

APPENDIX H. DATA ON POVERTY

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MEASURING POVERTY

When the Federal Government began measuring poverty in the early 1960s, the continued existence of poor people in a time of the "Affluent Society" seemed anomalous. Official concern soon translated into efforts to measure the size of the poverty population, and the search began for programmatic ways to alleviate poverty. The first rough estimates of the incidence of poverty were based on survey data indicating that families generally spent about one-third of their income on food. A poverty level income was then calculated by using as a yardstick the amount of money necessary to purchase the lowest cost "nutritionally adequate" diet calculated by the Department of Agriculture (roughly equivalent to the current Thrifty Food Plan). This price tag was multiplied by three to produce a poverty threshold. This procedure assumed, then, that if a family did not have enough income to buy the lowest cost nutritionally adequate diet, and twice that amount to buy other goods and services, it was "poor." Adjustments were made for the size of the family, the sex of the family head, and for whether the family lived on a farm. Farm families were assumed to need less cash income because their needs could be met partially by farm products, particularly food. The adjustments for sex of the family head and for farm-nonfarm residence were abolished in 1981. Policy officials made one

change to the basic approach for calculating the poverty threshold in 1969. The current poverty threshold is established each year simply by increasing the previous year's threshold by the change in the Consumer Price Index (CPI), rather than multiplying the cost of the Thrifty Food Plan by three.

Note that the tables in this subsection provide poverty data calculated using the official Census definition of poverty. The Census definition of poverty has remained fairly standard over time and is useful for measuring progress against poverty. Under this definition, poverty is determined by comparing pretax cash income with the poverty threshold.

It should be noted that the Census Bureau revised its method of estimating the poverty threshold four times—in 1966, 1974, 1979, and 1981. These revisions changed the estimate of the poverty rate. The first two revisions slightly reduced the estimated number of poor, while the more recent revisions slightly increased the number. In 1984, the Census Bureau also revised its method of imputing missing values for interest income, which slightly lowered the estimated poverty rate.

Data on income and poverty after 1987 may not be comparable to data in earlier years because of changes in the methods used by the Census Bureau to process survey results. This new processing system was applied to 1987 data so that 1988 and 1987 data are comparable. Revised 1987 data are denoted as 1987R. The new processing system increased aggregate income by 0.9 percent and lowered the poverty rate for 1987 by 0.1 percent.

Table H-1 shows the population, number of persons in poverty and the poverty rate in 1996 by age, race, region and family type. In 1996, 13.7 percent (36.5 million persons) of the total U.S. population lived in poverty. Of all demographic groups shown, poverty was highest among female-headed families with children (44.3 percent). Among children under age 18, nearly 20.5 percent, or 14.5 million children, lived in poverty in 1994.

The weighted average poverty thresholds for families of various sizes for selected years between 1959 and 1996 are presented in table H-2.

TRENDS IN THE OVERALL POVERTY RATE ¹

In the late 1950s, the overall poverty rate for individuals in the United States was 22 percent, representing 39.5 million poor persons (tables H-3 and H-4). Between 1959 and 1969, the poverty rate declined dramatically and steadily to 12.1 percent. As a result of a sluggish economy, the rate increased slightly to 12.5 percent by 1971. In 1972 and 1973, however, it began to decrease again. The lowest rate over the entire 24-year period occurred in 1973, when the poverty rate was 11.1 percent. At that time roughly 23 million people were poor, 42 percent less than were poor in 1959.

¹ All poverty trend information is based upon published Census Bureau data contained in Current Population Reports, Series P-60, Nos. 124, 140, 145, 149, 154, 157, 161, 166, 168, 174, 180, and 185. These figures may differ with other parts of this report which provide a more refined breakdown of this age category. Data for blacks, the aged, and nonaged population were not available for the years 1961-65.

TABLE H-1.—POVERTY STATUS OF PERSONS BY AGE, ETHNICITY, REGION, AND FAMILY TYPE, 1996

Category	Poverty rate (percent)	Population (thousands)	Percent of total population	Number of poor (thousands)	Percent of poverty population	Poverty difference 1996-95	Percent of difference
Age:							
Under 18	20.5	70,650	26.5	14,463	39.6	-202	-194.2
18-64	11.4	163,691	61.5	18,638	51.0	196	188.5
65 and over	10.8	31,877	12.0	3,428	9.4	110	105.8
Total	13.7	266,218	100.0	36,529	100.0	104	100.0
Race/ethnicity:							
White	11.2	219,656	82.5	24,650	67.5	227	218.3
Black	28.4	34,110	12.8	9,694	26.5	-178	-171.2
Hispanic ¹	29.4	29,614	11.1	8,697	23.8	123	118.3
Total	13.7	266,218	100.0	36,529	100.0	104	100.0
Region:							
Northeast	10.9	51,455	19.3	6,558	18.0	113	108.7
Midwest	10.7	61,940	23.3	6,654	18.2	-131	-126.0
South	15.1	93,123	35.0	14,098	38.6	-360	-346.2
West	15.4	59,700	22.4	9,219	25.2	483	464.4
Total	13.7	266,218	100.0	36,529	100.0	104	100.0
Family type:							
Unrelated individuals	20.8	40,727	15.3	8,452	23.1	205	197.1
Female-headed families with children	44.3	26,798	10.1	12,750	34.9	-346	-332.7
Married-couple families	8.7	110,179	41.4	9,617	26.3	61	58.7

TABLE H-1.—POVERTY STATUS OF PERSONS BY AGE, ETHNICITY, REGION, AND FAMILY TYPE, 1996—Continued

Category	Poverty rate (percent)	Population (thousands)	Percent of total population	Number of poor (thousands)	Percent of poverty population	Poverty difference 1996-95	Percent of difference
Other families with children	15.6	8,326	3.1	1,297	3.6	98	94.2
All other families	5.5	80,188	30.1	4,413	12.1	86	82.7
Total	13.7	266,218	100.0	36,529	100.0	104	100.0

¹ Persons of Hispanic origin may be of any race.
Source: U.S. Bureau of the Census (1996).

TABLE H-2.—WEIGHTED AVERAGE POVERTY THRESHOLDS FOR NONFARM FAMILIES OF SPECIFIED SIZE, SELECTED YEARS 1959–96

Calendar year	Unrelated individuals				Families of two persons or more						
	All ages	Under age 65	Aged 65 or older	All ages	Head under age 65	Head aged 65 or older	Three persons	Four persons	Five persons	Six persons	Seven persons or more
1959	\$1,467	\$1,503	\$1,397	\$1,894	\$1,952	\$1,761	\$2,324	\$2,973	\$3,506	\$3,944	\$4,849
1960	1,490	1,526	1,418	1,924	1,982	1,788	2,359	3,022	3,560	4,002	4,921
1965	1,582	1,626	1,512	2,048	2,114	1,906	2,514	3,223	3,797	4,264	5,248
1970	1,954	2,010	1,861	2,525	2,604	2,348	3,099	3,968	4,680	5,260	6,468
1975	2,724	2,797	2,581	3,506	3,617	3,257	4,293	5,500	6,499	7,316	9,022
1980	4,190	4,290	3,949	5,363	5,537	4,983	6,565	8,414	9,966	11,269	14,110
1981	4,620	4,729	4,359	5,917	6,111	5,498	7,250	9,287	11,007	12,449	15,036
1982	4,901	5,019	4,626	6,281	6,487	5,836	7,693	9,862	11,684	13,207	15,500
1983	5,061	5,180	4,775	6,483	6,697	6,023	7,938	10,178	12,049	13,630	16,096
1984	5,278	5,400	4,979	6,762	6,983	6,282	8,277	10,609	12,566	14,207	16,656
1985	5,469	5,593	5,156	6,998	7,231	6,503	8,573	10,989	13,007	14,696	17,049
1986	5,572	5,701	5,255	7,138	7,372	6,630	8,737	11,203	13,259	14,986	17,649
1987	5,778	5,909	5,447	7,397	7,641	6,872	9,056	11,611	13,737	15,509	18,232
1988	6,022	6,155	5,674	7,704	7,958	7,157	9,435	12,092	14,304	16,146	19,162
1989	6,310	6,451	5,947	8,076	8,343	7,501	9,885	12,674	14,990	16,921	20,241
1990	6,652	6,800	6,268	8,509	8,794	7,905	10,419	13,359	15,792	17,839	21,058
1991	6,932	7,086	6,532	8,865	9,165	8,241	10,860	13,924	16,456	18,587	22,383
1992	7,143	7,299	6,729	9,137	9,443	8,487	11,186	14,335	16,952	19,137	22,923
1993	7,363	7,518	6,930	9,414	9,728	8,740	11,522	14,763	17,449	19,718	23,552
1994	7,547	7,710	7,108	9,661	9,976	8,967	11,821	15,141	17,900	20,235	24,110
1995	7,763	7,929	7,309	9,933	10,259	9,219	12,158	15,569	18,408	20,804	24,761
1996	7,995	8,163	7,525	10,145	10,507	9,484	12,273	16,183	19,516	22,447	25,828

¹ Poverty threshold for seven persons, not seven persons or more.

Source: U.S. Bureau of the Census, technical papers.

TABLE H-3.—NUMBER OF PERSONS IN POVERTY FOR INDIVIDUALS IN SELECTED DEMOGRAPHIC GROUPS, 1959–96

Year	Overall	Aged	Children ¹	Individuals in female- headed families ²	Black	Hispanic origin ³	White
1959	39,490	5,481	17,552	7,014	9,927	NA	28,484
1960	39,851	NA	17,634	7,247	NA	NA	28,309
1961	39,628	NA	16,909	7,252	NA	NA	27,890
1962	38,625	NA	16,963	7,781	NA	NA	26,672
1963	36,436	NA	16,005	7,646	NA	NA	25,238
1964	36,055	NA	16,051	7,297	NA	NA	24,957
1965	33,185	NA	14,676	7,524	NA	NA	22,496
1966	28,510	5,114	12,389	6,861	8,867	NA	19,290
1967	27,769	5,388	11,656	6,898	8,486	NA	18,983
1968	25,389	4,632	10,954	6,990	7,616	NA	17,395
1969	24,147	4,787	9,691	6,879	7,095	NA	16,659
1970	25,420	4,793	10,440	7,503	7,548	NA	17,484
1971	25,559	4,273	10,551	7,797	7,396	NA	17,780
1972	24,460	3,738	10,284	8,114	7,710	2,414	16,203
1973	22,973	3,354	9,642	8,178	7,388	2,366	15,142
1974	23,370	3,085	10,156	8,462	7,182	2,575	15,736
1975	25,877	3,317	11,104	8,846	7,545	2,991	17,770
1976	24,975	3,313	10,273	9,029	7,595	2,783	16,713
1977	24,720	3,177	10,288	9,205	7,726	2,700	16,416
1978	24,497	3,233	9,931	9,269	7,625	2,607	16,259
1979	26,072	3,682	10,377	9,400	8,050	2,921	17,214
1980	29,272	3,871	11,543	10,120	8,579	3,491	19,699
1981	31,822	3,853	12,505	11,051	9,173	3,713	21,553
1982	34,398	3,751	13,647	11,701	9,697	4,301	23,517
1983	35,303	3,625	13,911	12,072	9,882	4,633	23,984
1984	33,700	3,330	13,420	11,831	9,490	4,806	22,955
1985	33,064	3,456	13,010	11,600	8,926	5,236	22,860
1986	32,370	3,477	12,876	11,944	8,983	5,117	22,183
1987	32,221	3,563	12,843	12,148	9,520	5,422	21,195
1988	31,745	3,481	12,455	11,972	9,356	5,357	20,715
1989	31,528	3,363	12,590	11,668	9,302	5,430	20,785
1990	33,585	3,658	13,431	12,578	9,837	6,006	22,326
1991	35,708	3,781	14,341	13,824	10,242	6,339	23,747
1992 ⁴	38,014	3,928	15,294	14,205	10,827	7,592	25,259
1993	39,265	3,755	15,727	14,636	10,877	8,126	26,226
1994	38,059	3,663	15,289	14,380	10,196	8,416	25,379
1995	36,425	3,318	14,665	14,205	9,872	8,574	24,423
1996	36,529	3,428	14,463	13,796	9,694	8,697	24,650

¹ All children including unrelated children.² Does not include females living alone.³ Hispanic origin may be of any race; it is an overlapping category.⁴ For 1992, figures are based on 1990 Census population controls.

NA—Not available.

Source: U.S. Bureau of the Census (1996).

TABLE H-4.—POVERTY RATES FOR INDIVIDUALS IN SELECTED DEMOGRAPHIC GROUPS, 1959–96

Year	Overall	Aged	Children ¹	Individuals in female-headed families ²	Black	Hispanic origin ³	White
1959	22.4	35.2	27.3	49.4	55.1	NA	18.1
1960	22.2	NA	26.9	48.9	NA	NA	17.8
1961	21.9	NA	25.6	48.1	NA	NA	17.4
1962	21.0	NA	25.0	50.3	NA	NA	16.4
1963	19.5	NA	23.1	47.7	NA	NA	15.3
1964	19.0	NA	23.0	44.4	NA	NA	14.9
1965	17.3	NA	21.0	46.0	NA	NA	13.3
1966	14.7	28.5	17.6	39.8	41.8	NA	11.3
1967	14.2	29.5	16.6	38.8	39.3	NA	11.0
1968	12.8	25.0	15.6	38.7	34.7	NA	10.0
1969	12.1	25.3	14.0	38.2	32.2	NA	9.5
1970	12.6	24.6	15.1	38.1	33.5	NA	9.9
1971	12.5	21.6	15.3	38.7	32.5	NA	9.9
1972	11.9	18.6	15.1	38.2	33.3	22.8	9.0
1973	11.1	16.3	14.4	37.5	31.4	21.9	8.4
1974	11.2	14.6	15.4	36.5	30.3	23.0	8.6
1975	12.3	15.3	17.1	37.5	31.3	26.9	9.7
1976	11.8	15.0	16.0	37.3	31.1	24.7	9.1
1977	11.6	14.1	16.2	36.2	31.3	22.4	8.9
1978	11.4	14.0	15.9	35.6	30.6	21.6	8.7
1979	11.7	15.2	16.4	34.9	31.0	21.8	9.0
1980	13.0	15.7	18.3	36.7	32.5	25.7	10.2
1981	14.0	15.3	20.0	38.7	34.2	26.5	11.1
1982	15.0	14.6	21.9	40.6	35.6	29.9	12.0
1983	15.2	13.8	22.3	40.2	35.7	28.0	12.1
1984	14.4	12.4	21.5	38.4	33.8	28.4	11.5
1985	14.0	12.6	20.7	37.6	31.3	29.0	11.4
1986	13.6	12.4	20.5	38.3	31.1	27.3	11.0
1987	13.4	12.5	20.3	38.1	32.4	28.1	10.4
1988	13.0	12.0	19.5	37.2	31.3	26.7	10.1
1989	12.8	11.4	19.6	35.9	30.7	26.2	10.0
1990	13.5	12.2	20.6	37.2	31.9	28.1	10.7
1991	14.2	12.4	21.8	39.7	32.7	28.7	11.3
1992 ⁴	14.8	12.9	22.3	39.0	33.4	29.6	11.9
1993	15.1	12.2	22.7	38.7	33.1	30.6	12.2
1994	14.5	11.7	21.8	38.6	30.6	30.7	11.7
1995	13.8	10.5	20.8	36.5	29.3	30.3	11.2
1996	13.7	10.8	20.5	35.8	28.4	29.4	11.2

¹ All children including unrelated children.² Does not include females living alone.³ Hispanic origin may be of any race; it is an overlapping category.⁴ For 1992, figures are based on 1990 Census population controls.

