

Americans' Attitudes Toward Social Security: Popular Claims Meet Hard Data

by Fay Lomax Cook and Lawrence R. Jacobs

Summary

This research examined three common claims about public attitudes towards Social Security, drawing on opinion surveys conducted over the last two decades. The first claim is that public confidence in Social Security is steadily declining. The evidence shows that Americans' confidence in the future of Social Security has fluctuated over the last 25 years. It rose between 1996 and 2000, when about half of Americans said they were "very" or "somewhat" confident in the future of Social Security. The second claim is that eroding confidence leads to declining support for Social Security. About 90 percent of Americans consistently say they support current or higher levels of spending for Social Security. Third, it is sometimes claimed that declining confidence and support lead most Americans to favor individual accounts as part of Social Security. In this case, the results depend on the way questions are framed. Americans are receptive to the idea when the plan is described solely as an option for more choice and more income. But support weakens when tradeoffs — such as market risks, transition costs, and possible benefit reductions — are mentioned. As plans are fleshed out and tradeoffs become more clear, it will be important to monitor Americans' views as they move toward informed judgment about the kind of Social Security program they want for the future.

The current debate about the future of Social Security offers two very different visions: one of maintaining the current system of defined benefits with incremental adjustments; the other of a new direction that would substitute privately-held individual accounts for part of Social Security. What does evidence from public opinion surveys tell us about Americans' attitudes about Social Security and its future? How does this evidence match up against common beliefs about public opinion towards Social Security?

Just as proposals for Social Security policy changes are vetted by experts on program benefits and financing, Americans' views about the existing sys-

tem and proposals to change it can be assessed by experts in public opinion research.

This study examined three common claims about public attitudes toward Social Security: first, that confidence in it is steadily declining; second, that declining confidence has led to declining support for Social Security; and finally, that declining confidence and support lead most Americans to favor some form of individual accounts as part of Social Security. To assess these claims, the study reviewed over 2,700 survey questions on Social Security from 1990-2000 contained in the database of academic and media surveys held in the Roper Center for Public Opinion Research.¹

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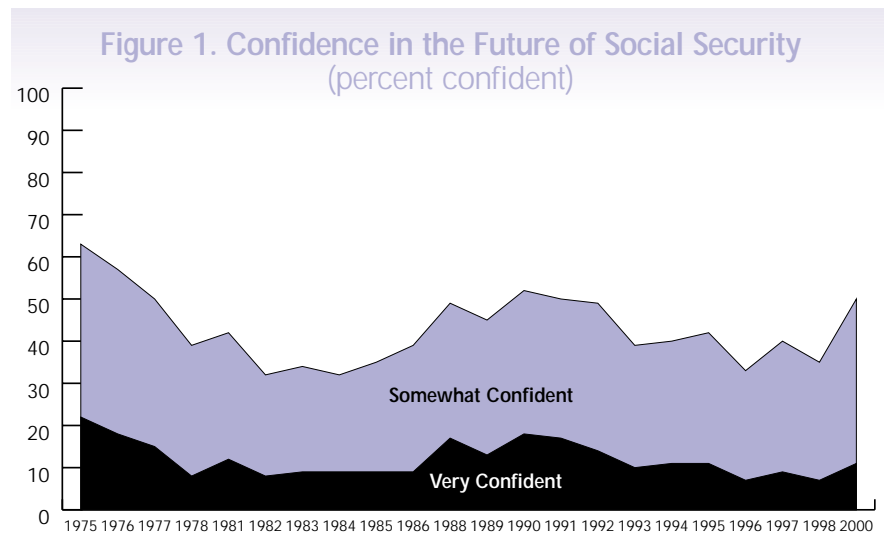
Is Confidence Steadily Declining?

Is it true that American's confidence in the future of Social Security has steadily declined over the years? It is sometimes reasoned that, if this is true, then dramatic steps are necessary to avoid a crisis of confidence. The poster child for this claim is an often-cited UFO poll (see box). The true state of public opinion turns out to be more complicated.

The best available evidence about long-term trends in Americans' confidence in Social Security comes from a survey sponsored by the American Council of Life Insurers since 1975. The survey was conducted by the respected polling firms of Yankelovich, Skelly and White from 1975-1982 and the Roper Organization from 1983-2000. In most years since 1975 it asked over 1,000 Americans: *"How confident are you, yourself, in the future of the Social Security system? Would you say you are very confident, somewhat confident, not too confident, or not at all confident?"*

Figure 1 shows the answers to this question. The proportion of Americans who were "very confident" or "somewhat confident" about the future of Social Security has fluctuated over the years. Confidence dipped in the late 1970s and early 1980s when there was widespread media attention to the near-term shortfall in Social Security financing. A blue-print to remedy that shortfall was recommended by the Greenspan Commission and enacted by the Congress in 1983. Confidence rebounded in the late 1980s.

