

Notes and Brief Reports

Task Force Report on Treatment of Women Under Social Security*

Responding to growing concerns that the social security program has not kept up with the changing role of women in society, Secretary of Health, Education, and Welfare Joseph A. Califano, Jr., in November 1977 established an HEW Task Force on the Treatment of Women Under Social Security. Headed by Acting Commissioner of Social Security Don I. Wortman, the study group was made up of

Nancy Amidel, Deputy Assistant Secretary for Legislation (Welfare)

Richard Beattie, Deputy General Counsel

Connie Downey, Director, Women's Action Program, Office of the Assistant Secretary for Planning and Evaluation

Sarah Juni, Director, Office of Intergovernmental Relations and Public Concerns, Social Security Administration

David Koltz, Office of the Assistant Secretary for Management and Budget

Laura Miller, Special Assistant to the Secretary

Virginia Reno, Office of Research and Statistics, Social Security Administration

Lawrence Thompson, Office of the Assistant Secretary for Planning and Evaluation

The first Task Force findings, which were recently made public, are published below in *verbatim* summary form. In releasing the document, Secretary Califano called it "an important step toward our goal of assuring that women are treated fairly" and noted that it provides "the facts needed for informed consideration of the better-known proposals and recommendations to deal with difficult problems in this area."

Members of the Task Force were asked to describe the program issues involved—such as the way the system treats divorced women, married working women, and homemakers—and to analyze alternative approaches to deal with them. The report was to be limited to a discussion of those issues and approaches put forward by individuals and groups outside the Department of Health,

* Adapted and excerpted from Department of Health, Education, and Welfare, *Report of the HEW Task Force on the Treatment of Women Under Social Security*, February 1978.

Education, and Welfare. Although it made no recommendations of its own, the Task Force concluded that provisions for family protection and the treatment of women under the social security program require further attention by the Department.

The Task Force report will serve as the basis for a 6-month study and report to Congress by Secretary Califano on proposals to eliminate dependency as a factor in the determination of entitlement to spouses' social security benefits, and on proposals to bring about equal treatment for men and women under the program. That study was mandated by Congress under the 1977 amendments to the Social Security Act (Public Law 95-216). The Task Force findings will also become a resource for the newly appointed quadrennial Advisory Council on Social Security.

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I CHANGING SOCIAL TRENDS

Changing Work Roles of Women

Far more women, especially married women, are in the labor force today than before World War II—17 percent of married women in 1940 compared to 47 percent in 1977. Over half of married women under age 60 are in the labor force.

The labor-force participation of women is projected to continue to rise—from about 55 percent in 1975 to about 67 percent in 1990 for women age 25 to 54.

The earnings of women remain lower than the earnings of men—median earnings for women working full time have remained close to 60 percent of the median for men for more than two decades.

Three out of four working wives earned less than 40 percent of total family income in 1974. However, because more married women work, more and more families depend on the earnings of both spouses to maintain their standards of living.

Roughly half of married women are full-time homemakers, but perceptions of the homemaker role have been changing. The idea that the homemaker role has an economic value is gaining

acceptance The rising labor-force participation of married women and changing perceptions of the homemaker role tend to lead some toward a view of marriage as an interdependent relationship between spouses

Marital Dissolution

Both the divorce rate and the remarriage rate have been high in the past several years The ratio of divorces to marriages per year was about 1 to 6 in 1940 and 1 to 2 in 1975

A high proportion of women are divorced or widowed before retirement age—in 1975, the proportion was 1 in 3 women age 46 to 60 who have ever been married Less than one-third of divorced women receive support from their ex-husbands In 1971, only 27 percent of divorced and separated women under age 60 with minor children—and 9 percent without children—received such support

Women who are divorced, separated, or widowed before retirement age usually seek paid jobs In 1977, the proportions of such women in the labor force were 77 percent under age 55 without minor children; 70 percent with school-age children; and 55 percent with pre-school-age children However, unemployment rates are high for formerly married women; many have low incomes, and many with children rely on public assistance

II MAJOR ISSUES RELATING TO FAMILY PROTECTION AND THE TREATMENT OF WOMEN UNDER SOCIAL SECURITY

These issues represent the major ones that have been raised by people outside the Department of Health, Education, and Welfare concerning the treatment of families, women, and single workers under social security The Task Force recognizes that opinions differ on what the issues are and on the relative importance of each issue

1 Low return on contributions of the second working spouse—Working wives frequently object to paying social security taxes toward retirement protection that, they think, largely duplicates the protection they have as dependents based on their husbands' earnings

2 Fairness between one- and two-earner couples—Many consider it unfair that benefits can be lower for two-earner couples than for one-earner couples with the same average lifetime earnings credits

3 Fairness between surviving spouses or one- and two-earner couples—Many consider it unfair that benefits can be lower for surviving spouses of two-earner couples than for surviving spouses of one-earner couples with the same average lifetime earnings credits

4 Fairness to single workers—Some single workers think that they are treated unfairly as compared with one-earner couples because no additional social security taxes are paid by married workers to provide a 50-percent supplemental benefit for the unpaid spouse

