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Keywords

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Disciplines

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

Abstract

We examine how receipt of several major transfer programs changed for individuals age 50-74 during the pandemic recession. Unemployment Insurance and SNAP receipt grew for less educated men and women age 50-61, and both, especially SNAP, provided significant support to those 62 and older. Receipt responded more strongly during the pandemic than during the Great Recession. Medicaid receipt responded much less and little response occurred for the SSI, DI, and social security programs. We provide policy suggestions for reforms of the SSI and DI programs and for safety-net programs in general for greater countercyclical assistance to the older population.

JEL Codes: J65, I38, I39, J14, I13

Keywords: aging, transfer programs, Medicaid, unemployment insurance, safety net

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The US has an extensive safety net designed to provide support to individuals and families with low income, and also to provide support during economic downturns. The Unemployment Insurance (UI) system is directly intended to provide such cyclical relief, but the other programs in the safety net—for example, the Supplemental Nutrition Assistance Program (SNAP), the Supplemental Security Income (SSI) program, Medicaid, subsidized housing, and the Temporary Assistance for Needy Families (TANF) programs—also provide relief during economic downturns because more families are in economic need, even if only temporarily. There is an extensive literature documenting the degree to which the safety net system as a whole, and the specific programs within it, respond to cyclical increases in the unemployment rate and decreases in employment (Ziliak et al. 2000; Ziliak et al. 2003; Bitler and Hoynes 2010; Moffitt 2013; Anderson et al. 2015; Maestas et al. 2015; Bitler and Hoynes 2016; Ziliak 2016; Bitler et al. 2017; Ganong and Liebman 2018; Hershbein and Stuart 2022). This literature shows that some programs are more cyclically responsive than others and some are not very responsive at all, but the overall system is strongly responsive.

The recent pandemic recession has raised new questions about responsiveness of the safety net, and a significant body of evidence has accumulated for that topic (Bitler et al. 2020a, Bitler et al. 2020b; Ganong et al. 2020; Moffitt and Ziliak 2020; Rees-Jones et al. 2020; Hembre 2021; Larrimore et al. 2022). This work has demonstrated a very strong response to the pandemic by the UI and SNAP programs. Moreover, much of the strong response has been the result of specific Congressional actions providing support via these programs over and above what would automatically be provided through normal operation of eligibility and benefit payments.

One topic that has not been examined in the pandemic literature is the responsiveness of the safety net for older workers and early retirees. Poverty rates among the older population are

high and many older individuals who enter poverty stay for long periods, longer than younger individuals (Clark et al. 2022; Larrimore et al. 2022). Programs that are most relevant for that population are not necessarily the same as those for the general population. For instance, programs designed for low-income families with children are unlikely to be of major importance. Yet the SSI program, which provides benefits not only to individuals with disabilities but also to low-income aged individuals, is likely to be more relevant to the older population. We would also expect older workers who have not yet retired to be eligible for more UI benefits than the younger population, because of their presumed higher earnings. The social security retirement program is obviously most relevant to the older population and may respond to recessions if older individuals change their decisions about when to take up retirement benefits. SNAP is already known to provide major benefits to low-income seniors, as has been well documented, although take-up rates of SNAP benefits by older persons fall well below those of the younger population (USDA FNS 2021). Medicaid may also be important for older workers who are laid off and lose private health insurance coverage but are not yet eligible for Medicare, as well as for those who have passed the Medicare eligibility age but are low income and eligible for supplemental Medicaid coverage.¹

This paper fills this gap by investigating the receipt of safety net and social insurance benefits by the older population in the pandemic recession. We also compare the receipt of benefits by this population in the Great Recession to that in the pandemic recession. We consider the population age 50-74, including both workers and retirees, and we document how benefit receipt changes with age. We also consider most major safety net programs, including those particularly important to the older population. In addition to UI and SNAP, we examine receipt of social security retirement benefits, SSI, Social Security Disability Insurance (SSDI), and Medicaid.²

The data set we employ to study the question is the Current Population Survey Annual Social and Economic Supplement (CPS-ASEC), perhaps the most frequently used data set in the safety net literature. The ASEC has information on demographic characteristics of US households as well as receipt of all major forms of income in the prior calendar year. We use data from the 2001-2021 surveys, which have information on benefit receipt in calendar years 2000-2020; thus, the first year of the pandemic is covered. In our multivariate work, we heavily utilize cross-sectional and over time state-specific variation in unemployment rates and employment declines to identify the effects of the economic downturns, both the pandemic recession and the Great Recession.

In what follows, we first review the major US safety net programs, with a focus on those used by the older population. We discuss both the pandemic recession response as well as that in the Great Recession, and we review how the US programs have evolved over time. Next, we discuss the data used and provide descriptive statistics on the sample and its characteristics. We then turn to the main results of our analysis on benefit receipt among the older population in the pandemic recession, and how that receipt compared to the Great Recession. A summary, and a discussion of open questions, concludes.

The US Social Safety Net and Its Cyclical Responsiveness

We begin with a review of the history of safety net programs since 2000, with a focus on the six programs whose participation status are salient to the older population: UI, SNAP, social security, SSI, SSDI, and Medicaid.³ We note that we discuss the cyclical responsiveness of these programs while recognizing that the pandemic recession was also a health crisis that affected older individuals disproportionately. Accordingly, one should not necessarily expect the responsiveness

of the safety net to be the same as in past recessions. In addition, the pandemic recession differed from past recessions in its pattern of employment declines. Whereas in most recessions, employment declined relatively slowly as the downturn began and then, after the trough was reached, it rose relatively slowly during a recovery, the pandemic recession in contrast was shorter than most, with a very rapid decline in the first two-three months, followed by a recovery which was relatively rapid by the standards of past recessions. This may also generate differences in individual employment responses and in safety net responses.

In the US, the UI program is a state-level contributory social insurance program for individuals who have become involuntarily unemployed. Eligibility requires certain minimums for weeks worked and/or earnings levels in the quarters preceding the occurrence of unemployment. The exact eligibility requirements and benefit provisions vary by state. There has also been a long-run trend toward reduced take-up of UI benefits among the unemployed, with the pre-pandemic take-up rate at about 28 percent. Extra weeks of benefits are automatically provided during times of high unemployment, but Congress typically adds additional coverage during recessions. During the Great Recession, this support was primarily in the form of additional weeks of potential benefits funded by the federal government. In the pandemic recession, a smaller number of extra weeks of benefits was added, but Congress also added an additional \$600 per week to all UI receipts for several months after March 2020 as well as extending coverage to the self-employed, independent contractors, and part-time workers, ordinarily not covered by typical state UI programs. We anticipate the UI response to be greater in the pandemic recession than in the Great Recession. We should expect the impact of the pandemic on UI receipt to decline with age within the older population because employment also declines.

The SNAP program is federal, with the federal government setting benefit levels and income and asset eligibility rules, but it is administered by the states. The program is distinguished from all others by its near-universal demographic eligibility, for it covers all individuals with sufficiently low economic resources, whether aged or non-aged, childless or with children, and married or nonmarried. Over the last three decades, the program has seen the liberalization, by many states, of a variety of eligibility and income reporting rules; one of the most important changes has been in asset tests (including equity value of vehicles), which limit eligibility for individuals laid off during recessions who often have significant assets and thus are not poor by that measure. While several states started that relaxation in the early 2000s, many more did so during the Great Recession, with some doing away with those tests altogether. Most states did not return to their prior levels after the Recession was over, at least not completely. This relaxation of asset limits would be expected to increase the responsiveness of SNAP caseloads to recessions, and we expect that the older population would exhibit significant participation response to such recessions.

Congress temporarily increased SNAP maximum benefits by 13 percent in the Great Recession. SNAP changes to benefits during the pandemic recession were quite different. Initially, Congress allowed states to issue emergency allotments which provided all eligible recipients the maximum benefit amount. The December 2020 Bill temporarily increased SNAP benefits for all recipients by 15 percent, and a permanent 21 percent increase in benefits was effectuated by the Administration to take effect in October 2021. Lastly, to aid the lowest income families, legislation in January 2021 provided an additional \$95 emergency allotment to SNAP families previously qualified for the maximum benefit amount, amounting to a 21 percent benefit increase for a family

of two. Our data only cover the first pandemic year, 2020, and we expect the SNAP response in that year to be less than in the Great Recession.

