



The SSI Program for Children: Time for Change?

Ron Haskins

The Supplemental Security Income (SSI) program for children is the subject of ongoing debate in Washington. Some argue that the program should pay for disability services for children rather than provide families with cash, that parents and states are highly motivated to enroll even mildly impaired children in SSI, that problems with the definition of disability allow too many children with mild impairments to qualify for SSI, and that receiving SSI allows single moms with mildly disabled children to avoid work. Others argue that families with disabled children have many additional expenses and high rates of financial hardships, that only seriously disabled children are able to qualify for the benefit, that the rolls have been increasing because of improved diagnosis of disabling conditions and rising child poverty rates, and that many disabled children need the full-time care of their mothers both to participate in treatment and to coordinate services for the child. Despite these disagreements, there is common ground for reforms that would increase program integrity and help disabled children prepare for self-sufficiency as adults.

The Supplemental Security Income (SSI) program for children provides a cash entitlement payment to poor families with a disabled child and, in most states, Medicaid health care coverage for the child. Like many welfare programs, SSI has often stirred controversy, largely over the issue of eligibility. In 1990 a Supreme Court ruling led to a substantial

ABOUT THE AUTHOR: Ron Haskins is a senior editor of the *Future of Children*, a senior fellow in economic studies and co-director of the Center on Children and Families at the Brookings Institution, and a senior consultant at the Annie E. Casey Foundation.

To read the full report on children with disabilities, edited by Janet Currie and Robert Kahn, go to www.futureofchildren.org.

increase in the number of children enrolled in SSI. In 1996 Congress changed the eligibility rules as part of welfare reform. The number of children found eligible subsequently declined for a few years, but then began to climb again and has nearly doubled since 2001. In recent years, concern about the growing federal deficit has led to intense scrutiny of federal spending, including spending on disability programs. Under every plausible deficit reduction scenario, social programs will sustain substantial cuts. The controversy surrounding the SSI children's program, the growing concern about federal spending, and the perennial concern about the well-being of disabled children and their families make this the right time to consider the arguments for and against reform. This policy brief, which accompanies release of the spring 2012 volume of the *Future of Children*, titled "Children with Disabilities" and edited by Janet Currie of Princeton University and Robert Kahn of the University of Cincinnati, examines the purpose and

functioning of the children's SSI program, reviews the major themes of the policy debate, and identifies two politically feasible reforms that would strengthen the program and improve program integrity.

SSI Background

The SSI program began operation in 1974 to provide a cash benefit to people unable to engage in a specified level of work by reason of a medically determined physical or mental impairment that lasted or was expected to last for at least twelve months or to result in death (or because they are poor and elderly). The legislative history of the program shows that it was designed both to ensure that the disabled would not live in destitution and, in the case of children, to compensate poor parents for disability-related expenses and lost work. In 2011 SSI served nearly 1.3 million children; the maximum benefit for children was \$674 a month. To be eligible, children must have a disability considered "marked and severe" and live in a family with low income and resources. There is some disagreement about how many of these children live in poverty. Michael Wiseman of George Washington University estimates that their poverty rate is below 30 percent, although others claim the rate is around 50 percent.

Should SSI Provide Cash?

Critics of the children's SSI program advance three major arguments. First, instead of an income supplement program, they hold that disabled children would have been better served by a program that paid for comprehensive disability services to ensure that SSI funds are actually spent on children. They further argue that Congress should have grounded the SSI benefit level in some measure of the additional expenses and lost income associated with having a disabled child. In the newly released *Future of Children* volume, Mark Stabile and Sara Allin estimate that the direct cost to families for treatment is around \$1,000 a year and that the cost in reduced work by mothers is \$5,150. These estimates of the value of reduced work are for mothers of all disabled children, however, not for the poor and low-income mothers whose children are on SSI. Mothers of children on SSI tend to be less educated and to have less labor force experience than mothers who have a disabled child who is not on SSI. Thus, mothers with a child on SSI would be expected to earn less. But the SSI benefit is not adjusted for either the direct costs of the child's disability or the effects on the mother's

ability to work. Nonetheless, the average SSI children's benefit of \$7,164 a year is similar to the \$6,150 in direct costs and lost work imposed on the family.