5 Lack of coverage of work in the home—Wives who work in paid employment for part of their lives and who are unpaid homemakers part of their lives have gaps in their social security earnings credits, and lifelong homemakers have no social security protection in their own right

6 Lack of protection for disabled homemakers and survivors of deceased homemakers—Homemakers who become disabled are not entitled to benefits, and if they die their families are not entitled to benefits even though their homemaker services are lost to the family

7 Duration-of-marriage requirement for eligibility as a divorced wife and surviving divorced wife—Women divorced after fewer than 20 years of marriage (10 years effective January 1979) have no social security protection on their former spouses' earnings and must depend on their own earnings Yet they frequently have gaps in their social security earnings credits or have no credits because of time spent as unpaid homemakers

8 Inadequate benefits for divorced wives—Divorced wives and separated spouses receive a benefit equal to 50 percent of the worker's benefit This benefit is intended to supplement a worker's benefit rather than to support a person alone

9 Dependency status of divorced and separated wives—Benefits are not payable until the worker retires, becomes disabled, or dies The benefit amount increases upon the worker's death even though the woman's economic status may not have changed

10 Disability protection for widowed or divorced homemakers—Because of time spent out of the labor force as unpaid homemakers, divorced, separated, or widowed homemakers have little or no protection if their own work efforts are cut short by disability

III APPROACHES ANALYZED BY THE TASK FORCE

The Task Force reviewed eight approaches suggested by people outside the Department of Health, Education, and Welfare which are intended to address some or all of the issues They represent the major types of approaches that have been suggested

1 Working spouse's benefit plan—Any individual who is eligible for benefits both as a worker and as a spouse (or surviving spouse) of another worker would receive the larger benefit, plus 25 percent of

the smaller benefit This plan narrows the difference in benefit amounts between one- and two-earner couples but increases benefits of couples as compared with single workers

2 *Combined-earnings plan* (Advisory Council Subcommittee)—Permits married couples at retirement to combine their past earnings and to receive 150 percent of the benefit based on combined earnings This plan equalizes benefits for one- and two-earner couples and for survivors of these couples but increases benefits of couples as compared with single workers

3 *Increase worker's benefit by 12.5 percent and decrease spouse's benefit to 33 1/3 percent of the worker's benefit* (Robert M Ball)—Narrows the difference between couple's and single worker's benefits and comes close to equalizing benefits for one- and two-earner couples Widens the disparity in benefits for surviving spouses of one- and two-earner couples with the same average lifetime earnings credits

4 *Phase out spouse's and surviving spouse's benefits and provide child-care credits* (Rita Ricardo Campbell)—The phase out period would be 30 years for spouse's and 50 years for surviving spouse's benefits Results in the reduction or elimination of benefits for many wives and widows

5 *Averaged earnings plan* (Consultant Panel)—Permits a married couple to receive benefits based on the sum of the averaged earnings of both spouses, and eliminates spouse's and surviving spouse's benefit Equalizes benefits for one- and two-earner couples and their survivors, and narrows the difference between couple's and single worker's benefits

6 *Social security earnings credits for homemaker services* (Representatives Abzug and Jordan)—Provides social security credits for people performing homemaker services who do not hold a full-time job Abzug approach would finance credits through general revenues and Jordan approach through social security taxes paid at the self-employed rate Provides social security protection for homemakers in their own right that does not change due to changes in marital status However, depending on value of homemaker credits, protection could be less than under present law Also, a number of practical problems remain—who should qualify for the credits, proper reporting of homemaker services, and how the proposal should be financed

7 *Earnings sharing with 75/75 option* (Representatives Fraser and Keys)—Divides social security earnings credits equally between spouses on a year by-year basis for the duration of the marriage Each spouse receives credit for the higher of 50 percent of the couple's combined earnings or 75 percent of

the earnings of the higher-paid worker The plan treats marriage as an interdependent economic relationship in which the contributions of each spouse have economic value and results in an unpaid homemaker receiving social security protection in her own right However, the plan raises issues of fairness between one- and two-earner couples It also raises issues of fairness and adequacy of protection for families when only one spouse is retired, becomes disabled, or dies The plan also presents administrative problems that need to be explored further

8 *Earnings sharing plan* (Department of Justice)—Divides social security earnings credits of married couples equally between spouses on a year by-year basis The plan addresses all of the issues listed in section II It treats marriage as an interdependent economic relationship in which the contributions of each spouse have economic value and results in an unpaid homemaker receiving social security protection in her own right However, the plan raises issues of fairness and adequacy of protection when only one spouse is retired, becomes disabled, or dies The plan also raises questions of administrative feasibility that need to be explored further

IV. CONCLUSIONS

The Task Force believes that the provisions for family protection and the treatment of women under social security require further attention by the Department of Health, Education, and Welfare A series of workable options, building on the approaches already developed, are needed so that policymakers and the public can have clear choices of alternative forms of individual and family protection under social security

The Social Security Amendments of 1977 provide for a 6-month study, to be conducted by the Department of Health, Education, and Welfare, of proposals to eliminate dependency and sex discrimination under social security The Task Force believes that such a study can build on the work of this Task Force to develop the needed options It is expected that this Task Force report and further development and refinement of options will facilitate consideration of this topic by the Advisory Council on Social Security