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Social Security's Role in Economic Security: Evidence and Insight from an Analysis of Multiprogram Participation

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The United States' social program spending spans the array of public programs that direct in-kind or cash payments from the government to individuals for some social aim. These programs vary in their funding structure (e.g., dedicated payroll taxes versus general revenue), eligibility type (e.g., entitlement versus not), eligibility test (e.g., insured situation, disability status, or current income), benefit administrator (e.g., federal or state), and benefit type (e.g., cash, voucher, or subsidy paid to a third party). Program history begins with the Social Security Act of 1935. The creation, expansion, amendment, and deletion of programs, which began soon after 1935, has continued through the American Rescue Plan Act of 2021. In this paper, we aim to understand the combined reach of programs by mapping participation in 16 federal programs among age and income groups, with a particular focus on the reach of Social Security.

We have three approaches for measuring reach. The first is a density analysis, in which we simply count the number of programs an individual is on, and examine those densities by age and age-by-income groups. This approach provides a map of multiprogram participation in the U.S. The second is a pattern analysis, in which we use regressions to understand what demographic features — such as race or disability status — predict nonparticipation or multiprogram participation. The third is an income analysis, in which we show what share of household income comes from private income, from Social Security, and from other public programs.

We find that the social welfare system is highly fractured

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and very uneven across populations. Elderly individuals have predictable patterns of participation and income, but children and nonelderly adults do not. Notably, private income does not have a consistent relationship with program participation. Some children in very poor households are on one program, for example, others are on more than five. Differences in participation based on race/ethnicity are most pronounced in children — with Hispanic and non-Hispanic Black children more likely to participate in the social welfare system than their non-Hispanic white counterparts, even accounting for differences in income and disability status. While Social Security has widespread reach among elderly adults, there is a notable decrease in participation in Social Security for Hispanic elderly adults. We also find that Social Security is a bedrock of family incomes, not just in elderly households, but in households of all ages and all incomes.❖

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