT OF POVERTY**

Conceptually, falling into poverty is like being unemployed in the sense that both situations are indicative of something that is amiss. With poverty, what is missing is enough additional income to lift the person/family out of poverty defined in *both* relative terms *and* in absolute terms. With unemployment, what is missing is a job that helps meet human material need under its two aspects: physical need and the need for work as such. Further, employment and breaking out of poverty are

related as means and end: employment is one powerful means by which persons and families accomplish the end of breaking out of poverty.

**TABLE 1. POVERTY IN 1993: DEFINED, MEASURED, AND ASSESSED IN TERMS OF AN ABSOLUTE STANDARD AND A RELATIVE STANDARD**  
(two hypothetical four-person families)

\$14,763 = official 1993 U.S. poverty threshold:  
poverty defined and measured in an absolute sense

\$22,581 = one-half 1993 median family income:  
poverty defined and measured in a relative sense

**Family A** with 1993 family income = \$11,013  
is classified as poor under both standards

**Family B** with 1993 family income = \$19,706  
is classified as poor under the relative standard but  
is not poor under the absolute standard

At least ten factors contribute to the transition process [see Burkhauser, pp. 1-13; Gilder, pp. 75-85; Imig, p. 2; Kimenyi, pp. 111-114; Knieser, pp. 33-41]. Six are personal; four are familial. The personal factors have been separated from the familial factors for ease of exposition. In practice, however, the two often are intertwined and operate variably. For example, the aging of a previously independent grandparent may impoverish that person and the family of a son or daughter who accepts that grandparent into his/her nuclear family. The higher wages paid to a brother may allow him to live comfortably as an independent individual at the same time the income of the extended family which he left behind falls below the poverty standard.

To the extent that the data allow, these factors are used to improve our understanding as to how persons and families actually fall into and break out of poverty. However, knowing more about the specific factors that contribute to the transition into poverty does not necessarily point to the appropriate escape route out of poverty. For example, a female head of household with dependent children who works at a low-wage job may break out of poverty by finding a better-paying job, by having one of her older children join the military, by marrying a man who has a job that provides adequately for her and her children. Or a man whose chronic illness plunged the family into poverty may retrain for a different kind of work that his illness does not inhibit, may recover his health and his old job by changing doctors, may inherit enough income-producing assets to live comfortably without working.

## ***FACTORS CONTRIBUTING TO THE TRANSITION .....***

### Into Poverty:

### Out of Poverty:

#### **Personal**

lower wages  
unemployment  
on-the-job injury  
or illness  
rejection  
exploitation  
old age, frailty and  
dependence

higher wages  
employment  
restoration of physical  
well-being  
acceptance  
fairness  
youth, strength, and  
independence

#### **Familial**

death of breadwinner  
family dissolution  
increase in family size  
drop in net worth

replacement of breadwinner  
family (re-)formation  
decrease in family size  
rise in net worth

In the analysis that follows, differentiating those who are less than 16 years old from those who are older is *preferred* because the civilian labor force excludes all those under age 16 on grounds that for them working is not yet an appropriate major activity. Further, persons below age 16 are able to do little if anything about the poverty of their families. Their prospects for breaking out of poverty are linked directly to and depend squarely on the transition of adult family members. In 1992, there were 36,880,000 persons, or 14.5 percent of the total U.S. population, classified as poor under the official poverty standard. Of that number, 13,457,000 were under age 16. The rate of poverty in 1992 for persons 16 years or older was 12.1 percent [Census 1993, Tables 5 & 14].

However, the Census Bureau's published reports on poverty do not always supply data by these preferred age breakouts largely because one of the two principal sources of information -- the Current Population Survey and the Survey of Income and Program Participation -- includes in its coverage everyone below age 15 except unrelated individuals and the other excludes entirely everyone below age 15. More about these two sources of information is available in a later section of this article.

## **FIVE QUESTIONS**

Transitions into and out of poverty raise these five questions. First, what kinds of persons and families are poor? Second, how do they become poor? Third, how long do they remain poor? Fourth, how do they cope with being poor? Fifth, how do they escape from being poor?

