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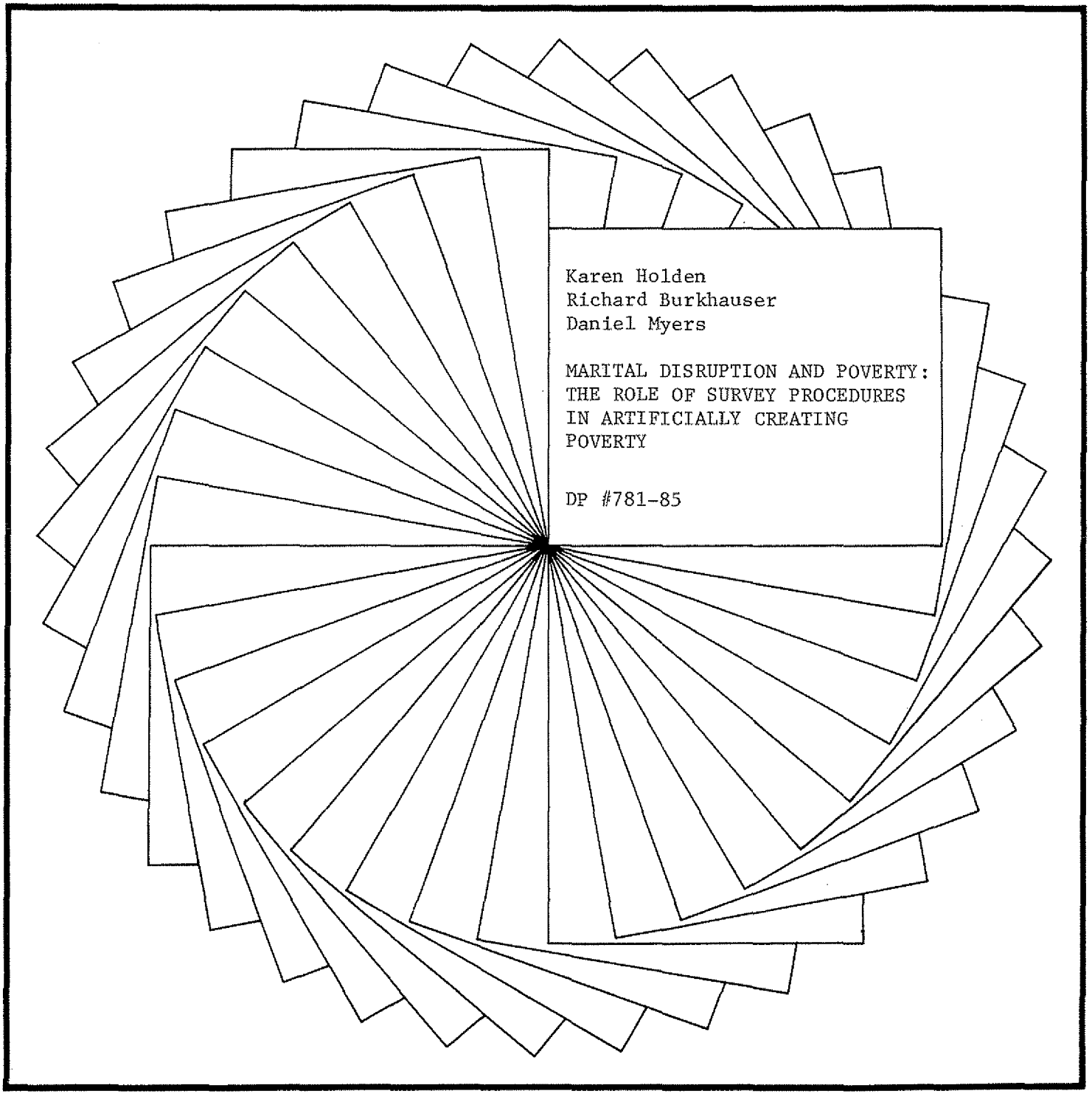

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MARITAL DISRUPTION AND POVERTY: THE ROLE OF SURVEY PROCEDURES IN ARTIFICIALLY CREATING POVERTY

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Abstract

The economic well-being of female-headed households is a growing public concern. While marital disruption undoubtedly precipitates major changes in household relationships and income sources, we show that its role in increasing poverty, especially in the short term, is seriously overstated by traditional data-collection methods. Using longitudinal data which allow us to follow women as wives and widows, we find that the income of husbands is systematically excluded from the income reported by women widowed during or after the income reference year. This exclusion not only exaggerates the rise in poverty immediately following widowhood, and hence distorts the total number of such widows in poverty at a moment in time, but it also overstates the percentage of widows who exit from poverty in the next period.

