

POLICY FUTURES

Social Security Keeps 22 Million Americans Out of Poverty: A State-By-State Analysis

REPORT | UPDATED OCTOBER 25, 2016 | BY KATHLEEN ROMIG AND ARLOC SHERMAN ^[1]

Social Security benefits play a vital role in reducing poverty in every state. Without Social Security, 22.1 million more Americans would be poor, according to the latest available Census data. 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.) Social Security is particularly important for elderly women and minority families, who have fewer retirement resources outside of Social Security. Depending on their design, reductions in Social Security benefits could significantly increase poverty, particularly among the elderly.


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POOR. 

TABLE 1

Effect of Social Security on Poverty, 2015

Age Group	Percent in Poverty		Number Lifted Out of Poverty By Social Security
	Excluding Social Security	Including Social Security	
Children Under 18	21.2%	19.7%	1,078,000
Adults Ages 18-64	15.4%	12.4%	5,944,000
Elderly Age 65 And Over	40.5%	8.8%	15,067,000
Total, All Ages	20.5%	13.5%	22,090,000

Source: CBPP, based on data from the Census Bureau Current Population Survey, March 2016

Social Security Lifts 15 Million Elderly Americans Out of Poverty

Most people aged 65 and older receive the majority of their income from Social Security.^[2] Without Social Security benefits, 40.5 percent of elderly Americans would have incomes below the official poverty line, all else being equal; with Social Security benefits, only 8.8 percent do. (See Figure 1.) These benefits lift 15.1 million elderly Americans above the poverty line.

Social Security Lifts More Than 1 Million Children Out of Poverty

FIGURE 1

Social Security is important for children and their families as well as for the elderly. About 6.5 million children under age 18 (9 percent of all U.S. children) lived in families that received income from Social Security in 2015, 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. In all, Social Security lifts 1.1 million children out of poverty.

Social Security records show that 3.1 million children under age 18 qualified for Social Security payments themselves in December 2015. (See Appendix Table 2.) Of these, 1.2 million were the survivor of a deceased worker. Another 1.6 million received payments because their parent had a severe disability. And 331,000 children under 18 received payments because their parent or guardian was retired.^[3]

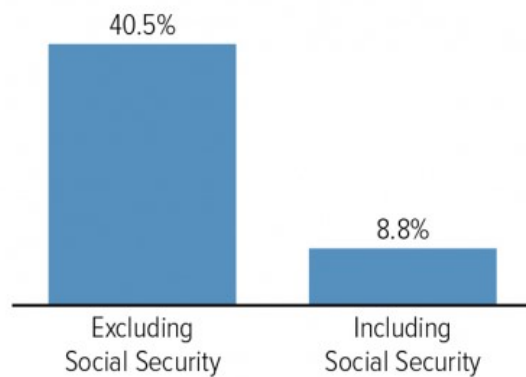
Elderly Women and Minorities Particularly Vulnerable to Poverty

Social Security is especially important for elderly women and minority families. Women tend to earn less than men, take more time out of the paid workforce, accumulate less savings, and receive smaller pensions. Women also live longer than men, on average, so many outlive their spouses and savings, leaving them increasingly impoverished as they age. Social Security brings 8.8 million elderly women out of poverty, as Table 2 shows.

African Americans and Latinos have lower-than-average lifetime earnings, as well as fewer opportunities to save for retirement and earn pensions. Without Social Security, the poverty rate among elderly Latinos would approach 50 percent, and the poverty rate among elderly African Americans would exceed 50 percent.

Social Security Dramatically Cuts Poverty Among Seniors

Percentage of seniors in poverty, 2015



Source: CBPP, based on data from the Census Bureau Current Population Survey, March 2016.