These questions are significant for one central and obvious reason: answering them should improve our understanding of the nature of poverty or unmet human physical need, thereby contributing to the development of forms of aid to alleviate, cure, or prevent that need. To the extent that we are successful in helping the needy, our social economics is enhanced, and any economic order based on that social economics should function more effectively.<sup>2</sup>

## **SOURCES OF INFORMATION**

Two main sources of information on poverty are used herein: the Current Population Survey (CPS) and the Survey of Income and Program Participation (SIPP). Both use the same absolute standard of poverty but produce different estimates of poverty because they are fundamentally different in design and coverage.

The CPS is a monthly survey of approximately 60,000 randomly selected households which are rotated into and out of the sample and are replaced to assure that respondents do not become so accustomed to the same questions being asked month after month that they provide information which deteriorates in quality with each interview<sup>3</sup>. The March CPS contains a set of questions on income for the previous calendar year which, when compared to the official poverty thresholds, provides the information needed to classify a person or family accurately according to poverty status. The March CPS covers everyone in the civilian noninstitutional population including members of the Armed Forces off post or with their families on post; unrelated persons under age 15 are excluded. Given the size of the sample, estimates from the CPS have a very small standard error [see Census 1993, Appendices A & B].

The SIPP is a longitudinal survey in which a panel of respondents is drawn every year and interviewed eight times over a 32-month period. The first interviews were conducted in October 1983. The 1984 panel consisted of roughly 20,000 households. The 1990 panel was somewhat larger. The overlapping design provides a larger sample size from which cross-sectional estimates are made. As with the CPS, the SIPP covers everyone in the civilian noninstitutional population. However, everyone below age 15 is excluded from its coverage.

The SIPP collects information on income and family composition on a monthly basis, allowing poverty status to be determined monthly by comparing monthly family income to monthly poverty thresholds. Annual poverty estimates are obtained by summing monthly family income over the year and comparing it to the sum of the 12 corresponding monthly poverty thresholds. Unlike data from the CPS, the SIPP data make it possible to examine the dynamic aspects of poverty: to measure a specific person's movement along the income distribution and into and out of poverty. Because the SIPP sample is smaller than the CPS, the SIPP standard error is larger [Shea 1995a, pp. 2-3 & Appendices A & D; Census 1992a, Appendix B; Census 1992b, Appendix A]. Thus poverty estimates from these two main sources differ substantially.

## POOR PERSONS AND FAMILIES

### *CPS Data on Work Experience and Low Earnings.*

Among year-round, full-time workers<sup>4</sup> 16 to 64 years old, only 2.6 percent were classified as poor in 1990; for wives in married-couple families who worked full year, the rate was even lower (1.3 percent). Even among female family householders with no spouse present the rate of poverty for those working full year was only 6.9 percent or roughly one-half the rate of poverty for the general population in 1990 (13.5 percent).

With regard to the significance of full-year work, perhaps most telling of all is the following comparison. In 1989, the poverty rate for all blacks was 30.7 percent. However, among blacks who worked full year, the poverty rate averaged 4.7 percent.

Even though it approximated the 13.5 percent poverty rate for the general population in 1990, the 12.9 percent rate of poverty for 16-to-64 year old full-year workers *with low annual earnings* -- defined by the Census Bureau as annual earnings insufficient to support a family of four at the poverty level -- was much higher than the 2.6 percent for all full-year workers. Among husbands in married-couple families, the rate of poverty for low earners is 21.4 percent. It is even higher among low-earnings female family householders with no spouse present (27.8 percent). On the other hand, only 5.5 percent of wives with low annual earnings in married-couple families are classified as poor. These data underscore the way in which multiple wage-earners in a family along with marital status effect poverty status.

In 1990, there were 78,575,000 persons between the ages of 16 and 64 who worked full year in the U.S., of whom 2,043,000 were classified as poor, and 14,019,000 full-year workers with low annual earnings, of whom 1,808,000 were officially ranked among the poor [Census 1992e, pp. 6-7, Table 8; Census 1993, Table 2]. These 1,808,000 full-year workers are referred to as the “working poor” because by definition neither unemployment nor labor force nonparticipation played a part in their low annual earnings. Considering that there were 33,585,000 persons who were classified as poor in 1990, it follows that the “working poor” constitute only a tiny fraction (about five percent) of the poverty population, and that full-year work is a powerful remedy for poverty.