Marital Disruption and Poverty: The Role of Survey Procedures in Artificially Creating Poverty

INTRODUCTION

The economic well-being of female-headed households is a growing public concern. In 1982, over one-third of all female household heads were poor. Cross-sectional data consistently show a dramatic difference in poverty rates across marital states, suggesting that a marital disruption is associated with a higher risk of being poor for women (U.S. Bureau of the Census, 1984a). Recent analyses using longitudinal data find considerable movement into and out of poverty across all marital states and age groups. For women the probability of becoming poor rises substantially immediately after a marital split, but their probability of subsequently leaving poverty is also high (Corcoran, Duncan, and Hill, 1984; Holden, Burkhauser and Myers, forthcoming).

While marital dissolution undoubtedly precipitates major changes in household relationships and income sources, we show that its role in increasing poverty, especially in the short term, is seriously overstated by traditional data-collection methods. As evidence we use data that allow us to follow women through a common type of marital disruption, the transition from marriage to widowhood. We find that the income of husbands is systematically excluded from the income reported by women widowed during or after the income reference year. The result is not only to exaggerate the poverty rate of women immediately following widowhood, and hence distort to some degree the total number of such

widows in poverty at a moment in time, but also to overstate the percentage of widows who exit from poverty in the next period. These measurement errors can lead researchers to misinterpret differences in levels of well-being across marital states when they use cross-sectional data and to misinterpret the effect of marital status change on entry into and exit from poverty when longitudinal data are used.

Why Income May be Misreported

Income and household composition data from the March Current Population Survey (CPS) and the decennial census are the most frequently used sources for poverty statistics. Both ask each household member their income during the calendar year prior to the date of the survey. For both, data on household structure and income have different reference periods. As the Bureau of the Census explains in describing its survey procedures:

> Although income statistics refer to receipts during the preceding year, the characteristics of the person such as age, labor force status, etc., and the composition of households refer to the time of the survey. The income of the household does not include amounts received by persons who are members of the household during all or part of the income year if these persons no longer resided with the household at the time of the enumeration. On the other hand, household income includes amounts reported by persons who did not reside with the household during the income year but who were members of the household at the time of enumeration. (U.S. Bureau of the Census, 1984b, p. 101)

Consider a woman who was surveyed in March 1971 and whose husband died in January of that year. She would be classified as a widow at the time of the survey, and asked what income she had received in 1970. Even though her husband was alive during the entire 1970 reference year, his income is likely to be excluded. The widow could be counted as poor in

1970, even though the income received by her husband and herself in that year was above the official poverty threshhold.

The inflation of poverty counts due to excluded income can also occur when marriages are dissolved through separation or divorce or when young family members leave school and set up separate households. On the other hand, the survey procedures may also underestimate poverty among recent retirees (who report income in a year they worked) and in recently combined households. Reported income changes that result from remarriage may also be in error, because though the couple may have in fact received the reported income during the reference year, husband and wife did so in separate households.

The collection of income information only from current household members will affect the measured relationship between official poverty rates and marital status in two ways. First, it misstates the stock of poor people at a moment in time and overstates income differences between persons who are married in comparison to those who are divorced or widowed. Second, because data on the incomes of recently dissolved or recently married households may not measure the actual incomes of those households during the reference year, it grossly overstates the movements into and out of poverty associated with marital status changes.