NA—Not available.

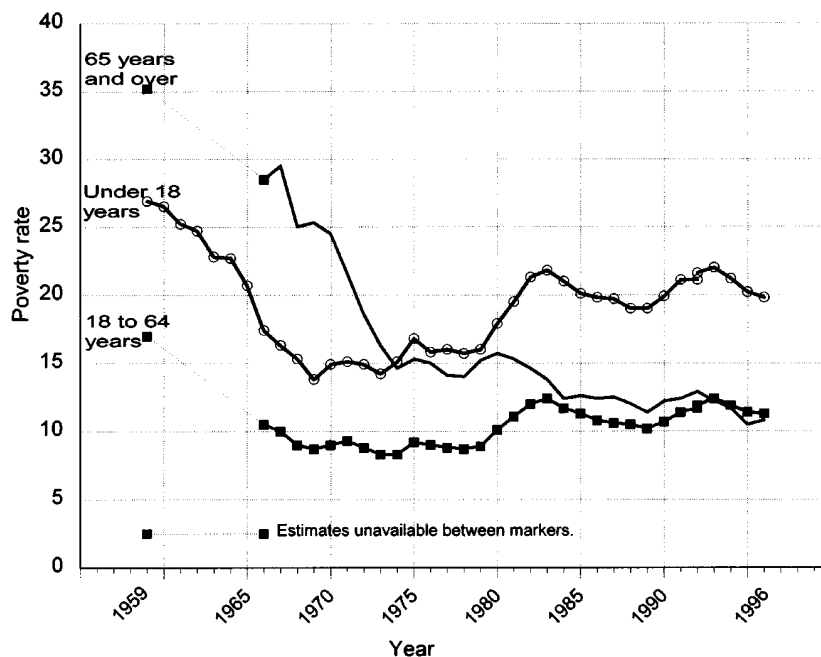
Source: U.S. Bureau of the Census (1996).

The poverty rate increased by 1975 to 12.3 percent, and then oscillated around 11.5 percent through 1979. After 1978, however, the poverty rate rose steadily reaching 15.2 percent in 1983. In 1996, the last year for which data are available, the poverty rate was 13.7 percent and 36.5 million people were poor.

POVERTY RATES FOR INDIVIDUALS IN SELECTED SUBGROUPS OF THE POPULATION

As table H-4 illustrates, there are substantial differences between the overall poverty rate and the poverty rates of individuals in certain demographic subgroups. Most notably, blacks, individuals in female-headed households, and Hispanics have poverty rates that greatly exceed the average. The poverty rates for individuals in female-headed households remained above 35 percent over the 1959-96 period. The poverty rate for all blacks and Hispanics has remained near 30 percent during the 1980s and mid 1990s. The poverty rate for the aged, which exceeded the overall poverty rate in 1959, fell below the overall poverty rate beginning in 1982. It was 10.8 percent in 1996. The poverty rate for whites was below the overall poverty rate throughout the entire 1959-96 period. It was 11.2 percent in 1996. The poverty rate for children exceeds the average rate; it was 20.5 percent in 1996 (see chart H-1).

CHART H-1. POVERTY RATES BY AGE: 1959-96



Source: U.S. Bureau of the Census.

POVERTY RATES FOR FAMILIES²

Table H-5 shows the composition of the poverty population for various demographic groups for selected years between 1959 and 1996. Table H-6 presents poverty data for families and unrelated individuals (individuals living alone). Female-headed families with children and unrelated individuals are more likely to be poor than other families with children or families with aged members. In 1996, 42.3 percent of female-headed families with children were poor, compared with 8.5 percent of male-present families. Although only 6.4 percent of all families with an aged member were poor, 20.9 percent of all aged unrelated individuals were poor. About 20.7 percent of nonaged unrelated individuals were poor.

POVERTY UNDER ALTERNATIVE MEASURES OF INCOME AND PRICE INFLATION

The Census Bureau publishes data that reflect two adjustments in the official definition of poverty. The first of these is an alternative inflation adjustment. The official poverty line is based on a procedure developed in 1965 with yearly adjustments for inflation using the Consumer Price Index (CPI). The Consumer Price Index, in turn, is based on the yearly change in prices of goods used by most Americans. Prior to 1983, the CPI measured housing prices using a procedure that included changes in the asset value of owned homes. Because the asset value of houses was growing so much faster than the consumption value, the inflation rate that included asset values was excessive.

In 1983 the Bureau of Labor Statistics began using a rental equivalence approach to measure the value of housing. The official CPI-U inflation rate is based on the asset value of housing prior to 1983 and rental equivalence in 1983 and later. To provide a consistent time series, the Bureau constructed an experimental series, the CPI-U-X1, for 1967-82 based on rental equivalence.

The general effect of using the CPI-U-X1 is to lower inflation in past years which in turn has the effect of lowering poverty thresholds for those years. A lower threshold means that fewer people are poor. As can be seen by comparing the first two columns in table H-7, adjusting the poverty threshold using the CPI-U-X1 reduced the official poverty rate by about 1.5 percentage points (11 percent or 4.0 million persons) in 1996.

The second adjustment in the official poverty rate made by the Census Bureau is to expand the definition of income to take into account some noncash income, including government benefits. Under the procedures by which the official poverty rate is calculated, only cash, including government benefits, is counted in determining whether a family is poor; income from cash welfare programs counts, but benefits from food programs, medical care, social

²Income figures reported in this subsection were from the March Current Population Survey (CPS) computer data tapes. There is a tendency in surveys, such as the CPS, for respondents to underreport their incomes by both source and amount. Reporting of income from earnings is usually more accurate than reporting of income from other sources. In general, CPS estimates of amounts or numbers of recipients of various cash and noncash transfer programs tend to be lower than administrative program totals. As a result, the data are a better reflection of general trends and patterns than of absolute numbers with income from a particular source, or the amount received. Unrelated subfamilies are included as families in this analysis. The Census Bureau excludes such families from its poverty counts.

TABLE H-5.—COMPOSITION OF POVERTY POPULATION FOR SELECTED DEMOGRAPHIC GROUPS,¹ SELECTED YEARS 1959–1996
 [Percent of poverty population]

Demographic group	Year												
	1959	1966	1975	1985	1987	1988	1989	1990	1991	1992	1993	1994	1996
Aged	13.9	17.9	12.8	10.5	10.9	11.0	10.7	10.9	10.6	10.3	9.6	9.6	9.4
Children	43.6	42.6	42.1	38.8	39.4	38.7	39.4	39.5	39.5	39.7	39.5	39.6	38.8
Nonaged adults	42.5	39.5	45.1	50.7	49.7	50.3	49.9	49.7	49.9	49.9	50.9	50.8	51.8
Individuals in female-headed families ²	26.3	36.0	47.4	49.5	52.6	52.9	52.4	53.4	54.0	52.6	52.4	52.8	53.5
Individuals in all other families ²	73.7	64.0	52.6	50.5	47.4	47.1	47.6	46.6	46.0	47.4	47.6	47.2	46.5
Blacks	25.1	31.1	29.2	27.0	29.8	29.5	29.5	29.3	28.7	28.5	27.7	26.8	26.5
Whites	72.1	67.7	68.7	69.1	65.6	65.3	65.9	66.5	66.5	66.4	66.8	66.7	67.5
Other races	2.8	1.2	2.1	3.9	4.7	5.3	4.6	4.2	4.8	5.1	5.5	6.5	6.0
Hispanic origin ³	NA	NA	11.6	15.8	16.9	16.9	17.2	17.9	17.8	20.0	20.7	22.1	23.8
Individuals in families with children ⁴	NA	NA	NA	NA	NA	NA	67.9	68.0	68.4	68.4	68.7	68.0	66.7
Male present	NA	NA	NA	NA	NA	NA	31.3	30.7	30.3	31.4	32.0	31.2	30.1
Female head	NA	NA	NA	NA	NA	NA	36.6	37.2	38.1	37.0	36.7	36.9	36.5
Individuals in all other families	NA	NA	NA	NA	NA	NA	32.1	32.0	31.6	31.6	31.3	32.0	33.3

¹ Demographic data are for March of the following year.

² Includes unrelated or single individuals.

³ Hispanic origin may be of any race; therefore numbers add to more than 100 percent.

⁴ Family includes related children under 18.

NA—Not available.

Note.—Estimates for 1987–94 are not comparable to prior years due to processing changes in the Current Population Survey.

Source: Prepared by Congressional Research Service based on data from March Current Population Survey and U.S. Bureau of the Census (1996 and various years).

TABLE H-6.—POVERTY RATES BY FAMILY TYPE, SELECTED YEARS 1987-96, AND PERCENTAGE OF FAMILIES AND UNRELATED INDIVIDUALS BY RATIO OF TOTAL INCOME TO POVERTY THRESHOLD, 1996^{1 2}

Family type	Poverty rate, 1987-96							Ratio of total income to poverty threshold, 1996						1996 total (in thousands)
	1987R	1988	1990	1991	1993	1994	1996	Under 0.50	0.50-0.99	1.00-1.24	1.25-1.49	1.50-1.99	2.00-2.99	
Total:														
Families	11.0	10.8	11.1	11.8	12.7	12.0	11.3	4.5	6.8	4.0	4.3	9.2	17.8	53.4
Unrelated individuals ..	20.4	20.6	20.7	21.1	22.1	21.5	20.8	8.3	12.4	7.5	6.5	12.1	17.3	35.9
No members age 65 or over:														
Families	11.9	11.6	12.2	13.0	14.0	13.1	12.4	5.2	7.2	3.9	4.1	8.3	16.9	54.4
Unrelated individuals ..	19.1	19.3	19.1	19.6	21.3	20.9	20.7	10.0	10.7	5.1	5.2	10.0	17.2	41.8
Any member age 65 or over:														
Families	7.2	6.9	6.4	6.7	7.0	6.9	6.4	1.4	5.0	4.4	5.1	13.1	22.0	13,385
Unrelated individuals ..	23.9	24.1	24.7	24.9	24.1	23.1	20.9	3.7	17.2	14.4	10.2	17.8	17.6	19.2
Families with children:														
Female headed family														
no husband present	46.3	45.5	45.3	47.6	46.7	44.6	42.3	20.8	21.5	8.6	7.5	12.6	15.7	13.3
Male present families ..	8.1	7.7	8.5	9.0	9.9	9.3	8.5	2.5	6.0	3.9	4.5	9.9	20.8	52.5

¹ Based on Census poverty levels.

² Unrelated subfamilies are treated as separate families. Related subfamilies are not treated as separate families but as members of the family with whom they reside.

Source: Prepared by Congressional Research Service based on March Current Population Survey for selected years.

TABLE H-7.—POVERTY UNDER ALTERNATIVE MEASURES OF INCOME AND PRICE INFLATION, 1979–96

Year	Poverty rate			Percentage reduction in official poverty associated with:	
	Official (CPI-U)	Using CPI-U-X1	CPI-U-X1 w/noncash benefits ¹	CPI-U-X1	CPI-U-X1 w/noncash benefits ¹
1979	11.7	10.6	7.9	9.4	32.5
1980	13.0	11.5	8.6	11.5	33.8
1981	14.0	12.2	9.8	12.9	30.0
1982	15.0	13.2	10.6	12.0	29.3
1983	15.2	13.7	11.0	9.9	27.6
1984	14.4	12.8	10.4	11.1	27.8
1985	14.0	12.5	10.1	10.7	27.9
1986	13.6	12.2	9.8	10.3	27.9
1987	13.4	12.0	9.5	10.4	29.1
1988	13.0	11.7	9.5	10.0	26.9
1989	12.8	11.4	8.9	10.9	30.5
1990	13.5	12.1	9.5	10.4	29.6
1991	14.2	12.7	9.9	10.6	30.3
1992	14.8	13.4	10.5	9.5	29.1
1993	15.1	13.7	10.7	9.3	29.1
1994	14.5	13.2	9.8	9.0	29.7
1995	13.8	12.3	9.0	10.9	34.8
1996	13.7	12.2	8.9	10.9	35.0
Percent change:					
1979–89	9.4	7.5	12.7	NA	NA
1979–96	17.1	15.1	12.7	NA	NA

¹ Including income from capital gains, health insurance supplements to wage or salary income, non-means-tested and means-tested government cash transfers, other means-tested government noncash transfers, the value of Medicare, the value of regular-price school lunches, the value of Medicaid, the earned income credit (EIC), less Social Security payroll taxes, less Federal income taxes (excluding the EIC), less State income taxes.

NA—Not available.

Source: U.S. Bureau of the Census (1996 and various years).

services, education and training, and housing are not included in the calculation. Moreover, because government spending on means-tested noncash benefits has increased more rapidly than spending on means-tested cash benefits over the years, ignoring noncash benefits may be an increasingly serious omission if we want a broad picture of the impact of government programs on poverty.

The question of how to value noncash benefits raises a variety of substantive and technical issues. The Census Bureau has been working on these issues, consulting with academic experts, sponsoring conferences, and issuing technical reports. In 1992, the Bureau published a consistent historical data series, covering the years 1979–91, to trace the impact of variety of taxes and noncash benefits on poverty and income. The measurement of noncash benefits extended beyond government spending for the poor to include government spending programs such as Medicare that are not

means tested as well as to employer contributions to employee health plans.

To examine the impact on income and poverty of various State and Federal taxes, government noncash programs, employer-provided benefits, and so forth, the Bureau has adopted a framework that includes 15 definitions of income. By comparing income under these multiple definitions, it is possible to estimate the impact of the various income sources on the average income and the poverty rates of individuals and families.

Income definition 14 is of interest to those concerned with the impact of government means-tested, noncash benefits on poverty rates. Unlike the official poverty rate, which includes only cash government benefits, definition 14 includes the effects of State and Federal taxes, employer-provided benefits, non-means-tested government benefits, and means-tested noncash benefits including food stamps, housing, school lunch, and the fungible value of Medicaid.

