

The Influence of OASDI and SSI Payments on the Poverty Status of Families With Children

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This is the second of two articles on the effects of Old-Age Disability Insurance (OASDI) and Supplemental Security Income (SSI) payments on the poverty status of children. Based primarily on a data file from the 1990 SIPP matched with Social Security Administration (SSA) administrative records, the principal findings in the article are that: (1) the families of children who were entitled to survivors benefits, and in particular those families in which the surviving parent was remarried, were much less likely to have income below the poverty threshold than other families with children who received OASDI benefits; (2) families with a child eligible for SSI payments, and headed by a single adult, received considerably less income from earnings, and had less income overall, than other families with children that received SSI payments; and (3) the primary reason that some families who received OASDI and SSI benefits remained in poverty was the absence of any employed family member.

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This is the second of two articles concerning the effects of Old-Age, Survivors, and Disability Insurance (OASDI) benefits and Supplemental Security Income (SSI) payments on the poverty status of families with children.¹ The primary data source for the first article was the second wave of the 1990 panel of the Survey of Income and Program Participation (SIPP). The principal findings from that evaluation were that OASDI and SSI payments in May 1990 maintained the income of 1.1 million children in families above the poverty threshold and alleviated the effects of poverty on an additional 1.3 million children in families with income that remained below the poverty level. However, since the article was based on survey data alone, it provided only limited information regarding the impact of benefit payments on families with children in relation to the type of reciprocity or the category of benefits paid.

The principal data source for this article is a file created by matching records from the second wave of the 1990 SIPP panel with records from Social Security Administration's (SSA) Master Beneficiary Record (MBR) and Supplemental Security Record (SSR).² The MBR and SSR are the major SSA administrative records for the OASDI and SSI programs. Like the first article, this one focuses on payments in May 1990, but it presents more detailed information.

Many of the figures cited in the article are based on distributions of families by type. It should be noted that the Census Bureau defines a family as two or more persons residing together who are related by blood, marriage, or adoption. The 1990 SIPP matched file distributes family types as "headed by husband/wife," "male reference person," or "female reference person." Although most children reside with one or both parents, family types have been defined so as to include those in which neither parent is present. Thus, families are differentiated in this article as being "headed by a couple" or "headed by a single adult." Among families headed by a single adult, the head-of-household in most instances (87 percent) was female.

Some discrepancies appeared in matching survey data to administrative records. An examination of discrepant cases made it clear that any effort to resolve this problem on a case-by-case basis would entail a great deal of guesswork. We decided that it would be preferable to apply a uniform rule to each discrepant case, even though the result might prove incorrect in some instances. Therefore, we opted to use data from the administrative record rather than the survey response whenever the records did not agree.

The Rise in Child Poverty Rates

Data from the Current Population Survey (CPS) indicate that the proportion of children living in poverty has been increasing steadily since the mid-1970's. The most recent data available show an increase in the child poverty rate from 20.1 percent in 1989 to 22.5 percent in 1993. This increase corresponds to a 7-percent drop in real income to households and an increase of 2-percentage points (from 13.1 percent to 15.1 percent) in the overall poverty rate. Thus, while mean household income has declined sharply in recent years, and the overall poverty rate has grown, the poverty rate among children has remained higher than the rate for other age groups.

Although the poverty rate is highest among children in families with a female head-of-household (52.5 percent), the poverty rate among families with both parents present, or with a single male householder, has also been increasing. For these families, the poverty rate rose from 10.4 percent in 1990 to 12.4 percent in 1993.³

The increase in poverty among children over the past several years has been attributed primarily to changes in family structure. However, a secondary reason is the decline in real wages of individuals with limited education. Between 1980 and 1991, it became more difficult for individuals without a high school diploma to lift themselves and their families out of poverty by working full time. The real wages of men were higher than those of women throughout the period measured, but the wages of less

educated men declined more sharply than those of women with comparable educational attainment. While real earnings of men with at least 1 year of post high school education increased by about 20 percent, real earnings of those who were not high school graduates declined by approximately the same proportion.⁴

Families Receiving OASDI Benefits

Under the OASDI program, a monthly benefit is payable to an individual who is under age 18 and the unmarried child or eligible dependent grandchild of a retired or disabled worker, or of a deceased worker who was fully or currently insured at the time of death. This article focuses on the economic status of families with children who received OASDI. However, it also considers the status of families with children that included at least one adult OASDI beneficiary, but no child beneficiary.

Of the almost 2.8 million OASDI families with children, 41 percent did not have any child beneficiaries. Most of these families included an aged person receiving benefits as a retired worker, as the spouse of a retired worker, or as the widow(er) of a worker who was insured at death. Since these beneficiaries usually were grandparents to the children in the household, the children were not entitled to auxiliary benefits. Approximately 32 percent of the families (0.9 million) included a child who was receiving survivor benefits and 27 percent (0.7 million) included a child who received benefits on the account of a retired or disabled worker.

Table 1 and chart 1 show significant differences in the poverty rates for these families, depending on the type of benefit received and whether or not the household was headed by a couple or a single adult. Among families with child beneficiaries, about 55 percent received survivors benefits and the remaining 45 percent received benefits on the account of an aged or disabled worker. The poverty rate for families with children who received survivor benefits was only 13 percent. By comparison, almost 30 percent of families in the latter group had income below the poverty level. The

corresponding rate for OASDI families without child beneficiaries was approximately 19 percent.

