

Building Blocks of Health Reform: The Social Security Example

To those who say the newly enacted health reform legislation does too little or is too incremental to solve all of the problems with the health care system, we say, "Social Security."

Social Security is arguably the largest social program ever enacted in the United States. It is certainly the biggest and most effective anti-poverty program: Nearly half of all seniors would fall below the federal poverty level were it not for Social Security. In particular, many seniors of color rely on Social Security for a substantial share of their income. To see how Social Security helps these seniors, see the box on page 2.

But Social Security didn't start out as a comprehensive program. When it was signed into law in 1935, Social Security was a skeleton of the program we know today:

- ◆ People were required to pay into the program beginning in 1937, but monthly benefits weren't scheduled to begin until 1942.
- ◆ Only workers were covered, not their spouses or children.
- ◆ Agricultural and domestic workers were excluded, so most workers of color were not eligible.
- ◆ **Social Security's Development**
 - ◆ In 1939, Congress amended the Social Security Act to extend coverage to workers' spouses and children and to add survivor benefits. They also increased the level of benefits and sped up the date when monthly payments would begin to 1940.
 - ◆ In 1950, benefits were raised for the first time, and Congress scheduled another increase for 1952. These two increases doubled the value of Social Security payments. The 1950 amendments also made domestic workers eligible for coverage starting in 1951.
 - ◆ In 1954, agricultural workers, along with hotel workers and laundry workers, were made eligible.
 - ◆ In 1956, the law was expanded to include older workers with disabilities (aged 50 to 64) and disabled adult children.
 - ◆ In 1960, the disability benefits were further expanded to cover disabled workers of any age and their dependents.
 - ◆ In 1972, Congress passed legislation that, beginning in 1975, provided for automatic cost-of-living allowances (the famous "COLA") based on increases in consumer prices.

The tiny program that was enacted in 1935 became a foundation. On that foundation, Congress added floors and rooms until they had the program we know today, the program so many Americans depend on.

How Does Social Security Help Minority Seniors?

Social Security has become an important source of income for minority seniors (aged 65 and over), both for married couples and for unmarried individuals. The most recent data (from 2007) show the following:

- ◆ **Among African American seniors:**
 - ◆ Average annual Social Security income was \$12,042 for men and \$10,052 for women.
 - ◆ Approximately 30 percent of married couples relied on Social Security for 90 percent or more of their income.
 - ◆ For singles, 57 percent relied on Social Security for 90 percent or more of their income.
- ◆ **Among American Indian seniors:**
 - ◆ Average annual Social Security income was \$11,135 for men and \$8,992 for women.
 - ◆ Approximately 23 percent of married couples relied on Social Security for 90 percent or more of their income.
 - ◆ For singles, 48 percent relied on Social Security for 90 percent or more of their income.
- ◆ **Among Asian American and Pacific Islander seniors:**
 - ◆ Average annual Social Security income was \$13,386 for men and \$10,650 for women.
 - ◆ Approximately 27 percent of married couples relied on Social Security for 90 percent or more of their income.
 - ◆ For singles, 53 percent relied on Social Security for 90 percent or more of their income.
- ◆ **Among Hispanic seniors:**
 - ◆ Average annual Social Security income was \$12,390 for men and \$9,444 for women.
 - ◆ Approximately 39 percent of married couples relied on Social Security for 90 percent or more of their income.
 - ◆ For singles, 63 percent relied on Social Security for 90 percent or more of their income.
- ◆ **Among white seniors:**
 - ◆ Average annual Social Security income was \$14,258 for men and \$10,766 for women.
 - ◆ Approximately 20 percent of married couples relied on Social Security for 90 percent or more of their income.
 - ◆ For singles, 42 percent relied on Social Security for 90 percent or more of their income.