By comparing the official poverty rate with the definition 14 poverty rate, we can determine the impact on poverty of noncash benefits and government taxes. The third column in table H-7 is the poverty rate for years 1979-96 based on definition 14 and using the CPI-U-X1 deflator. Compared with the rate based on CPI-U-X1 (column 2), including taxes and noncash benefits (and a few other types of income that have little impact on poverty) in the poverty calculation reduces the poverty rate in 1996 by 3.3 percentage points.

The combined impact of using the CPI-U-X1 and including noncash benefits can be determined by comparing the poverty rate in column 3 with the official rate in column 1. On average, the two Census Bureau adjustments reduced the poverty rate by 4.8 percentage points or nearly 35 percent (12.8 million persons) in 1996.

The question of whether to include medical benefits when measuring poverty has great implications on poverty rates. The valuation of medical benefits is particularly difficult. Medical coverage should not by itself raise poor individuals above the poverty line or constitute a major portion of the poverty threshold. The development of the poverty thresholds did not take into account medical costs. Although poor persons are clearly better off with medical coverage, such benefits cannot be used by recipients to meet other needs of daily living. Also, since health insurance costs are not imputed to the incomes of those above poverty, it seems inappropriate to count health benefits as income for those below the poverty line.

Table H-7 illustrates that regardless of what measure of income or which price inflator is used, the trend is the same: poverty has increased substantially over the last 15 years. Using the official CPI-U definition, the poverty rate increased by 17.1 percent between 1979 and 1996. Using the CPI-U-X1 inflator and factoring in all noncash benefits (including health benefits), poverty has increased by 12.7 percent but at a lesser rate than the official measure.

POVERTY BY METRO AREA AND STATE

Tables H-8 and H-9 present poverty rates for nonmetro and metro areas and by race in nonmetro and metro areas respectively. Table H-8 shows that poverty rates have increased in metro than in nonmetro areas (27.3 percent compared to 17.8 percent, respectively, between 1978 and 1996). Table H-9 shows that poverty among blacks and Hispanics is much higher than rates among whites in metro areas, nonmetro areas, and inner cities. Table H-10 presents poverty rates by State for 1988-96, based on 3-year averages. The data are shown as 3-year averages due to poor statistical reliability of State poverty rates in a single year, resulting from small sample sizes.

TABLE H-8.—POVERTY RATES IN NONMETRO AND METRO AREAS, 1978-96

[Persons in percent]

Year	Nonmetro	Metro	
		Total	Central cities only
1978	13.5	10.4	15.4
1979	13.8	10.7	15.7
1980	15.4	11.9	17.2
1981	17.0	12.6	18.0
1982	17.8	13.7	19.9
1983	18.3	13.8	19.8
1984	NA	NA	NA
1985	18.3	12.7	19.0
1986	18.1	12.3	18.0
1987	17.0	12.3	18.3
1988	16.0	12.2	18.1
1989	15.7	12.0	18.1
1990	16.3	12.7	19.0
1991	16.1	13.7	20.2
1992 ¹	16.9	14.2	20.9
1993	17.2	14.6	21.5
1994	16.0	14.2	20.9
1995	15.6	13.4	20.6
1996	15.9	13.2	19.6
Percent increase, 1978-96	17.8	26.9	27.3

¹ For 1992, figures are based on 1990 Census population controls.

NA—Not available.

Source: U.S. Bureau of the Census (1996 and various years).

TABLE H-9.—PERCENTAGE OF PERSONS IN POVERTY BY RACE, BY METRO AND NONMETRO RESIDENCE, 1996

Race	Nonmetro	Metro	
		Total	Central cities only
All races	15.9	13.2	19.6
White	13.5	10.6	15.7
Black	35.2	27.3	31.0
Hispanic ¹	33.6	28.9	32.9

¹ Persons of Hispanic origin may be of any race.

Source: U.S. Bureau of the Census (1996).

TABLE H-10.—STATE POVERTY RATES: 3-YEAR AVERAGES, 1988-90 THROUGH 1994-96

State	1988-90	1989-91	1990-92	1991-93	1992-94	1993-95	1994-96
Alabama	19.1	19.0	18.4	17.9	17.0	18.0	16.8
Alaska	11.0	11.2	11.1	10.4	9.8	8.8	8.5
Arizona	14.0	14.2	14.5	15.6	15.7	15.8	17.5
Arkansas	19.8	18.4	18.1	18.3	17.6	16.7	15.8
California	13.3	14.2	15.1	17.0	17.5	17.6	17.2
Colorado	12.8	12.1	11.6	10.4	9.9	9.2	9.5
Connecticut	4.3	5.8	8.0	9.1	9.7	9.7	10.7
Delaware	8.5	8.1	7.3	8.6	8.8	9.6	9.1
District of Columbia	18.1	19.2	20.0	21.8	22.6	23.3	22.5
Florida	13.5	14.1	15.0	16.4	16.1	16.3	15.1
Georgia	14.9	16.0	16.9	16.1	15.1	13.2	13.6
Hawaii	11.1	10.0	9.9	9.0	9.3	9.0	10.4
Idaho	13.3	13.7	14.6	14.1	13.4	13.2	12.8
Illinois	13.0	13.3	14.2	14.3	13.9	12.8	12.3
Indiana	12.3	14.1	13.5	13.3	12.6	11.8	10.3
Iowa	10.0	10.1	10.4	10.5	10.8	11.1	10.8
Kansas	9.7	11.1	11.2	12.2	13.0	12.9	12.3
Kentucky	17.0	17.4	18.6	19.6	19.5	17.9	16.7
Louisiana	23.2	22.0	22.3	23.4	25.5	23.9	22.0
Maine	12.2	12.5	13.5	14.4	12.8	12.0	10.6
Maryland	9.6	9.3	10.2	10.3	10.7	10.2	10.4
Massachusetts	9.3	10.2	10.6	10.8	10.2	10.5	10.3
Michigan	13.2	13.9	14.0	14.4	14.4	13.9	12.5
Minnesota	11.6	12.0	12.6	12.6	12.1	10.8	10.2
Mississippi	25.0	23.8	24.6	24.4	23.1	22.7	21.3
Missouri	12.9	13.6	14.6	15.6	15.8	13.7	11.5
Montana	15.5	15.8	15.1	14.7	13.4	13.9	14.6
Nebraska	11.1	10.9	10.0	10.2	9.9	9.6	9.5
Nevada	9.7	10.7	11.9	12.0	11.9	10.7	10.1
New Hampshire	6.9	7.1	7.4	8.7	8.8	7.6	6.5
New Jersey	7.9	9.0	9.6	10.4	10.1	9.3	8.7
New Mexico	21.1	20.9	21.4	20.7	20.0	21.3	24.0
New York	13.4	14.1	15.0	15.9	16.4	16.6	16.7

TABLE H-10.—STATE POVERTY RATES: 3-YEAR AVERAGES, 1988-90 THROUGH 1994-96—Continued

State	1988-90	1989-91	1990-92	1991-93	1992-94	1993-95	1994-96
North Carolina ..	12.6	13.2	14.4	14.9	14.8	13.7	13.0
North Dakota	12.5	13.5	13.4	12.7	11.2	11.2	11.1
Ohio	11.5	11.8	12.4	13.0	13.2	12.9	12.8
Oklahoma	15.9	15.8	17.0	18.6	18.5	17.9	16.8
Oregon	10.3	11.3	11.3	12.3	11.7	11.6	11.6
Pennsylvania	10.6	10.8	11.2	12.1	12.5	12.6	12.1
Rhode Island	8.0	8.2	10.0	11.4	11.3	10.7	10.6
South Carolina ..	16.2	16.5	17.2	18.1	17.2	17.5	15.6
South Dakota	13.6	13.5	14.0	14.5	14.6	14.4	13.6
Tennessee	17.8	16.9	16.5	17.4	17.1	16.6	15.3
Texas	17.0	16.8	17.1	17.9	18.3	18.0	17.7
Utah	8.7	9.8	10.1	11.0	9.4	9.0	8.0
Vermont	9.0	10.5	11.3	11.1	9.4	9.3	10.2
Virginia	10.9	10.6	10.1	9.7	10.0	10.2	11.1
Washington	9.1	9.3	9.8	11.0	11.7	12.1	12.0
West Virginia	17.2	17.2	19.4	20.8	21.0	19.2	17.9
Wisconsin	8.5	9.2	10.0	11.2	10.8	10.0	8.8
Wyoming	10.5	10.6	10.4	11.2	11.0	11.6	11.1
U.S. total	13.1	13.5	14.1	14.8	14.5	14.5	14.0

Source: U.S. Bureau of the Census (1996).

TRENDS IN FAMILY INCOMES, 1967-94

In the past 25 years, the level of and inequality among family incomes has changed significantly according to all income measures. Between 1967 and 1973, income increased for all quintiles, and income inequality went down. As measured by the Congressional Budget Office, over this time period, the lowest quintile experienced an increase in mean adjusted family income (family income divided by the poverty threshold for the appropriate family size) of 30 percent, while income for the highest quintile grew by 21 percent. Since, 1973, however, the trend has been markedly different. Income of the bottom quintile has declined, while the income for the highest quintile has risen.

While the general trends in families' economic well-being are similar regardless of how measured, varying results for the distribution of family incomes are obtained depending on which income measure is used. Three commonly used income measures (all adjusted for inflation) are family cash income, family cash income per capita, and adjusted family income. While no measure perfectly captures the economic well-being of families, adjusted family income most accurately accounts for differences in family size by incorporating the scale implicit in the official Federal poverty thresholds.

Family composition in the United States has undergone pronounced changes over the past two decades, as the number of families grew almost twice as fast as the population between 1973 and

1994.³ The growth in families reflects very different trends among particular types of families (see table H-11). The number of married couples with children, for example, fell almost 2 percent between 1973 and 1989 before rising by 3 percent between 1989 and 1994. In contrast, the number of families headed by a single mother grew by 102 percent over the entire 1973-94 period.

Changes in family composition are also reflected in the number of persons and earners per family. The average family has become smaller, reflecting in part relatively fewer families with children (and fewer children in those families). The average family also had fewer earners in 1994 than in 1973.

Total family cash income grew over 50 percent in real terms between 1973 and 1989, before falling slightly as the recession that began in 1990 took hold. The real income of the average family rose during this period as well, but the magnitude and timing of the increase depends on the income measure used. For example, family cash income rose about 9 percent between 1973 and 1989, on average, with virtually all of the increase taking place between 1979 and 1989. In contrast, average pretax adjusted family income (AFI)—which takes into account changes in family size—rose about 20 percent, with the annual increase about equally divided between the two time periods shown. The larger increase in AFI reflects in part a decrease in average family size.

DEFINITIONS AND METHODS

Analyzing trends in the distribution of family incomes over time requires making decisions about a number of variables: How should variation in incomes be measured? What is the appropriate time-frame over which to look at changes? How should inflation be taken into account? And, finally, what is the appropriate measure of income to use?

Measuring variation

Most of the data in this section are presented for income quintiles, each of which represents one-fifth of the income distribution (either families or persons, as indicated). Quintiles are calculated by ordering all relevant family units from that with the lowest income to that with the highest. For the analysis of changes in incomes among different types of families, quintiles are defined separately for each family type.

The analysis of changes in the distribution of family incomes over time is done by looking at average incomes, adjusted for inflation, by income quintile for specific types of families.

Timeframe

Most of the analysis focuses on data for 4 years: 1967, 1973, 1979, and 1989. Those years reflect peaks in the business cycle, and allow comparisons to be made across time periods in which general economic conditions were similar. Information is also presented for 1994.

³In contrast to some measures of income from the Bureau of the Census, this analysis treats unrelated individuals as one-person families. Family types are defined in detail below.

TABLE H-11.—CHANGES IN POPULATION, FAMILY COMPOSITION, AND INCOME, SELECTED YEARS 1973-94

Family group	Year					Percent change	
	1973	1979	1989	1994	1973-89	1979-89	1989-94
A. Distribution of families and persons by family type							
Number of families (in thousands)	73,166	84,229	101,663	108,522	38.9	20.7	6.7
Families with children	31,098	32,166	34,768	37,413	11.8	8.1	7.6
Married couples with children	24,798	24,166	24,378	25,079	-1.7	0.9	2.9
Single mothers with children	4,126	5,650	7,123	8,351	72.6	26.1	17.2
Nonelderly childless units ¹	28,183	35,730	46,467	49,580	64.9	30.1	6.7
Elderly childless units ²	13,884	16,331	20,428	21,530	47.1	25.1	5.4
Number of persons in different family types (in thousands)	207,525	217,718	245,846	261,614	18.5	12.9	6.4
Families with children	134,248	130,426	135,381	145,814	0.8	3.8	7.7
Married couples with children	108,976	101,318	99,471	103,043	-8.7	-1.8	3.6
Single mothers with children	14,240	18,132	21,504	25,372	51.0	18.6	18.0
Nonelderly childless units ¹	50,148	60,514	77,025	80,323	53.6	27.3	4.3
Elderly childless units ²	23,129	26,778	33,440	35,477	44.6	24.9	6.1
B. Size, age composition, and number of earners for all families							
Average number of persons per family:							
Total	2.87	2.59	2.42	2.41	-16.4	-6.6	-0.3
Under 18	0.94	0.75	0.63	0.65	-31.9	-16.1	2.5
18 to 64	1.64	1.55	1.50	1.48	-10.1	-3.4	-1.4
65 and older	0.30	0.28	0.29	0.29	-1.9	3.9	-0.9

Average number of earners per family:							
Total	1.39	1.34	1.27	1.24	-6.9	-5.2	-2.0
Male earners	0.81	0.75	0.69	0.67	-15.3	-8.5	-3.0
Female earners	0.57	0.59	0.58	0.58	5.2	-1.1	-0.7
C. Income trends for all families, by income measure							
Income measure (in 1989 dollars):							
Total family cash income (billions)	2,220	2,591	3,353	3,402	51.0	29.4	1.5
Mean family cash income	30,341	30,764	32,978	31,346	8.7	7.2	-5.0
Mean family cash income per capita ³	10,718	11,922	13,743	13,003	28.2	15.3	-4.7
Adjusted pretax income ⁴	19,096	20,592	23,025	22,004	20.6	11.8	-4.3
Adjusted posttax income ⁵	NA	17,404	19,424	18,707	NA	11.6	-3.5
High adult male earner	NA	12,044	12,189	11,253	NA	1.2	-7.6
High adult female earner	NA	4,111	5,633	5,896	NA	37.0	4.8
Other earners in family	NA	923	894	710	NA	-3.1	-19.2
Other private income	NA	2,021	2,700	2,388	NA	33.6	-13.0
Cash transfer income (non-means tested)	NA	1,190	1,429	1,548	NA	20.0	12.5
Cash transfer income (means tested)	NA	302	180	208	NA	-40.4	15.4
Noncash transfer income	NA	145	139	179	NA	-4.0	26.2
Taxes	NA	-3,333	-3,740	-3,475	NA	12.2	-7.0

¹ Families in which both the head and spouse are under age 65 and there are no children under 18, and unrelated individuals under age 65.
² Families in which either the head or spouse of head is 65 or older and there are no children under 18, and unrelated individuals 65 and older.
³ Family cash income divided by the number of persons in the family.
⁴ Pretax AFI (adjusted family income) is pretax family income divided by the poverty threshold. Thresholds are based on the 1989 distribution of family sizes, with no adjustment for the age of the head of household or the number of children. In this table only, pretax AFI is expressed in dollars by multiplying adjusted family income by the one-person poverty threshold.
⁵ Posttax AFI (adjusted family income) is posttax family income, plus the cash value of noncash food and housing benefits, divided by the poverty threshold. Thresholds are based on the 1989 distribution of family sizes, with no adjustment for the age of the head of household or the number of children. In this table only, posttax AFI is expressed in dollars by multiplying adjusted family income by the one-person poverty threshold.