Over half (54 percent) of the families that received benefits were headed by a couple, while the remaining 46 percent were headed by a single adult (table 1). Families headed by a single adult had a poverty rate of 28 percent, while less than 13 percent of families headed by a couple had income below the poverty level.

Among families that received old-age or disability benefits, had child beneficiaries, and were headed by a single adult, the poverty rate was over 55 percent. This percentage was more than three times that of similar families that were headed by a couple (18 percent).

Single adult-headed households with child beneficiaries who received survivor benefits had a poverty rate of 19 percent, about one-third that of similar families that received old-age or disability benefits. Ninety-seven percent of couple-headed households with children who received survivor benefits had income above the poverty threshold.

Income Sources

The mean income in May 1990 of all families with children that received OASDI was \$2,837 (table 2). Families with child beneficiaries receiving old-age or disability benefits had considerably less in average income (\$2,399) than other family groups. This trend was most pronounced among families headed by a single adult. The mean income of all single adult-headed families was, at \$2,126, almost twice that of similar families with child beneficiaries receiving old-age or disability benefits (\$1,138). Thus, while single adult-headed families in general had less income than those headed by a couple, this trend was stronger among some groups of families, depending upon the type of benefit they received and which family members were entitled.

About 75 percent of beneficiary families had earnings (table 2). Participation in the labor force was somewhat greater among couple-headed families, and was highest among such families

that included children entitled to survivor benefits (94 percent). Families headed by a single adult with children receiving benefits on the account of an aged or disabled worker had the lowest rate of participation (44 percent).

The percentage of aggregate income provided by OASDI did not vary greatly

among the cohorts measured. OASDI benefits accounted for 22 percent of income to all families, ranging from 29 percent for single adult-headed families with children receiving survivor benefits to 17 percent for families headed by couples in which the only beneficiaries were adults. There were, however, sub-

stantial differences in the amount of benefits paid. The average benefit was \$633. Couple-headed families with children entitled on the account of a retired or disabled worker had the highest average benefit (\$842), while similar families headed by a single adult had the lowest (\$288).

Table 1.—Number and percent of families with children under age 18 and with OASDI benefits, by type of benefit, type of family, and ratio of income to poverty threshold, May 1990

[Numbers in thousands]

Number and percent of families with children	Ratio of income to poverty threshold								
	Total	Under .50	Under .75	Under 1.00	Under 1.25	Under 1.50	Under 2.00	1.00 and over	2.00 and over
All families									
Total:									
Number.....	2,758.7	160.2	372.1	542.6	662.8	829.0	1,250.6	2,216.1	1,508.1
Percent.....	100.0	5.8	13.5	19.7	24.0	30.0	45.3	80.3	54.7
Headed by single adult:									
Number.....	1,271.7	115.1	260.7	357.1	417.8	502.9	713.8	914.7	557.9
Percent.....	100.0	9.1	20.5	28.1	32.9	39.5	56.1	71.9	43.9
Headed by couple:									
Number.....	1,487.0	45.0	111.4	185.6	245.0	326.0	536.8	1,301.4	950.2
Percent.....	100.0	3.0	7.5	12.5	16.5	21.9	36.1	87.5	63.9
Families with benefits received only by adults									
Total:									
Number.....	1,134.0	24.6	137.3	209.8	255.2	335.0	514.5	924.2	619.6
Percent.....	100.0	2.2	12.1	18.5	22.5	29.5	45.4	81.5	54.6
Headed by single adult:									
Number.....	492.8	11.2	86.0	124.2	153.2	209.6	304.3	368.6	188.5
Percent.....	100.0	2.3	17.4	25.2	31.1	42.5	61.8	74.8	38.2
Headed by couple:									
Number.....	641.2	13.4	51.3	85.6	102.0	125.4	210.2	555.6	431.1
Percent.....	100.0	2.1	8.0	13.3	15.9	19.6	32.8	86.7	67.2
Families with children receiving old-age or disability benefits ¹									
Total:									
Number.....	735.3	88.8	156.9	219.8	265.8	304.3	440.5	515.5	294.8
Percent.....	100.0	12.1	21.3	29.9	36.1	41.4	59.9	70.1	40.1
Headed by single adult:									
Number.....	235.5	58.8	107.4	130.5	141.2	153.4	200.0	105.0	35.4
Percent.....	100.0	25.0	45.6	55.4	60.0	65.2	85.0	44.6	15.0
Headed by couple:									
Number.....	499.9	30.0	49.5	89.3	124.6	150.9	240.4	410.5	259.4
Percent.....	100.0	6.0	9.9	17.9	24.9	30.2	48.1	82.1	51.9
Families with children receiving survivors' benefits									
Total:									
Number.....	889.4	46.7	77.9	113.1	141.8	189.7	295.6	776.3	593.7
Percent.....	100.0	5.3	8.8	12.7	15.9	21.3	33.2	87.3	66.8
Headed by single adult:									
Number.....	543.5	45.1	67.3	102.4	123.3	139.9	209.4	441.1	334.0
Percent.....	100.0	8.3	12.4	18.8	22.7	25.7	38.5	81.2	61.5
Headed by couple:									
Number.....	345.9	1.6	10.7	10.7	18.5	49.7	86.2	335.2	259.7
Percent.....	100.0	.5	3.1	3.1	5.3	14.4	24.9	96.9	75.1

Means-tested benefits such as SSI and Aid to Families with Dependent Children (AFDC) accounted for only a small proportion of income to all OASDI families with children (about 0.1 percent for each program) but were significant for some family types. Payments from these programs amounted to almost 11 percent of income to single adult-headed families with children entitled to benefits on the account of a retired or disabled worker.

