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SOCIAL SECURITY KEEPS 21 MILLION AMERICANS OUT OF POVERTY: A STATE-BY-STATE ANALYSIS

by Paul N. Van de Water and Arloc Sherman¹

Social Security benefits play a vital role in reducing poverty. Without Social Security, 21.4 million more Americans would be poor, according to the latest available Census data (for 2011). Although most of those whom Social Security keeps out of poverty are elderly, nearly a third are under age 65, including 1.1 million children. (See Table 1.) Depending on their design, reductions in Social Security benefits could significantly increase poverty, particularly among the elderly.

Age Group	Percent in Poverty		Number Lifted Out of Poverty by Social Security
	Excluding Social Security	Including Social Security	
Children Under 18	23.4	21.9	1,107,000
Adults Ages 18-64	16.7	13.7	5,829,000
Elderly Age 65 and Over	43.6	8.7	14,480,000
Total, All Ages	21.9	15.0	21,415,000
Addendum: Women Age 65 and Over	48.3	10.7	8,696,000

Source: Center on Budget and Policy Priorities based on data from the U.S. Census Bureau, Current Population Survey, March 2012.

Social Security Lifts 14 Million Elderly Americans Out of Poverty

Almost 90 percent of people aged 65 and older receive some of their family income from Social Security.² Without Social Security benefits, 43.6 percent of elderly Americans would have incomes below the official poverty line, all else being equal; with Social Security benefits, only 8.7 percent do. These benefits lift some 14.5 million elderly Americans — including 8.7 million women — above the poverty line.

¹ The authors wish to thank William Chen for his assistance in preparing this paper.

² Kathy A. Ruffing and Paul N. Van de Water, *Top Ten Facts About Social Security*, Center on Budget and Policy Priorities, August 2010 (update forthcoming).

Social Security reduces elderly poverty dramatically in every state in the nation, as Figure 1 and Table 2 show. Without Social Security, the poverty rate for those aged 65 and over would meet or exceed 40 percent in 41 states; with Social Security, it is less than 10 percent in the large majority of states. Social Security lifts 1.2 million elderly people out of poverty in California and Florida, about 800,000 in New York, Texas, and Pennsylvania, and over half a million in Ohio, Illinois, and Michigan.

Social Security Lifts More Than 1 Million Children Out of Poverty

Social Security is important for children and their families as well as for the elderly. About 6 million children under age 18 (8 percent of all U.S. children) lived in families that received income from Social Security in 2011, according to Census data. This figure includes children who received their own benefits as dependents of retired, disabled, or deceased workers, as well as those who lived with parents or relatives who received Social Security benefits. In all, Social Security lifts 1.1 million children out of poverty.

Social Security records show that 3.2 million children under age 18 qualified for Social Security payments themselves in December 2011. (See Table 3.) Of these, 1.2 million were the survivor of a deceased worker. Another 1.7 million received payments because their parent had a severe disability. And 315,000 children under 18 received payments because their parent or guardian was retired.³

Technical Note

This analysis uses the Census Bureau's official definition of poverty. In determining poverty status, the Census Bureau compares a family's cash income before taxes with poverty thresholds that vary by the size and age of the family. The poverty thresholds in 2011 were \$10,788 for an elderly individual, \$13,596 for an elderly couple, and \$23,021 for an average family of four.⁴ To calculate the anti-poverty effects of Social Security, we determined each family's poverty status twice — first excluding and then including the family's Social Security benefits.

Our analysis considers the non-institutionalized population using data from the Census Bureau's Current Population Survey (CPS), the survey that is used to produce official poverty estimates.⁵ Each March the CPS collects information on personal income, health coverage, and other social and economic characteristics for the previous year. The national estimates reported here are for 2011. The state-by-state estimates are based on a three-year average (for 2009, 2010, and 2011) to improve the reliability of the results.

One critic of estimates such as these argues that they “do nothing to answer the question of what would have happened if Social Security had not existed.”⁶ Indeed, this analysis does not take into account other changes that would occur in the absence of Social Security. If Social Security did not exist, many elderly individuals likely would have saved somewhat more and worked somewhat longer, and many might live with their adult children rather than in their own households. Other studies confirm, however, that Social Security has made a very large contribution to reducing poverty and that cutting Social Security benefits could substantially increase poverty among the elderly.⁷

³ Social Security Administration, *Annual Statistical Supplement to the Social Security Bulletin*, 2012, Table 5.J10.

⁴ Poverty thresholds depend on the size of the family and the ages of its members; this figure is a weighted average for families of four. For more information, see <http://www.census.gov/hhes/www/poverty/data/threshld/index.html>.