NA—Not available.
 Source: Congressional Budget Office based on Current Population Survey data.

Data for more recent years are not presented here because they are not fully comparable with those for earlier years. Income data provided by the Census Bureau to researchers outside that agency frequently are limited in certain areas both to protect confidentiality and to reduce the impact of reporting and coding errors on statistical calculations. Beginning with information for 1995, the Census Bureau substantially increased the maximum earnings it reports for individuals on public-use computer files. As a result, for some survey respondents, changes in income between 1995 or 1996 and earlier years can be due to actual changes in economic resources, to changes in the way their income is coded, or both. While alternative ways of presenting data for various years are explored, this section limits the comparisons to 1994, the last year for which the former coding technique was used.

Adjustment for inflation

To examine changes in family income over time, the dollar amounts must be adjusted for inflation to compare actual buying power. Adjustment for inflation is done here using the CPI-U-X1,⁴ a revised version of the official Consumer Price Index that provides a consistent treatment of the costs of home ownership over the years examined. The CPI-U-X1 is an index of the cost of a market basket of goods and services representing the average consumption of the urban population.

INCOME MEASURE

The purpose of looking at the distribution of family incomes over time is to analyze changes in family economic well-being. Two important issues in choosing an appropriate income measure are how to adjust for differences in family size and what to include as income.

One measure is real family cash income, which is the sum of wage, salary, and self-employment earnings, private pension and retirement income, interest and dividends, and government cash transfers received by each family member. By this measure, which takes inflation into account but not changes in family size, noncash transfers, or taxes, the average income of families increased 8.7 percent between 1973 and 1989, with most of the growth occurring between 1979 and 1989 (see panel A of table H-12). Family cash income also shows different trends among income quintiles: the average income of the lowest quintile fell 3.2 percent between 1973 and 1989, whereas the average income of the highest quintile rose 17.1 percent. Similarly, the decline in family income after 1989 was greater for families in the bottom quintiles.

⁴The official CPI is viewed by many analysts as having overstated the growth in housing costs during the late 1970s. Prior to 1983, the housing component of the CPI reflected both the flow of services and the investment aspects of home ownership; only the former is appropriate in an index measuring consumption costs. Since 1983, the Bureau of Labor Statistics (BLS) has used a rental-equivalence measure incorporating the consumption aspects of owning a home, not the investment aspects. The CPI-U-X1 series is used to calculate what the CPI would be had the rental-equivalence measure been in place since 1967. The BLS recommends using the CPI-U-X1 when a consistent treatment of homeowner costs is desired. See U.S. Bureau of the Census (1993, Appendixes A and B).

TABLE H-12.—ALTERNATIVE MEASURES OF FAMILY INCOME BY INCOME QUINTILE AND CHANGE OVER TIME, SELECTED YEARS 1967-94 FOR ALL FAMILIES

[In 1989 dollars]

Income measure and quintile	Year					Percent change		
	1967	1973	1979	1989	1994	1973-89	1979-89	1989-94
I. Pretax cash income								
A. Mean family cash income (family weighted):								
Lowest	NA	\$6,061	\$5,994	\$5,866	\$5,194	-3.2	-2.1	-11.5
Second	NA	15,416	15,306	15,107	13,729	-2.0	-1.3	-9.1
Middle	NA	25,909	25,609	25,823	23,886	-0.3	0.8	-7.5
Fourth	NA	37,946	38,680	40,374	38,493	6.4	4.4	-4.7
Highest	NA	66,364	68,230	77,716	75,434	17.1	13.9	-2.9
Total	NA	30,341	30,764	32,978	31,347	8.7	7.2	-4.9
B. Mean adjusted family income (person weighted):¹								
Lowest	\$0.69	0.90	0.90	0.86	0.77	-4.3	-4.3	-11.0
Second	1.54	1.94	2.06	2.09	1.93	7.7	1.3	-7.3
Middle	2.26	2.82	3.07	3.27	3.10	16.0	6.7	-5.4
Fourth	3.16	3.94	4.32	4.77	4.61	20.9	10.5	-3.3
Highest	5.67	6.87	7.39	8.84	8.57	28.7	19.6	-3.0
Total	2.66	3.29	3.55	3.97	3.80	20.4	11.8	-4.3
C. Mean family income per capita (person weighted):²								
Lowest	NA	2,795	2,912	2,822	2,443	1.0	-3.1	-12.7
Second	NA	5,906	6,535	6,872	6,319	16.4	5.2	-7.3
Middle	NA	8,628	9,713	10,723	10,083	24.3	10.4	-5.1
Fourth	NA	12,386	14,046	16,058	15,262	29.6	14.3	-4.1
Highest	NA	23,875	26,405	32,237	30,907	35.0	22.1	-3.5
Total	NA	10,718	11,922	13,743	13,003	28.2	15.3	-4.7
II. Posttax income plus food and housing benefits								
D. Mean adjusted family income³ (person weighted):¹								
Lowest	NA	NA	0.96	0.93	0.89	NA	-2.1	-4.7
Second	NA	NA	1.89	1.90	1.81	NA	0.5	-4.8
Middle	NA	NA	2.67	2.84	2.72	NA	6.4	-4.5
Fourth	NA	NA	3.63	4.01	3.90	NA	10.6	-2.8
Highest	NA	NA	5.85	7.04	6.82	NA	20.4	-3.1
Total	NA	NA	3.00	3.35	3.23	NA	11.6	-3.5

¹ Family income divided by the poverty threshold. Thresholds are based on the 1989 distribution of family sizes, with no adjustment for the age of the head of household or the number of children.

² Total family income divided by the number of persons in the family.

³ Posttax income plus food and housing benefits.

NA—Not available.

Source: Congressional Budget Office tabulations of data from the March Current Population Survey, 1968, 1974, 1980, 1990, and 1995.

Family cash income has several shortcomings as a measure of changes in economic well-being. Most notably, it fails to take into account changes in family size and composition: a family of one; i.e., a person living alone, with \$30,000 in income is treated as being as well off as a family of four with \$30,000 in income. This assumption is inappropriate, however, as a family of four requires more income to attain the same standard of living as a single person.

An alternative approach is to measure income on a per capita basis, by dividing total family income by the number of persons in the family. Using family cash income per capita yields quite different results (see panel C of table H-12). The growth in average per capita income between 1973 and 1989 is much larger than the growth in average family cash income: 28.2 percent, compared with 8.7 percent. Moreover, average cash income per capita rose for each quintile between 1973 and 1989, whereas average family cash income rose only for the top two quintiles. Both measures, however, show a decline in family income between 1989 and 1994.

In contrast to family cash income, which completely ignores differences in family size, using per capita family income as a measure of well-being assumes that a family of four requires exactly four times as much as a single person to attain the same standard of living. But four persons living together would generally require less than four times as much income because of the economies of scale reaped from increased family size. (For example, families with more children might require more bedrooms, but not more kitchens.) A measure that reflects such economies of scale would therefore provide a better method of taking family size into account.

Analysts disagree over the best method of making incomes comparable for families of different size, but one readily available candidate is the scale implicit in the official Federal poverty thresholds. This scale assumes, for example, that a family of four needs about twice as much income as a single person to attain an equivalent standard of living (see table H-13). The equivalence scale implicit in the poverty thresholds may not perfectly capture the disparate needs of families of different sizes, but it probably yields a better assessment of relative economic well-being than making no adjustment (mean family cash income) or assuming no economies of scale (mean family cash income per capita).

The adjusted family income (AFI) measure shown in panel B of table H-12 incorporates the equivalence scale underlying the poverty thresholds. Each family's pretax cash income is divided by its poverty threshold, yielding family income as a multiple of poverty. Thus, for example, the average family in the middle quintile in 1994 had an income of 3.10 times its poverty threshold.⁵

Adjusting for family size yields results that are generally intermediate to those obtained for the family cash income and family cash income per capita measures. Between 1967 and 1973, income increased significantly for all quintiles, by 23 percent for the lowest quintile. On average, pretax AFI increased 20.4 percent between

⁵Poverty thresholds for one- and two-person families in this section do not vary by the age of the family head. The 1989 weighted averages are adjusted for inflation using the CPI-U-X1.

1973 and 1989, with a 4.3 percent decline for the lowest quintile and a 28.7-percent increase for the highest quintile. AFI decreased for all quintiles between 1989 and 1994 (see chart H-2).

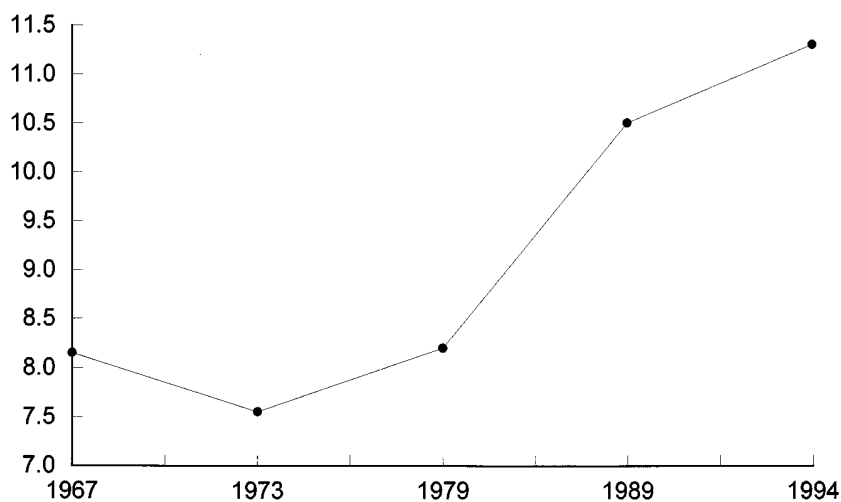
TABLE H-13.—POVERTY THRESHOLDS AND EQUIVALENCE VALUES FOR DIFFERENT FAMILY SIZES, 1994

Family size (persons)	Official poverty threshold	Adjusted poverty threshold	Equivalence value (one person = 1.00)
1	\$7,547	\$6,928	1.00
2	9,661	8,867	1.28
3	11,812	10,853	1.57
4	15,141	13,916	2.01
5	17,900	16,457	2.37
6	20,235	18,587	2.68
7	22,923	21,038	3.04
8	25,427	23,416	3.37
9 or more	30,300	27,975	4.01

Note.—Poverty thresholds shown for one- and two-person families are a weighted average of the separate official thresholds for elderly and nonelderly individuals and families. Adjusted poverty thresholds are computed using the CPI-U-X1 to adjust for inflation. The official poverty threshold is adjusted for inflation using the CPI.

Source: Congressional Budget Office.

CHART H-2. RATIO OF AVERAGE ADJUSTED FAMILY INCOME OF HIGHEST QUINTILE TO AVERAGE INCOME OF LOWEST QUINTILE, 1967-94



Source: Congressional Budget Office.

It must be remembered that there is no adjustment in these analyses for labor inputs. For example, if mean income increases by 10 percent over a given time period while family work hours also increase by 10 percent, the family's overall economic well-being may be qualitatively different than a 10-percent increase in income would suggest. Work expenses may have increased by an even larger amount, particularly if more family members are working, and leisure time would have decreased.

ADJUSTING FOR NONCASH INCOME AND TAXES

A family's economic well-being is determined not only by its pretax cash income, but also by the amount of any noncash income it receives. Analyses that ignore noncash benefits—whether received from employers in the form of fringe benefits or through social welfare transfer programs—understate how well-off families are. The understatement has grown over time, moreover, because in-kind income has increased as a share of personal income. Employer-provided benefits increased from about 7 percent of wages and salaries in 1973 to 10 percent in 1989. Adjusted for inflation and population growth, spending on the major government noncash transfer programs—food stamps, public housing, Medicare, and Medicaid—almost tripled over the same period.

Whereas the omission of noncash income understates economic well-being for most families, pretax measures of income overstate it. Both income and payroll taxes reduce disposable income, so that posttax income provides a better measure of the resources available to families at any point in time. Taking taxes into account is especially important for assessing income trends over time because Social Security tax rates increased by almost 30 percent, and the amount of annual earnings subject to the tax increased by nearly 70 percent in real terms between 1973 and 1989. And although individual income taxes as a share of income have been relatively constant, the share varies widely across income quintiles.

The income measure shown in panel D of table H-12 shows posttax AFI, plus the estimated cash value of food and housing benefits, for 1979, 1989, and 1994.⁶ Food benefits reflect the value of food stamps and school lunches; housing benefits reflect subsidized public housing; and taxes include Federal income and payroll taxes, but not State income taxes. Being more comprehensive, posttax AFI is a better indicator of economic well-being than pretax AFI, and is used extensively in this study.⁷

There are interesting differences in the measurement of family income provided by pretax AFI (panel B) as compared with posttax AFI (panel D). The most notable difference between the two measures is in their levels: average posttax AFI (0.89) was about 16 percent higher than average pretax AFI (0.77) for the lowest quintile in 1994, but about 20 percent lower for the highest quintile (6.82 versus 8.57). The difference in the two measures reflects the addi-

⁶Data on noncash transfers are available only for 1979 and later years, as the Bureau of the Census did not collect this information until then. Similar information about the value of Medicaid and Medicare is also available, but the family-level data needed to allocate employer-provided health insurance benefits are not. The value of Medicaid and Medicare benefits is therefore excluded to avoid skewing the distribution of income toward low-income families.

⁷Unless stated otherwise, posttax AFI always includes the cash value of noncash food and housing benefits.

tion of food and housing benefits to the incomes of families in the lowest quintile and the subtraction of taxes from incomes of families in the highest quintile.

INCOME SHARES

Another way of tracking income trends is to look at changes in the percentage share of income received by families in each quintile. Income shares measure whether families have gained or lost in relative terms. That is, a given quintile may receive a smaller share of real income even as its average income has increased.