Almost 18 percent of families with children that received OASDI benefits were eligible for food stamps (table 2). Participation in the Food Stamp program was generally greater among families headed by a single adult, and was highest among such families with a child entitled to old-age or disability benefits (47 percent). Thirteen percent of families that were headed by a couple received food stamps. The proportion of families receiving food stamps was lowest among couple-headed families with children entitled to survivor benefits (0.9 percent).

SSI Payment Levels and the Poverty Thresholds

SSI is a means-tested program. Benefits are payable to aged, blind, or disabled individuals who have limited in-

come and resources. Poverty thresholds established by the Bureau of the Census are levels of cash income received by a family to determine whether or not they are poor. The Federal SSI payment level is approximately 75 percent of the poverty threshold for an eligible individual and 90 percent for an eligible couple. Why, then, does table 3 show that some families with an SSI recipient have income of less than 75 percent of the poverty threshold, while others have income that is twice the poverty level?

First, family composition as defined by the SIPP, and for purposes of establishing poverty thresholds, is broader than the definition of a family used to determine SSI eligibility and payment amount. A "family" in the SIPP includes all persons living together who are related by blood, marriage, or adoption. In SSI, eligibility is determined at the individual level although, as discussed below, the income and resources of ineligible spouses and the parents of eligible children are considered in determining eligibility based on need.

For example, an aged woman with little income and resources of her own may reside with her daughter, son-in-law and minor grandchild. Her daughter and son-in-law could have income that well

exceeds the poverty threshold for a family of four, but their income would not be considered in determining the woman's eligibility for SSI or the amount of her payment. On the other hand, a single mother whose only income was AFDC for herself and four children, and SSI for a fifth child, could have income well below 75 percent of poverty. AFDC payment levels vary from State to State, and are set at less than 60 percent of poverty in many States.

Secondly, many States provide a supplement to the Federal SSI payment, and in a few States the amount of the supplement is considerable. In May 1990, for example, the median amount of State supplementation was \$37 for an individual SSI recipient with no other income, and \$65 for an eligible couple. However, the corresponding amounts were \$244 and \$557 in California, where 16 percent of SSI recipients reside.

Finally, living arrangements and other income are considered in determining SSI eligibility and payment amount. The basic SSI payment level may be reduced on the basis of what the living arrangements of the recipient are determined to be. In most cases in which the recipient has unearned income, the first \$20 is excluded in calculating the payment, thereby increasing the total income by that amount. Earned income is treated differently, however, to provide SSI recipients with an incentive to work. The first \$65 of earned income is excluded, and only half of the remainder is counted in determining the payment amount. Thus, if an SSI recipient earned \$265 per month, only \$100 would be included in the payment calculation. More than half of all SSI recipients had some type of unearned income in May 1990, but only 5 percent had earned income.

As noted above, the income and resources of an ineligible spouse who lives with an adult SSI recipient is considered in determining the recipient's eligibility for SSI and payment amount. The income and resources of the parents of a child SSI recipient are similarly taken into account. This process is called "deeming." Deeming first allows for the living expenses of an ineligible

Chart 1.—Poverty rates for families with children that received benefits, by type of beneficiary and family

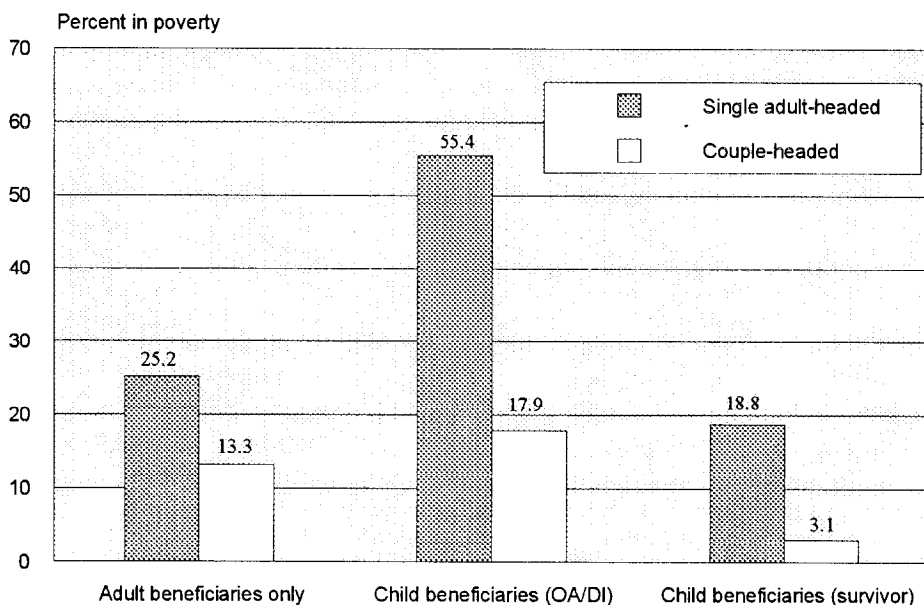


Table 2.—Number of and mean income for families with children under age 18, by type of family and source of income, May 1990

[Numbers in thousands]