The effect of income reporting procedures on official poverty counts has not been entirely ignored by the Bureau of the Census. In the 1940 Census documents, it was noted that different reference periods for wages and salaries and for employment status could present a problem in accurately estimating income differences across occupations. The 1950 Census mentioned survey procedures as an explanation for the unreasonably low incomes of some households.[1] Curiously, neither the 1980 Census

documents nor CPS reports on poverty data mention this as a factor affecting the size of the poverty population or the distribution of income across households (U.S. Bureau of the Census, 1982, 1984b). Other users of these data have noted potential problems when income and household structure data refer to different time periods (National Commission on Employment and Unemployment Statistics, 1979, p. 61).

Despite its periodic mention as an issue in the correct enumeration of the poverty population, there have been no published estimates of the degree to which income reporting procedures affect the absolute size or distribution of the population in poverty. As a result, published poverty numbers are assumed accurately to reflect the relative risks of poverty across households. Although the misstatement of total poverty incidence may not be large, since at any particular time household changes within the past year may account for a small fraction of the total number of households and their income changes may offset each other, the error is likely to be more serious when poverty rates are calculated by household type. For instance, findings based on CPS data that young widows experience relatively high poverty rates as compared to older widows (Moon, 1985) may suffer from this type of measurement error if a larger percentage of young widows were widowed within the past year. In addition, studies that look at the growth of poverty within marital status subgroups (e.g., U.S. House of Representatives, 1985) may mistake a poverty increase accounted for by this error for an actual growth in poverty.

The potential upward bias in dynamic measures of poverty is even more serious insofar as any attempt to explain the role of change in marital status and earnings behavior in moving women into and out of poverty will

be confounded by this statistical artifact. Again, consider the hypothetical widow discussed above. After a year of measured poverty (because her husband's income in 1970 was not included), her reported income in the next survey period could rise even though the income actually available for her consumption needs--her own income as a widow--falls. Although she was never actually in poverty, the widow appears to have escaped poverty between the first period of widowhood and the next survey. The erroneous identification of an exit may occur if her reported income is higher as a widow, for example, because of a simple transfer of reported income in the household from a deceased husband to the spouse--for instance, the shift of social security or private pension retirement benefits into her survivor benefits.

More controversial is a second error in inference that involves issues of potential behavior. If in 1970 the husband worked full time and the wife not at all, the exclusion of the husband's earnings may plunge this recently widowed woman into reported poverty. Evaluating her well-being on the basis of her income alone implies that if the husband and his income did not exist, the wife would have continued to earn no market income. If, in fact, the wife was capable of earning income and in the first period of widowhood does so, this once again can imply greater initial levels of poverty and movements out of poverty due to widowhood and work, respectively, than in fact occurred.

Excluding the husband's income in the period preceding divorce or widowhood is also a problem in studies that look at other income issues. For example, the use of CPS data to estimate populations eligible for income maintenance programs might be inappropriate. In the case of the Supplemental Security Income program, low participation rates found by

researchers (Warlick, 1982) may to some degree be due to the overestimation of eligibles when income received by husbands who have recently died is excluded. A similar problem could arise in estimates of AFDC participation that ignore the income of husbands who have recently left the household.

CPS and decennial census data are not alone in suffering from this type of measurement error. Several panel surveys that have been used to analyze movements into and out of poverty contain different reference periods for household structure and income. These include the Retirement History Study (RHS), the National Longitudinal Surveys, and the Panel Study of Income Dynamics (PSID). Poverty rates calculated with these data are susceptible to error. The PSID is unique among these data sources in adjusting for this problem. But even in the PSID a marital split may result in inaccurate estimates of first-year poverty if the person who leaves the main household is the one with the relatively low income in the preceding year.[2] The other two surveys make no adjustments. Thus the increase in poverty upon widowhood calculated with data from these surveys is probably inflated (Holden, Burkhauser and Myers, forthcoming), as is the effect of divorce (Moore, 1979; Nestel, Mercier, and Shaw, 1981).