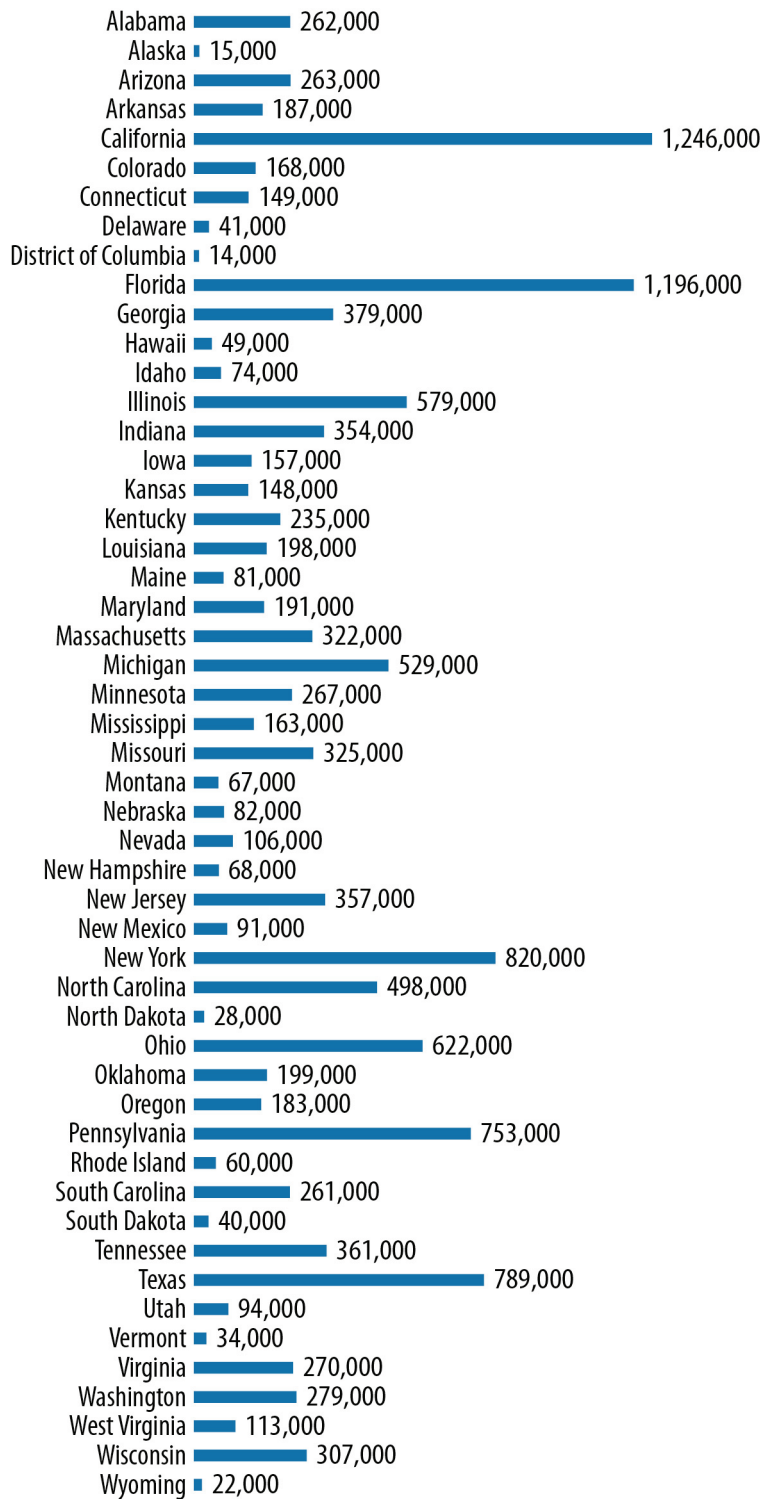
⁵ U.S. Census Bureau, *Income, Poverty, and Health Insurance Coverage in the United States: 2011*, Series P60-243, September 2012.

⁶ Charles P. Blahous III, *Reforming Social Security for Ourselves and Our Posterity*, Westport, CT: Praeger, 2000, p. 13.

⁷ Eugene Smolensky, Sheldon Danziger, and Peter Gottschalk, “The Declining Significance of Age in the United States: Trends in the Well-Being of Children and the Elderly Since 1939,” in John L. Palmer, Timothy Smeeding, and Barbara Boyle Torrey, eds., *The Vulnerable*, Washington: Urban Institute, 1988; Gary V. Engelhardt and Jonathan Gruber, “Social Security and the Evolution of Elderly Poverty,” National Bureau of Economic Research Working Paper 10466, May 2004.

Figure 1

Social Security Reduced Number of Elderly Poor in Every State



Source: Center on Budget and Policy Priorities based on data from the U.S. Census Bureau, Current Population Survey, March 2010-2012. Estimates are an average for 2009-2011.