Number of and mean income for families with children	All families with OASDI benefits			Families with only adults receiving benefits			Families with at least one child receiving—					
	Total	Headed by single adult	Headed by couple	Total	Headed by single adult	Headed by couple	Old-age or disability benefits			Survivors' benefits		
							Total	Headed by single adult	Headed by couple	Total	Headed by single adult	Headed by couple
Income from all sources												
Total number of families.....	2,758.7	1,271.7	1,487.0	1,134.0	492.8	641.2	735.3	235.5	499.9	889.4	543.5	345.9
Aggregate income (in millions).....	\$7,827.1	\$2,704.2	\$5,122.9	\$3,498.1	\$1,100.0	\$2,398.1	\$1,764.3	\$267.8	\$1,496.5	\$2,564.7	\$1,336.4	\$1,228.2
Mean income.....	2,837	2,126	3,445	3,085	2,232	3,740	2399	1,138	2,994	2,884	2,459	3,551
Earnings												
Percent of aggregate income.....	62.7	55.6	66.4	66.1	61.3	68.3	56.6	53.1	57.3	62.2	51.5	73.9
Received type of income:												
Number of families.....	2,062.5	818.8	1,243.6	895.2	343.5	551.8	469.8	102.4	367.4	697.4	372.9	324.5
Percent of total number.....	74.8	64.4	83.6	78.9	69.7	86.0	63.9	43.5	73.5	78.4	68.6	93.8
Mean income.....	\$2,379	\$1,837	\$2,735	\$2,582	\$1,963	\$2,968	\$2,127	\$1,388	\$2,333	\$2,287	\$1,845	\$2,796
OASDI												
Percent of aggregate income.....	22.3	25.5	20.6	18.7	21.8	17.2	27.7	25.3	28.1	23.5	28.6	18.1
Received type of income:												
Number of families.....	2,758.7	1,271.7	1,487.0	1,134.0	492.8	641.2	735.3	235.5	499.9	889.4	543.5	345.9
Percent of total number.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Mean income.....	\$633	\$542	\$710	\$575	\$486	\$644	\$665	\$288	\$842	\$679	\$702	\$642
SSI												
Percent of aggregate income.....	1.0	1.4	0.8	1.4	2.4	0.9	1.3	3.2	1.0	0.3	0.2	0.3
Received type of income:												
Number of families.....	326.1	166.8	159.2	210.5	128.0	82.5	98.5	30.6	67.9	17.1	8.3	8.9
Percent of total number.....	11.8	13.1	10.7	18.6	26.0	12.9	13.4	13.0	13.6	1.9	1.5	2.6
Mean income.....	\$238	\$228	\$249	\$227	\$208	\$257	\$236	\$282	\$215	\$389	\$343	\$432
AFDC												
Percent of aggregate income.....	1.2	2.5	0.5	1.3	2.8	0.6	1.6	7.3	0.5	0.8	1.2	0.4
Received type of income:												
Number of families.....	346.3	245.5	100.8	162.2	113.9	48.4	96.2	62.3	34.0	87.8	69.4	18.4
Percent of total number.....	12.6	19.3	6.8	14.3	23.1	7.5	13.1	26.4	6.8	9.9	12.8	5.3
Mean income.....	\$268	\$270	\$263	\$274	\$274	\$273	\$287	\$312	\$241	\$237	\$226	\$279
Food stamps ¹												
Received type of income:												
Number of families.....	481.4	291.2	190.2	190.2	108.8	81.4	188.7	110.6	78.1	102.6	71.9	30.7
Percent of total number.....	17.5	22.9	12.8	16.8	22.1	12.7	25.7	47.0	15.6	11.5	13.2	8.9

¹ Food stamp benefits, which are not cash benefits, are excluded from aggregate income.

spouse or parent and any ineligible children in the household. Then, in calculating the amount of income that is deemed to the SSI recipient, the earned and unearned income exclusions are applied. Since the earned income exclusion is much greater, both in cases where the recipient has income of his own and when the income is deemed to him, many recipients can remain eligible for SSI even though their families have earnings that provide income well above the poverty threshold. Although few SSI recipients have earned income of their own, most SSI families with minor children have earnings, as indicated below.

Families Receiving SSI Payments

In May 1990, there were 904,000 families with children under age 18 that included at least one person who was eligible for SSI payments (table 3). In 69 percent of these families, SSI was received only by adults. However, there were 280,000 families with at least one eligible child.

The poverty rate for all families with children that included an SSI recipient was 41 percent. Approximately half of these families were headed by a single adult, and single adult-headed families were more than twice as likely to have income below the poverty level as families headed by a couple.

We found no significant difference in the economic status of families with only adult recipients, compared with those with child recipients. The percentage of families under 50 percent of the poverty threshold was the same for adult and child recipient families (7 percent). Likewise, the percentages of families under 150 percent of the poverty threshold was 63 and 66 percent, respectively. Although there appeared to be a minor disparity in the percentage of families from each group with income beneath the poverty level, the apparent difference did not meet the test of statistical significance.

Income Sources

The mean income of couple-headed families with only adult recipients was

not markedly different from similar families with child recipients. However, among families headed by a single adult, the average income of those with child recipients was almost 30 percent less than that of families with adult recipients (table 4).

This disparity is largely the result of a difference in the amount of earnings received by these two groups of families. The percentage of families that had earnings was approximately the same for both groups, but the mean amount of earnings for families with adult recipients was almost twice that of families with child recipients (\$1,774, compared with \$791). Earnings, therefore, accounted for only 27 percent of aggregate income to single adult-headed families with child recipients (chart 2). This figure contrasts sharply with that of similar families with child recipients headed by couples. Almost 97 percent of these families had earnings and they amounted to 71 percent of their aggregate income.