In the 2000 survey, fielded in May-June, 50 percent of Americans reported they were "very" or "somewhat" confident in the future of Social Security, while 3 percent had no opinion. This level of confidence was 15 percentage points higher than in 1998 and 17 percentage points higher than in



Sources: A "Monitoring Attitudes of the Public" survey sponsored by the American Council of Life Insurers and conducted by Yankelovich, Skelly and White (1975-1982) and the Roper Organization/Roper Starch Worldwide (1983-2000). More than 1,000 respondents participated in each survey. The question was, "How confident are you, yourself, in the future of the Social Security system? Would you say you are very confident, somewhat confident, not too confident, or not at all confident?"

Note: The question was not asked in 1999.

1996. Despite the recent increase, only about half of Americans report they are confident in the system's future.

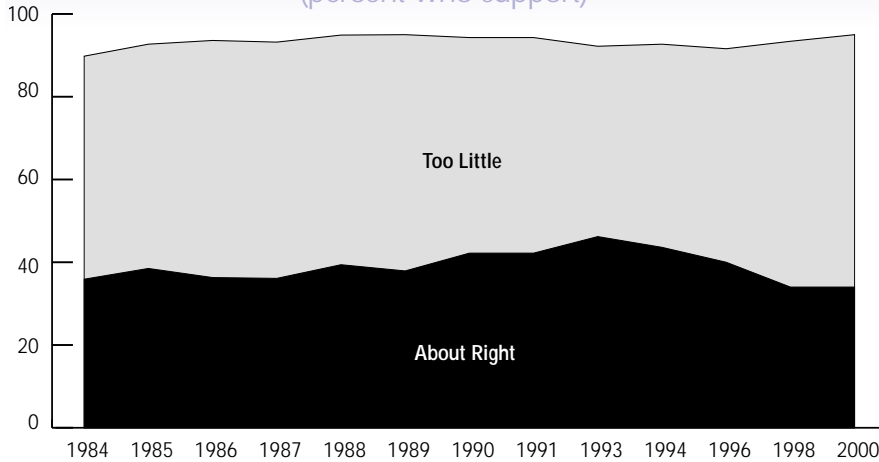
Is Support Eroding?

It is sometimes claimed that declining confidence has led to declining support for Social Security. What does the evidence show?

A survey by the National Opinion Research Center (NORC) provides consistent data on trends in Americans' support for Social Security and other programs by asking identically-worded questions over the years. Starting in 1984, it asked Americans in successive annual surveys: *"Are we spending too much, too little, or about the right amount on [public program]?"* Answers of "too little" or "about the right amount" are considered to be indications of support, in that they suggest that respondents were willing to foot the current bill for a given program and, at least arguably, might be willing to pay somewhat more.²

By this measure, 95 percent of Americans supported Social Security in 2000. Since the question was first asked in 1984, the proportion of Americans showing support for the program has been very stable at about 90 percent or more (Figure 2).

Figure 2. Support for Social Security Spending
(percent who support)



Source: General Social Survey (GSS) data from the National Opinion Research Center (NORC). The question asked respondents, “Are we spending too much, too little, or about the right amount on Social Security?”

NES surveys tell the same story as the NORC data in Figure 2: more than 90 percent favored maintaining or increasing spending.

The Gallup Organization conducted another series of surveys that examined support for Social Security over time for the Chicago Council of Foreign Relations. Every four years between 1982 and 1998, Gallup asked respondents whether the Social Security program should be “cut back,” “expanded,” or “kept about the same.” The results are consistent with the results from NORC and NES: once again, about 9 in 10 Americans believed that Social Security should be “expanded” or “kept about the same.”

The University of Michigan’s National Election Studies (NES) asked a similar question about whether spending on Social Security should be “increased, decreased, or kept the same” in each year of a national election between 1984 and 1996. Defining support as saying spending should be increased or kept the same, the findings from the

These data suggest several findings. First, Americans’ support for Social Security as measured in these surveys is high and has been stable over time. Second, public support does not appear to

The Often-Cited UFO Poll

A poll sponsored by Third Millennium, an organization that advocates changes in Social Security, is often cited as evidence that young adults are more likely to believe in UFOs than to believe that Social Security will exist when they retire. What, in fact, have surveys found on this issue?