### *SIPP Data on Work Experience, Number of Workers, and Families.*

The foregoing information and findings derive mainly from the Current Population Survey. Data from the Survey of Income and Program Participation for the same period tend to reinforce both. As to work experience, for instance, the rate of poverty among the 68,330,000 persons 18 years of age and older who worked full year in *both* 1990 and 1991 was a minuscule 1.2 percent. Of the 119,000 persons who worked full year in 1990 and did not work at all in 1991, 88.6 percent experienced a decline in income of five percent or more, and 21.4 were classified as poor in 1991. As to number of wage-earners, 33.1 percent of the 35,232,000 persons in families with no workers in

either 1990 or 1991 were classified as poor in 1991, as compared to 0.5 percent of the 11,357,000 persons in families with three or more workers.

Regarding family composition, among the 187,575,000 persons in families with the same number of adults and the same number of children in 1991 as in 1990, the rate of poverty in 1991 was 9.8 percent. For the 643,000 persons in families with fewer adults and more children in 1991 than the year before, the 1991 poverty rate was 35.5 percent. Further, as to family status, 5.5 percent of the 162,539,000 persons in married-couple families both years were counted as poor, whereas 24.2 percent of the 3,119,000 persons in married-couple families in 1990 but not in 1991 were classified as poor in 1991. For the 2,240,000 persons who were married in 1990 and were not married in the following year, 63.1 percent experienced a drop in income of five percent or more, and of the 3,119,000 who were living in a married-couple family in 1990 but not in 1991, 73.7 percent stated that their income had fallen by five percent or more [Masumura and Ryscavage, pp. 22-23, 29-30].

*CPS Data on Sources of Assistance.*

According to the CPS, there were an estimated 36,880,000 poor persons of all ages in the U.S. in 1992. Of that number, an estimated 6.6 percent were in households publicly supported by means of the school-lunch program, 18.4 percent were in households residing in subsidized housing, 42.7 percent were in households getting some form of means-tested cash assistance, 51.4 percent were receiving food-stamps, and 56.4 were in households where at least one person was covered by Medicaid.

Overall, nearly three of four persons classified as poor were in households getting some type of means-tested assistance. By comparison, in the entire U.S. population, about one of four persons were getting means-tested assistance in 1992. Assistance rates are highest for poor female householders with no spouse present (90.5 percent) especially for those with at least one child under six years of age (94.1 percent) [Census 1993, Table 6].

## **ENTRY INTO AND EXIT OUT OF POVERTY: THE EMPIRICAL EVIDENCE<sup>5</sup>**

*Entry Into Poverty.*

Table 2 shows that according to SIPP estimates 2.6 percent of the population 15 years of age and older entered poverty in 1986 and 2.2 percent entered two years later, and that approximately one-fourth of the poor exited in each of those years. Thus, in both 1986 and in 1988, a total of nearly 11 million persons were either falling into or breaking out of poverty. Entry rates are higher for blacks than for whites. An estimated 2.2 percent of whites who were above poverty in 1985, had income in 1986 below the poverty threshold. For blacks the entry rate was 5.6 percent.

**TABLE 2. ENTRY INTO AND EXIT OUT OF POVERTY: 1985-1986, 1987-1988**

**1985 - 1986**

Not Poor: 1985 .....	202,874,000
Poor: 1985 .....	23,603,000
Entered Poverty: 1986 .....	5,350,000
Exited Poverty: 1986 .....	5,613,000
Total .....	10,965,000
Poor: 1986 .....	23,340,000
Not Poor: 1986 .....	203,137,000
Poor: 1985 <i>and</i> 1986 * ...	17,990,000
Poor: 1985 <i>or</i> 1986 .....	28,953,000

Source: Census 1990, Tables G & H.