Almost half (47 percent) of the families with adult SSI recipients had income from the OASDI program, but only 12 percent of families with child recipients were entitled to such payments (table 4). Not surprisingly, families with child recipients received a higher proportion of their total income (23 percent) from SSI than families with adult beneficiaries (16 percent). SSI was the primary source of income for single adult-headed families with child beneficiaries, accounting for 39 percent of their aggregate income.

About 41 percent of all SSI families with children received AFDC payments, which accounted for 8 percent of aggregate income. Families with adult SSI recipients had a considerably higher participation rate (45 percent) in the AFDC program than families with child recipients (31 percent), but it accounted for approximately the same proportion of aggregate income to each group (8 percent and 6 percent, respectively). Participation in the Food Stamp program ranged from about 40 percent to almost 60 percent, with one notable exception. Couple-headed households with child beneficiaries had a participation rate of only 29 percent.

Families With Benefits and Income Below the Poverty Line

SIPP data for May 1990 show that 16 percent of families with children in the general population had income below the poverty threshold. The corresponding figures for similar families that received OASDI and SSI payments were 20 percent and 41 percent, respectively.

The mean OASDI benefit for families with income below the poverty line was \$346 (table 5), considerably less than the \$633 received by the average OASDI family with children under age 18. Nevertheless, OASDI benefits constituted a much higher proportion of aggregate income for families below the poverty line (54 percent) than it did for the average family (22 percent). These proportions were relatively constant regardless of the type of family or the type of OASDI benefit received. Thus, although the poorest of OASDI families had considerably lower benefit amounts, the primary reason they remained in poverty was the absence of sufficient income from other sources. For the average family below the poverty line, the benefit rate would have to be more than doubled to raise their income to the poverty threshold.

Families that received SSI payments and remained below the poverty line received a mean payment that was not significantly less at \$304 (table 6) than the mean payment to all SSI families with children beneficiaries (\$337). However, the picture is similar to that of OASDI families to the extent that families with income below the poverty line relied much more on SSI to meet their needs than the average SSI family. SSI payments amounted to 42 percent of aggregate income for families with income below the poverty line, compared with 18 percent of aggregate income for all SSI families. Dependency on SSI was considerably greater for families headed by a single adult (51 percent) than it was for couple-headed families (31 percent). However, it would take more (\$498) to raise the average couple-headed family above the poverty threshold than it would for the average family headed by a single adult (\$350).

As indicated above, the average family with children that received either OASDI or SSI benefits received most of its income from other sources, the most significant of which was earnings. The primary difference between families with income below the poverty line and other families was the proportion of income received from other sources. These data suggest that, while the OASDI and SSI programs can be a significant factor in maintaining a family above the poverty

threshold, they cannot ordinarily maintain a family at that level in the absence of any meaningful income from other sources.

Table 7 compares the poverty rates of families with children that received OASDI or SSI benefits and had earnings to similar families that had no earnings. Overall, the poverty rate for families with OASDI benefits that also had earnings was only 4 percent, compared with 65 percent for similar families without

earnings. The poverty rates for families that received SSI payments were 13 percent for those with earnings and 73 percent for families without earnings. Chart 3 illustrates this variance for couple-headed families and those headed by a single adult.

Conclusions

The first article concluded that OASDI and SSI benefits play a

Table 3.—Number and percent of families with children under age 18 and with SSI payments, by type of recipient, type of family, and ratio of income to poverty threshold, May 1990

[Numbers in thousands]

Number and percent of families with children	Ratio of income to poverty threshold								
	Total	Under 0.50	Under 0.75	Under 1.00	Under 1.25	Under 1.50	Under 2.00	1.00 and over	2.00 and over
Total:									
Number.....	903.9	61.3	274.1	369.4	480.9	577.5	709.4	534.5	194.5
Percent.....	100.0	6.8	30.3	40.9	53.2	63.9	78.5	59.1	21.5
Headed by single adult:									
Number.....	445.5	40.1	185.4	245.3	302.6	346.6	405.9	200.2	39.6
Percent.....	100.0	9.0	41.6	55.1	67.9	77.8	91.1	44.9	8.9
Headed by couple:									
Number.....	458.4	21.2	88.7	124.1	178.3	230.9	303.5	334.3	154.9
Percent.....	100.0	4.6	19.3	27.1	38.9	50.4	66.2	72.9	33.8
Families with adult recipients only									
Total:									
Number.....	624.2	43.1	206.5	268.3	345.7	393.6	484.1	356.0	139.8
Percent.....	100.0	6.9	33.1	43.0	55.4	63.0	77.6	57.0	22.4
Headed by single adult:									
Number.....	306.5	21.9	128.4	161.7	189.2	229.6	273.9	144.8	32.6
Percent.....	100.0	7.1	41.9	52.8	61.7	74.9	89.4	47.2	10.6
Headed by couple:									
Number.....	317.7	21.2	78.2	106.5	156.6	163.9	210.5	211.2	107.2
Percent.....	100.0	6.7	24.6	33.5	49.3	51.6	66.3	66.5	33.7
Families with at least one child recipient									
Total:									
Number.....	279.7	18.2	67.6	101.2	135.1	183.9	225.0	178.5	54.7
Percent.....	100.0	6.5	24.2	36.2	48.3	65.8	80.4	63.8	19.6
Headed by single adult:									
Number.....	139.0	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Percent.....	100.0	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Headed by couple:									
Number.....	140.7	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Percent.....	100.0	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)

¹ Base figure too small to meet statistical standards for reliability of derived figure.