In 1994, Third Millennium contracted with the Luntz Research Companies and Mark A. Siegel and Associates to survey 500 18-34 year olds to get the “Generation X” perspective on Social Security. Respondents were asked, “Do you think Social Security will still exist by the time you retire?” Sixty-three percent said no. Eight questions later, interviewers asked, “And one final question, and I ask you to take this seriously – Do you think UFOs exist?” Forty-six percent said yes.

In 1997, the Employee Benefit Research Institute, an independent research organization that does not take

positions on policy issues, directly tested the interpretation that more young Americans believe in UFOs than in Social Security’s future. That survey, conducted by Matthew Greenwald and Associates, asked 1,000 young adults aged 18 to 34 the following question: “Which do you have greater confidence in... receiving Social Security benefits after retirement or that alien life from outer space exists?” It found that 63 percent have greater confidence in Social Security, while 33 percent have greater confidence in the existence of alien life.

See: Third Millennium, Social Security Survey (1994), *Social Security: The Credibility Gap*, <http://www.thirdmil.org/publications/surveys/surv7.html>

Employee Benefit Research Institute, “Public Attitudes on Social Security: The UFO Fallacy,” *EBRI Notes*, Vol. 19 Number 3 (March 1998). p. 1.

fluctuate with public confidence. Comparing Figure 1 (confidence) and Figure 2 (public support) suggests that declines in confidence do not coincide with declines in support. Confidence rose from 1984 to 1988 with no appreciable change in support for Social Security; similarly, the decline in confidence from 1992 to 1996 was not correlated with a statistically significant drop in support.

This leads to the final question: Do Americans favor changing the form of Social Security even though they consistently support current or higher levels of spending for it?

Public Opinion on Individual Accounts as Part of Social Security

Results of public opinion surveys on Americans' views about setting aside some of Social Security taxes in individual accounts depend crucially on how questions are framed.

When questions are framed in the abstract — that is, simply as a new voluntary choice for workers — most respondents are receptive to the idea. Table 1 shows the results of 14 separate polls over the last 5 years. While the wording of the questions varies, they generally pose the question as a new option for workers that has no further consequences. Typical questions ask whether respondents favor or oppose:

- ▶ *“letting workers shift some of their Social Security tax payments into personal accounts that they would invest on their own”;*
- ▶ *“allowing Americans to put a portion of their Social Security taxes into a personal savings account to be used for retirement”;* or
- ▶ *“a plan in which people who chose to do so could invest some of their Social Security contributions in the stock market”.*

In each of these polls, a majority of Americans support the idea of giving workers a choice to use a part of their existing Social Security taxes to invest in stocks and bonds: Majorities in favor of this option range from 51 to 80 percent of respondents, with opposition never reaching 40 percent.

Americans' support for individual accounts weakens and becomes more mixed when questions are framed to consider various tradeoffs in moving to a system of personal accounts. Table 2 presents results from survey questions that introduce the notion that private accounts, while offering the potential of “more money for retirement,” also would “involve greater risk;” or that benefits “could be either higher or lower.” Majorities ranging from 51 to 61 percent still favored individual account, though opposition in one survey rose to 45 percent.

Questions in Table 3 mention tradeoffs more concretely in terms of (a) “risks” of stock and bond markets, including the potential for lower retirement incomes, (b) the cost of making the transition to a system with individual accounts, including tax increases and (c) the prospect that some benefits would be reduced. In many instances, support appears to weaken when specific tradeoffs are noted in the survey question.

Market risks are mentioned as tradeoffs in three surveys conducted by Hart-Teeter Research Companies for the *Wall Street Journal* and NBC. Their question presents both a positive and a negative perspective on the proposal: *“Some people think that individuals would have more money for retirement if they were allowed to invest and manage some of their Social Security payroll taxes themselves. Others think that it is too risky and could leave some people without adequate money for retirement if the stock market were to decline in value significantly.”* The first time this question containing pros and cons was fielded, in April 1998, it found 52 percent favored individual accounts, while 41 percent opposed. In subsequent surveys, in 1998 and 1999, support fell to 43-44 percent, with 51-52 percent opposed.