Critics of SSI also argue that between regular safety net programs and programs for disabled children, cash income from SSI is not necessary. Most families, especially single mothers, who meet the SSI income and asset tests are also eligible for safety net programs such as cash from Temporary Assistance for Needy Families (TANF), nutrition programs, housing, and others. To deal directly with the child's disability, the United States has two sweeping programs that are implemented by states and paid for with both state and federal funds. Medicaid is a source of extensive services, especially medical services, for disabled children. Unlike policy when SSI was implemented in 1974, all children under age six in families with income up to 133 percent of the poverty level and all children in families under the poverty level are now eligible for Medicaid, regardless of whether they are enrolled in SSI. In addition, most children in families with income up to 200 percent above the poverty line are eligible for the Child Health Insurance Program. Further, 1979 federal legislation—the Individuals with Disabilities Education Act—requires states to provide a free, public education to all disabled children and young adults aged three to twenty-one and provides states with \$13 billion a year to help meet the commitment.

In response, supporters of the SSI program and its cash benefit point to research showing that families with a disabled child are more likely to face hardships than similar families without a disabled child. Susan Parish of Brandeis University and her colleagues find, based on nationally representative survey data, that families with a disabled child, including those above the poverty level, have more hardships, such as food insecurity, housing instability, and loss of telephone service, than families of similar income but without a disabled child. Such hardships are especially likely in the case of single mothers and cohabiting partners. Ending SSI for these families would increase hardship, primarily because TANF provides a lower cash benefit and is of limited duration.

In addition to greater hardships, advocates for SSI emphasize the dramatic impact on family life of having a disabled child. Several of the articles in the *Future of Children* volume discuss this issue. In addition to the

Supporters of the SSI program and its cash benefit point to research showing that families with a disabled child are more likely to face hardships than similar families without a disabled child.

routine tasks of maintaining family life and working outside the home, parents of disabled children often spend many hours working directly with the disabled child and coordinating the child's care and treatment. In forthcoming work on these issues, Dennis Hogan of Brown University reviews extensive survey data as well as interviews with parents of disabled children to provide a full picture of the impacts disabled children have on the lives of parents and siblings of the disabled child. These effects may be especially difficult to manage for single mothers who do not have a partner to share responsibilities. To remove the financial support provided by SSI to these families would make the task of helping the disabled child all the more difficult.

SSI Incentives

A second critique of the program is that both states and parents have incentives to get children on SSI and disincentives to help them get off. Most families with children on SSI are eligible for the TANF program. Because TANF benefits are paid by a capped federal block grant that requires states to spend a fixed amount of their own money, states have an incentive to save their TANF dollars for other uses by qualifying children for SSI with its 100 percent federal benefit (although most states supplement the federal SSI benefit). In addition, a state that helps a child overcome his disability and leave the rolls—a major goal of policy for the disabled—could wind up paying TANF benefits to the family.

Parents have an incentive to get their children on SSI because they are guaranteed a cash payment. Poor

families with two or more children, one of whom qualifies for SSI benefits, may receive income from both TANF and SSI, as well as food stamps and other means-tested benefits. A family with two children drawing TANF benefits that could qualify one of the children for SSI would gain \$574 a month, a 130 percent increase in welfare benefits.

In addition to extra income, parents might have another incentive to leave TANF altogether and apply for SSI because the federal TANF program has strong parental work requirements but SSI does not. Furthermore, parents can qualify for TANF for a total of only five years but SSI benefits are paid as long as the child is a minor and qualifies as disabled.

Yet another SSI disincentive could work to the family's immediate financial detriment. If a parent aggressively pursues education and other services for a child, the child might overcome the disability and no longer qualify for SSI. At that point the parent in need of income would be forced either to work to make up for the lost SSI income or to apply for TANF with its smaller cash benefit, strong work requirement, and time-limited benefit.

Many child advocates and researchers argue, however, that few parents actually try to use deceit to qualify their children for SSI. They emphasize the paucity of systematic evidence on the issue and note that the anecdotes about particular cases—such as the dramatic examples published in December 2010 in the *Boston Globe*—are precisely that, anecdotes, not data, and therefore not of sufficient reliability to justify changes in the SSI program. Even more important, defenders of SSI argue that its admission requirements and procedures are strict and tightly administered by the Social Security Administration and that the approval rate of applications has remained stable at about 40 percent for more than a decade.

How Children Qualify

How children qualify for SSI is itself a controversial issue that has its roots in the program's founding. Congress created an adult SSI program for those who met two major criteria—low income and resources and an inability to work, that is, to engage in “substantial gainful activity.” For 2012 substantial gainful activity is defined, for nonblind, disabled individuals, as having earnings of at least \$1,010 a month. The

earnings criterion is objective and can be well measured, although determining whether an individual is making a serious effort to work can be difficult. But even if the adult does not earn the substantial gainful activity amount, the adult must still meet the disability standard of “marked and severe.”