Table 4.—Number of and mean income for families with children under age 18, by type of recipient, type of family, and source of income, May 1990

[Numbers in thousands]

Number of and mean income for families with children	All families with SSI payments			Families with—					
				Only adults receiving payments			At least one child receiving payment		
	Total	Headed by single adult	Headed by couple	Total	Headed by single adult	Headed by couple	Total	Headed by single adult	Headed by couple
	Income from all sources								
Total number of families.....	903.9	445.5	458.4	624.2	306.5	317.7	279.7	139.0	140.7
Aggregate income (in millions).....	\$1,668.0	\$561.3	\$1,106.7	\$1,208.4	\$423.1	\$785.3	\$459.6	\$138.2	\$321.4
Mean income.....	1,845	1,260	2,414	1,936	1,380	2,472	1,643	994	2,285
	Earnings								
Percent of aggregate income.....	55.4	40.7	62.9	54.4	45.1	59.5	57.5	27.4	71.1
Received type of income:									
Number of families.....	479.7	155.3	324.4	295.8	107.5	188.4	183.9	47.9	136.0
Percent of total number.....	53.1	34.9	70.8	47.4	35.1	59.3	65.7	34.4	96.7
Mean income.....	\$1,926	\$1,471	\$2,145	\$2,223	\$1,774	\$2,479	\$1,449	\$791	\$1,681
	OASDI								
Percent of aggregate income.....	9.9	10.3	9.7	12.3	11.9	12.5	3.7	5.3	3.0
Received type of income:									
Number of families.....	326.1	166.8	159.2	291.4	148.8	142.6	34.7	18.1	16.6
Percent of total number.....	36.1	37.4	34.7	46.7	48.5	44.9	12.4	13.0	11.8
Mean income.....	\$507	\$345	\$677	\$510	\$338	\$688	\$488	\$401	\$581
	SSI								
Percent of aggregate income.....	18.2	27.5	13.5	16.4	23.7	12.5	23.0	39.1	16.1
Received type of income:									
Number of families.....	903.9	445.5	458.4	624.2	306.5	317.7	279.7	139.0	140.7
Percent of total number.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Mean income.....	\$337	\$346	\$327	\$318	\$327	\$309	\$379	\$389	\$368
	AFDC								
Percent of aggregate income.....	7.7	12.0	5.5	8.3	11.4	6.7	6.0	14.2	2.5
Received type of income:									
Number of families.....	366.0	240.2	125.8	280.3	171.3	109.0	85.7	68.9	16.8
Percent of total number.....	40.5	53.9	27.4	44.9	55.9	34.3	30.6	49.6	12.0
Mean income.....	\$351	\$282	\$484	\$360	\$280	\$485	\$322	\$284	\$479
	Food stamps ¹								
Received type of income:									
Number of families.....	444.4	257.1	187.3	326.3	180.1	146.1	118.2	77.0	41.2
Percent of total number.....	49.2	57.7	40.9	52.3	58.8	46.0	42.3	55.4	29.3

¹Food stamp benefits, which are not cash benefits, are excluded from aggregate income.

significant role in reducing poverty among families with children. It indicated, however, that additional research was necessary to determine why some beneficiary families were lifted from poverty, while others remained below the poverty line. Our examination of the 1990 SIPP matched file enables us to draw more specific conclusions with regard to the families that were helped, and also provides some insight into this question.

