



# Understanding Racial and Ethnic Differences in SSA and Means-Tested Benefit Receipt and Their Anti-Poverty Effects for Children in Multigenerational Families

*Research conducted by*

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The number of children raised by grandparents or living in three-generational families continues to grow, especially among Black, Latinx, and low-income households. Security Administration (SSA) benefits may have important implications for the well-being of children in these households, but little is known about the mix of benefits such families utilize or how SSA program use and impacts vary by race and ethnicity.

## **Multigenerational Families and the Use of SSA Benefits**

A growing share of children live in households with caregivers, often their grandparents, who are not their biological parents (i.e., “grandparent” households), or in three-generation households that include one or both of their parents as well as one or more grandparents. Such arrangements are more likely among families of color, families with very young children, and a growing number of low-income households in which one or more members receives Social Security benefits (Pilkaukas & Cross, 2018; Amorim, Dunifon & Pilkaukas, 2017; Dunifon & Pilkaukas, 2017). These families may be at disproportionately high risk of financial hardships; therefore, access to SSA benefits may have important implications for child well-being. It is challenging to observe these subpopulations in publicly available survey data, however; thus, little is known about the extent to which SSA programs provide support to these households, the anti-poverty effect of such benefits, and how benefit receipt and anti-poverty effects may differ by family structure and race or ethnicity. This study uses a unique linked state administrative data system, the Wisconsin Administrative Data Core, and a sample of low-income families with children, to examine these questions.

## **Low-Income Multigenerational Families and Families of Color Receive Some SSA Benefits at Higher Rates**

Relative to all households with children in the sample, grandparent households are more likely to be Black (27 vs. 18 percent), have lower income (\$32,700 vs. \$34,500), and a much higher rate of using any SSA program (almost 60 percent vs. 21 percent). Three-generation households are also more likely to be Black than the overall sample, as well as slightly more Latina-led (15.7 vs 13.8 percent). These households have about double the rate of using SSA programs, 40 percent versus 21 percent overall. Approximately 66 percent of grandparent household income is from SSA sources, as is 45 percent of three-generation household income. The data also suggest lower wages for Black and Latinx compared to white families, and thus higher use of means-tested programs (e.g., Supplemental Security Income [SSI] and Caretaker



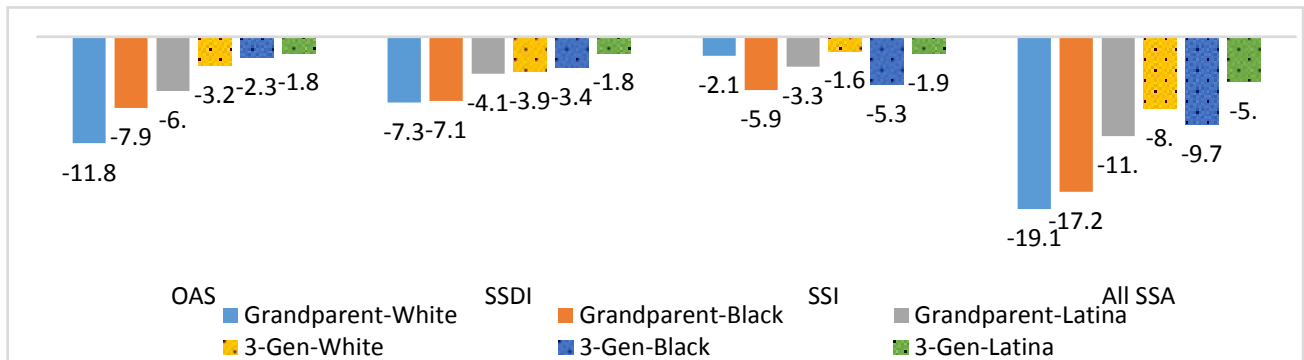
Supplement [CTS]), but lower rates of receipt of Old-Age Security (OAS) and Social Security Disability Insurance (SSDI), which are based on earnings histories.

## SSA Benefits Are Associated with Poverty Reduction for Multigenerational Families and Families of Color

About half of the study sample meets the federal definition of living in poverty. Relative to poverty rates when only market income is considered, SSA programs reduce the poverty rate for grandparent households by 17.6 percentage points and for three-generation households by 7.9 percentage points. The largest reductions for grandparent households are from OAS income. SSDI is relatively more important for three-generation households, which is consistent with having larger households with younger adult members. Considering heterogeneity by race and ethnicity, relative to poverty rates when only market income is considered, SSA programs reduce poverty by 7 percentage points for Black-led households, higher than the reduction among Latina- (2.6 points) or White-led (4.7 points) households. As shown in Figure 1, SSA programs reduce poverty the most for grandparent households. SSI reduces relative poverty the most for Black households and the least for Latina households.

**Figure 1. Marginal Reduction in Poverty Rate by Program by Race and Household Composition**

### Implications



- Low-income households with children rely on a range of support programs beyond wages, but Social Security programs are a critical, and perhaps a more stable source of income.
- Given the important role of SSA programs for multigenerational families, particularly economically vulnerable grandparent families, there may be opportunities for greater coordination across programs at the state and local level to support children in these households.
- Differences in benefit use across racial and ethnic groups suggests further investigation of barriers to accessing SSA programs, especially those tied to employment.

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