

SOCIAL SECURITY COVERAGE IN 1972 BY MARITAL STATUS,
AND REASONS FOR NON-COVERAGE

By Wilfredo Cruz
Office of the Actuary

Introduction

Most employment in the United States is covered under Social Security, with the major exceptions being most jobs in Federal civilian government, some jobs in state and local government, and some in nonprofit organizations. This Note will present the percentages of people working in covered employment in 1972 by age, sex, and marital status, and will also detail the reasons for non-coverage. The underlying data were obtained from the Exact Match File 1/, which is a computer file that was prepared for general use from the 1973 Exact Match Study, conducted jointly by the U.S. Bureau of the Census and the Social Security Administration (SSA) with assistance from the Internal Revenue Service. Although the information presented herein is about ten years old, this is believed to be the first detailed examination of coverage under Social Security by marital status, and the reasons for non-coverage. Nearly all of the qualitative results, and some of the quantitative results, are believed to apply currently, since the distribution of the workforce in general, and especially the relative size of the non-covered portion of the workforce, have not changed significantly since the data were collected. Those cases where changes are known to have occurred are noted.

The Exact Match File was constructed by combining information from the March 1973 Current Population Survey (CPS), and benefit and earnings data from Social Security records, with certain limited information from 1972 Federal income tax returns. The file has 136,200 records, of which some are internally inconsistent because of bad matches or other reasons. For this analysis, 9,003 records were discarded because of inconsistencies in data that were important for this analysis. Another 40,772 records were not used because they represent children less than 16 years old. The remaining 86,425 records, which represent 40,237 males and 46,188 females, constitute the sample used in this Note.

1/ For more information on the CPS-IRS-SSA Exact Match File, see Report No. 8 of Studies from Interagency Data Linkages, "1973 Current Population Survey--Administrative Record Exact Match File Codebook, Part I--Code Counts and Item Definitions," by Faye Aziz, Beth Kilss, and Frederick Scheuren, SSA, Office of Research and Statistics, November 1978.

Each record in the file contains several hundred items, but only about twenty of those were used in this analysis; some were used only to verify that the record is a good match. The major items used to compile the tabulations that follow are:

- 1) sex
- 2) age on birthday in 1972
- 3) marital status
- 4) class of longest civilian job in 1972 reported on CPS (private employer, government, agriculture, self-employed, private household)
- 5) occupation of longest civilian job in 1972 reported on CPS (classified into several hundred occupations, for example "Maids and servants, private household")
- 6) industry of longest civilian job in 1972 reported on CPS (classified into several hundred industries, for example "Local public administration")
- 7) reason did not work at all as a civilian in 1972 reported on CPS (ill, keeping house, in school, unable to find work, Armed Forces, retired, other)
- 8) 1972 wage and salary income reported on CPS
- 9) 1972 nonfarm self-employment income reported on CPS
- 10) 1972 farm self-employment income reported on CPS
- 11) 1972 earnings in covered employment reported to SSA

IRS data were too sparse to be useful for tabulation purposes.

Coverage Rates by Marital Status

In this Note, a coverage rate is defined as the ratio of the number of persons in the sample with some earnings in covered employment (as reported to SSA) to the total number of persons in the sample. Table 1 shows the coverage rates by age and sex in 1972, as derived from the Exact Match File. Generally the rates are within a few percentage points of figures derived from independent sources by the Office of the Actuary. Thus, the Exact Match File seems to provide a good data base for further analysis.

Table 2 shows the coverage rates by age, sex, and marital status. For males, the married group has the highest coverage rates, the widowed group is second, and the unmarried group has the lowest rates. For females, the rank of the marital status groups by coverage rates is reversed, with the unmarried group having the highest rates and the married group having the lowest rates (except under age 20). The ranking of the marital status groups for females as to coverage is similar to their ranking as to labor force participation, ^{2/} and can be explained by the fact that some married women do not work outside the home and depend on the husband for income, whereas widows of the same age must sometimes earn their own income, and unmarried women must often earn their own income. It is interesting to note that the coverage rates for unmarried women are similar to, and in some age groups above the rates for unmarried men.

^{2/} See "Marital and Family Characteristics of the Labor Force", Bureau of Labor Statistics, published annually in March.