Social security retirement benefits provide cash support to older individuals who have worked a sufficient number of quarters over their lifetimes and earned above certain minimal levels in covered jobs. While there is a segment of the low-income population that does not qualify for benefits, most of the low-income population does and, in fact, social security is the largest anti-poverty program in the country in terms of numbers of individuals moved over the poverty line by the program (this reflects how many retirees have almost nothing other than social security benefits). Benefits can be claimed as early as age 62, but there is a downward actuarial adjustment to those early retirement benefits which has grown in magnitude as the normal retirement age for benefits has risen from age 65 to 67 over the last decade. While Congress during the Great Recession provided a small one-time top-up of retirement benefits, it did not do so during the pandemic recession, so we expect the response to be greater in the former, although the difference is likely to be small.

SSI is a federal program that provides cash benefits to two distinct populations; the disabled, and the over-65 population with low income. While applications for disability programs are mildly countercyclical, the stringent disability requirements in the program limit the degree to which the program can respond to declines in employment *per se*. In addition, after application, decisions on enrollment can often take long periods of time, making it unlikely that caseloads respond very much in the short run. Nevertheless, the second eligibility group is more likely to respond to downturns because the main criterion is low income. Benefits and eligibility are means-tested and social security retirement benefits are counted against the SSI benefit, which means that the primary dual beneficiary group for SSI (i.e., those receiving both SSI and social security) are

those with low (or no) social security benefits. However, SSI also has fairly rigid asset tests (which are not indexed to inflation), and this can limit its cyclical responsiveness. While a small one-time top-up to the SSI benefit was provided during the Great Recession, Congress did not do so in the pandemic recession, although it did mandate that Economic Impact Payments (which many SSI recipients received) not be counted against the benefit (or other programs like SNAP). We do not expect large differences in the Great Recession and the pandemic recession.

The SSDI provides cash benefits and health insurance coverage—Medicaid during the first two years of enrollment, and Medicare thereafter—for under-age-65 individuals who have a qualifying, rather severe, disability. Very few SSDI recipients work, and hence should not be much affected by cyclical downturns. As noted for SSI, while applications to SSDI have shown some countercyclicality, it is not large (Maestas et al. 2015; Cutler et al. 2015). Again, decisions on applications often take place only after a long lag. In addition, after many years of growth, applications to the program have been declining in recent years. The expectation should not be that it is very responsive to the pandemic recession, although given that the pandemic was a health shock, there could be a longer-term response for those suffering from extended health problems. But we have no priors on whether the response should be any different than in the Great Recession.

The Medicaid program is the nation's program for providing subsidized medical care to a variety of low-income recipients, including low-income disabled adults, low-income seniors for supplements to Medicare, nursing home care, and all families and individuals without private health insurance who are low income. Medicaid recipients also enrolled in Medicare must use Medicare as the first payer for services covered by both programs. States have great leeway in setting both, and hence program generosity varies widely across states. Its main role in the business cycle is to provide medical care coverage to workers who have lost their jobs and their health

insurance. Prior to the 2010 Affordable Care Act, the program had asset tests which could have reduced its cyclical sensitivity, and application procedures were fairly onerous. But most asset tests disappeared around 2012-2014, following the passage of the Affordable Care Act, which also simplified eligibility conditions. Congress provided additional emergency aid during the Great Recession, and increased the federal matching rate; it also provided subsidies to laid-off workers to purchase private health insurance, which could have reduced the demand for Medicaid. In the pandemic recession, March 2020 legislation required states to not terminate from the rolls any current recipients, and it also increased the matching rate to accommodate increased expenditures. This had a major impact on increasing caseloads beyond what would normally have been expected in a recession. We expect responsiveness to be greater in the pandemic.

Appendix Figure 1 shows a time series of expenditures from our six programs. Medicaid and social security completely dominate the other programs in terms of expenditure. Among the other programs, SNAP and Medicaid have, on average, the largest expenditures, and SSI the smallest. UI expenditure fluctuates with the business cycle but, in the good economic period 2012-2019, was smaller than SNAP and Medicaid.

Data

To analyze our questions of interest, we use the Current Population Survey Annual Social and Economic Supplement (ASEC), an annual supplement to the CPS which asks about receipt of transfers during the prior calendar year. We use the 2001-2021 surveys, so our information on transfer receipt covers the years 2000-2020. The 2020 observation is taken as the initial pandemic year, even though the first two months were prior to the pandemic. We examine individuals age 50-74, but we also split the sample into those age 50-61 and 62-74, as a rough approximation to

retirement dates. Transfer receipt is a binary indicator equal to 1 if the individual received the benefit at any time during the year. All transfers are recorded at the individual level, except for SNAP which is asked at the household level, but we assign all persons in the household as recipients. We also examine employment, defined as a binary variable equal to one if the individual worked at any time during the year. In addition to examining patterns separately by the two age groups, we also examine patterns separately by gender.

It is well known that survey respondents underreport program participation in the ASEC. To address this, we use a model-based approach to predict program participation as a flexible function of household demographics, following the method of Moffitt and Pauley (2018) for the SIPP and extended to the ASEC by Moffitt and Ziliak (2020). We then randomly assign participation to those nonparticipants with a high *ex ante* predicted probability of participation until the population weighted participation counts align with administrative totals.⁴ The other adjustment we make after first predicting program participation for likely participants as explained above is to drop individuals with either their entire ASEC imputed, or those with labor force variables imputed. Census imputes missing data on individual questions on the ASEC, whereby observations with missing information are assigned the values from a randomly matched ‘donor’ based on a set of observed demographic characteristics. A similar random match method is employed for individuals with their entire supplements imputed. Bollinger et al. (2019) show that rates of supplement nonresponse have been on the rise in recent years, with nearly 25 percent of all households receiving a completely imputed ASEC record. To retain population representativeness, we use inverse probability weights (IPW) as a way to adjust for this subsampling. For each gender and year, we predict the probability of not having a whole impute or imputed labor force variables as a rich function of demographics, and then we divide the ASEC

person weight by the fitted probability of not being imputed.⁵ Weighted summary statistics of men and women are presented in Appendix Tables 1 and 2.

Results

We will present our results first in graphical form and then with multivariate regressions. Preliminary analysis showed that transfer program receipt is very small among those with a college degree or more, so we restrict our analysis to those without a college degree.

Graphical Analysis. We show trends in per capita transfer program receipt for men and women, separately for those age 50-61 and 62-74, for the six major programs we study. Figure 1 shows trends for men age 50-61. The most cyclically sensitive program is UI, experiencing large jumps in both the Great Recession and the pandemic recession. This is not surprising, given the normal operation of the program during downturns combined with the additional Congressional support in those two periods described above. Online Appendix Figure 1 shows that employment rates for less educated men in this age bracket experienced the cyclical employment patterns consistent with this UI receipt (see Coile and Zhang, forthcoming, for further evidence on employment and retirement in the pandemic). The second most notable increase in the pandemic was for the SNAP program, whose participation rate jumped about four percentage points in 2020. Less of a cyclical response is visually evident in the Great Recession, but this is primarily because receipt experienced an increase during that period that also continued afterward. The continued increase in SNAP receipt after the Great Recession ended has been noticed previously and has been partly ascribed to the reforms adopted by the program which were kept in place afterward (Ganong and Liebman 2018).

Figure 1 here

The other programs responded very little during the pandemic, although SSDI experienced a slight uptick, very small in magnitude. The SSI, social security, and Medicaid programs experienced no visual jump, although in some cases (like Medicaid) increases occurred which appear to be continuations of pre-pandemic trends. During the Great Recession, SSDI again experienced a small increase, but the other programs' receipt was mostly stable.

Figure 2 shows the same program trends for women 50-61. In terms of general shape and patterns, women's program participation experienced similar cyclical responsiveness to that of men.⁶ The largest cyclical changes in both the Great Recession and the pandemic occurred for the UI and SNAP programs, for example, with very little evidence of response for the other programs (with, again, SSDI something of an exception). However, there is a significant difference in magnitudes of UI receipt overall, and in the magnitude of the responsiveness of that receipt during the Great Recession for the two genders. UI receipt is generally lower for women in all periods, presumably because women have lower employment rates by men and may be less likely to work in covered jobs when working (see Online Appendix Figure 1 for employment rates for women). But the jump in UI receipt during the Great Recession was much larger for men than for women, while during the pandemic, receipt jumped by about the same amount for the two. This is probably because, as has been noted elsewhere, the Great Recession was characterized by layoffs in traditionally-male sectors like manufacturing, whereas during the pandemic the hard-hit industries included those employing women, such as leisure and hospitality, transportation, and retail trade (Alon et al. 2020).