The Effect of the Husband's Death on Poverty Among Widows

The effect on measured poverty rates among newly widowed women that results from excluding husband's income can be demonstrated with data from the Retirement History Study.[3] In Table 1 we show poverty rates among women widowed during the ten-year survey period, identified by the

Table 1

Poverty Rates of Widows before and after Widowhood, 1968-78

Income Year	First Survey Year Widowed				
	1971	1973	1975	1977	1979
1968	16.1%	10.0%	12.5%	10.7%	9.3%
1970	50.7*	11.2	14.8	9.5	8.4
1972	30.0	38.6*	14.0	7.9	8.0
1974	29.5	23.0	37.7*	9.5	10.1
1976	30.1	20.2	19.6	43.0*	8.0
1978	33.1	21.6	25.0	30.7	35.0*

Source: Retirement History Study of the Social Security Administration.

Note: Stars mark the first survey year of widowhood.

survey year in which they first reported widowhood. In determining poverty status, the income of the couple or of the widow only is compared to the official poverty threshold for a single or two-person household of the appropriate age.[4] Because we do not know the date of the husband's death for women who were widowed at the beginning of the survey (1969), we include only women who were married in 1969 and whose husbands died over the next ten years. The income year (1968, 1970, etc.) is the calendar year prior to the April survey date during which reported income was received by the couple, or, if the husband was deceased at the survey date, by the widow. Note that although women are consistently classified by their marital status at the survey date, the proportion of the income year spent as a widow varies by the date of death of the husband. For instance, a woman first identified as a widow in the 1971 survey year could have been widowed at any time between the April 1969 survey and April 1971.

Two features of poverty among these women stand out. First, rates of poverty in the first survey period of widowhood (designated by stars in the table) are far higher than poverty rates experienced by these women when they were still married. For example, for women first reported as widows in the 1971 survey, 50.7 percent were in poverty in the 1970 income year, as compared to 16.1 percent in 1968, when these women were still married. Second, in the second survey period of reported widowhood, poverty rates fall sharply and, although they might increase, they never reach the rate measured during the first period of widowhood. For instance, in all subsequent years following the 1970 income year, women first reported as widows in 1971 had poverty rates in the 29 to 33 percent range.

It is certainly likely that the true risk of poverty is higher in the first year of widowhood than it was during marriage. It may also be that the risk of poverty among widows then falls in later years. Estates may take time to settle, leaving widows with little income in the period immediately after widowhood. Once settled, some estates may be extremely small, and these widows may need time to find additional income either through labor market earnings or means-tested programs. On the other hand, to the extent that a higher poverty rate in the first period of widowhood than in subsequent periods is an artifact of survey methodology, we may be overestimating short-term poverty among new widows.

In Table 2 we look more closely at the effect of widowhood and the timing of husband's death on poverty. Poverty rates of women newly widowed--the starred years in Table 1--are calculated for all who were widowed during the ten-year survey period and are categorized by the time of the husband's death. The measured poverty rate for all new widows in that starred year is 40.8 percent (col. 1). But there is substantial variation within this group. Women who were widows during the entire income year (i.e., whose husbands died between April and December of the previous survey year), and hence did not share a household with their husband at any time in the income year, have the lowest poverty rate--29.1 percent. For women who were married during part of the income year, poverty rates are higher and steadily increase the shorter their period of widowhood. Poverty in the income year is highest--53.1 percent--for those most recently widowed. It is difficult to explain why women whose husbands were alive during the entire year would in fact be worse off during that year than women who spent some or all of the year as a widow.

Table 2

Poverty Rates of Women Newly Widowed
by Timing of Widowhood

Time of Husband's Death	Percentage Poor			N
	In First Survey Period of Widowhood	In Survey Period Prior to Widowhood	Using Weighted Poverty Threshold[a]	
Total	40.8	11.8	44.8	1,208
Widowed during entire income year	29.1	12.3	29.1	309
Widowed during income year				
In 1st quarter	34.6	14.5	35.2	159
In 2nd quarter	38.4*	10.3	40.2*	164
In 3rd quarter	44.7**	11.8	49.4**	170
In 4th quarter	49.4**	14.0	61.2**	178
Widowed after income year	53.1**	8.3	59.7**	228

[a]See text for a description of the weights.

*t-test shows this group is different from those widowed during the entire year at the 5 percent significance level.