All of the figures in Table 2 apply to the workforce in 1972. Since then coverage rates for females have risen significantly (by an estimated 7 percentage points for all ages combined). Although more recent data on coverage rates by marital status are not available, probably most of the rise in rates since 1972 has occurred for married women simply because that group has had the lowest rates. Furthermore, coverage rates tend to parallel labor force participation rates, which have been increasing fastest for married women. 3/

Reasons for Non-Coverage

To analyze the reasons why some people are not covered by Social Security, first the persons with no 1972 earnings reported to SSA are divided into two major groups: persons with no earnings reported in the CPS, and persons with earnings that were reported in the CPS but not reported to Social Security. Persons with no earnings reported in the CPS are divided into six categories, by reason for no earnings (as reported by the individual): illness, working only in the home (for females), in school, unable to find work, retired, and all others. Persons with earnings reported in the CPS but not reported to Social Security (as derived from information in each record, as described earlier) include:

- 1) Household workers (babysitters, maids, and others). Babysitters tend to have a casual attachment to the labor force, and in many cases are teenagers working just a few hours a week, so that Social Security taxes would not be required. In the case of maids doing household work, Social Security taxes would be required for regular work, but due to the sporadic, short-term nature of the work, there could be some cases where such taxes are not paid.
- 2) Railroad workers. Railroad workers are covered by their own retirement system which is coordinated with Social Security. This coordination, in fact, provides for payment of taxes and benefits in an indirect way and it could be argued that coverage exists.
- 3) State and local government workers. State and local governments can choose whether or not to be covered by Social Security. About 30 percent of the workers for such governments are not covered in that employment.
- 4) Federal government workers. Most federal civilian government workers are not covered by Social Security.
- 5) Nonprofit organization employees. Nonprofit organizations can choose whether or not to be covered by Social Security.
- 6) Farmers and others in farm work. Most farmers are included in the covered category in these tabulations, but some had no covered earnings in 1972. It is plausible that farmers would tend to have a relatively high rate of non-reporting of earnings, because of the self-reporting nature of their earnings.

3/ See the series of publications referred to in footnote 2.

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- 7) Self-employed persons. As for farmers, most self-employed persons are included in the covered category. Again, because the self-employed report their own earnings, they may tend to have a relatively high rate of non-reporting.
- 8) Non-reported wages for other reasons. This category would apply to people working in a job in private industry which would normally be covered by Social Security, but for some reason the data available indicate that earnings were not reported and taxes not paid. One obvious explanation in this case is that Social Security taxes were evaded, but there are a number of other possible explanations: the individual reported false earnings to the CPS interviewer, the earnings were incorrectly recorded on the CPS, the earnings were incorrectly posted within SSA, and so on. No information is available concerning the actual explanation in each case in this category.

The last two categories have each been split into two groups according to whether earnings in 1972 are under or over \$1000. If earnings are under \$1000, there is probably only a casual attachment to the labor force. However, if earnings are over \$1000, that individual's record is more significant.

Tables 3a and 3b show the rates of non-coverage for persons with no earnings by sex, age, and reason for non-coverage. Table 3a shows that among males with no earnings, the main reason for not being covered is school attendance before age 30, illness at ages 30-64, and retirement at ages 65 and over.

Table 3b shows that among females with no earnings, the main reason for not being covered is school attendance before age 20, and working only in the home at ages 20 and over. Illness and retirement are also important reasons for females not to be covered.

Tables 4a and 4b show the rates of non-coverage for persons with some earnings reported in the CPS, by sex, age, and reason for non-coverage. Table 4a shows that among males with some earnings not reported to Social Security, state and local government and federal government workers are the largest categories. Farmers with non-reported earnings and railroad workers are two other important groups. Self-employed people and wage earners with non-reported earnings over \$1000 are both significant groups, each being about one percent of the working-age population. However, as explained previously, it is possible that errors from the Exact Match File are wrongly inflating these groups, in that an individual with no actual earnings may mistakenly have earnings over \$1000 reported on the CPS. Privacy Act limitations prohibit a followup of the individual records in these two groups to determine which, if any, are errors. Some persons in these two groups probably underreported actual earnings in the CPS (or reported no earnings), to cover up the nonreporting of those earnings to Social Security. This would offset an overestimate of these groups that may have resulted from errors. The net effect of these offsetting factors is unknown.

Table 4b shows that among females with some earnings reported on the CPS but not reported to Social Security, state and local government workers and nonprofit organization employees are the largest groups. Household workers, (babysitters, maids, and so on), federal government workers, and farmers with non-reported earnings are also important groups. Self-employed persons and wage earners making over \$1000 with non-reported earnings are both significant groups, but smaller on a percentage basis than the corresponding groups for males. The sources of errors discussed in the previous paragraph also apply to these two female groups.

A complicating factor which has been obscured in the preceding discussion is that in many cases, a person has multiple jobs, either concurrently or consecutively, during one year. For instance, referring to Table 4a, 2.0 percent of total male workers worked for the Federal government in 1972 and had no covered earnings, but an unknown additional number of male workers worked for the Federal government and had some covered earnings due to a second job. For simplicity, and because of limitations in the data, the figures are presented without reference to multiple jobs.