Families With OASDI Benefits

The extent to which the payment of

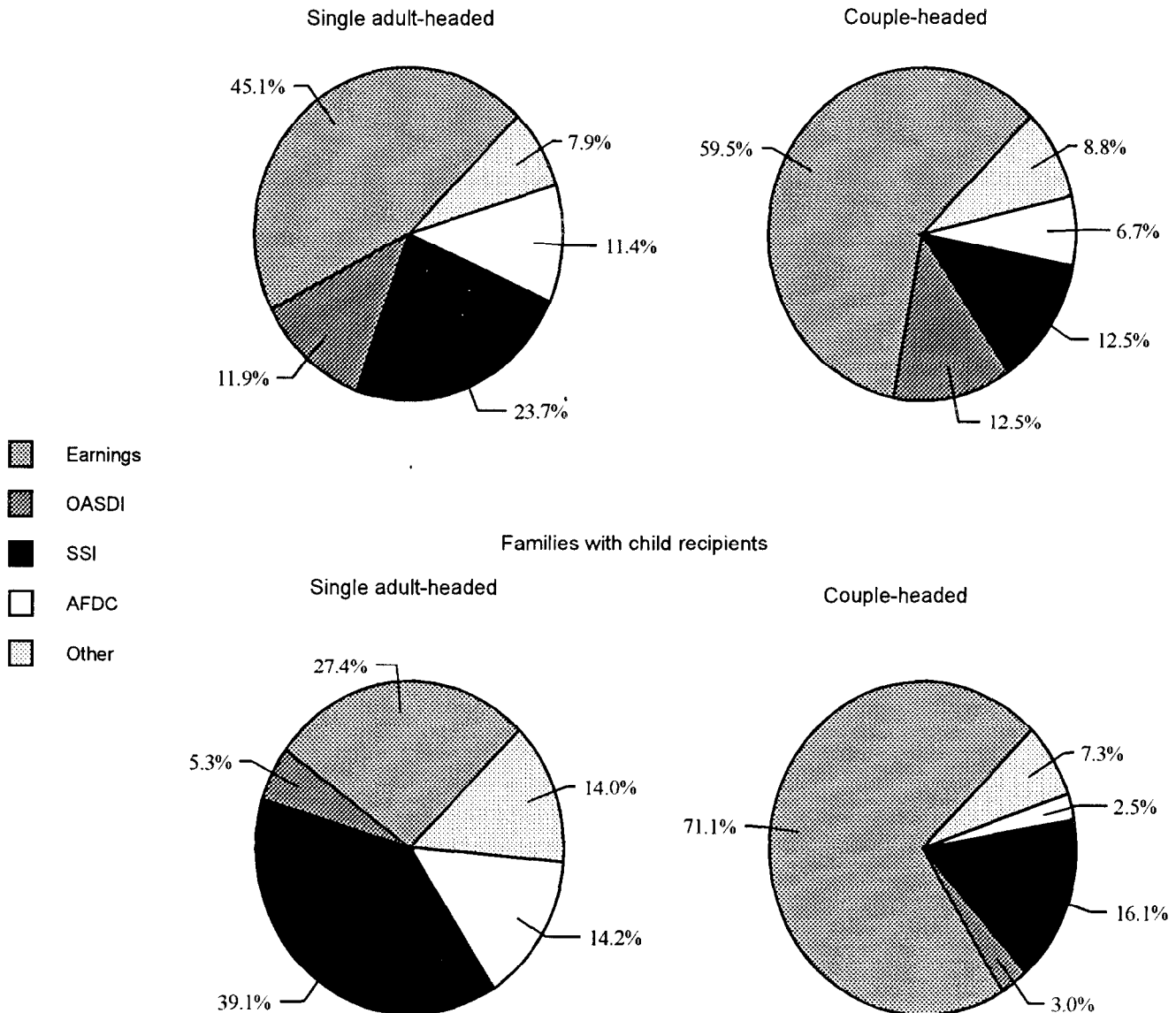
OASDI benefits succeeded in maintaining the income of families with children above the poverty line was related to a number of factors. These included the composition of the family, the type of benefit received, the amount of the benefit, and the amount of income received from other sources.

The poverty rate for all groups measured was considerably higher when the family was headed by a single adult, rather than a couple. Among families with a child entitled to survivor benefits, the rate of poverty was much lower than it was for families that received other

types of OASDI benefits. Families headed by a single adult and with a child entitled to benefits on the account of an aged or disabled worker were the most likely to have income below the poverty line; families headed by a couple and with a child entitled to survivor benefits were the least likely to be in poverty. The poverty rates for these two groups were 55 percent and 3 percent, respectively.

Among other sources of income, earnings were most instrumental in helping OASDI families maintain their income above the poverty line. While only

Chart 2.— Sources of income of families with children that received SSI payments
Families with adult recipients only



4 percent of OASDI families with some earnings had income below the poverty line, 65 percent of families with no earnings had income that was not sufficient

to meet their needs. The high proportion of couple-headed families with children entitled to survivor benefits that had income above the poverty line (97 per-

cent) is consistent with the high proportion of families in this group that had earnings (94 percent). The study findings indicate that the surviving parents

Table 5.—Number of families with children under age 18, with OASDI benefits and income below the poverty line, by type of family, mean monthly income and OASDI benefit, OASDI benefit as a percent of income below poverty line, May 1990

[Numbers in thousands]

Number of and mean income for families with children	All families			Families with only adults receiving benefits			Families with at least one child receiving—					
							Old-age or disability benefits			Survivors' benefits		
	Total	Headed by single adult	Headed by couple	Total	Headed by single adult	Headed by couple	Total	Headed by single adult	Headed by couple	Total	Headed by single adult	Headed by couple
Number of families.....	542.6	357.1	185.6	209.8	124.2	85.6	219.8	130.5	89.3	113.1	(1)	(1)
Mean income.....	\$646	\$566	\$799	\$764	\$718	\$831	\$609	\$497	\$774	\$497	(1)	(1)
Mean OASDI benefit:												
Amount.....	346	302	431	371	351	400	327	227	474	337	(1)	(1)
Percent of mean income....	53.6	53.4	53.9	48.6	48.9	48.2	53.7	45.7	61.3	67.9	(1)	(1)
Mean income shortfall below poverty threshold.....	390	362	444	369	306	460	424	432	412	361	(1)	(1)

¹ Base figure too small to meet statistical standards for reliability of data.

Table 6.—Number of families with children under age 18, with SSI payments and income below the poverty line, by type of family, mean monthly income and SSI payment, SSI payment as a percent of income, and shortfall of income below poverty line, May 1990

[Numbers in thousands]

Number of and mean income for families with children	All families			Families with—					
				Only adults receiving payments			At least one child receiving payments		
	Total	Headed by single adult	Headed by couple	Total	Headed by single adult	Headed by couple	Total	Headed by single adult	Headed by couple
Number of families.....	369.4	245.3	124.1	268.3	161.7	106.5	101.2	(1)	(1)
Mean income.....	\$717.4	\$621.1	\$907.9	\$710.5	\$610.5	\$862.2	\$735.9	(1)	(1)
Mean SSI payment:									
Amount.....	304.4	316.9	279.9	292.1	297.7	283.6	337.2	(1)	(1)
Percent of mean income.....	42.4	51.0	30.8	41.1	48.8	32.9	45.8	(1)	(1)
Mean income shortfall below poverty threshold.....	399.5	349.8	497.9	404.6	337.4	506.6	386.0	(1)	(1)

¹ Base figure too small to meet statistical standards for reliability of data.

of children who are entitled to survivor benefits frequently remarry, and that the remarriage creates for these children a level of economic security that is higher than that of children in couple-headed families among the general population.