**t-test shows this group is different from those widowed during the entire year at the 1 percent significance level.

That the higher poverty associated with more recent widowhood may be due to the mismeasurement of income is further supported by the pattern of poverty presented in column 2. In the survey year in which all new widows were last reported as married, the average poverty rate was 11.8 percent. But there is no clear pattern of poverty among our subgroups. Note especially that only 8.3 percent of the new widows who were in fact married during the entire income reference year--those widowed after the income year--were poor in the earlier period, a rate not significantly different from other widows in this column. It is likely that if their husbands' income had been reported in the first survey period of widowhood, the poverty rate of this last group of widows would have been substantially below the 53.1 percent reported in column 1.

A final piece of evidence supports our assertion that official measures of poverty among new widows seriously overestimate the percentage with incomes below the poverty threshold. We have one group who were widowed during the entire income year. If higher rates of poverty among recent widows is due to the difficulty of compensating immediately for the loss of husband's income, we would expect that among this group of widows, those more recently widowed would be poorer. This was not the case. When we grouped these "full year" widows by the quarter during which their husbands died (data not shown), those widows whose husbands had died just before the income year (i.e., widowed for 15 to 18 months at the survey date) were no more likely to be poor than were widows whose husbands had died two years before that date.

We suspect the poverty rate of 29.1 percent found for women who were widowed during the entire income year represents a more accurate view of the risk of poverty in the first year of widowhood than does the 40.8

percent reported for all widows. We contend that because the survey neglects husband's income in the entire income year preceding widowhood, information on households in which the husband's death occurred toward the end of the income year exclude a larger share of the income actually available to the widow while her husband was alive.

Appropriate Poverty Thresholds

Even if women recently widowed reported the income received by their husbands, the poverty rates derived from these data are flawed for another reason. If the widow reports the income she and her husband received for the part of the year he was alive, the appropriate poverty threshold is not that applicable to a female household head of her age, but one that also includes the consumption needs of the husband when he was alive. Hence an average of the annual thresholds applicable to her status over that period must be included.

Operationally, this can be accomplished by a weighted average of income and family size measures. Only women widowed during the entire income year will have reported income and household states which are exactly matched. All other new widows spent part of the income year as a married person. Widows whose husbands died during the survey year were married during the entire income year. Column 3 of Table 2 shows that weighting by family size to reflect the presence of a husband's consumption needs during the period of the year he was alive results in even larger poverty rates for those widows whose husbands die late in the year. Women who are widowed at the end of the year are more than twice as likely to be in poverty as those widowed for the whole year. However,

if husbands' income during the year is in fact disregarded, this adjustment further distorts reality by including husbands' consumption needs.

Exit Rates

We have argued that because income during the income reference year for some new widows is underreported, the level of poverty associated with the first period of widowhood is exaggerated. In this section we show that this underreporting also results in artificially high measured rates of exit from poverty. We have shown that income is more seriously underreported in the survey the later in the income year the husband died, so a greater percentage of recent widows are falsely reported as poor. The number of false exits is not simply the sum of new widows not truly in poverty. Some of these widows falsely identified as poor do become poor in the next survey period. But the exit rates of those who are widowed later in the year will still be overstated, because people who were in fact not poor are less likely to be poor in the next period than are those who were in fact never poor during the first period.

In Table 3 we present exit rates for widows who were deemed poor in the survey period in which they were first widowed, but who were not poor in the last period during which they were enumerated as a couple.

Of all full-year widows, i.e., those who were widowed during the entire income reference year, 35.9 percent had left poverty when next interviewed. Four out of five (81 percent) had escaped poverty by the third survey period after the husband's death. On the other hand, a far higher percentage of poor widows who were married for part of the income reference period escaped poverty--50 to 73 percent did so during the first survey period after widowhood, and all but a few did so by the

Table 3

Exit Rates from Poverty after the First Survey Period of Widowhood[a]