All four income measures show broadly similar trends in the share of income received by each quintile (see table H-14). In general, between 1973 and 1994, the shares of the lowest three quintiles fell, and the share of the top quintile rose. However, pretax family cash income (family weighted) of the fourth quintile declined slightly over the period, and the posttax adjusted family income of the fourth quintile remained constant over the 1979-94 period for which data is available. The measures show different patterns of shares at any point in time, however. In 1994, for example, the share of the top quintile was 48.1 percent when measured as family cash income, compared with 42.3 percent when measured as posttax AFI.

TRENDS IN PRETAX CASH INCOMES BY TYPE OF FAMILY

The composition of the typical family has changed over time. Compared with 1973 and 1979, there were fewer persons in each family in 1994, on average, and married couples with children made up a smaller fraction of all families (see table H-15). Additional insights can therefore be gained by looking at changes in incomes for specific family types. This analysis distinguishes six types of family units:

1. *Married couples with children*, which are families composed of a married couple living only with their own or related children, at least one of whom is under age 18;
2. *Single mothers with children*, which are families composed of unmarried, divorced, separated, or widowed mothers living only with their own or related children, at least one of whom is under age 18;
3. *Nonelderly childless families*, which are families composed of two or more related people living together, in which the family head and the spouse of the head are both under age 65 and there are no children under age 18;
4. *Nonelderly unrelated individuals*, which are people over age 17 and under age 65 who are not living with relatives;
5. *Elderly childless families*, which are families composed of two or more related people living together, in which either the family head or the spouse of the head is 65 or older and there are no children under age 18; and
6. *Elderly unrelated individuals*, which are people 65 or older who are not living with relatives.

TABLE H-14.—SHARES OF FAMILY INCOME BY INCOME QUINTILE FOR SELECTED YEARS 1967-94 FOR ALL FAMILIES

[In percent]

Income measure and quintile	Year				
	1967	1973	1979	1989	1994
I. Pretax cash income					
A. Family cash income (family weighted):					
Lowest	NA	4.0	3.9	3.6	3.3
Second	NA	10.2	10.0	9.2	8.8
Middle	NA	17.1	16.6	15.7	15.2
Fourth	NA	25.0	25.1	24.5	24.6
Highest	NA	43.7	44.4	47.1	48.1
B. Adjusted family income (AFI) (person weighted): ¹					
Lowest	5.2	5.5	5.1	4.3	4.0
Second	11.6	11.8	11.6	10.5	10.2
Middle	16.9	17.1	17.3	16.5	16.3
Fourth	23.7	23.9	24.3	24.0	24.3
Highest	42.6	41.7	41.7	44.6	45.2
C. Family cash income per capita (person weighted): ²					
Lowest	NA	5.2	4.9	4.1	3.8
Second	NA	11.0	11.0	10.0	9.7
Middle	NA	16.1	16.3	15.6	15.5
Fourth	NA	23.1	23.6	23.4	23.5
Highest	NA	44.6	44.3	46.9	47.5
II. Posttax income plus food and housing benefits					
D. Adjusted family income (AFI) (person weighted): ¹					
Lowest	NA	NA	6.4	5.6	5.5
Second	NA	NA	12.6	11.4	11.2
Middle	NA	NA	17.8	17.0	16.8
Fourth	NA	NA	24.2	24.0	24.2
Highest	NA	NA	39.0	42.1	42.3

¹Family income divided by the poverty threshold. Thresholds are based on the 1989 distribution of family sizes, with no adjustment for the age of the head of household or the number of children.

²Total family income divided by the number of persons in the family.

Source: Congressional Budget Office tabulations of data from the March Current Population Survey, 1968, 1974, 1980, 1990, and 1995.

In addition, results are also presented for four aggregates:

1. *All families with children*, which comprises married couples, single mothers, and other families with children;
2. *Nonelderly childless units*, which comprises nonelderly childless families and nonelderly unrelated individuals;
3. *Elderly childless units*, which comprises elderly childless families and elderly unrelated individuals; and
4. *All families*, which comprises all families and unrelated individuals (i.e., the noninstitutional U.S. population).

TABLE H-15.—AVERAGE FAMILY SIZE AND NUMBER OF FAMILIES,¹ BY FAMILY TYPE, WEIGHTED BY FAMILIES, SELECTED YEARS 1973-94

Family type and year	Persons per family	Number of families (thousands)	Percent of families
All families: ¹			
1973	2.84	73,166	100.0
1979	2.59	84,229	100.0
1989	2.42	101,663	100.0
1994	2.41	108,522	100.0
All families with children:			
1973	4.35	31,098	42.5
1979	4.09	32,166	38.2
1989	3.89	34,768	34.2
1994	3.90	37,413	34.5
Married couples with children			
1973	4.42	24,798	33.9
1979	4.23	24,166	28.7
1989	4.08	24,378	24.0
1994	4.11	25,079	23.1
Single mothers with children:			
1973	3.50	4,126	5.6
1979	3.24	5,650	6.7
1989	3.02	7,123	7.0
1994	3.04	8,351	7.7
Nonelderly childless units:			
1973	1.76	28,183	38.5
1979	1.68	35,730	42.4
1989	1.66	46,467	45.7
1994	1.62	49,580	45.7
Nonelderly childless families:			
1973	2.32	16,363	22.4
1979	2.35	17,931	21.3
1989	2.44	21,257	20.9
1994	2.43	21,473	19.8
Nonelderly unrelated individuals:			
1973	1.00	11,820	16.2
1979	1.00	17,799	21.1
1989	1.00	25,210	24.8
1994	1.00	28,106	25.9
Elderly childless units:			
1973	1.64	13,884	19.0
1979	1.62	16,331	19.4
1989	1.64	20,428	20.1
1994	1.65	21,530	19.8
Elderly childless families:			
1973	2.17	7,590	10.4
1979	2.16	8,676	10.3
1989	2.23	10,600	10.4
1994	2.26	11,100	10.2

TABLE H-15.—AVERAGE FAMILY SIZE AND NUMBER OF FAMILIES,¹ BY FAMILY TYPE, WEIGHTED BY FAMILIES, SELECTED YEARS 1973-94—Continued

Family type and year	Persons per family	Number of families (thousands)	Percent of families
Elderly unrelated individuals:			
1973	1.00	6,294	8.6
1979	1.00	7,655	9.1
1989	1.00	9,828	9.7
1994	1.00	10,430	9.6

¹ Corresponds more closely to Census definition of household. Includes families of one person.

Source: Congressional Budget Office tabulations of data from the March Current Population Survey, 1974, 1980, 1990 and 1995.

Unless otherwise noted, the analysis of changes in income for each family type listed above is based on quintiles computed for that family type. This procedure permits comparisons within, but not across, family types; the quintile in which a particular family is found says nothing about its place among all families, but measures its position in relation to families of the same type. For example, individuals in the middle quintile of single mothers with children may be in the lowest quintile of the all-families grouping.

Comparisons over time show how the incomes of families of a given type compare with similar families at another time, not how incomes have changed for a particular type of family. Families may move among income quintiles as their incomes—or the incomes of other families—rise or fall; they may also change types as their members grow older, have children, marry, or divorce. In addition, the average number of members and earners within a given type of family may change over time, as may the characteristics of those persons.

PRETAX AFI

Trends in incomes for different family types show more variation than trends for families overall. Between 1973 and 1989, adjusted family income grew 14.9 percent, on average, for families with children (see table H-16). This compares with an income gain of 20.4 percent for all families. For families with children, average AFI fell 16.1 percent during this period for the lowest quintile, from 88 percent of poverty to 74 percent of poverty. For the highest quintile, average AFI rose 25.6 percent, compared with 28.7 percent for all families. With few exceptions, the 1989-94 period saw declines in income across family types and income quintiles. The exceptions were married couples with children in the higher income quintiles and single mothers with children in the lowest income quintile.

TABLE H-16.—AVERAGE PRETAX AFI (INCOME AS A MULTIPLE OF POVERTY) BY FAMILY TYPE AND INCOME QUINTILE, WEIGHTED BY PERSONS, SELECTED YEARS 1967-94

Family type and quintile	Year					Percent change			
	1967	1973	1979	1989	1994	1967-89	1973-89	1979-89	1989-94
All families:									
Lowest	0.69	0.90	0.90	0.85	0.77	25.1	-4.3	-4.3	-11.0
Second	1.54	1.94	2.06	2.09	1.93	35.5	7.7	1.3	-7.3
Middle	2.26	2.82	3.07	3.27	3.10	45.2	16.0	6.7	-5.4
Fourth	3.16	3.94	4.32	4.77	4.61	50.8	20.9	10.5	-3.3
Highest	5.67	6.87	7.39	8.84	8.57	56.0	28.7	19.6	-3.0
Total	2.66	3.29	3.55	3.97	3.80	49.0	20.4	11.8	-4.3
All families with children:									
Lowest	0.74	0.88	0.84	0.74	0.66	0.1	-16.1	-11.9	-11.1
Second	1.54	1.88	1.95	1.87	1.73	21.6	-0.7	-4.2	-7.5
Middle	2.13	2.65	2.84	2.93	2.79	37.4	10.8	3.3	-5.0
Fourth	2.84	3.54	3.85	4.14	4.09	45.5	16.9	7.6	-1.3
Highest	4.77	5.73	6.15	7.20	7.14	50.9	25.6	17.1	-0.9
Total	2.40	2.94	3.3	3.38	3.28	40.4	14.9	8.0	-2.9
Married couples with children:									
Lowest	0.89	1.16	1.18	1.14	1.06	27.9	-1.1	-2.9	-7.3
Second	1.66	2.12	2.29	2.34	2.26	40.9	10.1	2.2	-3.4
Middle	2.23	2.84	3.12	3.34	3.31	49.9	17.8	7.1	-0.9
Fourth	2.93	3.71	4.11	4.52	4.58	54.2	21.9	10.2	1.2
Highest	4.88	5.94	6.41	7.67	7.68	57.3	29.2	19.8	0.1

TABLE H-16.—AVERAGE PRETAX AFI (INCOME AS A MULTIPLE OF POVERTY) BY FAMILY TYPE AND INCOME QUINTILE, WEIGHTED BY PERSONS, SELECTED YEARS 1967-94—Continued

Family type and quintile	Year					Percent change			
	1967	1973	1979	1989	1994	1967-89	1973-89	1979-89	1989-94
Total	2.52	3.15	3.42	3.80	3.78	51.1	20.6	11.2	-0.7
Single mothers with children:									
Lowest	0.21	0.33	0.32	0.25	0.25	18.6	-23.4	-22.9	1.0
Second	0.59	0.71	0.75	0.64	0.62	9.3	-9.2	-13.8	-3.7
Middle	0.91	1.03	1.22	1.14	1.11	26.0	10.7	-6.1	-2.7
Fourth	1.45	1.67	2.01	2.03	1.94	39.9	21.5	0.6	-4.3
Highest	2.78	3.29	3.65	4.14	4.02	49.2	26.0	13.5	-2.9
Total	1.19	1.41	1.59	1.64	1.59	38.5	16.9	3.2	-3.2
Nonelderly childless units:									
Lowest	0.80	1.22	1.24	1.19	1.00	49.3	-1.8	-3.9	-16.2
Second	2.19	2.81	2.91	2.94	2.68	34.0	4.5	0.9	-8.8
Middle	3.28	4.09	4.27	4.45	4.20	35.6	8.9	4.2	-5.7
Fourth	4.47	5.49	5.78	6.29	6.04	40.8	14.5	8.8	-3.9
Highest	7.42	8.95	9.35	10.94	10.66	47.4	22.3	17.1	-2.6
Total	3.63	4.51	4.71	5.16	4.92	42.1	14.4	9.6	-4.8
Nonelderly childless families:									
Lowest	1.03	1.74	1.85	1.80	1.68	74.2	3.5	-2.8	-6.8
Second	2.47	3.31	3.59	3.68	3.52	49.1	11.1	2.5	-4.2
Middle	3.52	4.53	4.89	5.20	5.05	48.0	15.0	6.3	-2.9
Fourth	4.70	5.88	6.33	7.03	6.90	49.6	19.5	11.1	-1.9

Highest	7.65	9.33	9.94	11.72	11.53	53.3	25.7	17.9	-1.7
Total	3.87	4.96	5.32	5.89	5.74	52.0	18.8	10.7	-2.6
Nonelderly unrelated individuals:									
Lowest	0.32	0.51	0.61	0.61	0.47	90.4	19.4	-0.4	-23.1
Second	1.14	1.49	1.72	1.83	1.57	61.1	23.1	6.4	-14.2
Middle	2.12	2.53	2.78	3.00	2.70	41.5	18.8	8.0	-10.0
Fourth	3.23	3.82	4.03	4.46	4.14	37.9	16.9	10.6	-7.2
Highest	5.88	7.00	7.11	8.48	8.08	44.3	21.2	19.3	-4.8
Total	2.54	3.07	3.25	3.68	3.39	44.9	19.9	13.1	-7.8
Elderly childless units:									
Lowest	0.48	0.76	0.84	0.95	0.93	96.8	24.7	13.4	-2.5
Second	0.95	1.34	1.50	1.73	1.73	82.6	28.6	14.8	0.3
Middle	1.48	1.97	2.26	2.64	2.52	78.1	34.1	16.9	-4.6
Fourth	2.40	3.02	3.38	4.02	3.74	67.3	33.2	19.1	-7.1
Highest	5.32	6.54	6.85	8.63	8.00	62.1	32.0	26.0	-7.3
Total	2.13	2.73	2.97	3.59	3.38	68.9	31.8	21.2	-5.9
Elderly childless families:									
Lowest	0.60	0.96	1.06	1.20	1.20	100.2	25.3	13.5	0.5
Second	1.16	1.63	1.86	2.15	2.11	85.9	31.5	15.2	-1.7
Middle	1.77	2.34	2.67	3.14	2.97	77.6	34.0	17.4	-5.5
Fourth	2.76	3.50	3.83	4.61	4.26	67.2	31.8	20.3	-7.8
Highest	5.73	7.12	7.37	9.54	8.69	66.7	34.0	29.4	-8.9
Total	2.40	3.11	3.36	4.13	3.85	72.0	32.7	22.9	-6.8

TABLE H-16.—AVERAGE PRETAX AFI (INCOME AS A MULTIPLE OF POVERTY) BY FAMILY TYPE AND INCOME QUINTILE, WEIGHTED BY PERSONS, SELECTED YEARS 1967-94—Continued

Family type and quintile	Year					Percent change				
	1967	1973	1979	1989	1994	1967-89	1973-89	1979-89	1989-94	
Elderly unrelated individuals:										
Lowest	0.35	0.54	0.64	0.73	0.67	109.0	35.7	13.6	-7.4	
Second	0.63	0.93	1.02	1.17	1.17	86.1	26.1	14.7	-0.8	
Middle	0.86	1.23	1.37	1.62	1.62	88.9	32.2	18.2	0.0	
Fourth	1.29	1.73	2.05	2.46	2.34	91.2	42.1	20.2	-5.3	
Highest	3.44	4.08	4.83	5.58	5.57	62.3	36.8	15.5	-0.2	
Total	1.31	1.70	1.98	2.31	2.27	76.3	36.0	16.7	-1.8	

Note.—Poverty thresholds are based on the 1989 distribution of family sizes, with no adjustment for the age of the head of household or the number of children. Quintiles are based the number of persons.

