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The Journal of Sociology & Social Welfare

Volume 12
Issue 2 June

Article 6

May 1985

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Recommended Citation

Klemmack, David L. and Roff, Lucinda L. (1985) "Public Preferences Concerning Future Directions in Social Security," *The Journal of Sociology & Social Welfare*: Vol. 12: Iss. 2, Article 6.

DOI: <https://doi.org/10.15453/0191-5096.1704>

Available at: <https://scholarworks.wmich.edu/jssw/vol12/iss2/6>

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PUBLIC PREFERENCES CONCERNING
FUTURE DIRECTIONS IN SOCIAL SECURITY¹

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ABSTRACT

Using data collected from a probability sample of 1030 adult Alabamians, this study segmented respondents among those favoring limited expansion, maintenance, and limited contraction of the social security retirement program. Those favoring some expansion in the system tended to be less well educated and affluent, and more likely to be retired, nonwhite, and to identify themselves as Democrats than did those favoring maintenance or some limited contraction of the system. The findings suggest the potential for cleavages among the population, based primarily on socioeconomic status, in ongoing discussions about the system's future.

While major legislation passed in 1977 and 1983 has attempted to preserve the major features of the current social security retirement system into the future, many of the basic interrelated questions underlying current and future old age retirement policy have only recently begun to be articulated among the public at large. With a rapidly aging population, these questions will become increasingly salient. Among them are:

1. How much of a tax burden should current and future generations of workers be expected to undertake to support retired persons?

¹This study was conducted with the support of the AARP Andrus Foundation.

2. What level of support should be assured retired persons under social security?

3. At what age should persons be entitled to retirement with full social security benefits?

Policy analysts have devoted considerable attention in recent years to these and related issues. Some conclude that the government's commitment to retirees through social security is too high and should be curtailed (Friedman, 1962; Consultant Panel on Social Security, 1976; Van Gorkom, 1979). Arguments used to support this position suggest that assumptions underlying the current structure of the program are not consistent with the circumstances of many contemporary and future retired persons. Analysts claim that savings mechanisms now available directly to individuals and through employers should make it possible for larger proportions of workers to plan adequately for their own retirement with less government assistance (Friedman, 1962). Some also point out that large proportions of the older population are vigorous, healthy, and well educated and could, if ageist retirement practices were discarded, support themselves through earnings well past the "traditional" retirement age (Nelson, 1982). Finally, some suggest that attempting to provide a high level of support through social security to a growing older population may result in a "taxpayers' revolt" among the working population who are taxed to support leisure among a retired class (Ragan, 1977). Proposals advanced to limit the government's role in social security include those to limit the rate of benefit increases and raise the age of retirement with full benefits.

Others contend that government has an obligation to continue to play a major role in ensuring that retirees have an adequate retirement income. Claiming that future generations of older persons would have difficulties in providing an adequate retirement income for themselves without substantial government assistance, some analysts conclude that government should maintain its longstanding commitment to the program and, in some cases, expand the adequacy of coverage (Beattie, 1983; Cohen, 1981). Proposals consistent with this position call for maintaining

or lowering the ages of eligibility and maintaining or increasing benefit levels and cost of living increases.

A number of studies have been conducted in recent years to ascertain public opinion about the social security program (see Harris, 1975; 1981 and U.S. Senate, 1980). Included in these have been items concerning proposed changes in the system. Few of these studies, however, have considered how different segments of the population view potential policy options when the complexities involved in manipulating costs to working taxpayers, benefits available to retirees, and age of eligibility for full benefits are taken into account.

This study, conducted in the fall of 1981 when concerns about the future of the system were receiving extensive attention in the media, had two purposes. The first was to determine whether there were differences among the population concerning the extent of commitment which government should make to the social security retirement program. In the event that such differences were found, identification of lines of division would be of major consequence to policymakers, politicians, and others attempting to respond to and to influence public opinion. Thus, the second purpose of the study was to determine whether those favoring different general approaches to the program could be identified on the basis of other characteristics.

METHODS OF STUDY

Sampling Procedure and Profile

The target population for this study was the adult (18 or older), noninstitutionalized population of residents of Alabama in October, 1981. A two-stage, probability sampling plan was used to identify a sample. First, a stratified, random sample of telephone directories serving the state was selected. Second, a sample of names from each directory selected was obtained using interval sampling with a random starting point. The final sample included 2,246 residents of 221 communities within the state.

Data were gathered using a mailed questionnaire. Five different contacts were used so as to ensure as large a response rate as possible. Of the 2,246 questionnaires mailed, 462 were undeliverable as addressed and, of the 1,784 delivered, 1,030 (57.7%) were completed and returned.