Time of Husband's Death	Exit Rates and Number in Each Period					
	1st Subsequent Period		2nd Subsequent Period		3rd Subsequent Period[b]	
	Exit Rate	N	Exit Rate	N	Exit Rate	N
Widowed during entire income year	35.9%	39	58.6%	29	81.0%	21
Widowed during income year						
In 1st quarter	50.0	28	63.2	19	69.2	13
In 2nd quarter	65.8*	38	73.3	30	75.0	20
In 3rd quarter	62.2*	45	90.9**	33	90.5	21
In 4th quarter	72.9**	48	91.9**	37	90.9	22
Widowed after income year	63.5**	63	84.6*	39	91.7	24

[a]Includes only women not poor in the last survey period when still married.
[b]Since widows are included only for the number of periods for which we have data, it is possible for exit rates to fall across periods.

*t-test show this group is different from those widowed during entire income year at the 5 percent significance level.

**t-test show this group is different from those widowed during entire income year at the 1 percent significance level.

third survey period. This result is consistent with our hypothesis that measurement error artificially both increases the initial rate of poverty among recently widowed women and exaggerates the speed of their movement out of poverty. Exits are not significantly different after three periods, suggesting that underreporting of household income may have its major influence on the timing and length of poverty spells rather than on the risk of a widow ever experiencing a spell of poverty.

Adjusted Measures of Poverty Levels and Exit Rates

In this section we suggest two alternative methodologies to adjust reported incomes of new widows to reflect their actual income status during the period their husbands were alive, and we give an example of each. Like the CPS, the Retirement History Study does not ask about the composition of the household during the income year or about income received by individuals who no longer live in the households. Hence, it is not possible directly to adjust income-year data by including the income of deceased husbands. Because of the longitudinal nature of the RHS we can, however, approximate husband's income using data on his income from prior survey years.

There are two reference periods of interest to researchers measuring poverty rates. The first is the actual income year. As we have stated, to achieve consistency within this time frame, adjustments must be made for underreported husband's income and a weighted equivalence scale must be used. The second time frame is the part of the income year during which the woman is a widow. To be consistent, her reported income must be adjusted to represent only that income received during widowhood. And

while the equivalence scale reflects that of a widow, it must be adjusted for a shorter accounting period.

Here we offer an example of each type of adjustment. To measure the adjusted poverty rate over the full income year, we use data on husband's income in the reference year of the survey preceding the one in which his wife first reported being a widow. We estimate the proportion of that year's annual earnings, social security income, and pensions that he would have received during the months he was alive in the income year of first reported widowhood. We add this value (adjusted for price changes over those years) to the income reported by the widow in that income year.[5] The poverty threshold used is the average of the couple's threshold during those months in which the husband was alive and of the single woman's threshold during her months of widowhood.

For our second measure, we concentrate on the part of the year following the husband's death. We assign a fraction of the widow's reported income to the months actually spent as a widow, based on the income received by the wife in the last income year in which she was married. We identify the difference between this income and her reported income in the first reported income year of widowhood as the income she actually received as a widow.[6]

We find that the use of our adjusted measures of income results in a significant difference in both the levels and patterns of poverty. In column 1 of Table 4 we repeat the poverty rates calculated in the conventional way (Table 2) and compare them to the rates found using the full-year adjustment in column 2 and the part-year adjustment in column 3. To show the measured poverty status of those widows two years later, in

Table 4

Adjusted Poverty Rates of Women Newly Widowed

Time of Husband's Death	Percentage Poor			
	Conventional Measure (1)	Full-Year Adjustment[a] (2)	Part-Year Adjustment[a] (3)	Next Period After Widowhood (4)
Total	40.8	24.3	32.2	25.6
Widowed during entire income year	29.1	29.1	29.1	27.8
Widowed during income year:				
1st quarter	34.6	30.2	34.0	28.4
2nd quarter	38.4*	19.5*	25.0	21.8
3rd quarter	44.7**	22.9	22.4	22.0
4th quarter	49.4**	23.0	15.8**	22.2
Widowed after income year	53.1**	19.3**	n.a.	29.4

[a]See text for explanation of adjustments.

*t-test shows this group is different from those widowed the entire year at the 5 percent signficance level.