Table 2

Effect of Social Security on Poverty Among the Elderly by State, 2009-2011

	Percent in Poverty		Number Lifted Out of Poverty by Social Security
	Excluding Social Security	Including Social Security	
Alabama	49.4	9.1	262,000
Alaska	36.8	10.4	15,000
Arizona	41.7	9.1	263,000
Arkansas	55.0	11.9	187,000
California	37.8	8.5	1,246,000
Colorado	36.9	7.2	168,000
Connecticut	37.6	6.2	149,000
Delaware	38.8	7.7	41,000
District of Columbia	34.9	15.6	14,000
Florida	45.8	8.9	1,196,000
Georgia	52.8	11.9	379,000
Hawaii	33.6	8.2	49,000
Idaho	46.8	8.5	74,000
Illinois	44.2	7.5	579,000
Indiana	48.8	8.0	354,000
Iowa	47.3	5.6	157,000
Kansas	46.9	6.7	148,000
Kentucky	51.4	9.2	235,000
Louisiana	50.3	15.0	198,000
Maine	47.4	8.0	81,000
Maryland	35.6	8.2	191,000
Massachusetts	40.7	7.4	322,000
Michigan	47.6	7.4	529,000
Minnesota	45.2	6.9	267,000
Mississippi	54.8	12.5	163,000
Missouri	47.3	6.9	325,000
Montana	50.1	7.8	67,000
Nebraska	42.1	6.6	82,000
Nevada	42.1	9.4	106,000
New Hampshire	45.1	6.5	68,000
New Jersey	39.4	7.8	357,000
New Mexico	42.1	10.4	91,000
New York	42.8	10.9	820,000
North Carolina	50.9	10.0	498,000
North Dakota	42.1	8.7	28,000
Ohio	48.3	8.1	622,000
Oklahoma	46.1	7.2	199,000
Oregon	40.8	7.0	183,000
Pennsylvania	47.4	9.1	753,000
Rhode Island	47.9	8.3	60,000
South Carolina	51.9	11.4	261,000
South Dakota	42.8	7.3	40,000
Tennessee	54.8	11.5	361,000
Texas	41.4	10.7	789,000
Utah	42.1	7.3	94,000
Vermont	49.1	8.5	34,000
Virginia	37.8	9.5	270,000
Washington	40.0	6.7	279,000
West Virginia	51.8	9.0	113,000
Wisconsin	42.6	5.1	307,000
Wyoming	41.2	6.6	22,000

Source: Center on Budget and Policy Priorities based on data from the U.S. Census Bureau, Current Population Survey, March 2010-2012.

Table 3
Social Security Beneficiaries by State and Age, December 2011

	Total	Age 65 and Older	Age 18-64	Children Under Age 18
Alabama	1,037,438	627,589	329,654	80,195
Alaska	82,109	52,635	21,732	7,742
Arizona	1,104,545	783,759	259,461	61,325
Arkansas	647,077	399,589	197,044	50,444
California	5,129,529	3,692,234	1,160,957	276,338
Colorado	721,274	514,038	168,796	38,440
Connecticut	630,447	472,762	127,539	30,146
Delaware	176,885	123,940	43,496	9,449
District of Columbia	75,755	52,578	18,618	4,559
Florida	3,894,179	2,835,182	867,238	191,759
Georgia	1,524,263	982,617	434,226	107,420
Hawaii	234,314	177,767	44,908	11,639
Idaho	278,563	192,561	69,890	16,112
Illinois	2,065,432	1,475,030	477,476	112,926
Indiana	1,219,879	820,232	324,861	74,786
Iowa	592,000	435,929	130,205	25,866
Kansas	498,707	353,505	116,734	28,468
Kentucky	913,548	547,184	297,965	68,399
Louisiana	809,450	509,036	234,569	65,845
Maine	306,600	204,129	84,964	17,507
Maryland	872,919	627,752	195,228	49,939
Massachusetts	1,161,122	819,775	275,084	66,263
Michigan	2,016,684	1,331,766	563,127	121,791
Minnesota	904,803	656,491	206,106	42,206
Mississippi	609,651	363,797	193,116	52,738
Missouri	1,188,437	791,322	323,531	73,584
Montana	198,230	139,855	48,113	10,262
Nebraska	313,087	230,834	66,888	15,365
Nevada	424,836	300,676	100,435	23,725
New Hampshire	262,952	178,509	67,821	16,622
New Jersey	1,500,403	1,104,066	318,478	77,859
New Mexico	370,911	248,606	97,585	24,720
New York	3,337,276	2,347,514	805,485	184,277
North Carolina	1,808,331	1,193,445	507,017	107,869
North Dakota	121,335	91,509	24,675	5,151
Ohio	2,166,271	1,499,952	549,988	116,331
Oklahoma	717,398	478,397	191,215	47,786
Oregon	734,841	522,183	180,428	32,230
Pennsylvania	2,617,879	1,850,453	631,965	135,461
Rhode Island	207,122	144,356	51,525	11,241
South Carolina	956,097	620,923	275,039	60,135
South Dakota	156,102	116,417	32,606	7,079
Tennessee	1,287,683	827,555	374,766	85,362
Texas	3,551,961	2,406,196	896,302	249,463
Utah	335,444	235,011	76,034	24,399
Vermont	132,268	90,916	34,149	7,203
Virginia	1,318,580	913,142	329,364	76,074
Washington	1,127,126	796,472	276,144	54,510
West Virginia	451,039	277,734	144,242	29,063
Wisconsin	1,085,632	766,501	265,677	53,454
Wyoming	93,748	66,999	21,782	4,967
Total^a	55,404,480	38,292,328	13,866,846	3,245,306

Source: Social Security Administration, *Annual Statistical Supplement, 2012*, Table 5.J5.a. Includes outlying areas and foreign countries (not shown).