**1987 - 1988**

Not Poor: 1987 .....	206,068,000
Poor: 1987 .....	24,922,000
Entered Poverty: 1988 ....	4,558,000
Exited Poverty: 1988 .....	6,380,000
Total .....	10,938,000
Poor: 1988 .....	23,100,000
Not Poor: 1988 .....	207,890,000
Poor: 1987 <i>and</i> 1988 * ....	18,517,000
Poor: 1987 <i>or</i> 1988 .....	29,455,000

Source: Shea 1995a, Table G; Census 1991b, Tables 3 & 5.

\*: Officially the “long-term poor” based on an annual measure of poverty and including only persons whose average monthly income falls below the average monthly poverty threshold for two years in a row.

Family size, it seems, is not a factor. The entry rate for a two-person family in 1985-86 was 1.9 percent, while the rate for a family of five or more persons was 2.5 percent. However, a change in family status is significant. For example, persons above poverty and in married-couple families in 1985 which changed in 1986 to some other family type, entered poverty at a rate of 14.8 percent. So too for a change to full-year work. Among the nonpoor who were not working full year in 1985 and worked full year in the following year, the rate of entry into poverty in 1986 was 0.4 percent.

Proximity to the poverty threshold is a very significant factor. For the nonpoor whose 1985 income was less than 25 percent above the poverty threshold, the entry rate for 1986 was 17.9 percent. This factor appears to be so powerful as to eradicate the customary black/white differential. For blacks with 1985 income above the poverty threshold by less than 25 percent, an estimated 19.4 percent entered poverty in 1986. The rate for similarly circumstanced whites was 17.8 percent. These findings held as well for entry into poverty between 1987 and 1988.

SIPP estimates for more recent years confirm the broader findings from the 1980s (see Table 3). In both 1991 and 1992, the entry rates into poverty (3 percent) were fractionally higher than in 1986 and 1988. The exit rates in 1991 and 1992 were somewhat lower -- about 21 percent -- than in 1986 and 1988 when an estimated 24-25 percent broke out of poverty. The SIPP data show that the total number of persons in transition either into or out of poverty exceeded 11 million in 1991 and 12 million in 1992.<sup>6</sup>

More narrowly, as to the rate of entry into poverty in 1991 and in 1992, the published data confirmed the black/white differential. We were not able to find published data for the early 1990s linking entry into poverty to family size, change in family type, change in full-year work, and proximity to the poverty threshold, and consequently we cannot confirm or reject the findings for the 1980s.

#### *Long-Term Poverty and Chronic Poverty.*

Table 2 indicates nearly 18 million persons were poor in 1985 *and* 1986 and that an estimated 18.5 million were classified as poor in 1987 *and* 1988. Their poverty is officially designated "long-term poverty."<sup>7</sup> Table 3 shows that long-term poverty increased to 18.8 million in 1990-1991 and to 20.9 million in 1991-1992.

In 1991-1992 some segments of the general population were more severely beset by chronic poverty (poor in each one of the 24 months) than others. Overall, 4.9 percent of the population were chronically poor.<sup>8</sup> The rate was five times higher for blacks than for whites (15.7 percent compared to 3.2 percent). The highest rate -- 19.5 percent -- was reported for persons in female-householder families. Persons employed full time were least likely to experience chronic poverty (0.6 percent). In general, the SIPP estimates for 1990-1991 are remarkably similar.

**TABLE 3. ENTRY INTO AND EXIT OUT OF POVERTY: 1990-1991, 1991-1992**

**1990 - 1991**

Not Poor: 1990 .....	211,962,000
Poor: 1990 .....	23,849,000
Entered Poverty: 1991 ....	6,143,000
Exited Poverty: 1991 .....	5,052,000
Total .....	11,195,000
Poor: 1991 .....	24,940,000
Not Poor: 1991 .....	210,871,000
Poor: 1990 <i>and</i> 1991 * .....	18,797,000
Poor: 1990 <i>or</i> 1991 .....	29,992,000

Source: Shea 1995a, Tables G & H.

**1991 - 1992**

Not Poor: 1991 .....	215,315,000
Poor: 1991 .....	26,640,000
Entered Poverty: 1992 ....	6,472,000
Exited Poverty: 1992 .....	5,767,000
Total .....	12,239,000
Poor: 1992 .....	27,345,000
Not Poor: 1992 .....	214,610,000
Poor: 1991 <i>and</i> 1992 * ....	20,873,000
Poor: 1991 <i>or</i> 1992 .....	33,112,000

Source: Shea 1995b, Tables A & F. See note on "long-term poor" in Table 2.