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TABLE 2

Effect of Social Security on Elderly Poverty by Sex and Race, 2015

Demographic Group	Percent in Poverty		Number Lifted Out of Poverty By Social Security
	Excluding Social Security	Including Social Security	
Sex			
Men	35.8%	7.0%	6,111,000
Women	44.3%	10.3%	8,956,000
Race/Ethnicity			
White	39.4%	6.6%	12,040,000
African American	50.6%	18.2%	1,363,000
Latino	44.7%	17.5%	1,051,000
Other	34.4%	12.4%	613,000
Total, Age 65+	41.5%	8.8%	15,067,000

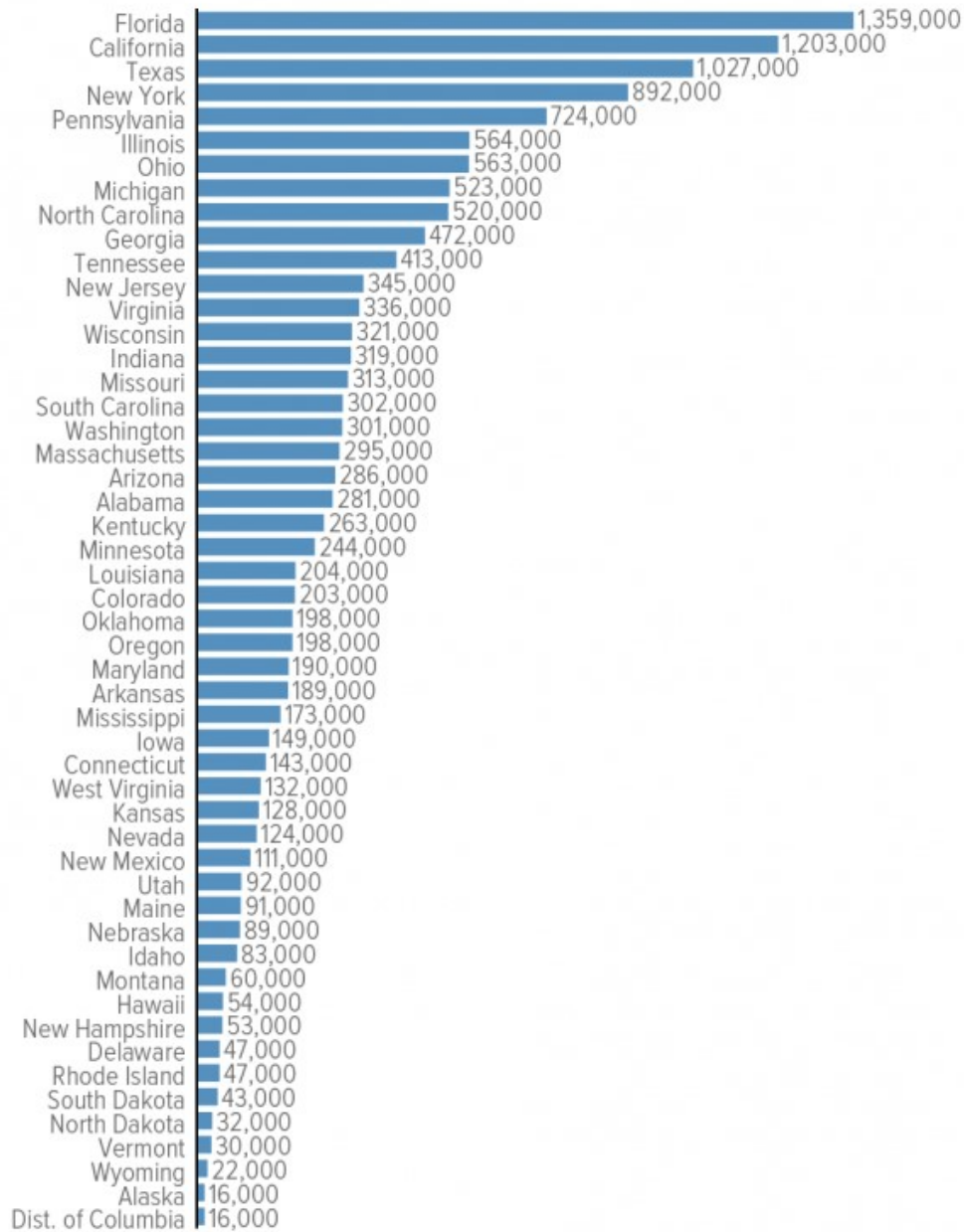
Source: CBPP, based on data from the Census Bureau Current Population Survey, March 2016.

Social Security Reduces Poverty in Every State

Social Security reduces elderly poverty dramatically in every state in the nation, as Figure 2 and Appendix Table 1 show.^[4] Without Social Security, the poverty rate for those aged 65 and over would meet or exceed 40 percent in more than half the states; with Social Security, it is less than 10 percent in two-thirds of states. Social Security lifts more than 1 million elderly people out of poverty in California, Florida, and Texas, and over half a million in Illinois, Michigan, New York, North Carolina, Ohio, and Pennsylvania.