Figure 2 here

Figures 3 and 4 show trends for men and women age 62-74. Again, the patterns for men and women are generally quite close to one another, but both show some differences from the

results for the 50-61 age group. UI receipt, for example, is much lower for older men and women than for their younger counterparts, no doubt because (full-time) employment rates are lower as well (see Online Appendix Figure 2 for employment rates for this age group). But sufficient numbers of older men and women are still working after age 61 to experience UI upticks during the pandemic and Great Recessions similar in shape to those for younger individuals. SNAP receipt also shows the same increase during the Great Recession, continuing into the post-recession period, and receipt jumped during the pandemic, as was found for those 50-61. However, unlike those age 50-61, older men and women experienced small declines during the pandemic in the receipt of Medicaid, SSDI, and SSI (the last mostly for women). This is consistent with the findings of Goda et al. (2021), noted earlier, who speculated that one reason could have been the closure of SSA offices during the early months of the pandemic, making application more difficult.

Figures 3 and 4 here

Regression results. We estimate probit regressions for our six binary program receipt indicators over the period 2000-2020 for men and women, 50-61 and 62-74 separately, in line with our graphical analysis, and again just for the population with less than a college degree. We enter dummy variables for the Great Recession period and the COVID period (i.e., 2020), for the state unemployment rate, and for interactions between the unemployment rate and the two recession indicators to test for differences in responsiveness to the severity of the two recessions. We enter a year variable to pick up long-term trends (which are evident for some programs in Figures 1 to 4) and we control for demographic characteristics, including age, race/ethnicity, education level, marital status, household size, and homeownership (we will test for differential impacts for some of these demographic groups below). We also control for state fixed effects.

Table 1 has the results for men age 50-61, showing marginal effects evaluated at the means of the regressors (standard errors computed using the delta method and clustered at the state level).⁷ The results for SNAP, for example, show a positive time trend and no statistically significant impact of the Great Recession or COVID *per se*, but positive effects of the state unemployment rate on receipt. The insignificance of the Great Recession and COVID indicators means that the response during those downturns can be entirely ascribed to the unemployment rate itself, and that participation did not deviate from what would be expected from that business cycle indicator alone (see Online Appendix Table 1 for regression results for the employment rate, showing its cyclical sensitivity). However, the interaction terms show that the response of SNAP participation to the unemployment rate during the pandemic was insignificantly different from its non-recessionary response, but the response during the Great Recession, while positive, was considerably lower. Thus we find that the cyclical responsiveness of SNAP was much greater during the pandemic than during the Great Recession, at least for men age 50-61, somewhat contrary to our expectations noted in the last section.

Table 1 here

The UI results are different, with an increase during COVID over and above what would have been expected from the unemployment rate alone, but not during the Great Recession. That additional impact was also large in magnitude (6.9 percentage points) relative to the 2000-2020 mean (6%). Again, COVID changes were greater than those during the Great Recession in this sense, but the responsiveness of UI to the state unemployment rate was greater during the Great Recession than during the pandemic. One possible reason for this difference is that, during the Great Recession, Congress allocated extra weeks of benefits in a way that differed across states, whereas during the pandemic Congress added a \$600 weekly supplement regardless of the state

unemployment rate. Thus, we find that UI was more responsive to the unemployment rate per se in the Great Recession than during the pandemic, but there was greater separate support through the UI system in the pandemic.

For the other four programs, little responsiveness is indicated for the SSDI and social security programs, consistent with the graphical analysis (the unemployment rate effects in both the Great Recession and the pandemic are close to zero; different patterns are found for SSI and Medicaid, however. SSI receipt experienced a long-term upward trend (this can be seen in Figure 1) but a positive deviation from that trend during COVID, sizable in magnitude (6.1 percentage points). But SSI receipt actually fell in states with higher unemployment rates. Medicaid receipt also exhibited a strong long-term upward trend (again evident in Figure 1) but a negative deviation (5.1 percentage points) from that trend during the pandemic. Medicaid receipt did increase more in states with higher unemployment rates, however. The response was greater during the pandemic than during the Great Recession in that sense.

The contribution of the unemployment rate per se during the Great Recession and the pandemic is shown at the bottom of the table, where rows are given that multiply the (probit) unemployment coefficients by the increase in the unemployment rate (relative to non-recessionary periods) to numerically indicate the contribution of increases in that rate per se. Those rows show that the responsiveness to the unemployment rate was very strong for SNAP and UI (increases of 1.8 and 2.4 percentage points, respectively), and somewhat strong for Medicaid, but small for the other three programs (and negative for SSI and social security, and large relative to the mean participation rate for the former). Further, for those three programs where responsiveness was strong, it was greater during the pandemic than during the Great Recession. We should nevertheless note that the Great Recession responsiveness to the unemployment rate was generally

positive and, in fact, constituted the main channel of response, since most of the Great Recession dummies themselves are insignificant.

The coefficients on the demographic variables are often very statistically significant. Age has a positive impact except for UI, Black men usually have higher rates of receipt except (again) for UI, education is negatively correlated with receipt, and unmarried men as well as those not owning a home have higher rates of receipt. These results are consistent with the large literature on transfer program receipt in the US.

Table 2 shows the regression results for women age 50-61. We noted in our discussion of the Figures that those for women appeared generally consistent with those of men for this age group, except for a larger responsiveness in the Great Recession for men, likely a result of the greater impact of that downturn on industries predominantly occupied by men. Table 2 is similarly consistent with the Table 1 results for men, with much less of a change in responsiveness of UI receipt to the unemployment rate in the Great Recession for women; but the last two rows of the table show that, for women, we again find that the responsiveness of women's SNAP, UI, and Medicaid receipt to the unemployment rate was greater during the pandemic than during the Great Recession (with the same SSI result noted above for men).

Table 2 here

Tables 3 and 4 show regression results for men and women age 62-74, respectively. We noted in our discussion of the figures that program receipt followed the same general patterns for these older individuals as those for younger men and women except for lower rates of UI receipt, and with some indications of declines in receipt of SSI, SSDI, and Medicaid during the pandemic. The latter does not appear as statistically significant in the regressions, as the coefficients on the COVID indicators do not reach statistical significance and are not even always negative in sign.

But the regression results confirm the first results, showing much lower responsiveness of UI receipt for women, both by smaller or insignificant results on the coefficient on the COVID indicator and on the coefficients for the responsiveness of UI receipt for the unemployment rate. This is confirmed by the last rows of the table for UI, which show a lower contribution of the unemployment rate to UI receipt for these older individuals compared to those for younger individuals. One difference between older and younger individuals appears for SNAP receipt, where older individuals experienced a larger responsiveness of receipt to the unemployment rate during the pandemic than during the Great Recession, but also a reduction in receipt relative to that induced by the unemployment rate in the pandemic. This may be because those age 62-74 are more likely to be poor and have more negative employment effects than those 50-61, and SNAP is perhaps the most important means-tested anti-poverty program for older nonworking individuals and their families. On the other hand, it should be kept in mind that those 62-74 also generally have social security and Medicare benefits, and this may reduce their need for other transfer programs.

Tables 3 and 4 here

We tested for heterogeneity of business cycle response by education, marital status, and race. For men age 50-61, SNAP and UI reciprocity responded the most to the unemployment rate for more educated men, those who were never married, and (often, but not always) among Black men. For women 50-61, a similar pattern followed by race but reciprocity responded the most for women who were divorced, widowed, or separated, possibly because of greater need. Among older women, the responses of SNAP and UI receipt were also greatest among widowed, separated, and divorced women, and among Black women. For both men and women, reciprocity responded the most among the least educated, perhaps again reflecting greater need.