The reasons for non-coverage were examined for the separate marital status categories. There is little variation in the reasons for non-coverage by marital status, except for the percentage of females with no earnings because they work only in the home. As would be expected, a higher percentage of married women have no covered earnings because they are working only in the home than is the case for widows, and similarly that percentage is higher for widows than for divorced and never married women. In fact, essentially all the variation in female coverage rates by marital status is explained by the number of women working only in the home.

Table 1. Coverage Rates by Age and Sex, 1972
(percent)

Age Group	Male	Female
16-19	64	50
20-24	89	67
25-29	89	52
30-34	90	47
35-39	89	48
40-44	87	51
45-49	84	49
50-54	82	47
55-59	78	43
60-64	71	34
65-69	43	18
70-74	24	8
75-79	13	5
80-84	9	3
85+	3	2
16-64	82	49
65+	26	9
70+	16	5
Total	76	44

Table 2. Coverage Rates by Age, Sex, and Marital Status, 1972
(percent)

Age Group	Married (including Separated)	Widowed	Unmarried (Divorced or Never Married)
Males			
16-19	87	*	63
20-24	94	*	84
25-29	91	*	80
30-34	92	*	78
35-39	90	*	81
40-44	88	*	73
45-49	85	*	76
50-54	84	70	68
55-59	80	68	64
60-64	73	68	50
65-69	44	33	41
70-74	25	24	15
75-79	14	9	6
80-84	10	11	*
85+	6	1	*
16-64	86	71	71
65+	29	16	24
70+	18	12	10
Total	79	33	70
Females			
16-19	53	*	49
20-24	61	*	75
25-29	47	*	74
30-34	43	*	71
35-39	45	51	74
40-44	48	52	71
45-49	46	58	67
50-54	43	62	71
55-59	37	58	62
60-64	27	44	52
65-69	13	20	32
70-74	6	9	13
75-79	3	5	9
80-84	1	3	10
85+	*	2	*
16-64	45	52	61
65+	8	8	18
70+	4	5	9
Total	42	25	59

*Fewer than 50 persons in the cell.

Table 3a. Rates of Non-Coverage For Persons with No Earnings, Male, 1972
(percent)

Age Group	Illness	In School	Unable to Find Work	Retired	Other	Total
16-19	.4	26.4	1.1	.0	.4	28.3
20-24	1.0	4.5	.5	.0	.3	6.3
25-29	.9	1.8	.5	.0	.4	3.6
30-34	1.0	.9	.3	.1	.3	2.6
35-39	1.5	.9	.3	.0	.1	2.8
40-44	2.3	.5	.2	.1	.1	3.2
45-49	2.7	.6	.2	.2	.4	4.1
50-54	4.3	.5	.2	.7	.4	6.2
55-59	7.6	.3	.6	1.4	.3	10.2
60-64	10.7	.1	.4	8.2	.2	19.6
65-69	11.7	.1	.5	34.0	.3	46.6
70-74	12.4	.1	.6	55.3	.3	68.7
75-79	13.4	.1	.3	65.0	.0	78.8
80-84	18.0	.0	.0	67.4	.2	85.6
85+	22.6	.0	.0	71.1	.4	94.1
16-64	2.7	4.7	.5	.8	.3	9.0
65+	13.4	.1	.4	50.9	.2	65.0
70+	14.4	.1	.4	61.5	.2	76.6
Total	4.0	4.1	.5	6.9	.3	15.8

Table 3b. Rates of Non-Coverage For Persons with No Earnings, Female, 1972
(percent)

Age Group	Illness	Working Only in the Home	In School	Unable to Find Work	Retired	Other	Total
16-19	.3	6.0	35.8	1.7	.0	.5	44.3
20-24	.7	19.9	4.9	1.2	.0	.3	27.0
25-29	1.0	38.0	.9	.8	.0	.2	40.9
30-34	1.1	42.0	1.0	.5	.0	.2	44.8
35-39	1.5	38.6	1.0	.4	.1	.1	41.7
40-44	2.7	36.5	.6	.6	.0	.2	40.6
45-49	3.8	35.6	.4	.5	.1	.2	40.6
50-54	5.0	36.7	.4	.3	.2	.3	42.9
55-59	8.0	38.9	.3	.5	.7	.3	48.7
60-64	10.7	41.9	.2	.1	4.1	.2	57.2
65-69	12.1	50.5	.3	.4	14.2	.1	77.6
70-74	12.4	55.1	.3	.2	19.2	.1	87.3
75-79	17.1	53.1	.1	.1	21.6	.4	92.4
80-84	24.7	46.4	.1	.0	23.7	.7	95.6
85+	41.6	28.7	.0	.2	24.2	2.0	96.7
16-64	3.0	32.0	5.5	.7	.4	.3	41.9
65+	16.4	50.6	.2	.2	18.8	.4	86.6
70+	18.5	50.7	.2	.2	21.1	.5	91.2
Total	5.0	34.8	4.7	.6	3.2	.3	48.6

