

House Committee on Ways and Means, Subcommittee on Social Security
Public Testimony of the Connecticut Women's Education and Legal Fund (CWEALF)
Protecting and Improving Social Security: Enhancing Social Security to Strengthen the
Middle Class

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The Connecticut Women's Education and Legal Fund (CWEALF) is a statewide, nonprofit organization that advocates for and empowers women and girls in Connecticut, especially those who are underserved or marginalized. For forty-five years, CWEALF has been a leader in the development of policy solutions that enhance women's economic security and combat discrimination in the workplace. CWEALF also provides legal education and legal advocacy services to individuals about family law and civil rights issues. The majority of CWEALF's clients are low-income women with at least one dependent.

At CWEALF, we hear from women every day who struggle financially and rely on Social Security to make ends meet.

Maggie, a 63-year old retiree with several chronic health conditions from New Britain, Connecticut says she relies on her Social Security income to put food on the table. She says, "I get scared when legislators talk about doing away with or privatizing Social Security. Please do not take away Social Security."

Corella, a woman from Hartford, Connecticut who suffers from epileptic seizures and relies on daily medication, says, "I am afraid that if Medicare is reduced and I have to pay more for my medications I wouldn't be able to afford it. My only income is Social Security."

And Annabel, from Hartford, pleads, "Instead of cutting Medicare and Social Security, we should be helping to grow these programs."

Social Security benefits are critical to support our nation's women and keep them out of poverty. In 2016, nearly two-thirds of all people in poverty aged 65 and older were women.¹ Without the projection and expansion of Social Security, long-term economic security is unachievable for women and their families.

¹ Juliette Cubanski, Wyatt Koma, Anthony Damico, and Tricia Neuman, *How Many Seniors Live in Poverty?*, HENRY J KAISER FAMILY FOUNDATION (Nov. 19, 2018), <https://www.kff.org/medicare/issue-brief/how-many-seniors-live-in-poverty/>.

It is fitting that it was the first woman to hold a U.S. cabinet post, Secretary of Labor Frances Perkins, who drafted the Social Security Act which aimed to provide workers economic security throughout their lives.² But, 83 years after the Social Security Act's passage, American women continue to be left behind and face greater barriers to economic security as they age.

Social Security is not just a retirement program; it is one of the most successful anti-poverty programs in our nation's history as it continues to provide benefits to children, families, disabled workers, surviving spouses, and retirees.³ Without Social Security, 22.1 million more Americans would live below the poverty line.⁴

Social Security is vital for the majority of Americans aged 65 and older that receive the majority of their income from Social Security. Currently, Social Security benefits lift 15.3 million elderly Americans out of poverty.⁵ Without Social Security benefits, nearly 40 percent of all elderly Americans would be living in poverty.⁶

Though the Social Security Act has contributed greatly to the American economy and our aging citizens' welfare, it does not go far enough to protect our retirees and their families. According to the Institute for Women's Policy Research, a single elder without a mortgage living in Hartford County can expect to pay at least \$2,046 every month for basic living expenses, including housing, health care, food and transportation; yet, the average Social Security benefit for January 2019 was only \$1,461, nearly \$600 less than a Hartford County retiree's necessary monthly living expenses. This means that retirees are forced to rely on savings, pensions and other sources of income just to afford basic needs. This discrepancy can be addressed by implementing an across-the-board minimum benefit raise to meet retirees' realistic and burdensome financial needs.

Social Security offers comprehensive economic security protection for our middle-class families because elderly Americans are not the only beneficiaries of Social Security. The program is also vitally important for families, children and people of color. Social Security provides more benefits to children than any other federal program and lifts 1.1 million children out of poverty.⁷ According to 2017 Census data, about 6.1 million children under the age of 18—or 8 percent of all U.S. children—live in families that receive income from Social Security.⁸

² *Social Security Pioneers*, SOCIAL SECURITY ADMINISTRATION, <https://www.ssa.gov/history/fperkins.html>.

³ *AAUW Issues: Retirement Security*, AMERICAN ASSOCIATION OF UNIVERSITY WOMEN, <https://www.aauw.org/what-we-do/public-policy/aauw-issues/retirement-security/>.