Conclusions

How the safety net affected the older population during recessions has been little examined in the literature, nor have prior studies explored how it responded to the pandemic recession. Our analysis yields several new findings. First, we have established that the Unemployment Insurance Program and the SNAP program are quite important for the less educated older population of men and women, just as they are for prime age persons. In recessions in general and in the pandemic recession, these programs provided significant support to older men and women. Second, these programs provided support to those age 62 and older, as well as to those age 50-61, especially SNAP. Even with programs like social security and SSI, low-income individuals after retirement are eligible for SNAP benefits, and many apply and receive benefits during recessions. Although to a lesser extent than younger individuals, people age 62 also receive UI benefits. Third, we find that receipt in both programs responded more strongly in the pandemic recession than in the Great Recession. Fourth, we find some evidence that the Medicaid program provides countercyclical assistance during recessions and when the unemployment rate is high in general, but in magnitudes much smaller than those for SNAP and UI. Fifth, we find some evidence, though not conclusive and small in magnitude, of countercyclical effects on SSI and/or SSDI, but more in the Great Recession than in the pandemic recession, and receipt may even have fallen in the latter. Sixth and finally, we find consistent evidence of greater countercyclical assistance to women who are widowed, divorced, or separated, compared to married or never-married women.

There are a number of policy issues that our findings suggest need further discussion. One is the weak response of SSI receipt to the business cycle, at least that portion of the program that provides assistance to low-income older individuals (as opposed to the disabled). SSI should be a

major program for low-income older individuals, yet it responds very little to the unemployment rate, when hardship within the older population rises. It is likely that part of this lack of response is the stringent asset tests, which have been held fixed in nominal dollars since 1989. This prevents those who ordinarily do not need assistance because of higher-than-minimal assets from receiving assistance during a temporary downturn. Temporary reductions in those asset tests, as the SNAP program implemented during the Great Recession, should be considered.

The SSDI and SSI programs for the disabled population have some evidence of countercyclical assistance, but very little. What responsiveness there is may not be socially beneficial, because individuals with disabilities who may have the capacity to work may be drawn into long-term reciprocity only because of a temporary downturn in the economy. This is related to the long-noted issue with the US DI and SSI programs, that they are aimed at those with severe and not partial disabilities. Reforms to the program which provide more benefits to the partially disabled, and even on a temporary basis during downturns, could address both of these problems and would make the program more flexible in providing assistance during recessions (Maestas 2019).

Finally, a general issue with many transfer programs in the US is that they do not have built-in, automatic responses to major downturns like the pandemic recession and the Great Recession. Typically, Congress responds with ad hoc legislation to increase benefits in some programs and not others and, because it is acting quickly to provide relief as soon as possible, enacts programs that are poorly designed. The temporary relaxation of asset tests is usually not considered as well. Better-designed programs which would provide quicker relief and assistance could be accomplished by legislation which provides for automatic temporary increases in benefits

and temporary relaxation of asset limits without time-consuming acts by Congress after a major downturn has begun (Chodorow-Reich et al. 2022).

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Endnotes

¹ Medicaid also provides nursing home care, but we exclude the institutionalized population in the empirical work below.

² See Goda et al. (2021) for a study of the impact of the pandemic recession on retirement but with an additional examination of DI and SSI applications. The authors found a slight dropoff in applications. See Maestas and Mullen (forthcoming) for a study showing no increase in DI applications in the pandemic recession.

³ Each of these programs, and recent policy developments, are covered in greater detail in Moffitt and Ziliak (2019). The TANF program is omitted from our discussion because eligibility for cash assistance requires the presence of a dependent child under age 18 residing in the household, and this is rare for the older population. In results not presented we found that fewer than 0.5 percent of persons ages 50-74 participated in TANF, and thus we drop it from our analysis. Housing assistance is a benefit received by older persons, but quality measurement of the program is lacking in the ASEC.

⁴ The administrative totals we match are adult participants in each program ages 18 and older, and thus we use an expanded ASEC sample of persons ages 18 and older in order to match administrative counts prior to restricting the sample to 50-74-year-olds.

⁵ The whole supplement imputes are retained for the adjustment for underreporting of transfer programs in order to match population weighted totals to administrative counts.

⁶ Although program receipt is measured at the family level, the male and female receipts do not have to exactly coincide because unmarried men and women are included in each gender's sample.

⁷ The regressions are weighted by the inverse probability of remaining the sample after imputed values are excluded.

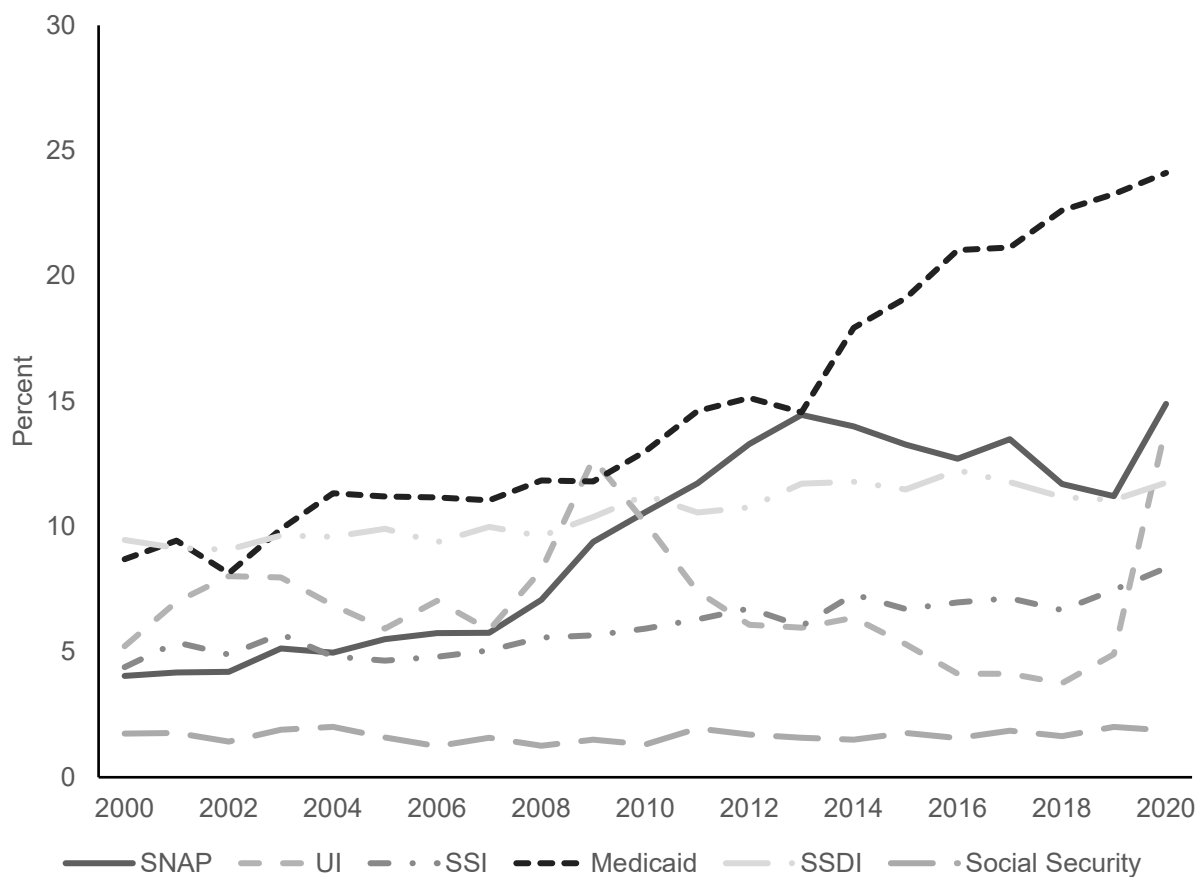


Figure 1. Transfer Program Participation Rates of Men Age 50-61

Source: Authors' calculations from the Current Population Survey Annual Social and Economic Supplement, 2001-2021