Source: Congressional Budget Office tabulations of data from the March Current Population Survey, 1968, 1974, 1980, 1990, and 1995.

Most of the divergence in incomes among families with children reflects compositional change, as families of single mothers with children became increasingly common. The lowest quintile of married couples with children has a 1.1-percent decline in average AFI between 1973 and 1989; the lowest quintile of single mothers with children fared much worse, with a 23.4-percent decline during the same period. These two family types as a whole, however, showed income gains over the period: 20.6 percent for married couples with children and 16.9 percent for single mothers with children.

Elderly persons experienced income gains across the board between 1973 and 1989. For elderly childless units, which include both single persons and married couples, average AFI rose 24.7 percent for the lowest quintile and 32.0 percent for the highest quintile. Despite their gains, the elderly generally had much lower incomes than the nonelderly. In 1989, for example, the average income of elderly childless units was about 3.6 times poverty; the average income of nonelderly childless units, by comparison, was about 5.2 times poverty. Like the other family types, the income of most elderly units fell between 1989 and 1994.

The effects of differences in rates of growth in incomes by quintile show up directly in data on income shares. The share of total family income received by families in the lowest quintile declined, while the share received by the highest quintile increased between 1973 and 1994 (see table H-17).

TABLE H-17.—SHARES OF PRETAX ADJUSTED FAMILY INCOME (AFI) BY FAMILY TYPE AND INCOME QUINTILE, SELECTED YEARS 1967-94

Family type and quintile	Year				
	1967	1973	1979	1989	1994
All families:					
Lowest	5.2	5.5	5.1	4.3	4.0
Second	11.6	11.8	11.6	10.5	10.2
Middle	16.9	17.1	17.3	16.5	16.3
Fourth	23.7	23.9	24.3	24.0	24.3
Highest	42.6	41.7	41.7	44.6	45.2
All families with children:					
Lowest	6.2	6.0	5.4	4.4	4.0
Second	12.8	12.8	12.5	11.1	10.5
Middle	17.8	18.0	18.2	17.4	17.0
Fourth	23.7	24.1	24.6	24.5	24.9
Highest	39.7	39.0	39.3	42.6	43.5
Married couples with children:					
Lowest	7.1	7.3	6.9	6.0	5.6
Second	13.2	13.5	13.4	12.3	12.0
Middle	17.7	18.0	18.2	17.6	17.5
Fourth	23.3	23.5	24.0	23.8	24.2
Highest	38.7	37.7	37.5	40.3	40.7
Single mothers with children:					
Lowest	3.5	4.6	4.1	3.0	3.2
Second	9.9	10.1	9.4	7.9	7.8
Middle	15.3	14.7	15.3	13.9	14.0
Fourth	24.4	23.7	25.3	24.7	24.4

TABLE H-17.—SHARES OF PRETAX ADJUSTED FAMILY INCOME (AFI) BY FAMILY TYPE AND INCOME QUINTILE, SELECTED YEARS 1967-94—Continued

Family type and quintile	Year				
	1967	1973	1979	1989	1994
Highest	46.8	46.8	45.9	50.5	50.6
Nonelderly childless units:					
Lowest	4.4	5.4	5.3	4.6	4.1
Second	12.1	12.5	12.4	11.4	10.9
Middle	18.1	18.1	18.1	17.2	17.1
Fourth	24.6	24.4	24.5	24.4	24.6
Highest	40.9	39.7	39.7	42.4	43.4
Nonelderly childless families:					
Lowest	5.3	7.0	7.0	6.1	5.8
Second	12.7	13.4	13.5	12.5	12.3
Middle	18.2	18.3	18.4	17.7	17.6
Fourth	24.3	23.7	23.8	23.9	24.1
Highest	39.5	37.6	37.4	39.8	40.2
Nonelderly unrelated individuals:					
Lowest	2.5	3.3	3.8	3.3	2.8
Second	9.0	9.7	10.6	10.0	9.3
Middle	16.7	16.5	17.1	16.3	15.9
Fourth	25.5	24.9	24.8	24.3	24.4
Highest	46.3	45.6	43.8	46.1	47.6
Elderly childless units:					
Lowest	4.6	5.6	5.7	5.3	5.5
Second	8.9	9.9	10.1	9.6	10.2
Middle	13.9	14.4	15.2	14.7	14.9
Fourth	22.6	22.1	22.8	22.4	22.1
Highest	50.0	48.0	46.2	48.0	47.3
Elderly childless families:					
Lowest	5.0	6.1	6.3	5.8	6.3
Second	9.6	10.5	11.1	10.4	11.0
Middle	14.7	15.1	15.9	15.2	15.4
Fourth	23.0	22.5	22.8	22.4	22.1
Highest	47.7	45.8	43.9	46.2	45.2
Elderly unrelated individuals:					
Lowest	5.3	6.3	6.5	6.3	5.9
Second	9.6	10.9	10.3	10.1	10.3
Middle	13.1	14.4	13.8	14.0	14.3
Fourth	19.6	20.4	20.7	21.3	20.5
Highest	52.4	47.9	48.7	48.2	49.0

Note.—Poverty thresholds are based on the distribution of family sizes, with no adjustment for the age of the head of household or the number of children. Quintiles are based on the number of persons.

Source: Congressional Budget Office tabulations of data from the March Current Population Survey, 1968, 1974, 1980, 1990, and 1995.

AVERAGE FAMILY CASH INCOME

For all families, average cash income grew more slowly than average pretax AFI between 1973 and 1989. This was also generally true for specific family types. At the same time, those groups of families whose average cash incomes declined had more pronounced decreases than occurred in pretax AFI.

Average family cash income grew 5.8 percent for families with children between 1973 and 1989, with most of the growth taking place between 1979 and 1989 (see table H-18). The average for the lowest quintile fell 26.7 percent during the 1973-89 period, while the average for the highest quintile rose 16.4 percent. As with pretax AFI, compositional change is important for interpreting changes in incomes among families with children. The 5.5 percent decrease in average family cash income for the lowest quintile of married couples with children was much smaller than the 26.9-percent decline for single mothers with children. Similarly, although most family types experienced cash income declines over the 1989 to 1994 period, the declines were either smaller or non-existent for upper-income married couples with children but were generally greater among upper-income single mothers with children.

Because the change in family size among elderly persons was almost negligible over the period, their trend in average family cash incomes is almost identical to the trend in average pretax AFI. Elderly childless units, which comprise married couples and unrelated individuals, experienced income gains in every quintile between 1973 and 1989 and income declines in almost every quintile between 1989 and 1994.

Table H-19 shows family cash income limits (the income cutoffs between quintiles) by quintile and family type. Between 1973 and 1994, income limits among families with children have declined or grown slowly while those for the elderly have increased, in some cases significantly. Across all family types except elderly childless units and families, income limits among the higher quintiles have increased more than among the lower quintiles. In fact, income limits for the lower quintiles have decreased for several family types.

For most family types, the share of family income going to the bottom quintiles declined over the 1973-94 period while the share of income going to top quintiles increased (table H-20). Again, this generalization is less true for elderly units.

INCOME TRENDS YEAR BY YEAR

Tables H-21 and H-22 show average pretax AFI and average family cash income by type of family and income quintile for selected years between 1973 and 1994.

TABLE H-18.—AVERAGE FAMILY CASH INCOME BY FAMILY TYPE AND INCOME QUINTILE, SELECTED YEARS 1973–94

[In 1989 dollars]

Family type and income quintile	Year				Percent change		
	1973	1979	1989	1994	1973–89	1979–89	1989–94
All families:							
Lowest	\$6,061	\$5,994	\$5,886	\$5,194	– 3.2	– 2.1	– 11.5
Second	15,416	15,306	15,107	13,729	– 2.0	– 1.3	– 9.1
Middle	25,909	25,609	25,823	23,886	– 0.3	0.8	– 7.5
Fourth	37,946	38,680	40,374	38,493	6.4	4.4	– 4.7
Highest	66,364	68,230	77,716	75,434	17.1	13.9	– 2.9
Total	30,341	30,764	32,978	31,347	8.7	7.2	– 4.9
All families with children:							
Lowest	10,529	9,369	7,714	6,843	– 26.7	– 17.7	– 11.3
Second	23,176	22,365	20,664	18,790	– 10.8	– 7.6	– 9.1
Middle	32,616	33,317	33,067	31,315	1.4	– 0.8	– 5.3
Fourth	43,426	44,940	47,217	46,412	8.7	5.1	– 1.7
Highest	70,420	72,971	81,966	81,430	16.4	12.3	– 0.7
Total	36,034	36,592	38,127	36,958	5.8	4.2	– 3.1
Married couples with children:							
Lowest	15,450	15,148	14,606	13,564	– 5.5	– 3.6	– 7.2
Second	27,170	28,294	28,660	27,732	5.5	1.3	– 3.3
Middle	35,513	37,693	39,683	39,425	11.7	5.3	– 0.7
Fourth	45,783	48,616	53,106	53,798	16.0	9.2	1.3
Highest	72,842	76,547	88,168	88,576	21.0	15.2	0.5
Total	39,352	41,260	44,846	44,619	14.0	8.7	– 0.5
Single mothers with children:							
Lowest	3,505	3,338	2,563	2,738	– 26.9	– 23.2	6.7
Second	7,931	8,122	6,737	6,626	– 15.1	– 17.1	– 1.7
Middle	11,922	13,136	11,803	11,349	– 1.0	– 10.1	– 3.9
Fourth	17,867	19,904	19,427	18,905	8.7	– 2.4	– 2.8
Highest	33,430	35,714	38,394	37,227	14.8	7.5	– 3.1
Total	14,930	16,043	15,792	15,369	5.8	– 1.6	– 2.7
Nonelderly childless units:							
Lowest	5,809	5,863	5,727	4,584	– 1.4	– 2.3	– 20.0
Second	15,886	15,808	15,840	13,926	– 0.3	0.2	– 12.1
Middle	25,562	25,397	26,154	23,930	2.3	3.0	– 8.5
Fourth	37,670	38,217	40,549	38,140	7.6	6.1	– 5.9
Highest	67,136	69,142	79,550	76,026	18.5	15.1	– 4.4
Total	30,412	30,886	33,565	31,321	10.4	8.7	– 6.7
Nonelderly childless families:							
Lowest	13,044	13,881	13,712	12,860	5.1	– 1.2	– 6.2
Second	25,352	27,773	28,880	27,670	13.9	4.0	– 4.2
Middle	35,256	38,599	41,716	40,477	18.3	8.1	– 3.0
Fourth	47,199	51,058	57,713	56,304	22.3	13.0	– 2.5

TABLE H-18.—AVERAGE FAMILY CASH INCOME BY FAMILY TYPE AND INCOME QUINTILE, SELECTED YEARS 1973-94—Continued

[In 1989 dollars]

Family type and income quintile	Year				Percent change		
	1973	1979	1989	1994	1973-89	1979-89	1989-94
Highest	76,867	83,026	98,413	95,606	28.0	18.5	-2.9
Total	39,543	42,867	48,093	46,583	21.6	12.2	-3.1
Nonelderly unrelated individuals:							
Lowest	2,948	3,504	3,522	2,710	19.5	0.5	-23.1
Second	8,620	9,957	10,621	9,114	23.2	6.7	-14.2
Middle	14,628	16,065	17,389	15,653	18.5	8.2	-10.0
Fourth	22,105	23,330	25,849	23,985	16.9	10.8	-7.2
Highest	40,555	41,215	49,182	46,855	21.3	19.3	-4.7
Total	17,770	18,814	21,315	19,663	20.0	13.3	-7.8
Elderly childless units:							
Lowest	4,148	4,632	5,221	5,003	25.9	12.7	-4.2
Second	7,556	8,367	9,665	9,674	27.9	15.5	0.1
Middle	11,628	13,325	15,446	14,964	32.8	15.9	-3.1
Fourth	18,576	21,202	25,021	23,524	34.7	18.0	-6.0
Highest	45,276	47,577	59,036	55,109	30.4	24.1	-6.7
Total	17,436	19,021	22,880	21,655	31.2	20.3	-5.4
Elderly childless families:							
Lowest	7,083	7,864	8,940	9,084	26.2	13.7	1.6
Second	12,074	13,841	15,967	15,841	32.2	15.4	-0.8
Middle	17,200	19,750	23,381	22,346	35.9	18.4	-4.5
Fourth	26,124	28,889	34,869	32,259	33.5	20.7	-7.5
Highest	56,136	57,963	75,091	68,613	33.8	29.5	-8.7
Total	23,723	25,661	31,657	29,629	33.4	23.4	-6.4
Elderly unrelated individuals:							
Lowest	3,108	3,717	4,221	3,908	35.8	13.6	-7.4
Second	5,393	5,932	6,806	6,755	26.2	14.7	-0.8
Middle	7,114	7,963	9,414	9,417	32.3	18.2	0.0
Fourth	10,046	11,881	14,286	13,538	42.2	20.2	-5.3
Highest	23,626	27,984	32,331	32,275	36.8	15.5	-0.2
Total	9,857	11,495	13,414	13,179	36.1	16.7	-1.8

Note.—Quintiles are based on the number of families.

Source: Congressional Budget Office tabulations of data from the March Current Population Survey, 1974, 1980, 1990, and 1995.