⁴ Kathleen Romig, *Social Security Lifts More Americans Above Poverty Than Any Other Program*, CENTER ON BUDGET AND POLICY PRIORITIES (Nov. 5, 2018), <https://www.cbpp.org/research/social-security/social-security-lifts-more-americans-above-poverty-than-any-other-program>.

⁵ *Id.*

⁶ *Id.*

⁷ *Id.*

⁸ *Id.*

On average, African American workers have higher disability rates, Latino workers have longer life spans, and both have lower lifetime earnings than white workers, which lead to disproportionate reliance on Social Security benefits. Without Social Security, the poverty rate would approach 50 percent among elderly Latinos and would exceed 50 percent among elderly African Americans.⁹

While the protections of Social Security benefit men and women of all racial backgrounds and income levels, the program is particularly important for women, especially women of color because women face too many barriers in the workplace that hinder their ability to make a living wage and save for retirement. Women are typically paid less than men for the same jobs; they live longer than men; they feel societal pressure to take time away from work or to work part-time to serve as their family's main caregiver; and, they are forced to spend money on the "pink tax"; all of which contribute to the minimization of women's bottom lines, dampening the amount they can save for retirement and limiting the amount they receive in pensions and Social Security benefits.

Despite impressive strides made by women in the workplace,¹⁰ the gender wage gap is still 20 percent, with women earning only 80 percent of what men earn. Social Security elevates 9.1 million elderly American women out of poverty,¹¹ but due to the gender wage gap, the amount of Social Security benefits are drastically reduced for women later in life. According to a 2016 National Institute on Retirement Security (NIRS) study, the income disparity can be as much as 25 percent for women over 65,¹² and the average Social Security benefit for women 65 and older is about \$14,270 per year, compared to about \$18,375 for men 65 and older.¹³

Though more and more women are the primary breadwinners for their families,¹⁴ women still struggle to overcome unconscious biases related to issues like family leave and stereotypes of men as the family providers and of women being limited to

⁹ *Id.*

¹⁰ Between 1975 and 2015, the number of women with children under 18 participating in the workforce increased by 23 percentage points (from 47 percent to 70 percent), and the number of women with college degrees increased 33 percentage points (from 14 percent to 41 percent). See Mark Dewolf, *12 Stats About Working Women*, U.S. DEP'T OF LAB. BLOG (Mar. 1, 2017), <https://blog.dol.gov/2017/03/01/12-stats-about-working-women>.

¹¹ Komig, *supra* note 2.

¹² See Press Release, *Women 80 Percent More Likely Than Men To Be Impoverished In Retirement*, NAT'L INST. ON RETIREMENT SECURITY, <https://www.nirsonline.org/2016/03/women-80-more-likely-to-be-impoverished-in-retirement/>.

¹³ *Women and Social Security*, NAT'L WOMEN'S L. CTR., <https://nwlc.org/resources/women-and-social-security/>

¹⁴ As of March 2017, women made up 47 percent of the workforce in the United States, owned close to 10 million businesses, and were the sole or primary breadwinners for 40 percent of families with children under 18. See Dewolf, *supra* note 10.

caregiving duties. Thirty-eight percent (38%) of the gap is unaccounted for and may only be explained by factors such as these stereotypes and unconscious biases.¹⁵

The role of women in the United States has transformed from predominantly being a caregiver, a wife and/or a mother, to being all of these things and a breadwinner. Women's increased participation in the workforce has helped bolster family economic security in every income group; but for low-income and middle-class families, women's contributions have made the key difference for families on the brink of poverty.

Women in the U.S. who work full time are paid only 80 cents for every dollar paid to their male counterparts.¹⁶ This gap in earnings translates into \$10,169 less per year in median earnings, leaving women and their families shortchanged.¹⁷ The gender pay gap is even more extreme for women of color: on average, African American women are paid 61 cents and Hispanic women are paid 53 cents to every man's dollar.¹⁸ Among Connecticut women who hold full-time, year-round jobs, Black women in our state are paid 58 cents, Latinas are paid only 47 cents and Asian women paid 80 cents for every dollar paid to white, non-Hispanic men. Overall, the women of Connecticut make just 83 cents to men.¹⁹

