

Social Security & African American Children



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OVERVIEW

Children currently benefit from Social Security either as the orphaned survivor of a worker who has passed away, the dependent of a caretaker who has a disability and is unable to work, or the dependent of a retired worker.

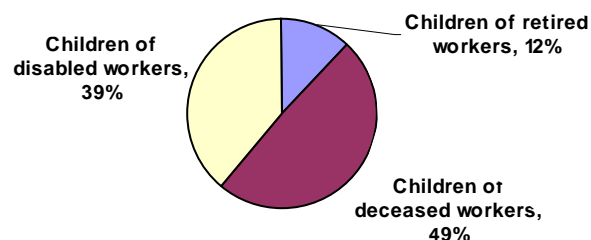
- There were almost 4 million children receiving total monthly benefits amounting to about \$1.8 billion in November 2004.
- Nearly 49 percent of all child beneficiaries draw down on survivor benefits.

Black children are 48% of all African Americans receiving survivor benefits; other children of color are 58% of all "Others" (Hispanic, Asian, Native American) receiving survivor benefits.

Social Security Benefits are Critical for Children's Basic Needs

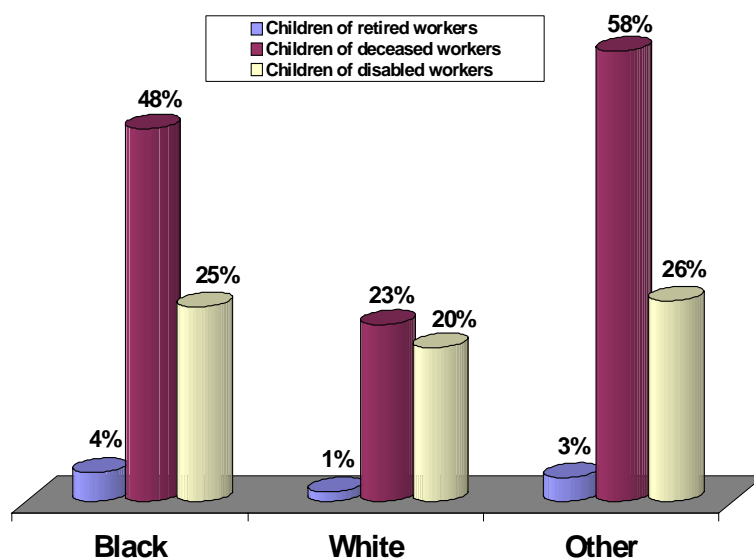
- Children are the most vulnerable to economic calamity when faced with the loss of support from their caretakers; insurance benefits provided by Social Security step in to provide children with steady monthly income that provides for basic necessities.
- A 1999 study by the National Urban League Institute for Opportunity and Equality estimated that African American children are almost four times more likely than white children to be lifted out of poverty by Social Security survivor benefits.
- According to CBCF analysis of U.S. Census Bureau data, 4.3 percent of African American children and 4.1 percent of Latino children reside with their grandparents compared to only 1.2 percent of White children.

Distribution of Social Security Benefits Among All Children



Source: Computed by CBCF, Using Social Security Administration data, December 2002

Portion of Children Receiving Benefits for Each Racial Group



Source: Computed from the Social Security Administration data, Table 5A.1, 2002

Children Will Not Benefit From The Privatization of Social Security

- **Privatization will require deep cuts in Social Security's guaranteed benefits.** These cuts, amounting to almost 50% over time, will apply to all aspects of Social Security including survivor, disability, and retirement benefits. In a future with privatization, children will not receive enough income support to help them meet their basic living expenses.
- **Under a system of private accounts, an African American worker dying in his or her thirties would be unlikely to have enough funds in the account to offset the deep cuts in Social Security survivor benefits.** As a result, young child survivors, who are the least able to fend for themselves, would be likely to have much less financial support than that offered by current law. Thus, young African American children, who are 33.6 percent of children in poverty and 23 percent of children receiving survivor benefits, would be severely disadvantaged by efforts to privatize Social Security.
- **Promises of receiving an inheritance under "privatization" are overblown and would not help young children.** Supporters of privatization typically cite the case of an older African American male who dies perhaps 10 or so years before retirement age. In this scenario, whatever funds this individual was able to accrue in his individual account would possibly be passed on to adult surviving children—who are better able than younger surviving children to take care of themselves when a parent dies.
- **Without Social Security, most working families would be unable to afford private insurance policies that cover disability, life, and old age benefits.** African American families would run the risk of being underinsured and heavily reliant on charity or public assistance if they are unable to secure this coverage on the private market. The value of Social Security's life insurance, disability insurance, and annuity features are priceless.

Problems associated with the privatization of Social Security would devastate children

Policy Implications

- **Private retirement accounts should not be carved out of Social Security:** Social Security will need all of its funding and additional resources to ensure steady benefits for generations to come. Since the welfare of vulnerable children would be severely undermined by taking money away from Social Security to fund private retirement accounts, efforts to privatize the system must be opposed.
- **Restore Social Security's student benefit:** Prior to changes made in 1981, Social Security provided support for survivor beneficiaries enrolled in college full-time. Today the program only pays benefits to children in grades 12 and under. When student benefits were in effect, African Americans who received the benefit were twice as likely to attend college as others in their age cohort. Restoring the student benefit would provide vital economic assistance to African American young people who are faced with severe financial barriers to education when a parent passes away.

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