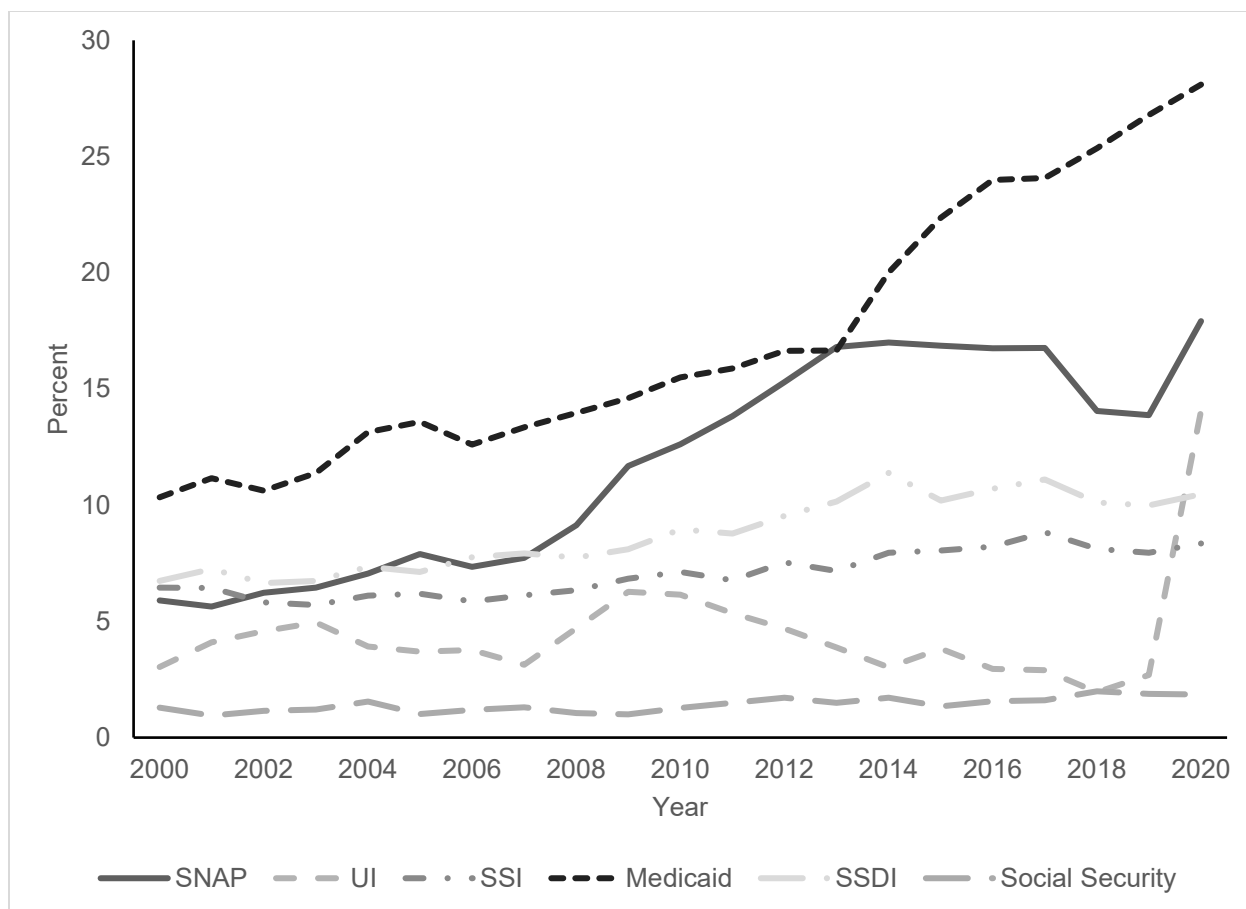


Figure 2. Transfer Program Participation Rates of Women Age 50-61

Source: Authors' calculations from the Current Population Survey Annual Social and Economic Supplement, 2001-2021

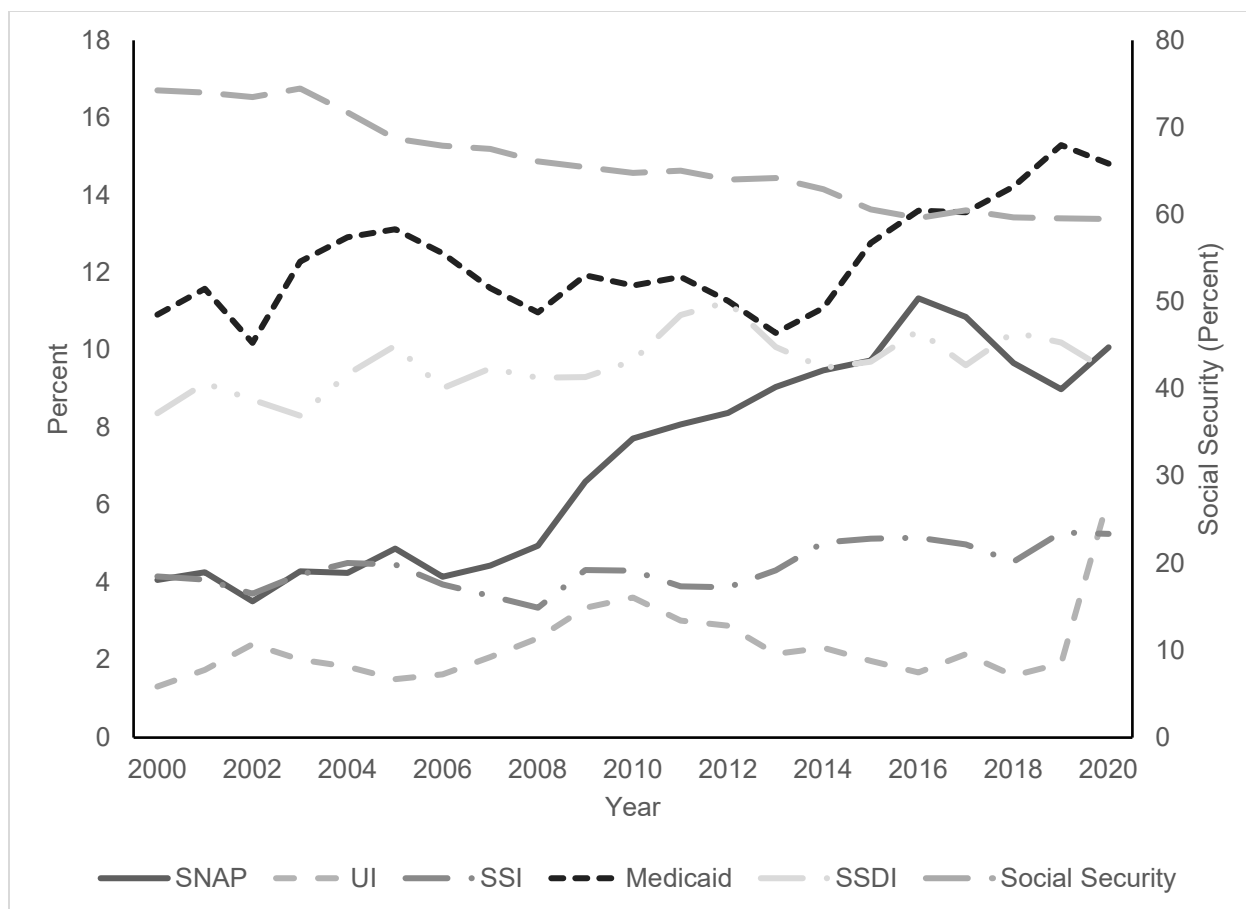


Figure 3. Transfer Program Participation Rates of Men Age 62-74

Source: Authors' calculations from the Current Population Survey Annual Social and Economic Supplement, 2001-2021