FIGURE 2

Social Security Reduces Number of Elderly Poor in Every State



Source: CBPP, based on data from the Census Bureau Current Population Survey, March 2015 and 2016. Estimates are an average for 2014-2015

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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 2015 were \$11,367 for an elderly individual, \$14,342 for an elderly couple, and \$24,257 for an average

family of four.^[5] 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.^[6] 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 2015. The state-by-state estimates are based on a two-year average (for 2014 and 2015) to improve their reliability.^[7]

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.^[8]

APPENDIX TABLE 1

Effect of Social Security on Poverty Among the Elderly by State, 2014-2015

	Percent in Poverty		Number Lifted Out of Poverty By Social Security
	Excluding Social Security	Including Social Security	
Alabama	52.3%	13.0%	281,000
Alaska	29.5%	8.1%	16,000
Arizona	40.6%	12.0%	286,000
Arkansas	50.9%	9.7%	189,000
California	34.8%	10.7%	1,203,000
Colorado	32.5%	5.4%	203,000
Connecticut	32.1%	4.9%	143,000
Delaware	38.9%	8.8%	47,000
Dist. of Columbia	35.7%	16.2%	16,000
Florida	48.2%	10.9%	1,359,000
Georgia	47.5%	10.8%	472,000
Hawaii	31.2%	7.6%	54,000

Idaho	43.1%	7.3%	83,000
Illinois	38.3%	8.4%	564,000
Indiana	41.6%	9.5%	319,000
Iowa	39.0%	8.5%	149,000
Kansas	40.0%	7.6%	128,000
Kentucky	53.1%	15.7%	263,000
Louisiana	50.8%	15.5%	204,000
Maine	42.7%	7.7%	91,000
Maryland	32.5%	8.4%	190,000
Massachusetts	38.0%	9.5%	295,000
Michigan	39.4%	6.0%	523,000
Minnesota	34.3%	5.8%	244,000
Mississippi	56.9%	14.5%	173,000
Missouri	40.5%	6.8%	313,000
Montana	40.6%	5.7%	60,000
Nebraska	38.9%	5.5%	89,000
Nevada	40.2%	9.8%	124,000
New Hampshire	31.9%	6.3%	53,000
New Jersey	33.2%	6.7%	345,000
New Mexico	46.6%	13.8%	111,000
New York	39.9%	11.1%	892,000
North Carolina	46.8%	10.0%	520,000
North Dakota	42.6%	11.8%	32,000
Ohio	40.3%	8.9%	563,000
Oklahoma	46.0%	9.9%	198,000
Oregon	35.7%	5.9%	198,000
Pennsylvania	40.5%	7.0%	724,000
Rhode Island	38.3%	8.2%	47,000
South Carolina	48.8%	9.5%	302,000

South Dakota	41.9%	9.7%	43,000
Tennessee	49.3%	9.6%	413,000
Texas	42.1%	10.6%	1,027,000
Utah	35.5%	6.9%	92,000
Vermont	35.7%	5.9%	30,000
Virginia	38.2%	9.0%	336,000
Washington	35.1%	7.4%	301,000
West Virginia	51.6%	12.0%	132,000
Wisconsin	42.1%	5.7%	321,000
Wyoming	36.0%	8.2%	22,000
Total, Persons Age 65+	41.0%	9.4%	14,778,000

Notes: Income is family cash income. The poverty rate “including Social Security” is the official poverty rate. We do not include Social Security beneficiaries who live in the territories or abroad in our analysis because the CPS does not collect the relevant data for them.

Source: Center on Budget and Policy Priorities, based on data from the Census Bureau Current Population Survey, March 2015 and 2016.