By contrast, the qualifying criteria for children raise difficult conceptual and practical issues. As in the adult program, the two major criteria are low income and resources and the inability to achieve substantial gainful activity. Because the parents’ income and resources are attributed to the child, the income and resources criterion is objective and can be well measured. However, defining childhood disability using the concept of substantial gainful activity has proven difficult. Until the Supreme Court decision in *Sullivan v. Zebley* in 1990, the statute stipulated that children could be considered disabled if they suffered “from any medically determinable physical or mental impairment of comparable severity” to a condition that would qualify an adult for SSI. The Social Security Administration determined whether a child met this criterion by comparing the child’s disability to a list of about 100 mental or physical impairments. Children judged as having any of these impairments and who met the income and resources test were admitted to the program.

In the *Zebley* case, the Supreme Court ruled this approach inequitable because it did not include a “functional limitation” test similar to that in the adult program. In response, the Social Security Administration developed the Individualized Functional Assessment (IFA), and the agency’s examiners considered evidence from parents, teachers, and other sources to assess an applicant’s functional limitations in abilities such as cognition, communication, motor abilities, and social behaviors. The SSI children’s rolls expanded rapidly after *Zebley*, prompting the Government Accountability Office to conduct a detailed study of the IFA. The resulting 1995 report concluded that the assessment depended too heavily on adjudicator judgments rather than on objective criteria. Congress subsequently ended use of the assessment as part of the 1996 welfare reform law. Nevertheless, children must still meet a medically determined “marked and severe” impairment standard.

Critics believe that flaws in the definitions of childhood disability and substantial gainful activity, as well

as in the IFA, have led to significant increases over time in the number of children on SSI. Between 1980 and 1996 the program grew by 400 percent. The increase was especially rapid after the 1990 *Zebley* decision, in part because of a national outreach campaign required by the decision. But after the 1996 reforms and suspension of the IFA, the children’s caseload declined from about 955,000 in 1996 to about 844,000 in 2000. In 2001 the rolls began increasing again, reaching 1,238,000 in 2010, an increase of about 47 percent in ten years. Critics of the SSI program believe that this upsurge in the number of children receiving SSI reflects several factors, but especially changes in the definition and measurement of disability.

In part because advocates of SSI have made a strong case against reform, there is no consensus in Congress for major reforms of the program, and it seems unlikely that a consensus will develop in the near future.

In a recent book analyzing the nation’s disability programs, Richard Burkhauser and Mary Daly compare the changes in the number of children qualifying for SSI with changes in the share of children under age eighteen reporting fair or poor health and the share of those reporting activity limitations. The share of all children in poor or fair health was nearly the same in 2007 as it was in 1999 and was below that in 1995, while the share with activity limitations grew only modestly between 1997 and 2008. The authors conclude that a rising frequency of health problems or activity limitations cannot explain the surge in the number of children on SSI since the late 1990s.

Rather, Burkhauser and Daly argue that growth is being driven by the increasing SSI enrollment of children with impairments that are difficult to evaluate. As evidence, they review data demonstrating

that the increase in the SSI rolls is primarily in the hard-to-measure mental disability categories such as speech and language disabilities and attention-deficit/hyperactivity disorder (ADHD) and that the ratio of SSI children to children in poverty has increased.

To this claim, SSI advocates respond that the ADHD diagnosis stopped increasing rapidly after 2004 or 2005, that the SSI rejection rate for ADHD has been stable for over a decade, and that the rise in ADHD cases is attributable to an increase in the number of diagnosed cases of ADHD. They further argue that the overall rise in the ADHD designation reflects improvement in medical diagnosis, which would ordinarily be considered a positive development. Moreover, the increase in child poverty over the decade—from 16 percent of children in 2001 to 22 percent in 2010—accounts for a substantial fraction of the rising child SSI caseload because an increased poverty rate causes more children to meet the SSI income criterion.

Authors in the *Future of Children* volume wrestle with the difficulty of reaching a consensus definition of disability. As they show, the definition of disability has a direct bearing on the estimates of the prevalence of disability and how it has changed over time. The prevalence of conditions that led to “activity limitations” in the National Health Interview Surveys was 8.0 percent in 2009, more than double the estimate in 1981; by contrast, the prevalence of “functional limitations” in the National Survey of Children’s Health was only 4.3 percent in 2007. Yet as shown by another article in the volume, about 13 percent of children were enrolled in special education classes in the 2009–10 school year. Considerations such as these suggest that the definition of disability will be a subject of controversy for the foreseeable future and that both critics and defenders of SSI have to carefully specify the definition they are using when they base their arguments on the prevalence of childhood disability and whether the prevalence has been rising or stable.