The sample was predominantly male (66.2% of the respondents were male) and underrepresented those under age 25 (5.0% of the respondents were under 25). These biases were probably a function of the data collection technique employed. Although the cover letter indicated that the questionnaire could be completed by any adult member of the household, the questionnaire was addressed to the name listed in the telephone directory. Thus, the mailing was directed to a somewhat older, predominantly male population. Whites accounted for 83.1% of the respondents, and 71.9% of the respondents were currently married. Over 80% of the respondents had one or more children.

In terms of socioeconomic status, the sample, like those in virtually all mail surveys, was somewhat upwardly biased. The median level of educational attainment was 12.3 years, with 75.2% having completed the equivalent of high school or beyond. The median yearly household income of respondents was \$18,715, with 24.9% reporting a family income of \$10,000 or less and 24.2% reporting an income over \$30,000. The median family income in Alabama in 1979 was \$16,353 (U.S. Bureau of the Census, 1982). All occupational levels were represented, with the number of white collar workers being somewhat larger than the number of blue collar workers.

Instrumentation and Analysis

The first purpose of this study was to determine whether respondents could be differentiated in terms of their orientations toward the future of the social security system. Assuming no major changes in the structure or financing of the social security retirement system, there are three interrelated questions which must be considered in any discussion of the system's future: who should be eligible for retirement benefits, how high should benefit levels be,

and how high should worker taxes to support the system be. In the first phase of this study, respondents were presented with a series of nine policy alternatives which involved combinations of potential eligibility criteria, benefit levels, and tax levels (see Table 1 for the specific alternatives used). For simplicity, the eligibility question was addressed solely in terms of age of eligibility for full retirement benefits. Respondents were asked to indicate the degree to which they favored each alternative using a five point Likert type scale ranging from strongly favor to strongly disfavor. In order to determine whether the sample could be divided into homogenous categories based on similarities in their response profiles to these questions, respondents were segmented using the K-Means Iterative Clustering Program (McRae, 1971). In this study, this procedure was used to identify sets (segments) of the population who had basically different orientations concerning what the future of the social security system should be.

Since costs to taxpayers are of major concern in the system's future, respondents were also asked the degree to which they favored three different proposals for decreasing costs and two different proposals for increasing revenues for the social security system (see Table 2 for the proposals presented). The proposals for decreasing costs each involved eliminating benefits for persons other than retirees. Those for increasing revenues included using general tax funds to supplement social security taxes and taxing social security retirement benefits. Under the assumption that the clusters identified in the first phase of the analysis represented significant divisions among the population in terms of their general orientation toward the system, it was anticipated that it would also be possible to separate the clusters on the basis of their preferences for measures to decrease costs and increase revenues.

The second purpose of this study was to determine whether the clusters identified in the first phase differed from one another in terms of other characteristics. A total of nine socioeconomic, demographic, and political variables were included as potential discriminators among the

segments. Current family income was measured using a nine point scale ranging from 1 (less than \$5,000) to 9 (\$40,000 or more), and perceived income adequacy was scored from 1 (very adequate) to 6 (very inadequate). Education was measured in number of years of school completed, and age was measured as age at last birthday. Respondents were classified as retired, nonwhite, having voted in the 1980 presidential election, and as Democrats on the basis of self-definition. In addition, those respondents who stated they and/or a close family member were currently unemployed were identified.

A series of four attitudinal and behavioral measures related to social security and retirement was also included. The behavioral measures were the level of political activity concerning social security that the individual reported having engaged in (0 = no activities; 5 = 5 activities) and the respondent's self-definition as an opinion leader concerning social security. The latter was measured using a four item Likert type index (coefficient alpha = .63) ranging from 4 (low leadership) to 20 (high leadership). In addition, respondents were asked to indicate the degree to which they adopted a fatalistic orientation toward planning for their own retirement using a four item Likert type index (coefficient alpha = .60). A high score on this index indicated high fatalism. Finally, anxiety about personal aging was measured using a four item index developed by Klemmack, et al. (1980). On this measure 4 = low anxiety, and 20 = high anxiety, coefficient alpha = .77.

To determine whether the clusters differed on preferences for changes to decrease costs and increase revenues, a two step procedure suggested by Hummel and Sligo (1971) was used. First, multivariate analysis of variance was used to determine whether there were overall differences among the clusters. Second, univariate F-ratios were obtained for each of the discriminator variables to identify specifically the differences in descriptors among clusters. These same procedures were employed with respect to the background, behavioral, and attitudinal measures.

RESULTS

Preferences for System Change

A three-cluster solution was selected as optimum in maximizing within-cluster homogeneity and between-cluster heterogeneity. The three clusters, the percent favoring and disfavoring each alternative in each cluster, and cluster size are presented in Table 1. The first cluster (labelled expanders) included individuals who favored some limited expansion in the current social security system. Among those in this cluster, the most popular alternative was to increase benefit levels while maintaining the age of eligibility for full benefits at 65. Other alternatives favored by those in this cluster were increasing benefit levels while reducing the age for full benefits to 62, maintaining current benefit levels and age of eligibility, and maintaining current benefit levels while reducing the age for full benefits to 62.