Families With SSI Benefits

Family composition was a major factor in the poverty status of families that received SSI payments. Families

headed by a single adult were about twice as likely to be in poverty as those headed by a couple. Also, there were variances in income sources and amounts that were related to the type of SSI recipient (for example, a child or adult).

Among couple-headed families, those with at least one child recipient had a much higher rate of labor market participation, and relied more heavily on earnings to meet their needs, than similar families with only adult recipients. The

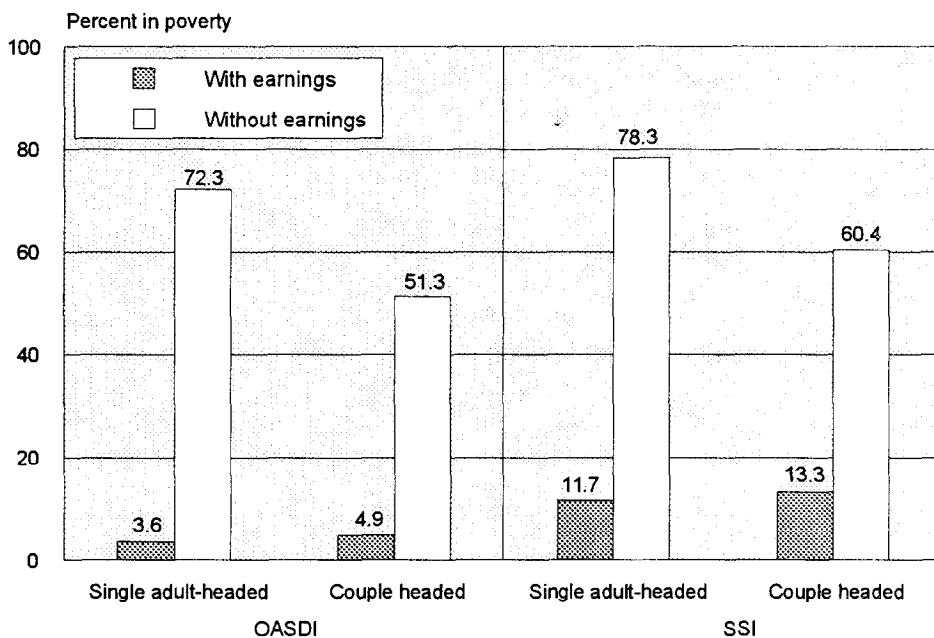
opposite was true for families headed by a single adult. Mean earnings and the proportion of total income received from earnings was much lower among families of this type with child recipients than they were for families with adult recipients. Consequently, single adult-headed families with child recipients had mean family income that was about 30 percent less than that of similar families with adult recipients. The striking difference in earnings between single adult-headed

Table 7.—Number and percent of families with children under age 18, with OASDI or SSI benefits and with income below the poverty line, by type of family and presence of income from earnings, May 1990

[Numbers in thousands]

Number and percent of families with children	Families with OASDI benefits—		Families with SSI payments—	
	With earnings	Without earnings	With earnings	Without earnings
Total:				
Number.....	90.1	452.5	61.2	308.2
Percent.....	4.4	65.0	12.8	72.6
Headed by single adult:				
Number.....	29.5	327.6	18.1	227.2
Percent.....	3.6	72.3	11.7	78.3
Headed by couple:				
Number.....	60.7	124.9	43.1	81.0
Percent.....	4.9	51.3	13.3	60.4

Chart 3.—The effect of earnings on the poverty rates of families with children that received OASDI or SSI benefits, by type of family



families and couple-headed families with child recipients suggests that the presence of a blind or disabled child in the family may have a significant effect on the ability of a single parent to participate fully in the labor market.

Families With Income Below the Poverty Line

The primary difference between OASDI and SSI families with income below the poverty line, and those with income above it, was the absence of at least one family member with earnings. For the average family with income below the poverty line, the benefit amount would have to be more than doubled to raise their income to the poverty threshold. OASDI and SSI benefits have succeeded in improving the economic status of many families whose income has remained below the poverty line. Nevertheless, while marginal increases in benefit rates may improve the

economic status of the poorest beneficiary families, such increases will not raise many of these families above the poverty threshold unless they can generate additional income from other sources.

Notes

¹ See, "The Influence of Social Security Benefits and SSI Payments on the Poverty Status of Children," *Social Security Bulletin*, Vol. 58, No.1 (Summer 1994), pp. 27-43.

² The article referred to in footnote 1 includes a technical appendix that describes the second wave of the 1990 SIPP panel in detail, and explains the differences in poverty rates produced by the SIPP and the CPS. As in the earlier article, all statements involving data comparisons in this article have been tested to assure that they would hold true, with at least 90 percent probability, for the total population.

³ Bureau of the Census, "Poverty in the United States: 1993," *Current Population Reports*, Series P60, No. 188, Washington, DC: U.S. Government Printing Office.

⁴ Eugene M. Lewit, "Why Is Poverty Increasing Among Children?," *The Future of Children*, Vol. 3, No. 2 (Summer/Fall 1993), pp. 198-207.