TABLE H-19.—FAMILY CASH INCOME LIMITS BY QUINTILE AND FAMILY TYPE ¹

Family type	Year				Percent change		
	1973	1979	1989	1994	1973- 79	1979- 89	1973- 94
All families:							
Lowest	10,561	10,604	10,452	9,458	0	-1	-10.4
Second	20,595	20,099	20,005	18,408	-2	0	-10.6
Middle	31,540	31,679	32,050	30,067	0	1	-4.7
Fourth	45,759	46,951	50,319	49,186	3	7	7.5
All families with children:							
Lowest	17,778	16,749	14,472	12,634	-6	-14	-28.9
Second	28,049	28,063	26,944	25,101	0	-4	-10.5
Middle	37,353	38,583	39,400	37,931	3	2	1.5
Fourth	50,745	52,386	56,415	56,352	3	8	11.0
Married couples with children:							
Lowest	22,606	22,946	22,678	21,504	2	-1	-4.9
Second	31,540	33,230	34,110	33,555	5	3	6.4
Middle	39,934	42,350	45,524	45,601	6	7	14.2
Fourth	52,937	56,109	62,200	63,352	6	11	19.7
Single mothers with children:							
Lowest	6,150	6,080	4,770	4,769	-1	-22	-22.5
Second	9,909	10,391	9,000	8,715	5	-13	-12.0
Middle	14,456	16,317	15,000	14,312	13	-8	-1.0
Fourth	21,933	24,286	24,935	24,032	11	3	9.6
Nonelderly childless unit:							
Lowest	11,039	11,222	11,053	9,371	2	-2	-15.1
Second	20,737	20,137	20,551	18,583	-3	2	-10.4
Middle	31,182	31,011	32,100	29,778	-1	4	-4.5
Fourth	45,982	46,911	50,681	48,835	2	8	6.2
Nonelderly childless families:							
Lowest	20,209	22,058	22,500	21,338	9	2	5.6
Second	30,257	33,377	35,010	33,887	10	5	12.0
Middle	40,665	44,217	48,900	47,692	9	11	17.3
Fourth	55,194	59,638	68,739	67,029	8	15	21.4
Nonelderly unrelated individuals:							
Lowest	5,677	6,782	7,200	6,091	19	6	7.3
Second	11,617	13,064	14,000	12,300	12	7	5.9
Middle	18,348	19,285	21,020	19,453	5	9	6.0
Fourth	26,591	28,390	31,635	29,517	7	11	11.0
Elderly childless units:							
Lowest	6,069	6,579	7,466	7,441	8	13	22.6
Second	9,330	10,562	12,215	12,042	13	16	29.1
Middle	14,230	16,473	19,249	18,176	16	17	27.7
Fourth	24,443	27,246	32,371	30,320	11	19	24.0
Elderly childless families:							
Lowest	9,967	11,284	12,767	13,034	13	13	30.8
Second	14,301	16,600	19,454	18,649	16	17	30.4
Middle	20,711	23,147	28,000	26,365	12	21	27.3
Fourth	33,353	36,412	43,400	40,876	9	19	22.6
Elderly unrelated individuals:							
Lowest	4,452	5,001	5,688	5,564	12	14	25.0
Second	6,274	6,860	7,904	7,933	9	15	26.4
Middle	8,129	9,493	11,368	11,084	17	20	36.3
Fourth	12,490	15,074	18,061	16,908	21	20	35.4

¹ In 1989 dollars.

Source: Congressional Budget Office tabulations of data from the March Current Population Survey, 1974, 1980, 1990, and 1995.

TABLE H-20.—SHARES OF FAMILY CASH INCOME, BY INCOME QUINTILE AND FAMILY TYPE, SELECTED YEARS 1973-94

[In percent]

Family type and quintile	Year			
	1973	1979	1989	1994
All families:				
Lowest	4.0	3.9	3.6	3.3
Second	10.2	10.0	9.2	8.8
Middle	17.1	16.6	15.7	15.2
Fourth	25.0	25.1	24.5	24.6
Highest	43.7	44.4	47.1	48.1
All families with children:				
Lowest	5.8	5.1	4.0	3.7
Second	12.9	12.2	10.8	10.2
Middle	18.1	18.2	17.3	16.9
Fourth	24.1	24.6	24.8	25.1
Highest	39.1	39.9	43.0	44.1
Married couples with children:				
Lowest	7.9	7.3	6.5	6.1
Second	13.8	13.7	12.8	12.4
Middle	18.0	18.3	17.7	17.7
Fourth	23.3	23.6	23.7	24.1
Highest	37.0	37.1	39.3	39.7
Single mothers with children:				
Lowest	4.7	4.2	3.2	3.6
Second	10.6	10.1	8.5	8.6
Middle	16.0	16.4	14.9	14.8
Fourth	23.9	24.8	24.6	24.6
Highest	44.8	44.5	48.6	48.4
Nonelderly childless units:				
Lowest	3.8	3.8	3.4	2.9
Second	10.4	10.2	9.4	8.9
Middle	16.8	16.4	15.6	15.3
Fourth	24.8	24.7	24.2	24.4
Highest	44.2	44.8	47.4	48.5
Nonelderly childless families:				
Lowest	6.6	6.5	5.7	5.5
Second	12.8	13.0	12.0	11.9
Middle	17.8	18.0	17.3	17.4
Fourth	23.9	23.8	24.0	24.2
Highest	38.9	38.7	40.9	41.0
Nonelderly unrelated individuals:				
Lowest	3.3	3.7	3.3	2.8
Second	9.7	10.6	10.0	9.3
Middle	16.5	17.1	16.3	15.9
Fourth	24.9	24.8	24.3	24.4
Highest	45.6	43.8	46.1	47.7
Elderly childless units:				
Lowest	4.8	4.9	4.6	4.6
Second	8.7	8.8	8.4	8.9
Middle	13.3	14.0	13.5	13.8

TABLE H-20.—SHARES OF FAMILY CASH INCOME, BY INCOME QUINTILE AND FAMILY TYPE, SELECTED YEARS 1973-94—Continued

[In percent]

Family type and quintile	Year			
	1973	1979	1989	1994
Fourth	21.3	22.3	21.9	21.7
Highest	51.9	50.0	51.6	50.9
Elderly childless families:				
Lowest	6.0	6.1	5.6	6.1
Second	10.2	10.8	10.1	10.7
Middle	14.5	15.4	14.8	15.1
Fourth	22.0	22.5	22.0	21.8
Highest	47.3	45.2	47.4	46.3
Elderly unrelated individuals:				
Lowest	6.3	6.5	6.3	5.9
Second	10.9	10.3	10.1	10.3
Middle	14.4	13.9	14.0	14.3
Fourth	20.4	20.7	21.3	20.5
Highest	47.9	48.7	48.2	49.0

Note.—Quintiles are based on the number of families.

Source: Congressional Budget Office tabulations of data from the March Current Population Survey, 1974, 1980, 1990, and 1995.

ANTIPOVERTY EFFECTIVENESS OF VARIOUS CASH AND NONCASH TRANSFERS

Tables H-23 through H-25 provide estimates of the number and percentage of individuals removed from poverty by different social insurance programs (Social Security, unemployment compensation, and workers' compensation), means-tested cash programs (Aid to Families with Dependent Children, Supplemental Security Income, and General Assistance), means-tested noncash programs (food stamps, housing benefits, and school lunch), and Federal payroll and income taxes and the earned income credit. Tables are provided separately for all persons, for elderly persons, and for children for selected years between 1979 and 1996.

The tables present alternative measures of poverty to the official measure. They include counts of the number of people below the poverty line before any government benefits are taken into account, after each type of benefit is added to income, and after the government cash and noncash benefits and Federal taxes and the EIC are added to (or subtracted from) income.

The tables also measure the effect of these government programs on the "poverty gap"—the gap between a poor family's income and the poverty line. The poverty gap represents the degree of poverty by showing the amount of money that would be needed to lift every poor person exactly to the poverty line.

TABLE H-21.—AVERAGE PRETAX AFI (INCOME AS A MULTIPLE OF POVERTY) BY FAMILY TYPE AND INCOME QUINTILE, SELECTED YEARS 1973-94

Family group	Year					
	1973	1979	1989	1990	1993	1994
All families:						
Lowest	0.93	0.92	0.86	0.83	0.74	0.77
Second	1.97	2.09	2.09	2.03	1.89	1.93
Middle	2.85	3.09	3.27	3.18	3.03	3.10
Fourth	3.94	4.31	4.77	4.64	4.53	4.61
Highest	6.86	7.36	8.84	8.55	8.38	8.57
Total	3.31	3.55	3.97	3.85	3.72	3.80
All families with children:						
Lowest	0.91	0.85	0.74	0.71	0.63	0.66
Second	1.91	1.96	1.87	1.80	1.67	1.73
Middle	2.67	2.85	2.93	2.80	2.71	2.79
Fourth	3.55	3.84	4.14	4.00	4.00	4.09
Highest	5.72	6.11	7.20	6.94	7.03	7.14
Total	2.95	3.12	3.38	3.25	3.21	3.28
Married couples with children:						
Lowest	1.19	1.20	1.14	1.11	1.03	1.06
Second	2.15	2.30	2.34	2.26	2.20	2.26
Middle	2.86	3.13	3.34	3.22	3.24	3.31
Fourth	3.72	4.11	4.52	4.42	4.51	4.58
Highest	5.93	6.38	7.67	7.43	7.57	7.68
Total	3.17	3.42	3.80	3.69	3.71	3.78
Single mothers with children:						
Lowest	0.33	0.33	0.25	0.25	0.25	0.25
Second	0.72	0.75	0.64	0.61	0.58	0.62
Middle	1.05	1.22	1.15	1.09	1.04	1.11
Fourth	1.67	2.01	2.03	1.95	1.88	1.94
Highest	3.32	3.67	4.15	3.90	3.99	4.02
Total	1.42	1.60	1.64	1.56	1.55	1.59
Nonelderly childless units:						
Lowest	1.21	1.23	1.19	1.16	0.99	1.00
Second	2.79	2.88	2.94	2.89	2.63	2.68
Middle	4.04	4.22	4.45	4.37	4.10	4.20
Fourth	5.42	5.70	6.29	6.12	5.91	6.04
Highest	8.83	9.23	10.94	10.61	10.35	10.66
Total	4.46	4.65	5.16	5.03	4.80	4.92
Nonelderly childless families:						
Lowest	1.73	1.84	1.80	1.81	1.61	1.68
Second	3.28	3.56	3.68	3.66	3.41	3.52

TABLE H-21.—AVERAGE PRETAX AFI (INCOME AS A MULTIPLE OF POVERTY) BY FAMILY TYPE AND INCOME QUINTILE, SELECTED YEARS 1973-94—Continued

Family group	Year					
	1973	1979	1989	1990	1993	1994
Middle	4.48	4.85	5.20	5.13	4.92	5.05
Fourth	5.82	6.26	7.03	6.86	6.71	6.90
Highest	9.22	9.84	11.72	11.42	11.23	11.53
Total	4.91	5.27	5.89	5.78	5.58	5.74
Nonelderly unrelated individuals:						
Lowest	0.50	0.60	0.61	0.58	0.46	0.47
Second	1.47	1.69	1.83	1.74	1.59	1.57
Middle	2.49	2.73	3.00	2.92	2.74	2.70
Fourth	3.74	3.93	4.46	4.34	4.13	4.14
Highest	6.78	6.88	8.49	8.12	7.89	8.08
Total	3.00	3.17	3.68	3.54	3.36	3.39
Elderly childless units:						
Lowest	0.82	0.90	0.95	0.94	0.92	0.93
Second	1.44	1.61	1.73	1.76	1.70	1.73
Middle	2.11	2.42	2.64	2.67	2.51	2.52
Fourth	3.22	3.60	4.02	3.98	3.72	3.74
Highest	6.95	7.28	8.63	8.44	7.89	8.00
Total	2.91	3.16	3.59	3.56	3.35	3.38
Elderly childless families:						
Lowest	1.03	1.13	1.20	1.22	1.19	1.20
Second	1.76	2.00	2.15	2.19	2.08	2.11
Middle	2.51	2.85	3.14	3.18	2.94	2.97
Fourth	3.71	4.08	4.61	4.52	4.23	4.26
Highest	7.58	7.83	9.54	9.29	8.59	8.69
Total	3.32	3.58	4.13	4.08	3.81	3.85
Elderly unrelated individuals:						
Lowest	0.57	0.68	0.73	0.70	0.65	0.67
Second	0.99	1.09	1.17	1.14	1.12	1.11
Middle	1.31	1.46	1.62	1.63	1.57	1.62
Fourth	1.85	2.19	2.47	2.47	2.32	2.34
Highest	4.35	5.15	5.58	5.58	5.35	5.57
Total	1.81	2.12	2.31	2.30	2.20	2.27

Source: Congressional Budget Office tabulations of data for the March Current Population Survey, 1974, 1980, 1990, 1991, 1994, and 1995.

TABLE H-22.—AVERAGE FAMILY INCOME BY INCOME QUINTILE AND FAMILY TYPE,
SELECTED YEARS 1973–94

[In 1989 dollars]

Family group	Year					
	1973	1979	1989	1990	1993	1994
All families:						
Lowest	6,061	5,994	5,866	5,649	5,033	5,194
Second	15,416	15,306	15,107	14,781	13,623	13,729
Middle	25,909	25,609	25,823	25,191	23,572	23,886
Fourth	37,946	38,680	40,374	39,269	37,870	38,493
Highest	66,364	68,230	77,716	75,429	73,908	75,434
Total	30,341	30,764	32,978	32,063	30,801	31,347
All families with children:						
Lowest	10,529	9,369	7,714	7,317	6,342	6,843
Second	23,176	22,365	20,664	19,834	18,108	18,790
Middle	32,616	33,317	33,067	31,916	30,465	31,315
Fourth	43,426	44,940	47,217	45,964	45,501	46,412
Highest	70,420	72,971	81,966	79,427	80,319	81,430
Total	36,034	36,592	38,127	36,890	36,147	36,958
Married couples with children:						
Lowest	15,450	15,148	14,606	14,186	13,260	13,564
Second	27,170	28,294	28,660	27,960	27,105	27,732
Middle	35,513	37,693	39,683	38,810	38,927	39,425
Fourth	45,783	48,616	53,106	52,275	53,084	53,798
Highest	72,842	76,547	88,168	85,483	87,429	88,576
Total	39,352	41,260	44,846	43,741	43,961	44,619
Single mothers with children:						
Lowest	3,505	3,338	2,563	2,529	2,449	2,738
Second	7,931	8,122	6,737	6,499	6,074	6,626
Middle	11,922	13,136	11,803	11,238	10,382	11,349
Fourth	17,867	19,904	19,427	18,703	17,816	18,905
Highest	33,430	35,714	38,394	36,228	36,770	37,227
Total	14,930	16,043	15,792	15,036	14,698	15,369
Nonelderly childless units:						
Lowest	5,809	5,863	5,727	5,425	4,555	4,584
Second	15,886	15,808	15,840	15,448	13,986	13,926
Middle	25,562	25,397	26,154	25,518	23,627	23,930
Fourth	37,670	38,217	40,549	39,503	37,492	38,140
Highest	67,136	69,142	79,550	77,006	73,968	76,026
Total	30,412	30,886	33,565	32,578	30,726	31,321
Nonelderly childless families:						
Lowest	13,044	13,881	13,712	13,969	12,582	12,860
Second	25,352	27,773	28,880	28,802	26,988	27,670
Middle	35,256	38,599	41,716	41,203	39,872	40,477

TABLE H-22.—AVERAGE FAMILY INCOME BY INCOME QUINTILE AND FAMILY TYPE,
SELECTED YEARS 1973-94—Continued

[In 1989 dollars]