The wage gap widens as women reach the age when they have caregiving responsibilities for kids or aging parents. Nationally, women are the co- or main breadwinners in close to two-thirds of families with children, yet they earn, on average, significantly less than men.²⁰

On average, women employed full time in the United States lose a combined total of more than \$900 billion every year due to the wage gap²¹; Women working full-time in Connecticut lose a combined total of \$5.5 billion due to the wage gap.²² Lost wages mean women and their families have less money to spend on basic goods and household items; expenses that help drive the larger economy and spur economic growth. The gender wage gap persists regardless of industry or education level and exists within all occupations. Women often spend fewer years in the workforce and are more inclined to work part-time. Exiting and re-entering the workforce not only creates

¹⁵ *Connecticut Women and the Wage Gap: Fact Sheet*, NAT'L PARTNERSHIP FOR WOMEN AND FAMILIES (April 2017), <http://www.nationalpartnership.org/research-library/workplace-fairness/fair-pay/4-2016-ct-wage-gap.pdf>.

¹⁶ *Pay Equity & Discrimination*, INST. FOR WOMEN'S POL'Y RES., <https://iwpr.org/issue/employment-education-economic-change/pay-equity-discrimination/>.

¹⁷ *America's Women and the Wage Gap: Fact Sheet*, NAT'L PARTNERSHIP FOR WOMEN AND FAMILIES (April 2018), <http://www.nationalpartnership.org/our-work/resources/workplace/fair-pay/americas-women-and-the-wage-gap.pdf>

¹⁸ *Id.*

¹⁹ *Id.*

²⁰ *Gender-Based Wage Gap in Connecticut: Issue Brief*, CONN. COMMISSION ON WOMEN, CHILDREN AND SENIORS, <https://ctwcws.files.wordpress.com/2017/01/wage-gap.pdf>

²¹ *Supra* note 17.

²² *Supra* note 15.

work gaps and pay discrepancies, it makes it challenging for women to find work and pay proportionate to their ability.

Social Security is especially important to women of color who tend to have fewer alternative sources of income, experience higher poverty rates, and earn less on average than men throughout their working years. Currently, there are more than 15.3 million low-wage female workers (making up more than two-thirds of the entire low-wage workforce) working for an unlivable wage without access to benefits such as leave and pensions. As of 2018, 21 percent of Black women, 20 percent of Native women, 18 percent of Latinx women, and 11 percent of Asian women lived in poverty.²³

Unlike men, most women are forced to take leave or part-time work because they often shoulder caregiving responsibilities. According to the Bureau of Labor Statistics, nearly twice as many women as men work part-time, and the vast majority of women work part-time for non-economic reasons,²⁴ which typically means juggling child care, elder care and other home-front duties. A study by the Families and Work Institute and the Society for Human Resource Management found that between 92 and 100 percent of the 1,000 firms surveyed offered paid leave to full-time workers, but the same was not true for part-time workers.²⁵ Barely one-third offered part-time workers paid vacation days and only about one in four offered paid sick days.²⁶

One of the greatest factors contributing to financial hardship for women over 65 is the reality that many will spend at least a portion of their retirement years alone. Female life expectancy is currently 4.9 years higher than for males and seven out of ten married American women will eventually become widows.²⁷ With longer life expectancies and a better chance of being alone during retirement, women often fall short of the income needed to carry them through old age.

The traditional three-pronged model for retirement, which consists of payments from (1) Social Security, (2) pensions, and (3) private savings, is unrealistic for most women. Women's economic security through retirement depends largely—and often times solely—on Social Security benefits. Women represent 55.6 percent of all Social Security beneficiaries age 62 and older and approximately 65 percent of beneficiaries age 85

²³ *National Snapshot: Poverty Among Women & Families, 2018*, NAT'L WOMEN'S L. CTR. (Sept. 2018), <https://nwlc-ciw49tixgw5lbab.stackpathdns.com/wp-content/uploads/2018/09/National-Snapshot.pdf>.

²⁴ *Labor Force Statistics from the Current Population Survey*, U.S. DEP'T OF LAB. BUREAU OF LAB. STAT. (Jan. 18, 2019), <https://www.bls.gov/cps/cpsaat08.htm>.