We were able to find some additional data on the risk of chronic poverty for 1987-1988 but not for 1985-1985. The data for 1987-1988 confirm the 5:1 black/white differential in the overall rate of chronic poverty, and reveal that one out of five persons in families with a female householder (no spouse present) and at least one child under age 18 were poor in each one of the 24 months in 1987-1988. The other findings on chronic poverty in the 1990s cannot be confirmed from the available published information.

### *Spells of Poverty.*

SIPP data on spells of poverty indicate a median duration of approximately 4 months. There is a vast amount of additional information available from this source which are not reported herein because interpreting the information presents special problems. In the SIPP, a spell of poverty must be preceded by at least one month in which the person is classified as nonpoor during the SIPP reference period. This condition, in other words, requires an observed beginning for every SIPP-reported spell of poverty.

Further, poverty must last at least two months to be counted as a spell. To be counted as a separate spell, it must be separated by at least two months above the monthly poverty threshold, otherwise it is regarded as a single spell. Additionally, poverty that continues in the months after the end of the SIPP reference period are not reflected in the figures on average duration [Shea 1995a, pp. 1-2].<sup>9</sup>

Thus, the SIPP data on duration of poverty exclude entirely the *spells* of those persons whose poverty started before the beginning of the SIPP reference period and continued into the reference period. Also, the SIPP data exclude the *months* of poverty for those persons whose poverty continued past the end of the period. *Included in these data*, therefore, are spells which started sometime after the first month of the SIPP reference period and ended during the reference period (complete spells) or continued beyond the last month in the reference period (incomplete spells). *Excluded* are spells that began prior to the reference period, whether or not they ended during the reference period. Also *excluded* are the months of poverty for spells that continued past the last month in the SIPP reference period.

In this matter, the most revealing information is the number of months in poverty for those whose spell is completed, that is for those who have broken out of poverty. We were not able to find that information in the various published sources.

### *Exit Out Of Poverty.*

As stated previously, the exit rate out of poverty for the entire population of persons classified as poor in the SIPP is roughly 20 to 25 percent. However, there are huge differences for various subsets of the poor. For example, as expected, among persons who were poor in 1985 the exit rate in 1986 for whites (28.3 percent) is 70 percent higher than for blacks (16.5 percent). For those whose income in 1985 put them more than 25 percent below the poverty threshold, the exit rate was 13.4 percent. Contrast that with the 42.5 percent exit rate for persons with income that is less than 25 percent below the poverty threshold.

A change in marital status is related to a differentially high exit rate. Specifically, one-half of the poor in 1985 who experienced a change in marital status were not poor in 1986. Finally, among persons with four years or more of college, the exit rate was 57.5 percent. All of these findings were specifically confirmed by the SIPP for the years 1987-1988.

Regarding the rate of exit out of poverty in the early 1990s, the published data confirmed a black/white differential, but one in which the exit rate for whites was at least nominally higher in 1992 (25.7 percent) than in 1991 (23.3 percent) while for blacks it was lower (17.4 percent compared to 13.0 percent). As with entry rates, we were unable to locate published information for the early 1990s linking exit out of poverty to family size, change in family type, change in full-year work, and proximity to the poverty threshold, and consequently we cannot confirm or reject the findings for the 1980s.

## SUMMARY

### *Defining Poverty.*

Poverty is properly defined neither in absolute terms alone nor in relative terms alone. Rather, poverty is both an absolute concept and a relative concept because humans are at once both individual beings and social beings. This definition allows us to differentiate the poor according to the severity of their impoverishment and the possibilities for exiting from poverty.

### *Contributing Factors.*

The factors contributing to the transition into poverty can be classified as personal or familial. The personal factors include: lower wages; unemployment; on-the-job injury or illness; rejection; exploitation; and old age, frailty, and dependence. The familial factors include: death of the breadwinner; family dissolution; increase in family size; and drop in net worth.