APPENDIX TABLE 2

Social Security Beneficiaries by State and Age, 2015

	Total	Age 65 and Older	Age 18-64	Children Under Age 18
Alabama	1,108,543	703,486	327,938	77,119
Alaska	91,960	64,098	20,574	7,288
Arizona	1,241,101	928,451	252,571	60,079
Arkansas	679,689	438,507	193,676	47,506

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	Total	Age 65 and Older	Age 18-64	Children Under Age 18
California	5,651,601	4,263,483	1,133,570	254,548
Colorado	813,266	610,436	164,324	38,506
Connecticut	659,238	509,120	122,332	27,786
Delaware	196,651	145,668	42,243	8,740
Dist. of Columbia	80,546	57,147	19,402	3,997
Florida	4,334,337	3,255,864	885,022	193,451
Georgia	1,714,145	1,165,204	440,456	108,485
Hawaii	256,912	203,626	42,115	11,171
Idaho	315,571	228,202	70,861	16,508
Illinois	2,174,883	1,608,968	463,714	102,201
Indiana	1,301,948	908,675	321,031	72,242
Iowa	622,906	470,885	126,966	25,055
Kansas	528,174	386,874	114,131	27,169
Kentucky	963,497	610,903	288,712	63,882
Louisiana	868,017	569,707	235,837	62,473
Maine	329,559	230,506	82,586	16,467
Maryland	952,251	709,368	195,041	47,842
Massachusetts	1,236,248	898,173	274,793	63,282
Michigan	2,141,824	1,477,097	550,426	114,301
Minnesota	979,776	737,639	201,056	41,081
Mississippi	647,420	407,115	190,954	49,351
Missouri	1,258,256	867,678	320,392	70,186
Montana	217,758	161,420	46,378	9,960

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	Total	Age 65 and Older	Age 18-64	Children Under Age 18
Nebraska	330,309	251,401	64,222	14,686
Nevada	492,121	363,953	103,997	24,171
New Hampshire	288,891	205,434	67,096	16,361
New Jersey	1,583,456	1,201,412	309,058	72,986
New Mexico	408,931	286,562	97,753	24,616
New York	3,513,125	2,576,899	768,830	167,396
North Carolina	1,984,962	1,384,173	497,096	103,693
North Dakota	125,786	97,600	22,987	5,199
Ohio	2,290,813	1,634,288	543,879	112,646
Oklahoma	758,912	524,902	187,250	46,760
Oregon	818,228	609,313	177,536	31,379
Pennsylvania	2,744,424	2,000,413	618,080	125,931
Rhode Island	217,881	155,710	51,192	10,979
South Carolina	1,066,150	736,790	270,548	58,812
South Dakota	168,626	129,531	31,914	7,181
Tennessee	1,392,164	940,307	368,968	82,889
Texas	3,928,648	2,797,857	886,125	244,666
Utah	375,685	274,335	76,684	24,666
Vermont	142,755	103,346	32,736	6,673
Virginia	1,443,127	1,049,314	321,206	72,607
Washington	1,260,474	934,265	272,273	53,936
West Virginia	468,120	306,237	134,755	27,128
Wisconsin	1,170,705	855,268	264,099	51,338

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	Total	Age 65 and Older	Age 18-64	Children Under Age 18
Wyoming	103,689	76,924	21,662	5,103
Total	58,444,059	42,114,534	13,317,047	3,012,478

Source: Social Security Administration, Annual Statistical Supplement, 2016, Table 5.J5. Includes residents of territories and Americans abroad (not shown).

TOPICS: Social Security, Retirement Security, Poverty and Inequality, Safety Net Successes

End Notes

^[1] The authors wish to thank Raheem Chaudhry for his assistance in preparing this paper.

^[2] *Policy Basics: Top Ten Facts About Social Security*, Center on Budget and Policy Priorities, August 12, 2016, <http://www.cbpp.org/research/social-security/policy-basics-top-ten-facts-about-social-security>.

^[3] Social Security Administration, *Annual Statistical Supplement to the Social Security Bulletin*, 2016, Table 5.J10.

^[4] We do not include Social Security beneficiaries who live in the territories or abroad in our analysis because the Census Bureau's Current Population Survey does not collect the relevant data for them.

^[5] 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>.

^[6] U.S. Census Bureau, *Income, Poverty, and Health Insurance Coverage in the United States: 2015*, September 13, 2016, <https://www.census.gov/newsroom/press-releases/2016/cb16-158.html>.

^[7] In past versions of this report, we used a three-year average to reduce sampling error. However, the Census Bureau redesigned some of its questions to better measure retirement income. The CPS used the redesigned questions for the full sample starting in 2014, so we do not have enough data to compute a three-year average. See: <https://www.census.gov/topics/income-poverty/income/guidance/cps-methodology-changes.html>.

^[8] 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.