Family group	Year					
	1973	1979	1989	1990	1993	1994
Fourth	47,199	51,058	57,713	56,552	55,464	56,304
Highest	76,867	83,026	98,413	96,054	93,144	95,606
Total	39,543	42,867	48,093	47,311	45,610	46,583
Nonelderly unrelated individuals:						
Lowest	2,948	3,504	3,522	3,362	2,659	2,710
Second	8,620	9,957	10,621	10,077	9,259	9,114
Middle	14,628	16,065	17,389	16,950	15,899	15,653
Fourth	22,105	23,330	25,849	25,189	23,988	23,985
Highest	40,555	41,215	49,182	47,167	45,801	46,855
Total	17,770	18,814	21,315	20,546	19,521	19,663
Elderly childless units:						
Lowest	4,148	4,632	5,221	5,060	4,917	5,003
Second	7,556	8,367	9,665	9,724	9,523	9,674
Middle	11,628	13,325	15,446	15,702	15,021	14,964
Fourth	18,576	21,202	25,021	25,097	23,779	23,524
Highest	45,276	47,577	59,036	58,134	54,366	55,109
Total	17,436	19,021	22,880	22,741	21,521	21,655
Elderly childless families:						
Lowest	7,083	7,864	8,940	9,138	9,052	9,084
Second	12,074	13,841	15,967	16,468	15,717	15,841
Middle	17,200	19,750	23,381	23,917	22,422	22,346
Fourth	26,124	28,889	34,869	34,665	32,363	32,259
Highest	56,136	57,963	75,091	73,345	67,748	68,613
Total	23,723	25,661	31,657	31,503	29,460	29,629
Elderly unrelated individuals:						
Lowest	3,108	3,717	4,221	4,038	3,751	3,908
Second	5,393	5,932	6,806	6,616	6,508	6,755
Middle	7,114	7,963	9,414	9,468	9,139	9,417
Fourth	10,046	11,881	13,973	14,286	13,474	13,538
Highest	23,626	27,984	32,331	32,398	31,056	32,275
Total	9,857	11,495	13,414	13,367	12,786	13,179

Note.—Quintiles are based on the number of families. In 1989, the Bureau of the Census revised its methods of processing data from the Current Population Survey, which made the incomes of some families higher than what they would have been using the old method. For further discussion, see U.S. Bureau of the Census, "Money Income and Poverty Status in the United States: 1988," Current Population Reports, Series, P-60, No. 166, October 1989.

Source: Congressional Budget Office tabulations of data from the March Current Population Survey, 1974, 1980, 1990, 1991, 1994, and 1995.

TABLE H-23.—ANTIPOVERTY EFFECTIVENESS OF CASH AND NONCASH TRANSFERS (INCLUDING FEDERAL INCOME AND PAYROLL TAXES) FOR ALL PERSONS IN FAMILIES OR LIVING ALONE, SELECTED YEARS 1979-96

Category	Year						
	1979	1983	1987	1989	1993	1995	1996
Total population (in thousands)	222,893	231,140	240,982	246,492	259,278	263,733	266,218
Number of persons (in thousands):							
Cash income before transfers	42,783	52,700	49,679	49,052	60,429	57,350	57,228
Plus social insurance	28,604	36,928	34,380	33,825	42,247	39,316	39,459
Plus means-tested cash transfers	25,924	35,030	32,546	31,534	39,265	36,425	36,529
Plus food and housing benefits	21,548	31,697	29,004	27,642	34,765	31,705	32,251
Plus EIC and less Federal payroll and income taxes	22,215	33,923	30,400	28,941	34,613	30,303	30,538
Number of persons (in thousands) removed from poverty due to:							
Social insurance	14,179	15,772	15,299	15,227	18,182	18,034	17,769
Means-tested cash	2,680	1,898	1,834	2,291	2,982	2,891	2,930
Food and housing benefits	4,378	3,333	3,542	3,892	4,500	4,720	4,278
EIC and Federal payroll and income taxes	(669)	(2,226)	(1,396)	(1,299)	152	1,402	1,713
Total	20,568	18,777	19,279	20,111	25,816	27,047	26,690
Percent of persons removed from poverty due to:							
Social insurance	33.1	29.9	30.8	31.0	30.1	31.4	31.0
Means-tested cash	6.3	3.6	3.7	4.7	4.9	5.0	5.1
Food and housing benefits	10.2	6.3	7.1	7.9	7.4	8.2	7.5
EIC and Federal payroll and income taxes	-1.6	-4.2	-2.8	-2.6	0.3	2.4	3.0
Total	48.1	35.6	38.8	41.0	42.7	47.2	46.6
Poverty rate (in percent):							
Cash income before transfers	19.2	22.8	20.6	19.9	23.3	21.7	21.5

TABLE H-23.—ANTIPOVERTY EFFECTIVENESS OF CASH AND NONCASH TRANSFERS (INCLUDING FEDERAL INCOME AND PAYROLL TAXES) FOR ALL PERSONS IN FAMILIES OR LIVING ALONE, SELECTED YEARS 1979-96—Continued

Category	Year						
	1979	1983	1987	1989	1993	1995	1996
Plus social insurance	12.8	16.0	14.3	13.7	16.3	14.9	14.8
Plus means-tested cash transfers	11.6	15.2	13.5	12.8	15.1	13.8	13.7
Plus food and housing benefits	9.7	13.7	12.0	11.2	13.4	12.0	12.1
Plus EIC and less Federal payroll and income taxes	10.0	14.7	12.6	11.7	13.3	11.5	11.5
Total reduction in poverty rate	9.2	8.1	8.0	8.2	10.0	10.3	10.0
Poverty gap (millions of 1996 dollars):							
Cash income before transfers	141,549	175,095	171,604	165,779	204,979	195,017	196,332
Plus social insurance	73,293	98,699	95,879	91,064	118,141	105,824	106,575
Plus means-tested cash transfers	50,958	73,551	71,337	67,943	89,109	80,475	81,549
Plus food and housing benefits	39,893	58,598	55,846	52,565	68,088	62,311	63,292
Plus EIC and less Federal payroll and income taxes	40,522	60,780	57,172	53,662	67,505	60,025	60,408
Reduction in poverty gap (in millions) due to:							
Social insurance	68,256	76,396	75,725	74,715	86,838	89,193	89,757
Means-tested cash	22,336	25,148	24,542	23,121	29,031	25,349	25,026
Food and housing benefits	11,065	14,953	15,491	15,377	21,021	18,163	18,257
EIC and Federal payroll and income taxes	(629)	(2,182)	(1,326)	(1,097)	583	2,286	2,884
Total	101,028	114,315	114,432	112,116	137,474	134,992	135,924
Percent reduction in the poverty gap due to:							
Social insurance	48.2	43.6	44.1	45.1	42.4	45.7	45.7
Means-tested cash	15.8	14.4	14.3	13.9	14.2	13.0	12.7
Food and housing benefits	7.8	8.5	9.0	9.3	10.3	9.3	9.3

EIC and Federal payroll and income taxes	-0.4	-1.2	-0.8	-0.7	0.3	1.2	1.5
Total	71.4	65.3	66.7	67.6	67.1	69.2	69.2

Note.—Poverty gap dollars for each year adjusted to 1996 dollars. EIC = earned income credit.
Source: Congressional Budget Office calculations of Census Bureau data.

TABLE H-24.—ANTIPOVERTY EFFECTIVENESS OF CASH AND NONCASH TRANSFERS (INCLUDING FEDERAL INCOME AND PAYROLL TAXES) FOR ALL ELDERLY PERSONS, SELECTED YEARS 1979-96

Category	Year					
	1979	1983	1989	1993	1995	1996
Total population (in thousands)	24,194	26,313	29,094	30,779	31,658	31,877
Number of poor persons (in thousands):						
Cash income before transfers	13,120	13,253	13,853	15,640	15,810	15,977
Plus social insurance	4,202	4,095	3,934	4,270	3,722	3,905
Plus means-tested cash transfers	3,682	3,625	3,312	3,755	3,318	3,428
Plus food and housing benefits	3,261	3,158	2,793	3,123	2,839	2,936
Plus EIC and less Federal payroll and income taxes	3,276	3,177	2,841	3,159	2,838	2,943
Number of persons (in thousands) removed from poverty due to:						
Social insurance	8,918	9,158	9,919	11,370	12,088	12,072
Means-tested cash	520	470	622	515	404	477
Food and housing benefits	421	467	519	632	479	492
EIC and Federal payroll and income taxes	(15)	(19)	(48)	(36)	1	(7)
Total	9,844	10,076	11,012	12,481	12,972	13,034
Percent of persons removed from poverty due to:						
Social insurance	68.0	69.1	71.6	72.7	76.5	75.6
Means-tested cash	4.0	3.5	4.5	3.3	2.6	3.0
Food and housing benefits	3.2	3.5	3.7	4.0	3.0	3.1
EIC and Federal payroll and income taxes	-0.1	-0.1	-0.3	-0.2	0.0	-0.0
Total	75.0	76.0	79.5	79.8	82.0	81.6
Poverty rate (in percent):						
Cash income before transfers	54.2	50.4	47.6	50.8	49.9	50.1

Plus social insurance	17.4	15.6	13.5	13.9	11.8	12.3
Plus means-tested cash transfers	15.2	13.8	11.4	12.2	10.5	10.8
Plus food and housing benefits	13.5	12.0	9.6	10.1	9.0	9.2
Plus EIC and less Federal payroll and income taxes	13.5	12.1	9.8	10.3	9.0	9.2
Total reduction in poverty rate	40.7	38.3	37.8	40.6	41.0	40.9
Poverty gap (millions of 1996 dollars):						
Cash income before transfers	56,838	58,200	60,480	67,972	70,831	71,700
Plus social insurance	9,941	9,664	9,121	10,424	9,060	9,900
Plus means-tested cash transfers	6,700	6,380	6,074	7,709	6,589	6,900
Plus food and housing benefits	5,619	5,429	4,995	6,515	5,559	6,000
Plus EIC and less Federal payroll and income taxes	5,619	5,538	4,995	6,515	5,559	6,000
Reduction in poverty gap (in millions) due to:						
Social insurance	46,897	48,536	51,359	57,548	61,772	61,800
Means-tested cash	3,242	3,284	3,047	2,715	2,471	3,000
Food and housing benefits	1,081	951	1,079	1,194	1,030	900
EIC and Federal payroll and income taxes	0	(109)	0	0	0	0
Total	51,219	52,662	55,485	61,457	65,272	65,700
Percent reduction in the poverty gap due to:						
Social insurance	82.5	83.4	84.9	84.7	87.2	86.2
Means-tested cash	5.7	5.6	5.0	4.0	3.5	4.2
Food and housing benefits	1.9	1.6	1.8	1.8	1.5	1.3
EIC and Federal payroll and income taxes	0.0	-0.2	0.0	0.0	0.0	0.0
Total	90.1	90.5	91.7	90.4	92.2	91.6

Note.—Poverty gap dollars for each year adjusted to 1996 dollars. EIC = earned income credit.
 Source: Congressional Budget Office calculations of Census Bureau data.

TABLE H-25.—ANTIPOVERTY EFFECTIVENESS OF CASH AND NONCASH TRANSFERS (INCLUDING FEDERAL INCOME AND PAYROLL TAXES) FOR ALL CHILDREN, SELECTED YEARS 1979-96

Category	Year					
	1979	1983	1989	1993	1995	1996
Total population (in thousands)	63,375	62,333	65,602	69,292	70,566	70,650
Number of poor persons (in thousands):						
Cash income before transfers	12,761	16,146	14,954	18,198	17,098	16,642
Plus social insurance	11,364	14,405	13,846	16,685	15,717	15,426
Plus means-tested cash transfers	10,377	13,911	13,154	15,727	14,665	14,463
Plus food and housing benefits	8,421	12,464	11,409	13,874	12,476	12,576
Plus EIC and less Federal payroll and income taxes	8,620	13,293	11,811	13,853	11,443	11,341
Number of persons (in thousands) removed from poverty due to:						
Social insurance	1,397	1,741	1,108	1,513	1,381	1,216
Means-tested cash	987	494	692	958	1,052	963
Food and housing benefits	1,956	1,447	1,745	1,853	2,189	1,887
EIC and Federal payroll and income taxes	(199)	(829)	(402)	21	1,033	1,235
Total	4,141	2,853	3,143	4,345	5,655	5,301
Percent of persons removed from poverty due to:						
Social insurance	10.9	10.8	7.4	8.3	8.1	7.3
Means-tested cash	7.7	3.1	4.6	5.3	6.2	5.8
Food and housing benefits	15.3	9.0	11.7	10.2	12.8	11.3
EIC and Federal payroll and income taxes	-1.6	-5.1	-2.7	0.1	6.0	7.4
Total	32.5	17.7	21.0	23.9	33.1	31.9
Poverty rate (in percent):						
Cash income before transfers	20.1	25.9	22.8	26.3	24.2	23.6

Plus social insurance	17.9	23.1	21.1	24.1	22.3	21.8
Plus means-tested cash transfers	16.4	22.3	20.1	22.7	20.8	20.5
Plus food and housing benefits	13.3	20.0	17.4	20.0	17.7	17.8
Plus EIC and less Federal payroll and income taxes	13.6	21.3	18.0	20.0	16.2	16.1
Total reduction in poverty rate	6.5	4.6	4.8	6.3	8.0	7.5
Poverty gap (millions of 1996 dollars):						
Cash income before transfers	31,985	42,347	38,872	48,644	43,446	42,100
Plus social insurance	26,798	35,615	33,769	42,021	37,578	36,500
Plus means-tested cash transfers	17,505	25,520	24,168	30,294	27,077	27,400
Plus food and housing benefits	12,102	17,699	16,179	20,088	18,017	18,400
Plus EIC and less Federal payroll and income taxes	12,102	18,242	16,179	19,545	16,164	16,100
Reduction in poverty gap (in millions) due to:						
Social insurance	5,187	6,732	5,103	6,623	5,868	5,600
Means-tested cash	9,293	10,095	9,601	11,727	10,501	9,100
Food and housing benefits	5,403	7,821	7,989	10,207	9,060	9,000
EIC and Federal payroll and income taxes	0	(543)	0	543	1,853	2,300
Total	19,883	24,105	22,693	29,100	27,282	26,000
Percent reduction in the poverty gap due to:						
Social insurance	16.2	15.9	13.1	13.6	13.5	13.3
Means-tested cash	29.1	23.8	24.7	24.1	24.2	21.6
Food and housing benefits	16.9	18.5	20.6	21.0	20.9	21.4
EIC and Federal payroll and income taxes	0.0	-1.3	0.0	1.1	4.3	5.5
Total	62.2	56.9	58.4	59.8	62.8	61.8

Note.—Poverty gap dollars for each year adjusted to 1996 dollars. EIC = earned income credit.

Source: Congressional Budget Office computations of Census Bureau data.

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