### *Findings.*

Full-year work has a powerful impact on the risk of impoverishment. In 1989, for instance, among blacks the rate of poverty was 30.7 percent. However, for those who worked full year, the rate was 4.7 percent. The rate of poverty among the 68.3 million persons 18 years of age and older who worked full year in both 1990 and 1991 was 1.2 percent.

Multiple wage-earners and marital status also have a powerful impact on the risk of impoverishment. Only 5.5 percent of wives *with low average earnings* in married-couple families were classified as poor in 1990. In 1991, only 0.5 percent of the 11.4 million persons in families with three or more workers were counted as impoverished. Of the 3.1 million persons in married-couple families in 1990 but not in 1991, 24.2 percent were classified as poor in 1991.

The “working poor” -- defined as those who worked full-year and had low annual earnings -- made up only five percent of the entire poverty population in 1990.

Nearly three quarters of the poverty population in 1992 were in households which were receiving some type of means-tested assistance. Medicaid was the most common type of assistance: 56.4 percent of the poor were in households where at least one person was covered by Medicaid.

Roughly two to three percent of persons who are not poor in any given year fall into poverty in the following year, and approximately 20 to 25 percent of those who are poor in any year break out of poverty in the following year. An estimated 10.9 to 12.8 million persons are in transition into or out of poverty in any given year.

Most likely to enter into poverty are persons whose income puts them only marginally above the poverty threshold, and those who changed from a married-couple family to some other family type. Least likely to fall into poverty are persons who changed from working less than full year to full-year employment.

Most likely to exit from poverty are persons whose income puts them only marginally below the poverty threshold, persons who experienced a change in marital status, and persons with four years or more of college. Least likely to break out of poverty are blacks and those whose income puts them well below the poverty threshold.

Roughly 18.0 to 20.9 million persons are classified as “long-term poor” (for whom average monthly income falls below the average monthly poverty threshold for two consecutive years). The “chronic poor” (counted as poor in each of the 24 months of a two-year period) number around 10.6 to 11.8 million. The rate of chronic poverty was five time higher for blacks than for whites.

#### *Improving the Published Data.*

We recommend collecting and publishing information on the poor that allows the researcher to separate those who are 16 years of age and older from younger persons. Our reasoning is that, following the practice of the CPS with regard to the civilian labor force, for persons below age 16 working is not yet an appropriate major activity.

We suggest that the Census Bureau publish information on the duration of completed spells of poverty, that is the number of months in poverty of those persons who have broken out of poverty.

Finally, to the extent that we are successful in helping the poor, especially those who are trapped in chronic poverty or long-term poverty, to break out of and not fall back into poverty, our social economics is enhanced, and any economic order based on that social economics functions more effectively.

## ENDNOTES

1. Median income in the USA in 1993 for a family of four was \$45,161 (Census, 1995, p. 7).
2. Our vision of social economics and the social economy is that as social economists our chief task is to address the problem of human material need (physical need and the need for work as such) and to help construct an economic system which effectively accomplishes that purpose.
3. See Masumura and Ryscavage (Appendix D) for more on “time-in-sample bias.”
4. Hereafter referred to simply as “full-year workers.”
5. Information reported in this section derived from the following Census Bureau publications: Census, 1990; Census 1991b; Census, 1992a; Shea, 1995a, Shea, 1995b; Shea 1995c; and Shea, 1995d. Two other Census Bureau publications based on SIPP data for 1992-93 were released in June 1996 but are not as rich in information as earlier Census reports (see Eller, 1996; Masumura, 1996).
6. Entry and exit rates one year later were virtually the same, but the total number of persons in transition climbed to nearly 13 million (Eller, 1996, pp. 4-5).
7. “Long-term poverty” includes persons whose average monthly income falls below the average monthly threshold for two years in a row. “Chronic poverty” includes persons who are poor in each of the 24 months of a two-year period. In 1991-92 there were many more long-term poor (20.9 million) than chronically poor (11.8 million).
8. In 1993, 4.8 percent were classified as chronically poor (Eller, p. 2).
9. In the terminology employed by the Census Bureau, the SIPP data are “right-censored” in that they include some spells which continue past the last month of the reference period but they are not “left-censored” in that they do not include the spells of persons whose poverty started before the first month of the reference period.

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