The prospect of tax increases or larger budget deficits to pay for the individual account plans offered by the 1996 Advisory Council on Social Security were the subject of a question posed in an NBC/*Wall Street Journal* survey in 1997. It asked: *“Do you think the benefits of allowing people to invest Social Security contributions in the stock market outweigh these costs of higher payroll taxes and deficits, or do you think the costs outweigh the benefits?”* Given that choice, 22 percent thought the new plan would be worth the cost while 61 percent concluded

Table 1. Support for Individual Accounts When No Tradeoffs Are Considered (in percent)

Question, Source and Date	Favor	Oppose	No opinion
<p>(1) "People would be allowed to keep and invest the amount they now pay in Social Security taxes to save for their own retirement. You would decide how to invest the money, with some restrictions to limit very risky investments. Money could not be drawn until retirement and any money left in your account when you die becomes part of your inheritance. There will be no reductions in benefits for current Social Security recipients. People under age 65 years but over age 18 would have the choice of staying in the current Social Security system or moving to the new privatized system."</p> <p>Public Opinion Strategies for the Cato Institute (N = 800 registered voters likely to vote) March, 1996 June, 1996 (similar question)</p>	72 74	13 15	15 16
<p>(2) "...letting workers shift some of their Social Security tax payments into personal retirement accounts that they would invest on their own?"</p> <p>I.C.R. Survey Research Group for the Associated Press (N = 1,012) April, 1998</p>	80	16	4
<p>(3) "As you may know, each year there are more and more retirees collecting Social Security benefits and fewer workers whose payroll taxes fund the system. In fact, by the year 2012, the government will be paying out more Social Security benefits than it is collecting in payroll taxes and if nothing is changed, the system will go broke by the year 2029. As you may know, workers are now required to contribute 12.5% of their income to Social Security. Would you favor or oppose changing the formula so that they would continue to pay the same amount toward their retirement but just 10.5% would go to Social Security and the other 2% would be used by workers to invest in their own private retirement accounts?"</p> <p>American Viewpoint National Monitor Survey (N = 1,000) April, 1998</p>	66	20	13
<p>(4) "Do you favor or oppose allowing Americans to put a portion of their Social Security taxes into a personal savings account to be used for retirement?"</p> <p>Yankelovich Partners Inc. for Time/CNN (N = 1,011) April, 1998</p>	76	20	4
<p>(5) "...allow Americans to put a portion of their Social Security taxes into a personal savings account to be used for retirement?"</p> <p>Princeton Survey Research Associates for Pew Research Center (N = 1,012) June, 1998 July-September, 1999</p>	69 70	20 22	11 8
<p>(6) "...letting workers shift some of their Social Security tax payments into personal retirement accounts that they would invest on their own?"</p> <p>Associated Press (N = 1,006) December, 1998</p>	74	22	5
<p>(7) "...a proposal that would allow or require people to put a portion of their Social Security payroll taxes into personal retirement accounts that would be invested in private stocks and bonds?"</p> <p>Gallup Organization for CNN/USA Today January, 2000 (N = 1,027) June, 2000 (N = 1,059) October, 2000 (similar question) (N=1,004)</p>	62 65 66	33 30 30	5 5 4
<p>(8) "...a plan in which people who chose to do so could invest some of their Social Security contributions in the stock market?"</p> <p>ABC News/Washington Post (N = 1,068) May, 2000 September, 2000 October, 2000</p>	64 59 58	31 37 35	5 4 8

Table 2. Support for Social Security Individual Accounts When Risk is Introduced (in percent)

Question, Source and Date	Favor	Oppose	No opinion
<p>(1) "Some people have suggested allowing individuals to invest portions of their Social Security taxes on their own, which might allow them to make more money for their retirement, but would involve greater risk. Do you think allowing individuals to invest a portion of their Social Security taxes on their own is a good idea or a bad idea?" (favor = "good idea")</p> <p>May, 2000, <i>CBS News/New York Times</i> (N = 947) June, 2000, <i>Princeton Survey Research Associates for Newsweek</i> (N=750)</p>	51 55	45 36	4 9
<p>(2) "There's a plan in which people could invest some of their Social Security contributions in the stock market. When they retire, their benefits could be either higher or lower, depending on the stock market's performance. Would you support or oppose this plan in which people who chose to do so could invest some of their Social Security contributions in the stock market?"</p> <p><i>TNS Intersearch for ABC News/Washington Post</i> (N=534) May, 2000</p>	61	34	5

Table 3. Support for Social Security Individual Accounts When Tradeoffs Are Mentioned (in percent)