Reform SSI?

SSI’s critics recommend sweeping changes. Burkhauser and Daly, for example, recommend devolving SSI authority and funding to the states in the form of a block grant. Among other advantages, they say, states could then use SSI resources to coordinate their disabilities programs with other state education

and welfare programs. Although this proposal is an interesting and arguably valuable suggestion for reform, changes of such magnitude are not likely to gain enough support to be enacted in the current highly divided Congress. As this review shows, there are solid arguments for and against the major reform proposals. In part because advocates of SSI have made a strong case against reform, there is no consensus in Congress for major reforms of the program, and it seems unlikely that a consensus will develop in the near future.

Even so, two important if more modest reforms hold greater promise for addressing some of the problems reviewed above. The first is to increase Social Security Administration funding for periodic disability reviews of children receiving SSI benefits to determine whether they continue to meet the SSI disability criteria. These reviews have long been a staple of the SSI program. In its recent congressional testimony, the Government Accountability Office pointed out that fewer reviews had been conducted in recent years and called on the agency to conduct more. The Social Security Administration estimates that every dollar spent on disability reviews ultimately saves about \$12.50. In fact, it estimated that the reviews conducted in 2009 saved around \$4.6 billion in spending on federal disability programs. Clearly, it would make sense for Congress to appropriate additional funds to pay for more reviews. Congress modestly increased spending for reviews in the fiscal 2010 and 2011 budgets, but not in the 2012 budget. Most of the additional money, moreover, was spent on reviews under the Social Security Disability Insurance program and not SSI.

A second reform proposal that enjoys widespread support is to focus greater attention and increased spending on programs designed to help youngsters on SSI avoid long-term dependency by maximizing their education, skills, and work experience. Recent research lends a note of urgency to the goal of developing self-sufficiency in SSI youth. Jeffrey Hemmeter, of the Social Security Administration, and others have found that children diagnosed with behavioral and mental disorders other than mental retardation—precisely the disability categories that have been growing the most—and who received SSI as children are less likely than those with mental retardation or other impairments to qualify for SSI after age eighteen, leaving them vulnerable to destitution

if they do not work. Doubts about whether these youth can achieve self-sufficiency also arise from the work of James Smith of the Rand Corporation, who has shown that poor health during childhood has large effects in reducing labor supply, earnings, family income, and wealth in adulthood.

In response to such concerns, the Social Security Administration launched a major experiment in 2005 to determine ways to help youth aged eighteen to twenty-five increase their skills and their private-sector employment. The experiment is taking place in seven sites, with early results already available from three sites. In two of the three, youth participating in the intervention program, as compared with youth in the control groups, received only modest and nonsignificant increases in employment services. Youth in

the third site, however, had more substantial increases in employment services and were significantly more likely to be employed in a paid job. The research team is using lessons learned from the successful site to modify the programs at the remaining sites in the hope of producing better results. As the researchers note, these program “refinements” may result in stronger interventions and therefore bigger effects on employment. Congress should ensure adequate resources to continue and expand this work and to implement successful program models with as much of SSI’s youth population as possible. It may even be worthwhile to test the effect of cash earnings supplements similar to the Earned Income Tax Credit in potentially strengthening the job preparation program by providing increased incentive to work.

Additional Reading

Daniel Bertone, “Supplemental Security Income: Preliminary Observations on Children with Mental Impairments,” Testimony before the Subcommittee on Human Resources, Committee on Ways and Means, House of Representatives, October 27, 2011.

Richard V. Burkhauser and Mary C. Daly, *The Declining Work and Welfare of People with Disabilities* (Washington: American Enterprise Institute, 2011).

Thomas Fraker, “The Youth Transition Demonstration: Interim Findings and Lessons for Program Implementation,” Issue Brief 11-04 (Princeton, N.J.: Mathematica Policy Research, October 2011).

Jeffrey Hemmeter, Jacqueline Kauff, and David Wittenburg, “Changing Circumstances: Experiences of Child SSI Recipients before and after Their Age-18 Redetermination for Adult Benefits,” *Journal of Vocational Rehabilitation* 30 (2009): 201–21.

Dennis Hogan, *Exceptional Children, Challenged Families: Raising Children with Disabilities* (forthcoming).

Susan L. Parish and others, “Material Hardship in U.S. Families Raising Children with Disabilities,” *Exceptional Children* 75, no. 1 (2008): 71–92.

James P. Smith, “The Impact of Childhood Health on Adult Labor Market Outcome,” Discussion Paper 4274 (Bonn: Institute for the Study of Labor, 2009).