Table 4a. Rates of Non-Coverage For Persons With Earnings, Male, 1972
(percent)

Age Group	Household Workers	Railroad	State & Local Government		Federal Government	Non-Profit Organization	Farmers	Self-employed		Non-Reported Wages		Total
			Government	ment				Less than \$1000	More than \$1000	Less than \$1000	More than \$1000	
16-19	.1	.1	.4	.0	.0	.4	2.0	.4	.1	3.4	1.3	8.2
20-24	.0	.2	1.4	.5	.4	.1	.4	.1	.2	.7	1.1	5.0
25-29	.0	.6	3.3	1.6	.5	.0	.5	.4	.4	.2	.9	8.0
30-34	.0	.4	3.0	1.0	.3	.1	.3	.1	1.0	.1	.6	7.7
35-39	.0	.6	2.9	2.4	.3	.0	.3	.0	.9	.2	.9	8.5
40-44	.0	.7	3.0	3.5	.3	.1	.5	.1	1.2	.0	1.0	10.3
45-49	.0	1.5	3.8	3.9	.3	.1	.7	.1	1.1	.1	1.1	12.6
50-54	.0	1.4	3.1	4.4	.2	.2	.5	.2	1.3	.2	.6	11.9
55-59	.0	1.3	2.9	3.5	.2	.2	.9	.2	1.8	.2	1.2	12.2
60-64	.0	1.2	2.5	2.1	.4	.3	1.2	.3	1.4	.3	.7	10.1
65-69	.0	.2	1.8	.9	.3	.8	3.1	.8	1.7	1.1	.9	10.8
70-74	.0	.0	.7	.1	.5	1.4	2.7	1.4	1.2	.8	.7	8.1
75-79	.0	.1	.7	.1	.2	.6	4.4	.6	.7	1.4	.4	8.6
80-84	.0	.0	.4	.0	.0	.2	2.9	.2	.8	.8	.2	5.3
85+	.0	.0	.0	.0	.0	.0	1.7	.0	.4	.0	.9	3.0
16-64	.0	.7	2.5	2.2	.3	.1	.7	.1	.8	.7	1.0	9.0
65+	.0	.1	1.1	.4	.3	.9	3.2	.9	1.2	1.0	.7	8.0
70+	.0	.0	.6	.1	.3	.9	3.2	.9	.9	.9	.5	7.4
Total	.0	.7	2.3	2.0	.3	.2	1.0	.2	.9	.7	.9	9.0

Table 4b. Rates of Non-Coverage For Persons With Earnings, Females, 1972
(percent)

Age Group	Household Workers	Railroad	State & Local Government		Non-Profit Organization	Farmers	Self-employed		Non-Reported Wages		Total
			Government	Federal Government			Less than \$1000	More than \$1000	Less than \$1000	More than \$1000	
16-19	2.1	.0	.6	.2	.9	.8	.1	.0	1.6	.4	6.7
20-24	.5	.1	2.3	.7	1.0	.3	.2	.2	1.0	.6	6.9
25-29	.4	.0	3.3	1.0	1.7	.3	.6	.4	.9	.5	9.1
30-34	.6	.1	2.9	.5	1.6	.7	.6	.3	.9	.7	8.9
35-39	.7	.0	4.0	1.2	1.4	1.0	.5	.6	.7	.8	10.9
40-44	.5	.0	3.2	1.1	1.4	.8	.6	.5	.5	.5	9.1
45-49	.8	.1	4.0	1.3	1.8	1.0	.5	.5	.3	.8	11.1
50-54	.7	.0	3.3	1.3	1.4	1.1	.5	.7	.6	.8	10.4
55-59	.8	.1	3.1	.9	1.2	.9	.4	.7	.5	.6	9.2
60-64	.9	.0	3.0	.7	.9	1.0	.5	.8	.6	.7	9.1
65-69	.7	.0	1.0	.4	.9	.6	.5	.3	.3	.4	5.1
70-74	.9	.0	.5	.0	.6	1.0	1.0	.5	.4	.1	5.0
75-79	.4	.0	.3	.0	.4	1.0	.8	.4	.2	.1	3.6
80-84	.2	.0	.2	.0	.1	.7	.5	.1	.1	.0	1.9
85+	.0	.0	.0	.0	.5	1.5	.0	.0	.0	.0	2.0
16-64	.8	.0	2.9	.9	1.2	.7	.4	.4	.9	.6	8.7
65+	.5	.0	.6	.1	.6	.9	.7	.3	.3	.2	4.2
70+	.3	.0	.4	.0	.5	1.0	.8	.3	.3	.1	3.7
Total	.8	.0	2.5	.8	1.1	.8	.5	.4	.7	.6	8.2

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