The second cluster (labelled maintainers) included respondents who favored little change in the current system. The only alternative which received majority support among these individuals was maintaining current benefit levels and age of eligibility. With one exception (increasing benefit levels and maintaining the age of eligibility at 65), all of the other alternatives were overwhelmingly rejected.

The third cluster (labelled contractors) included respondents who favored limited contraction in the current system. The only alternative which received majority support among these individuals was maintaining current benefit levels and increasing the age for full benefits to 68. A substantial minority of those in this cluster also favored increasing benefit levels while increasing the age for full benefits to 68.

Overall, these findings reflect very little consensus about what the future of the social security retirement system should be. The only alternative which enjoyed majority (50.8%) support among the total sample was retention of current benefit levels and age of eligibility. At the same

Table 1. Percent favoring different alternatives by cluster.

Alternatives	Expand			Maintain			Contract		
	Percent Favoring	Percent Disfavoring	Percent Favoring	Percent Disfavoring	Percent Favoring	Percent Disfavoring	Percent Favoring	Percent Disfavoring	Total Favoring
Increase benefit levels, and increase the age for full benefits to 68. The amount workers pay to social security would go up somewhat.	13.0	69.1	3.6	92.2	41.9	45.7	20.6		
Increase benefit levels, and keep the age for full benefits at 65. The amount workers pay to social security would go up quite a bit.	61.9	20.2	35.7	56.5	4.6	84.1	29.8		
Increase benefit levels, and reduce the age for full benefits to 62. The amount workers pay to social security would go up a lot.	58.7	11.2	2.8	93.9	1.1	95.1	15.2		
Maintain benefit levels, and increase the age for full benefits to 68. The amount workers pay to social security would remain about the same as now.	9.9	61.9	1.1	93.1	73.5	15.4	31.2		
Maintain benefit levels, and keep the age for full benefits at 65. The amount workers pay to social security would go up somewhat.	57.8	18.4	68.7	21.9	29.2	53.5	50.8		
Maintain benefit levels, and reduce the age for full benefits to 62. The amount workers pay to social security would go up quite a bit.	54.7	11.7	2.8	92.5	0.5	96.2	14.0		
Reduce benefit levels, and increase the age for full benefits to 68. The amount workers pay to social security would go down somewhat.	5.8	75.3	1.7	95.8	23.8	63.8	11.2		
Reduce benefit levels, and keep the age for full benefits at 65. The amount workers pay to social security would remain about the same as now.	27.4	52.0	14.1	81.2	27.3	58.9	22.3		
Reduce benefit levels, and reduce the age for full benefits to 62. The amount workers pay to social security would go up somewhat.	32.7	41.7	1.9	94.5	3.8	87.6	9.9		
Cluster Size	223			361			370		

benefit levels and age of eligibility. At the same time, this alternative was rejected by a majority of those favoring a limited contraction of the current system. In fact, any other alternative favored by a majority of those in one of the clusters was rejected by a majority of those in the two remaining clusters. These data thus suggest the potential for cleavages among the population concerning level of taxation, level of benefit, and age of eligibility desired in the future social security system.

Not surprisingly, those in the clusters differed in their responses to the items designed to measure attitudes toward other methods of assuring system solvency. As might be expected, contractors were more likely than either expanders or maintainers to agree that spouses and children of a deceased worker should not be eligible to receive benefits and that social security benefits should be taxed as income. Also, they were more likely than those in the other two clusters to disagree that non-working spouses of retired workers should be able to receive benefits and that government should use general tax funds to supplement social security taxes. Expanders did not differ from maintainers in their level of support for retaining benefits for spouses of deceased workers and for taxing social security retirement benefits. Expanders were, however, more likely than maintainers to disagree with the elimination of benefits to the children of deceased workers and to agree both with retaining the current spousal benefit and with the use of general tax funds to supplement social security taxes.

Finally, it is important to note that only two of the five proposals for decreasing costs or increasing revenues presented had majority support in any cluster. These were the elimination of benefits to the non-working spouse of a retired worker and the use of general tax funds to supplement social security taxes. Thus, it would appear as if each of these proposals would also meet with substantial resistance from at least some, if not all, segments of the population.