Social Security Administration, *Annual Report of the Supplemental Security Income Program* (2010).

Jonathan Stein, Testimony before the Subcommittee on Human Resources, Committee on Ways and Means, U.S. House of Representatives, Hearing on Supplemental Security Income Benefits for Children, October 27, 2011.

U.S. Government Accountability Office, “Supplemental Security Income: Growth and Changes in Recipient Population Call for Reexamining Program,” GAO/HEHS 95–137 (1995).

Patricia Wen, “A Legacy of Unintended Side Effects,” *Boston Globe*, December 12–14, 2010 (3 parts).

Michael Wiseman, “Supplemental Security Income for the Second Decade,” *Poverty and Public Policy* 3, no. 2 (2011). Available at www.psocommons.org/ppp/vol3/iss1/art6.



Senior Editorial Staff

Editor-in-Chief

Sara McLanahan

Princeton University

Director, Center for Research on Child Wellbeing, and William S. Tod Professor of Sociology and Public Affairs

Senior Editors

Ron Haskins

Brookings Institution

Senior Fellow and Co-Director, Center on Children and Families

Christina Paxson

Princeton University

Dean, Woodrow Wilson School of Public and International Affairs, and Hughes-Rogers Professor of Economics and Public Affairs

Cecilia Rouse

Princeton University

Director, Education Research Section, and Katzman-Ernst Professor in the Economics of Education and Professor of Economics and Public Affairs

Isabel Sawhill

Brookings Institution

Senior Fellow, Cabot Family Chair, and Co-Director, Center on Children and Families

Journal Staff

Associate Editor

Kris McDonald

Princeton University

Project Manager

Lauren Moore

Princeton University

Managing Editor

Brenda Szittyia

Princeton University

Managing Editor

Martha Gottron

Princeton University

Outreach Director

Lisa Markman-Pithers

Princeton University

Outreach Coordinator

Mary Jones

Brookings Institution

Communications Coordinator

Regina Leidy

Princeton University

Administrator

Tracy Merone

Princeton University

The Future of Children

PRINCETON-BROOKINGS

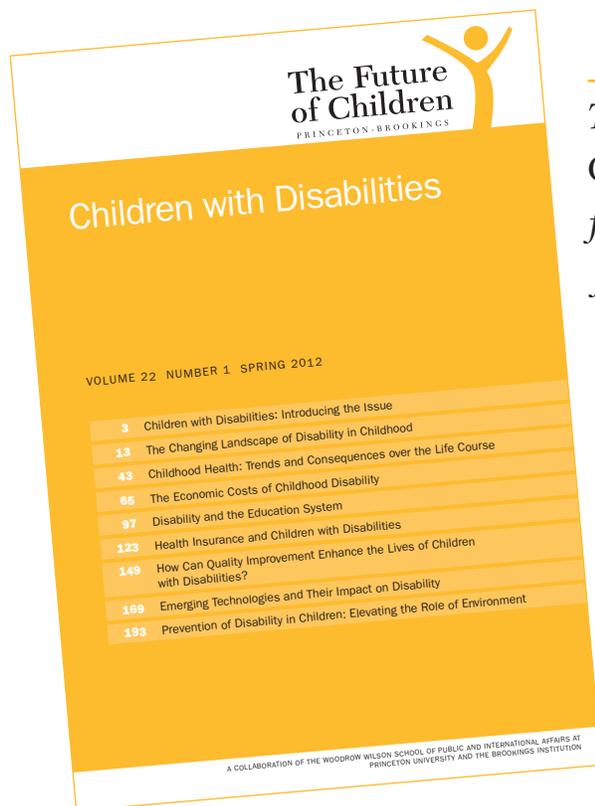


The Future of Children

Princeton University
267 Wallace Hall
Princeton, NJ 08544

CHANGE SERVICE REQUESTED

NONPROFIT ORG.
U.S. POSTAGE
PAID
PERMIT NO. 4
HANOVER, PA



This policy brief is a companion piece to Children with Disabilities, which can be found at no charge on our website, www.futureofchildren.org. Print copies of Children with Disabilities also can be purchased on our website. While visiting the site, please sign up for our e-newsletter to be notified about our next volume, Literacy Challenges for the 21st Century, as well as other projects.

The Future of Children would like to thank the David and Lucille Packard Foundation for its generous support for this policy brief. *The Future of Children* is a collaboration of the Woodrow Wilson School of Public and International Affairs at Princeton University and the Brookings Institution.

The Future of Children © 2012 by The Trustees of Princeton University, all rights reserved.