**t-test shows this group is different from those widowed the entire year at the 1 percent significance level.

column 4 we present poverty rates in the second survey period following widowhood. No adjustments are required for those widowed the entire income year, and their rates are, therefore, unchanged in columns 2 and 3.

The part-year adjustment cannot be applied to those widowed in survey year, because they were in fact married during the entire income year. Although the full-year adjustment can be made, it is, in fact, inappropriate to include the poor in this group in a count of the widowed poor. These women should be identified as married, rather than widowed, during that year. Their poverty status in that year reflects their condition before widowhood.

Under either time frame, a major difference is seen between the conventional poverty count and the two adjusted rates. Adjusted poverty rates rise with length of widowhood. Women who were widows for the entire income year are more likely to be poor than are women who were married for most or all of the year. The anomaly of married women appearing to be worse off than women widowed for part or all of income year disappears. This is not to say that the first period of actual widowhood is not correlated with an increase in poverty rate. On the contrary, all widows are still more likely to be poor in the first period of widowhood than they were when married (Table 2, column 2). Widows who in fact were widowed after the income year (Table 4, last row) move from an estimated 19.3 percent in poverty just prior to widowhood to 29.4 percent in poverty in the next period (column 4)--the first income year in which they were in fact a widow. However, both poverty levels are substantially below the inflated value of 53.1 percent found using the conventional method (column 1).

In Table 5 we present cumulative exit rates using our two adjusted income measures for women and compare them to the conventional measure. We have shown that conventional methods overstate the number of recent widows with income below official poverty thresholds and hence will overstate the speed with which widows who actually fall into poverty will escape. This pattern is borne out here. The conventional method finds that 159 widows who were widowed during the income year became poor that year, and that 64.2 percent had left poverty two years later. This compares with 63 widows who are found to be in poverty using the full-year measure which includes estimated husbands' income. Only 42.9 percent of this group were not poor two years later. The part-year income adjustment method results in a larger initial poverty rate because it reflects the status of these women only during the actual period of widowhood, while our full-year measure reflects both marriage and widowhood. But the part-year measure also indicates a much lower transition rate out of poverty than does the conventional measure. Both of the adjustments result in exit rates that are not significantly different from those for women widowed throughout the income year, for whom we know that the income measure and equivalence scales are correct. Only the conventionally measured income data tell a different story--exit rates are significantly higher in both the first and second periods. It is only in the third period that all three measures are not significantly different from full-year widows. We believe that the use of conventional data to measure exit rates significantly overstates the speed at which widows escape poverty.

Table 5

Adjusted and Unadjusted Cumulative Exit Rates from Poverty after the First Survey Period of Widowhood[a]

Time of Husband's Death	Cumulative Rates: 1st Subsequent Period Rate	N	2nd Subsequent Period Rate	N	3rd Subsequent Period Rate	N
Widowed during entire income year	35.9%	39	58.6	29	81.0%	21
Widowed during income year						
Conventional measure	64.2**	159	82.4*	119	82.9	76
Full-year adjustment[b]	42.9	63	66.7	36	75.0	24
Part-year adjustment[b]	50.0	80	70.0	60	75.0	44

[a]Includes only women not poor in previous survey period when still married.

[b]See text for explanation of adjustments.

*t-test shows this group is different from those widowed during entire year at the 5 percent significance level.

**t-test shows this group is different from those widowed during entire year at the 1 percent significance level.

CONCLUSIONS

The conventional method of measuring income used by the CPS and most other data sources is flawed, because income received during the reference year by those who had left the household by the date of the survey is not reported. This exclusion can lead to serious distortions in the true patterns of poverty of female-headed households. We have provided evidence that among women recently widowed, this data collection method systematically understates the income status of those whose husbands died during or after the income reference year. This results in an artificially high poverty rate for such widows and exaggerates their risk of becoming poor immediately after the husband's death. Because a more accurate level of income is reported in the next survey year, this initial overestimation of poverty then leads to a systematic overstatement of the speed with which widows who are in poverty escape from it.

