The Fiscal Commission, created to reduce deficits, is likely to concentrate on ensuring Social Security's long-term solvency. But updating the program's rules on family benefits should be the first priority. Without this, Social Security, despite solvency, will continue to leave many vulnerable people unprotected. We need a more effective safety net for the needy, most of whom are women, minorities, and children. Fortunately, updating family benefit rules does not necessarily imply more funding.

Social Security pays benefits to the dependents and survivors of retired and disabled beneficiaries. Nothing better symbolizes this valuable protection than the benefit checks sent to eligible survivors of September 11 only three weeks after the attacks. Eligibility depends on benefit rules. Over the past 40 years, statistics show that among each year's new beneficiaries, the proportion of dependents and survivors to the total has steadily declined: 54.7% (1970); 52.3% (1980); 42.6% (1990); 39.8% (2000); and 38.5% (2008). It is estimated at 32% in 2018.

This decline partly stems from the fact that the benefit rules designed 70 years ago were meant to protect the then-dominant family structure: a wage-earning father and a stay-at-home mother with children. During the past 40 years, however, more and more women work for pay. Fewer people marry, they marry later, they divorce more often and sooner, and some never remarry. Increasingly, many people are not marrying, and unmarried couples have multiplied. While social norms have changed dramatically, benefit rules remain largely stationary. Consequently, fewer dependents and survivors are getting benefits. For example, divorced people without at least ten years of marriage or people not legally married are ineligible as spouses, ex-spouses, or survivors. Even among the legally married, some widowed spouses, mostly women, may only get two-thirds or less of the benefits received while a couple. The lowered benefits may help

explain why the poverty rates among widowed and divorced older women are about four times the rate for older married women.

Children's benefits may also be lower than they could be. Owing mainly to births to unmarried mothers and high divorce rates, nearly one in four children now lives with a single mother. Since women generally earn less than men, children's benefits will be lower when based on mothers' earnings.

Ineligibility and lower benefits also hit minorities harder. Compared to whites, a much smaller proportion of African Americans and Latinos is legally married; a much greater percentage of them is never married; a much larger share of them is poor; and a much larger portion of their children lives with single mothers– African American (52%), Latino (27%), and white (16%).

Moreover, among African Americans, in each year's new beneficiaries, the proportion of dependents and survivors to the total has steadily declined in the past three decades: 62% (1980); 52% (1990); 44% (2000); and 37% (2008).

Beyond coverage and benefit levels, there's also the issue of equity. For dual earners whose earnings are close, the widowed spouse receives only his or her own benefits and feels short-changed compared to the one-earner family. Spouses who are better off with spousal (or survivor) benefits feel unfairly treated by not getting any additional benefit for the payroll taxes they paid. And single workers, who pay the same taxes on the same earnings, do not receive such benefits.

Some are talking about raising the survivor benefit and lowering the spousal benefit, lowering the required length of marriage, or instituting a special minimum benefit for low-earners. But these are only partial answers. Another idea, "earnings sharing." appears to offer a broader solution.

Under earnings sharing, total earnings of a couple are evenly divided between them while married and each half would be portable upon divorce, regardless of

the length of marriage. When one spouse dies, the survivor would inherit all or most of the earnings credits of the deceased.

Earnings sharing could solve the problem for some widowed spouses and ex-spouses. While in general, married women in two-earner families would be better off under earnings sharing than those in one-earner families, there are potential problems. An important forthcoming simulation study reports that benefits for some of the most economically vulnerable subgroups of women, such as low-income widows, would be reduced, some sharply. Moreover, earnings sharing will not help the never-married. Nor will it alleviate poverty among older people generally.

What we need is fundamental reform. This Fiscal Commission has a historic opportunity to remake Social Security into a program with two tiers of benefits that incorporates earnings sharing. The first tier Social Security would pay a flat-rate benefit to eligible persons based solely on age or disability. It would be funded by the revenues currently paying for the share of program costs for older people under Supplemental Security Income, food stamps, subsidized rents, and the like, as well as through part of the payroll tax. The second tier Social Security benefit, funded by payroll taxes, would be based on earnings — an individual's earnings when single plus half the couple's combined earnings while married. Such a restructured Social Security system can deal with the issues of coverage, benefit level, and equity in a comprehensive manner.

But there will be individuals who would get less benefit under the new system, most notably attributable to the change to earnings sharing. For this reason, no legislation has adopted earnings sharing despite its logic and common sense. Plainly, policymaking has been held hostage by the loss in benefit for some people.

The hostage must be freed or there will be little chance for sensible policy changes. For example, there has been resistance to postponing the normal retirement age and early retirement age because some people would lose benefits due to their inability to continue working. If we cannot resolve this "loser" issue, all reform efforts will be futile.

There might be a way to break the logjam. Social Security could establish a "Benefits Compensation Fund" to pay those who would lose by the change to earnings sharing. This fund would be transitional in nature, since its size would diminish over time as the number of beneficiaries who lose benefits declines. Doubtless, there are other methods. But any reform must enable Social Security to protect more potentially at-risk individuals, not fewer.

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