²⁵ ²⁵ Brigid Schulte, *Women need time off from work the most but often get it the least*, WASH. POST (Feb. 25, 2015), https://www.washingtonpost.com/news/wonk/wp/2015/02/25/women-need-time-off-from-work-the-most-but-often-get-it-the-least/?utm_term=.85adb78984b3.

²⁶ *Id.*

²⁷ Marguerita Cheng, *The Gender Earnings Gap And Retirement*, FORBES (Jul. 12, 2018), <https://www.forbes.com/sites/margueritacheng/2018/07/12/the-gender-earnings-gap-and-retirement/#75ca2f537714>.

and older.²⁸ Pensions and private savings are often unavailable or inadequate for women and their work/life patterns. In fact, according to the U.S. Bureau of Labor Statistics, from 1980 through 2015, the proportion of private wage and salary workers participating in defined benefit pension plans fell from 38% to 15%.²⁹ And as of 2011, 60 percent of women worked in low wage positions that often do not offer pension plans – including clerical, sales, and service jobs.³⁰

Despite women’s critical contributions to our economy, the wage gap and lack of paid leave legislation leaves women unjustly discriminated against and underpaid. As a result, women earn less in retirement savings, receive lower benefits from employer pensions, and are often forced to rely solely on Social Security payments.

Action by Congress is essential to secure American women’s economic freedom and stability well beyond their time in the workforce. Our current system is not perfect, but Congressman Larson’s Social Security 2100 Act does highlight several critical steps to address the program’s insufficiencies.

No American who has participated in the workforce should retire into poverty. To protect retirees, the Social Security 2100 Act sets a new minimum benefit at 25 percent above the poverty line and will provide a tax break to over 12 million Social Security recipients.

The Social Security 2100 Act will also address the problem of inflation by improving the annual cost of living adjustment formula to better reflect the costs incurred by seniors. This provision will particularly help seniors who spend a larger portion of their income on health care and other necessities.

Millions of women and children depend on the Social Security Disability Insurance (DI). The DI Trust Fund is fully financed until 2023; however, at that point the Fund will be exhausted and contributions will only partially cover benefits.³¹ In order to ensure beneficiaries continue to receive Social Security’s essential benefits and that the Trust Fund is fully financed, the Social Security 2100 Act will require millionaires and billionaires pay their fair share of the payroll tax, the same rate as everyone else. This provision would only affect the top 0.4% of wage earners, but would ensure solvency for the millions of women and children would rely on DI benefits.³²

The Act’s across-the-board benefit increase and expansion of Social Security benefits is critical to ensure that women remain financially secure through retirement.

²⁸ *Fact Sheet: Social Security Is Important to Women*, SOCIAL SECURITY ADMINISTRATION (Aug. 2018), <https://www.ssa.gov/news/press/factsheets/women-alt.pdf>.

²⁹ Michael Molinski, Disappearing pensions hurt U.S. economy as well as workers, USA TODAY (Apr. 23, 2016), <https://www.usatoday.com/story/money/2016/04/23/pensions-economy-workers/83292892/>.

³⁰ *Women and Retirement Security*, AMERICAN ASSOCIATION OF UNIVERSITY WOMEN, <https://www.aauw.org/files/2013/02/position-on-women-and-retirement-security-112.pdf>.

³¹ *Social Security Disability Insurance Is Vital to Women’s Economic Security*, NAT’L WOMEN’S L. CTR., <https://nwlc.org/resources/social-security-disability-insurance-is-vital-to-womens-economic-security/>.

³² *Id.*

Strengthening social security will boost retirement security for low-wage workers, who are disproportionately women and people of color.

CWEALF also recommends the modernizing of Social Security to account for the changes in women's lives including a caregiver credit. Such credits – which sometimes cover caring for an elderly relative as well as a child – are common in other developed countries.

The protection and expansion of Social Security reflects CWEALF's mission to protect and advance the economic wellbeing of women and it an important step forward to protect our diverse, aging workforce. When Ida May Fuller received her first monthly recurring Social Security check in 1940, she could not have foreseen the generations of women after her that depend on Social Security to make ends meet. Now is the time for Congress to make sure that Social Security is strengthened for years to come.