Unadjusted income data gathered under Bureau of the Census survey procedures is appropriate to measure the poverty levels of new widows only for those widowed over the entire income reference year or those whose well-being, even during that part of the year spent with her husband, was measured by her income alone. In all other cases these data underestimate the income status of widows who shared the unreported income of their husbands and overstate the income status of those who shared their own income with their husbands. An appropriate measure of poverty would either take account of both the husband's income and his consumption during the part of the year he remains in the household or else isolate the period during the income year that the woman spent as a widow and ignore the husband's influence completely.

We believe care must be taken by researchers to ensure that the effect of recent household disruption, in the form of death or divorce, on the income of remaining household members is not exaggerated. We have shown that the exclusion of husband's income during those months prior to his death does matter in measuring the effect of widowhood on poverty. The same is likely to be true for other types of household change.

We have also provided examples of adjusted income based on two time frames over which well-being can be judged. The adjustments suggest that the poverty and exit rate patterns obtained from our RHS sample of recent widows are a statistical artifact and will disappear with more complete income reporting. We believe researchers using CPS data face the same problem inherent in our data and are subject to the same criticism. Among national survey data, only that of the PSID even partially adjusts for this income-reporting problem. Data with shorter reference periods--such as the Survey of Income and Program Participation--offer an alternative to CPS methods. Nevertheless, those conducting the CPS and researchers who develop other income surveys should recognize this flawed survey methodology and correct for it.

Notes

[1]The 1940 Census notes that different reference periods presented a problem in "connection with the wage and salary distribution of persons on public emergency work...because of the rapid turnover of emergency project employment" (U.S. Bureau of the Census, 1943, page 12). The 1950 Census suggested that some families without any income may be "newly created families" or families in which "the sole breadwinner had recently died or left the household" (U.S. Bureau of the Census, 1953, p. 65).

[2]The PSID follows all persons who were members of families in their original sample and asks widows about income received by recently deceased husbands. It adjusts main family income for the income received by family members who left the household during the income reference period through either death or a split-off. However, split-offs (i.e., persons who leave the main household and form a new household) are treated as if they were in the split-off unit over the entire income year, and therefore may appear to be much worse off or much better off than they actually were. This problem is recognized and users are cautioned that "income...is collected only for members of the splitoff family. Some splitoff persons appear to have starved, since their living for the previous year was entirely dependent on the main family. Therefore, income, income/needs and other last year's variable values must be taken with a grain of salt. Usually it is the husband who splits off. The splitoff husband's data, therefore, contain almost no information on the former wife. His income/needs ratio is falsely high compared with the previous year's reality" (User Guide to the Panel Study of Income Dynamics, 1984:53).

[3]The Retirement History Study (RHS) is a longitudinal survey of the retirement process conducted by the Social Security Administration during 1969-1979. An initial sample of over 11,000 household heads--single men and women and husbands of couples--aged 58-63 in 1969 were interviewed every other year during the decade. For background information on the RHS, see Irelan (1976). The sample used in this paper includes all married couples in 1969 in which the husband died between the 1969 and 1979 survey dates. The widow had to remain in the sample for at least one survey following her husbands death. See Holden, Burkhauser, and Myers (forthcoming) for a complete description of the sample.

[4]We exclude income and needs of other household members because the RHS does not collect comparable income and family relationship information in all years. See Holden, Burkhauser, and Myers (forthcoming) for a discussion of this issue.

[5]This method of adjustment assumes no changes other than price inflation in his income between the earlier survey and the income year in which he died. Thus, adjusted income of the widow may overestimate her actual income if earnings of the husband fell prior to his death. On the other hand, her adjusted income may be lower than her actual income if the husband retired in the base year and if social security and pension income was not paid immediately. An alternative method that included husband's income from all sources was tried. The results were not significantly different.

[6]This method assumes that in the part of the income year during which her husband was alive, she earned income at the same rate (adjusted for inflation) that she earned during the preceding survey year. All income

sources are included. This amount was subtracted from her reported income in the income year of widowhood. An alternative assumption was that all reported income in the first year of widowhood was earned after the death of the husband. This reduced the observed poverty rate but did not significantly alter the reported results.

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