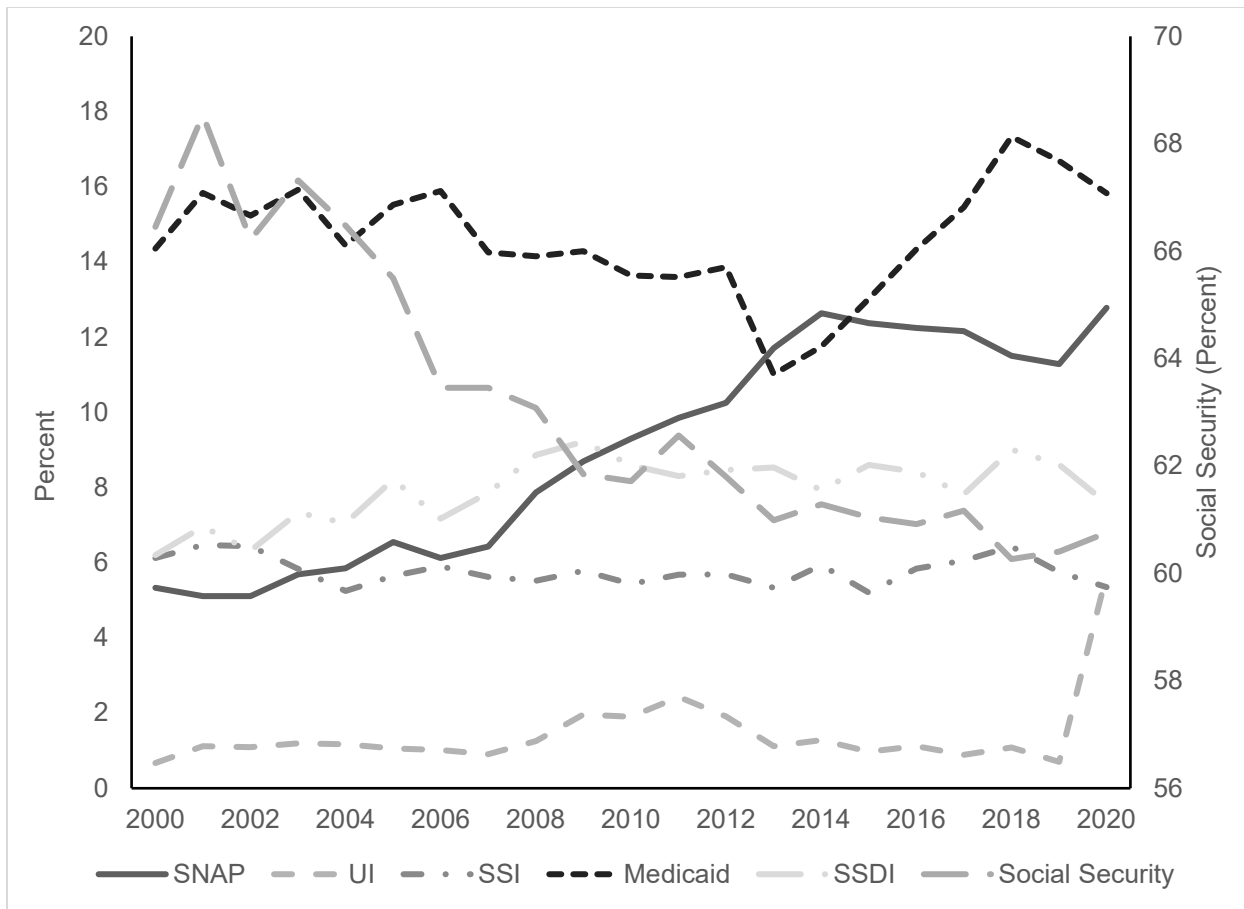


Figure 4. Transfer Program Participation Rates of Women Age 62-74

Source: Authors' calculations from the Current Population Survey Annual Social and Economic Supplement, 2001-2021

Table 1. Marginal Effects of Male Age 50-61 Probit Transfers Regressions

	(1) SNAP	(2) UI	(3) SSI	(4) Medicaid	(5) SSDI	(6) Social Security
Trend/10	0.050*** (0.003)	-0.015*** (0.002)	0.008*** (0.001)	0.065*** (0.004)	0.010*** (0.002)	-0.000 (0.001)
Covid-19	-0.018 (0.017)	0.069** (0.033)	0.061** (0.030)	-0.051*** (0.018)	0.005 (0.031)	0.011 (0.014)
Great Recession	0.012 (0.009)	0.007 (0.009)	0.002 (0.007)	-0.006 (0.014)	0.003 (0.012)	-0.002 (0.004)
State Unemployment Rate	0.685*** (0.066)	0.619*** (0.050)	0.004 (0.050)	-0.426*** (0.152)	0.130** (0.056)	0.002 (0.027)
Unemployment Rate x Covid	-0.096 (0.270)	0.122 (0.232)	-0.426** (0.177)	0.935*** (0.303)	-0.151 (0.382)	-0.094 (0.097)
Unemployment Rate x Great Recession	-0.294*** (0.108)	0.210* (0.115)	-0.009 (0.086)	0.033 (0.172)	-0.106 (0.144)	0.007 (0.059)
Age	0.001** (0.000)	-0.002*** (0.000)	0.002*** (0.000)	0.004*** (0.000)	0.008*** (0.000)	0.002*** (0.000)
Black	0.048*** (0.005)	-0.006** (0.003)	0.030*** (0.004)	0.067*** (0.005)	0.001 (0.005)	0.009*** (0.002)
Other Race	0.027*** (0.006)	-0.005 (0.004)	0.007 (0.004)	0.046*** (0.008)	-0.023*** (0.007)	-0.001 (0.001)
Hispanic Ethnicity	-0.001 (0.006)	-0.002 (0.004)	-0.016*** (0.003)	-0.005 (0.005)	-0.050*** (0.004)	-0.000 (0.001)
Less than High School	0.100*** (0.006)	0.004 (0.003)	0.087*** (0.005)	0.191*** (0.006)	0.100*** (0.007)	0.007*** (0.001)
High School Only	0.028*** (0.003)	0.009*** (0.002)	0.020*** (0.002)	0.052*** (0.004)	0.027*** (0.002)	0.003*** (0.001)
Married	-0.109*** (0.005)	-0.000 (0.003)	-0.084*** (0.003)	-0.156*** (0.004)	-0.078*** (0.006)	0.002** (0.001)
Widowed, Divorced, or Separated	-0.014*** (0.003)	0.012*** (0.004)	-0.022*** (0.002)	-0.050*** (0.003)	-0.023*** (0.005)	0.003*** (0.001)

Number of persons in household	0.019*** (0.001)	-0.002*** (0.001)	-0.002** (0.001)	0.012*** (0.001)	-0.003*** (0.001)	-0.002*** (0.000)
Own Home	-0.100*** (0.005)	-0.006** (0.003)	-0.042*** (0.003)	-0.117*** (0.007)	-0.047*** (0.005)	0.004*** (0.001)
Observations	129,950	129,950	129,950	129,950	129,950	129,950
Pseudo R2	0.188	0.038	0.156	0.161	0.079	0.056
Ave. Pred. Prob.	0.100	0.069	0.061	0.151	0.107	0.016
Effect of Ave. Covid UR on Pred. Prob.	0.018	0.024	-0.014	0.014	0.000	-0.003
Effect of Ave. Great Recession UR on Pred. Prob.	0.008	0.015	-0.004	0.009	0.000	-0.001

Notes: Robust standard errors in parentheses. *** p<0.01, ** p<0.05, * p<0.1

Source: Authors' calculations from the Current Population Survey Annual Social and Economic Supplement, 2001-2021.

Table 2. Marginal Effects of Female Age 50-61 Probit Transfers Regressions

	(1) SNAP	(2) UI	(3) SSI	(4) Medicaid	(5) SSDI	(6) Social Security
Trend/10	0.057*** (0.002)	-0.007*** (0.001)	0.010*** (0.002)	0.075*** (0.004)	0.023*** (0.003)	0.003** (0.001)
Covid-19	-0.017 (0.018)	0.094*** (0.030)	0.039* (0.022)	-0.043* (0.022)	-0.006 (0.017)	0.028* (0.016)
Great Recession	0.010 (0.009)	0.005 (0.006)	-0.003 (0.006)	-0.012 (0.016)	0.011 (0.013)	0.001 (0.004)
State Unemployment Rate	0.625*** (0.067)	0.428*** (0.046)	-0.066 (0.045)	-0.573*** (0.109)	0.056 (0.068)	0.000 (0.017)
Unemployment Rate x Covid	-0.162 (0.256)	0.007 (0.145)	-0.373** (0.167)	0.910** (0.371)	-0.061 (0.218)	-0.209*** (0.073)
Unemployment Rate x Great Recession	-0.258** (0.103)	-0.001 (0.070)	0.054 (0.080)	0.170 (0.202)	-0.200 (0.129)	-0.040 (0.050)
Age	0.001** (0.000)	-0.001*** (0.000)	0.002*** (0.000)	0.003*** (0.000)	0.005*** (0.000)	0.002*** (0.000)
Black	0.055*** (0.006)	0.003 (0.002)	0.021*** (0.003)	0.066*** (0.007)	0.008* (0.004)	0.008*** (0.002)
Other Race	0.007 (0.006)	0.001 (0.002)	0.002 (0.004)	0.039*** (0.007)	-0.026*** (0.003)	-0.001 (0.001)
Hispanic Ethnicity	0.001 (0.008)	-0.001 (0.003)	-0.018*** (0.006)	-0.005 (0.008)	-0.043*** (0.003)	-0.002** (0.001)
Less than High School	0.114*** (0.007)	-0.006*** (0.002)	0.110*** (0.005)	0.215*** (0.006)	0.064*** (0.006)	0.009*** (0.002)
High School Only	0.026*** (0.002)	0.003** (0.002)	0.022*** (0.002)	0.051*** (0.004)	0.013*** (0.002)	0.004*** (0.001)
Married	-0.126*** (0.004)	-0.015*** (0.002)	-0.080*** (0.003)	-0.157*** (0.007)	-0.068*** (0.005)	-0.004*** (0.001)
Widowed, Divorced, or Separated	-0.001 (0.003)	0.004* (0.003)	-0.011*** (0.002)	-0.020*** (0.005)	-0.005 (0.004)	0.002* (0.001)