Table 2. Mean scores on attitudes toward decreasing costs and increasing revenues for social security by cluster.^a

Attitude toward social security ^b	Expand	Maintain	Contract	Alpha ^c
<u>Decreasing costs</u>				
Social security benefits to widows and widowers should be eliminated to reduce how much workers have to pay into social security.	4.17	4.21	4.03	.016
Social security payments to children who have lost a parent should be eliminated to reduce how much workers have to pay into social security.	4.10	3.82	3.46	.001
Workers who have spouses who have never worked should get additional social security benefits when they retire, even if this means all workers have to pay more into social security.	3.35	3.78	3.91	.001
<u>Increasing revenues</u>				
Government should use general tax funds as well as worker contributions to pay social security retirement benefits.	2.42	2.93	3.25	.001
Social security retirement benefits should be taxed like any other source of income.	4.38	4.44	4.20	.001

^aMultivariate $F = 12.12$, $df = 10, 1844$, $\alpha < .001$, $\eta^2 = .120$

^bResponses were measured on a 5 point Likert type scale ranging from 1 (strongly agree) to 5 (strongly disagree).

^cProbability associated with a one-way ANOVA that the 3 categories do not differ on the attitude.

Background Characteristics

Those favoring a limited expansion of the current social security retirement system appeared to have somewhat of a greater personal investment in current policies than did those favoring maintenance or a limited contraction of the current system (see Table 3). Expanders, when compared with maintainers and contractors, were less affluent, less well educated, older, more likely to be retired, and less likely to be white. Further, they were more likely than those in the other two clusters to indicate that it was impossible for the individual to plan adequately for retirement and that they were likely to experience difficulties when they, themselves, were old. In fact, the only measure suggesting a high degree of potential dependence on social security for retirement income on which there were no differences among the clusters was percent unemployed. Thus, those who were most likely to favor limited expansion of the current social security retirement system were the types of individuals who, historically, have been most dependent on social security as a source of retirement income.

Expanders also differed from maintainers and contractors in their level of political involvement. Expanders were less likely to have reported voting in the 1980 presidential election, but were more likely to have reported engaging in some form of political activity (e.g., discussing the issues with others, contacting a legislator) concerning social security. At the same time, expanders were no more likely than those in the other two clusters to define themselves as opinion leaders concerning social security. Finally, expanders were somewhat more likely than maintainers and more than twice as likely as contractors to identify themselves as Democrats.

DISCUSSION

The primary issue raised in this study was whether it was possible to segment the population into homeogenous categories, each of which had a different view of what the future of the social security system should be. The results of this

Table 3. Sociodemographic characteristics and level of involvement with social security by cluster.^a

Characteristic ^b	Expand	Maintain	Contract	Alpha ^c
Income	3.69	4.90	5.30	.001
Income inadequate	3.52	2.98	2.64	.001
Education	11.19	12.93	14.23	.001
Percent retired	26.5	19.6	20.8	.001
Percent unemployed	15.6	17.4	16.3	.887
Percent nonwhite	30.0	10.7	6.2	.001
Age	50.3	48.6	45.3	.005
Fatalistic toward retirement	10.71	9.68	9.10	.001
Fear of aging	12.02	11.40	10.74	.001
Percent voted in 1980	75.6	87.6	83.4	.006
Percent Democratic	59.2	43.4	25.7	.001
Number of social security activities	1.8	1.5	1.5	.006
Self definition as opinion leader	13.00	12.65	12.98	.252

^aMultivariate $F = 6.70$, $df = 28, 1402$, $\alpha < .001$, $\eta^2 = .222$.

^bA high number represents a high amount of the characteristic in question.

^cProbability associated with a one-way ANOVA that the 3 categories do not differ on the characteristic.

study strongly suggest that there are three distinct and mutually exclusive orientations toward the future of the system. First, those who are currently dependent on social security or who, from an historical perspective, can anticipate that social security will be their primary source of retirement income favor some limited expansion of benefit levels even if this should mean substantial increases in worker taxes. Second, the types of individuals for whom social security has historically played a smaller, less important role in ensuring retirement income tend to favor some limited contraction of the current system, particularly a change in the age of eligibility for full benefits from 65 to 68. Finally, intermediate to these two segments are those who favor retention of the current age of eligibility for full benefits and benefit levels, again even if this should mean some increase in worker taxes.

Although it is not surprising that it is possible to identify these different views toward what the future of the social security retirement system should be, it is noteworthy that endorsement of one perspective tends to be associated with rejection of the other two. These findings suggest the existence of schisms in the population concerning what the future of the social security retirement system should be, schisms based primarily on socioeconomic status. Further, since the method of data collection employed resulted in underrepresentation of lower socioeconomic status persons, these findings probably underestimate the depth of the division, at least as this is reflected in cluster size. This problem is further exacerbated in that the data were gathered in what has traditionally been a conservative state. Thus, as Austin & Loeb (1982) suggest, it appears likely that ongoing debate concerning the future of the national retirement income system has the potential for dividing the public along social class lines.

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