Question, Source and Date	Favor	Oppose	No opinion
<p>(1) "A proposal has been made that would allow or require people to put a portion of their Social Security payroll taxes into personal retirement accounts that would be invested in private stocks and bonds. Some people think that individuals would have more money for retirement if they were allowed to invest and manage some of their Social Security payroll taxes themselves. Others think that it is too risky and could leave some people without adequate money for retirement if the stock market were to decline in value significantly. Do you favor or oppose this proposal?"</p> <p><i>Hart-Teeter Research Companies for NBC News/Wall Street Journal</i> April, 1998 (N = 1,004) October, 1998 (N = 1,025) March, 1999 (N = 1,006)</p>	52 43 44	41 52 51	7 5 5
<p>(2) "This proposal to allow people to invest Social Security contributions in the stock market also includes an increase in the payroll tax for current employees, as well as an increase in the federal deficit so that benefits to current retirees can be maintained. Do you think the benefits of allowing people to invest Social Security contributions in the stock market outweigh these costs of higher payroll taxes and deficits, or do you think the costs outweigh the benefits?"</p> <p><i>Hart-Teeter Research Companies for NBC/Wall Street Journal</i> (N=1,002) 1997 (Favor = benefits of plan outweigh the costs)</p>	22	61	17
<p>(3) "As you may know, the (2000) presidential candidates have made some proposals to change or supplement Social Security to help Americans save more money for retirement. One of these proposals would change Social Security to allow workers to invest some of their Social Security payroll taxes in the stock market. Do you favor or oppose this proposal?"</p> <p><i>Princeton Survey Research Associates</i> (N = 750) June, 2000</p> <p>Follow up question to those who favor: "Would you still favor this proposal if you heard it might require reducing the Social Security benefits that seniors have?"¹</p>	(51) 17	(36) 65	(13) 18

1. Among those who initially favored, 33 percent still favored after the follow-up question; 57 percent opposed; and 10 percent didn't know. The results displayed in the table show revised percentages of the total group.

ed that the costs outweighed the benefits. Seventeen percent had no opinion.

The prospect of benefit reductions also influenced Americans' support for the idea of individual accounts. A June, 2000, poll by Princeton Survey Research Associates found initial support for individual accounts in response to the question: "*One of these proposals would change Social Security to allow workers to invest some of their Social Security payroll taxes in the stock market. Do you favor or oppose this proposal?*" By a 51 to 36 percent margin, Americans favored this idea. When those who favored it were asked a follow up question – "*Would you still favor this proposal if you heard it might require reducing the Social Security benefits that seniors have?*" – the initial support weakened. More than half those who originally favored the idea changed their minds, leaving only 17 percent of the total group who still favored the idea, while 65 percent were opposed and 18 percent were undecided.

These findings suggest that the public is receptive to the abstract idea of individual accounts as part of Social Security, when it is presented in a solely positive frame — a voluntary choice with a chance for higher retirement income. But support appears to weaken when market risks, transition costs and the prospect of lower benefits are mentioned.

Conclusion

Just as the cost of important policy changes must be examined by budget and actuarial experts, and policy analysts can estimate the impact on Americans in different circumstances, so do Americans' attitudes, understanding, and ultimate judgment on policy changes merit attention from scholars in public opinion. Two common claims about Americans' attitudes towards Social Security are not borne out in the survey evidence.

First, Americans' confidence in the future of Social Security is not steadily declining. Confidence has fluctuated over the last 25 years; it rose between 1996 and 2000, when about half of Americans said they were "very" or "somewhat" confident in the future of Social Security. Second, support for Social

Security as measured by approval of current or increased spending for it is high and stable. This measure of support has not been affected by fluctuations in confidence about the future of the program. While 90 percent of Americans favor current or higher spending for Social Security, many also express interest in changing the form of the system.

With regard to public opinion about shifting part of Social Security to individual accounts, the wording of survey questions matters a great deal. Americans are receptive to the idea of individual accounts when they are presented solely as a voluntary choice with the chance of higher income. The response is more mixed when tradeoffs — such as market risks, transition costs, and possible benefit reductions — are mentioned. In many surveys, support fades when tradeoffs are mentioned.

To date, few proposals for individual accounts have been fully developed. Their consequences — in terms of benefits, costs and market risks — are not fully understood, even by policy elites. Survey questions posed thus far may not correspond with actual policy choices — for example, whether the accounts would be voluntary or compulsory, the size of the account, changes in basic Social Security benefits as part of a reform package, and how the plan is paid for. Proposals to balance Social Security without setting up individual accounts also involve tradeoffs. As plans are fleshed out and tradeoffs become more clear, it will be important to monitor public attitudes as Americans move toward informed judgment about the kind of Social Security program they want for the future.

Endnotes

- 1 While the Roper database is the world's largest library of public opinion data, it generally does not include proprietary surveys, private polls and so forth.
- 2 This is a standard question asked to gauge public support for government programs. It does not capture the possibility that respondents may support the overall level of spending on a program but believe that it is spent in the wrong way, or prefer that the program be restructured.

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Financial support for this Brief is provided by the John D. and Catherine T. MacArthur Foundation.



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