The Safety-Net Response to the COVID-19 Pandemic Recession and the Older Population

Robert Moffitt
Johns Hopkins University

James P. Ziliak
University of Kentucky

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Our Study

- The responsiveness of the safety net during the Pandemic Recession for the older population

- Individuals 65 and older had poverty rates of 13 percent in 2019 and close to 16 percent during the Great Recession

- We examine safety net use during the Pandemic Recession for the near-elderly, 50-61, as well as those 62 and older
Findings

- For the general population, the UI and SNAP programs were the most responsive during the Pandemic.

- This holds true for the older population as well, even for those 62 and older (who saw increases in SNAP and UI).

- Concentrated among the less educated population, as expected.

- Some differences in receipt by gender (women have higher rates of SNAP receipt), but not large.
Findings (continued)

- The safety net—including taxes as well as transfers--had a major impact on reducing the volatility of household income during the Pandemic for those 50-61

- But not so much for those 62-74
Data

- Current Population Annual Social and Economic Supplement (ASEC) for calendar years 2000-2020

- Last year is the Pandemic

- Records individual receipt of transfers. Taxes constructed at tax unit level in TAXSIM, and aggregated to household level

- Exclude observations with imputations of several variables (and reweight)

- N=680,000 individuals 50-74
Programs and Recession Responsiveness

- UI the only one specifically designed to respond to unemployment

- And Congress provided major additional support for UI during 2020 and 2021

- But SNAP automatically responds, aside from asset tests (and it has near-universal eligibility)

- Congress lifted everyone to the SNAP maximum in CARES I
Don’t expect OASI to respond that much, at least if retirement doesn’t see major change.

DI applications have been shown to be somewhat cyclically responsive for those less than 65.

Medicaid has been shown to be somewhat responsive to recessions, for those who lose health insurance coverage when they lose their jobs.

But Congress told states not to terminate individuals during the Recession, so caseloads rose dramatically.

SSI: not much examined.
Figure 7. Transfer Program Participation Rates of Men by Education, Ages 50-61
Figure 8. Transfer Program Participation Rates of Men by Education, Ages 62-74
Figure 9. Transfer Program Participation Rates of Women by Education, Ages 50-61
Figure 10. Transfer Program Participation Rates of Women by Education, Ages 62-74
Figure 12. Household Earnings and Income Volatility by Age

Earnings

Great Recession

Covid–19

Pre–Tax Income

Great Recession

Covid–19

After–Tax and Transfer income

Great Recession

Covid–19

% Change

Year


Ages 50–74

Ages 50–61

Ages 62–74
Conclusion

- The older population is not that much different than the rest
- SNAP and even UI (at least for those under 67) are important
- Poverty among the elderly in high and the transfer system provides major assistance in recessions and in the Pandemic Recession
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