Number of persons in household	0.020*** (0.001)	-0.002*** (0.000)	-0.004*** (0.001)	0.013*** (0.001)	-0.003*** (0.001)	-0.001*** (0.000)
Own Home	-0.130*** (0.006)	-0.003 (0.002)	-0.063*** (0.003)	-0.154*** (0.008)	-0.054*** (0.004)	0.004*** (0.001)
Observations	148,261	148,261	148,261	148,261	148,261	148,261
Pseudo R2	0.236	0.047	0.178	0.190	0.085	0.057
Ave. Pred. Prob.	0.122	0.044	0.072	0.174	0.092	0.016
Effect of Ave. Covid UR on Pred. Prob.	0.014	0.022	-0.014	0.009	0.000	-0.007
Effect of Ave. Great Recession UR on Pred. Prob.	0.006	0.007	-0.005	0.005	0.000	-0.001

Notes: Robust standard errors in parentheses. *** p<0.01, ** p<0.05, * p<0.1

Source: Authors' calculations from the Current Population Survey Annual Social and Economic Supplement, 2001-2021.

Table 3. Marginal Effects of Male Age 62-74 Probit Transfers Regressions

	(1) SNAP	(2) UI	(3) SSI	(4) Medicaid	(5) SSDI	(6) Social Security
Trend/10	0.034*** (0.002)	0.000 (0.001)	0.003 (0.002)	0.008** (0.004)	0.008*** (0.002)	-0.082*** (0.006)
Covid-19	-0.034*** (0.007)	0.029 (0.020)	0.016 (0.019)	-0.012 (0.027)	-0.001 (0.021)	0.011 (0.044)
Great Recession	0.003 (0.009)	0.002 (0.004)	-0.006 (0.004)	-0.003 (0.013)	0.008 (0.011)	0.007 (0.017)
State Unemployment Rate	0.252*** (0.066)	0.212*** (0.025)	-0.043 (0.027)	-0.319*** (0.096)	0.129* (0.075)	0.053 (0.142)
Unemployment Rate x Covid	0.408* (0.213)	-0.026 (0.101)	-0.142 (0.139)	0.397 (0.378)	-0.167 (0.253)	0.028 (0.487)
Unemployment Rate x Great Recession	-0.135 (0.113)	0.015 (0.041)	0.076 (0.064)	0.098 (0.184)	-0.155 (0.150)	-0.276 (0.258)
Age	-0.001*** (0.000)	-0.004*** (0.000)	-0.002*** (0.000)	-0.006*** (0.000)	-0.011*** (0.000)	0.064*** (0.001)
Black	0.033*** (0.004)	-0.001 (0.001)	0.019*** (0.003)	0.061*** (0.005)	0.019*** (0.005)	-0.057*** (0.009)
Other Race	0.016*** (0.004)	0.000 (0.002)	0.033*** (0.003)	0.080*** (0.007)	-0.017** (0.007)	-0.099*** (0.010)
Hispanic Ethnicity	0.021** (0.010)	0.002 (0.002)	0.003 (0.005)	0.036*** (0.010)	-0.021*** (0.004)	-0.049*** (0.017)
Less than High School	0.073*** (0.005)	-0.003* (0.002)	0.057*** (0.002)	0.143*** (0.005)	0.086*** (0.006)	-0.057*** (0.005)
High School Only	0.013*** (0.002)	-0.000 (0.001)	0.011*** (0.002)	0.036*** (0.005)	0.020*** (0.003)	-0.004 (0.004)
Married	-0.087*** (0.005)	0.003** (0.002)	-0.060*** (0.003)	-0.118*** (0.008)	-0.062*** (0.005)	0.119*** (0.011)
Widowed, Divorced, or Separated	-0.015*** (0.003)	0.004 (0.003)	-0.017*** (0.001)	-0.039*** (0.003)	-0.010** (0.004)	0.080*** (0.011)

Number of persons in household	0.017*** (0.001)	-0.000 (0.000)	-0.001* (0.000)	0.010*** (0.001)	0.001 (0.001)	-0.036*** (0.003)
Own Home	-0.097*** (0.005)	-0.002 (0.002)	-0.047*** (0.006)	-0.116*** (0.006)	-0.053*** (0.005)	0.083*** (0.008)
Observations	94,017	94,017	94,017	94,017	94,017	94,017
Pseudo R2	0.202	0.074	0.180	0.150	0.094	0.193
Ave. Pred. Prob.	0.076	0.024	0.045	0.124	0.097	0.650
Effect of Ave. Covid UR on Pred. Prob.	0.019	0.009	-0.006	0.002	-0.001	0.001
Effect of Ave. Great Recession UR on Pred. Prob.	0.014	0.004	-0.003	0.001	-0.001	0.001

Notes: Robust standard errors in parentheses. *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$

Source: Authors' calculations from the Current Population Survey Annual Social and Economic Supplement, 2001-2021.

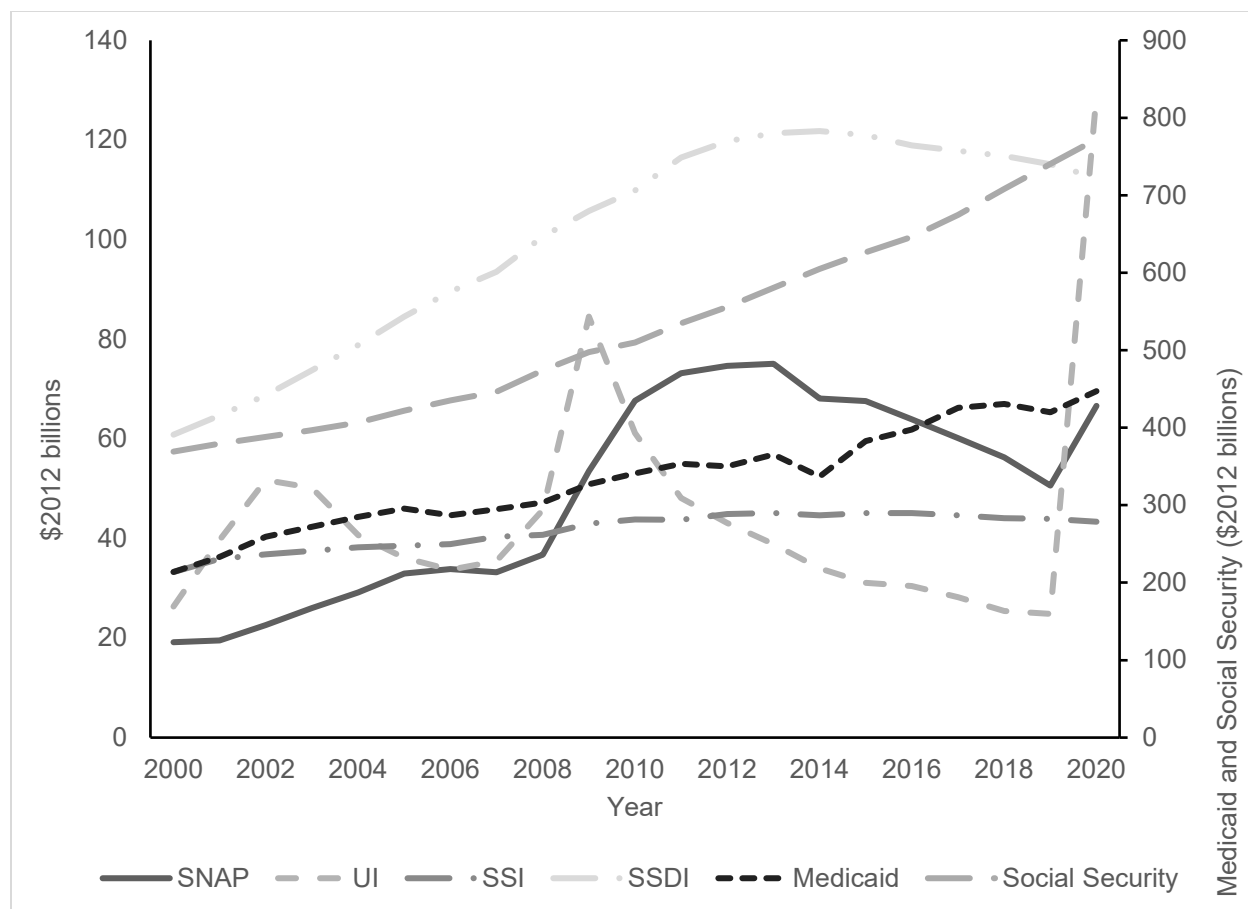
Table 4. Marginal Effects of Female Age 62-74 Probit Transfers Regressions

	(1) SNAP	(2) UI	(3) SSI	(4) Medicaid	(5) SSDI	(6) Social Security
Trend	0.040*** (0.003)	-0.000 (0.001)	0.001 (0.001)	-0.003 (0.004)	0.011*** (0.002)	-0.031*** (0.005)
Covid-19	-0.042*** (0.010)	0.028** (0.012)	0.009 (0.012)	-0.029 (0.020)	0.006 (0.022)	-0.049 (0.053)
Great Recession	0.022** (0.010)	0.001 (0.003)	-0.003 (0.005)	-0.028*** (0.010)	0.028*** (0.009)	-0.010 (0.019)
State Unemployment Rate	0.353*** (0.073)	0.138*** (0.018)	-0.036 (0.037)	-0.517*** (0.093)	0.166*** (0.052)	-0.084 (0.079)
Unemployment Rate x Covid	0.557 (0.339)	0.001 (0.048)	-0.123 (0.118)	0.749** (0.301)	-0.284 (0.247)	0.681 (0.669)
Unemployment Rate x Great Recession	-0.337*** (0.101)	-0.004 (0.040)	0.032 (0.066)	0.496*** (0.156)	-0.217** (0.093)	0.014 (0.281)
Age	-0.002*** (0.000)	-0.002*** (0.000)	-0.002*** (0.000)	-0.006*** (0.001)	-0.008*** (0.000)	0.056*** (0.001)
Black	0.052*** (0.006)	-0.002*** (0.001)	0.026*** (0.003)	0.080*** (0.005)	0.023*** (0.004)	-0.049*** (0.005)
Other Race	0.016*** (0.006)	0.000 (0.002)	0.029*** (0.005)	0.079*** (0.007)	-0.015*** (0.005)	-0.119*** (0.007)
Hispanic Ethnicity	0.040*** (0.011)	-0.003*** (0.001)	0.013 (0.011)	0.057*** (0.015)	-0.011* (0.006)	-0.070*** (0.022)
Less than High School	0.081*** (0.005)	-0.004*** (0.001)	0.076*** (0.004)	0.157*** (0.006)	0.060*** (0.005)	-0.091*** (0.007)
High School Only	0.011*** (0.002)	-0.003*** (0.001)	0.013*** (0.002)	0.031*** (0.003)	0.013*** (0.003)	0.006 (0.005)
Married	-0.075*** (0.006)	-0.007*** (0.002)	-0.050*** (0.005)	-0.103*** (0.009)	-0.060*** (0.004)	0.140*** (0.011)
Widowed, Divorced, or Separated	0.003 (0.004)	0.001 (0.001)	-0.008*** (0.002)	-0.014*** (0.005)	-0.006* (0.004)	0.032*** (0.007)

Number of persons in household	0.015*** (0.001)	-0.000 (0.000)	0.000 (0.000)	0.009*** (0.001)	0.000 (0.001)	-0.036*** (0.001)
Own Home	-0.116*** (0.006)	0.001 (0.001)	-0.069*** (0.006)	-0.148*** (0.009)	-0.049*** (0.003)	0.075*** (0.011)
Observations	123,971	123,971	123,971	123,971	123,971	123,971
Pseudo R2	0.222	0.100	0.202	0.173	0.100	0.157
Ave. Pred. Prob.	0.095	0.015	0.057	0.144	0.080	0.627
Effect of Ave. Covid UR on Pred. Prob.	0.026	0.011	-0.004	0.005	-0.003	0.011
Effect of Ave. Great Recession UR on Pred. Prob.	0.021	0.003	-0.003	0.005	-0.002	0.008

Notes: Robust standard errors in parentheses. *** p<0.01, ** p<0.05, * p<0.1

Source: Authors' calculations from the Current Population Survey Annual Social and Economic Supplement, 2001-2021.



Appendix Figure 1. Trends in Real Transfer Program Spending among Adults

Notes: Data are for adults age 18 and older, except for the UI series that includes ages 16 and 17 year. Data are deflated using the 2012 personal consumption expenditure deflator.

Source: Authors' calculations from administrative data, various sources available upon request.

Appendix Table 1. Summary Statistics of Men

Variable	Ages 50-74		Ages 50-61		Ages 62-74	
	Mean	Std. Dev.	Mean	Std. Dev.	Mean	Std. Dev.
Age	60.13	6.89	55.21	3.43	67.26	3.64
White	0.84	0.37	0.83	0.38	0.85	0.36
Black	0.10	0.30	0.11	0.31	0.09	0.29
Other Race	0.06	0.24	0.07	0.25	0.06	0.23
Hispanic	0.10	0.30	0.11	0.31	0.08	0.27
Less than High School	0.12	0.33	0.11	0.31	0.14	0.35
High School	0.31	0.46	0.31	0.46	0.30	0.46
Some College	0.25	0.43	0.26	0.44	0.24	0.42
College or More	0.32	0.47	0.32	0.47	0.32	0.47
Married	0.71	0.45	0.70	0.46	0.74	0.44
Widowed, Divorced, or Separated	0.19	0.39	0.19	0.39	0.20	0.40
Never Married	0.10	0.29	0.12	0.32	0.06	0.24
Household Size	2.49	1.31	2.69	1.39	2.21	1.11
Own Home	0.81	0.39	0.79	0.41	0.84	0.36
Employed	0.59	0.49	0.76	0.43	0.34	0.47
SNAP	0.07	0.25	0.07	0.26	0.06	0.23
UI	0.04	0.21	0.06	0.24	0.02	0.15
SSI	0.04	0.20	0.04	0.21	0.03	0.18
Medicaid	0.11	0.31	0.11	0.32	0.10	0.29
Social Security	0.26	0.44	0.01	0.12	0.63	0.48
SSDI	0.08	0.27	0.08	0.27	0.07	0.26
State Unemployment Rate	0.06	0.02	0.06	0.02	0.06	0.02

Note: Sample consists of men ages 50-74 with less than a college education.

Source: Authors' calculations from the Current Population Survey Annual Social and Economic Supplement, 2001-2021.

Appendix Table 2. Summary Statistics of Women

Variable	Ages 50-74		Ages 50-61		Ages 62-74	
	Mean	Std. Dev.	Mean	Std. Dev.	Mean	Std. Dev.
Age	60.37	6.94	55.27	3.43	67.36	3.68
White	0.82	0.38	0.81	0.39	0.83	0.37
Black	0.11	0.32	0.12	0.32	0.11	0.31
Other Race	0.07	0.25	0.07	0.25	0.06	0.24
Hispanic	0.10	0.30	0.11	0.31	0.09	0.28
Less than High School	0.12	0.33	0.10	0.31	0.15	0.35
High School	0.33	0.47	0.31	0.46	0.35	0.48
Some College	0.27	0.44	0.28	0.45	0.25	0.43
College or More	0.28	0.45	0.31	0.46	0.25	0.43
Married	0.62	0.49	0.65	0.48	0.58	0.49
Widowed, Divorced, or Separated	0.30	0.46	0.26	0.44	0.36	0.48
Never Married	0.08	0.27	0.09	0.29	0.06	0.23
Household Size	2.38	1.28	2.57	1.33	2.11	1.16
Own Home	0.80	0.40	0.79	0.41	0.82	0.38
Employed	0.47	0.50	0.64	0.48	0.25	0.43
SNAP	0.09	0.28	0.09	0.29	0.08	0.27
UI	0.03	0.17	0.04	0.19	0.01	0.12
SSI	0.05	0.22	0.05	0.22	0.05	0.21
Medicaid	0.13	0.33	0.13	0.34	0.12	0.32
Social Security	0.27	0.44	0.01	0.12	0.61	0.49
SSDI	0.07	0.25	0.07	0.26	0.07	0.25
State Unemployment Rate	0.06	0.02	0.06	0.02	0.06	0.02

Note: Sample consists of women ages 50-74 with less than a college education.

Source: Authors' calculations from the Current Population Survey Annual Social and Economic Supplement, 2001-2021.