Reforming Supplemental Security Income to Better Serve Children with Disabilities

JUNE 3, 2022
EXECUTIVE SUMMARY

The Supplemental Security Income (SSI) program is the largest cash assistance program for low-income Americans. The program was created to serve the low-income elderly and disabled Americans who cannot support themselves. Policy changes in the 1990s expanded the program’s eligibility criteria and caused child participation in the program to grow to historically high levels, with more than one million children currently enrolled in the program. One of the main reasons for providing SSI to children was to increase the chances low-income, disabled children would achieve self-sufficiency in adulthood. However, the evidence indicates SSI is undermining workforce connections and failing America’s most vulnerable children.

KEY FINDINGS:

- **Policy changes expanding the eligibility criteria for SSI drove rapid growth in child participation during the past several decades.** Since the program began, child participation has increased 16-fold, climbing from 70,900 children on SSI in 1974 to 1.1 million as of 2020.

- **Today, a majority of children qualify for the program based on mental health disorders rather than physical or intellectual disabilities.** Mental health disorders account for 80 percent of the child SSI caseload growth between 1987 and 2020. The most prevalent mental health disorders rely on more subjective diagnosis criteria, such as attention deficit hyperactivity disorder, speech and language delays, and autism.

- **SSI fails to help able-bodied children transition to the workforce in adulthood.** Most youth on SSI at age 18 continue onto the adult SSI program. Only about half of youth who were removed from the program at age 18 because they are considered able to work are employed after leaving the program. These youth are poorly-prepared for the labor force, and earn only an average of $4,400 annually post SSI enrollment.
• **SSI undermines workforce connections for the parents of children in the program.** SSI eligibility does not consider how the child’s health care needs affect able-bodied parents’ ability to work. By providing a maximum per-child benefit of up to $841 per month with no work requirement, many SSI-parents choose to reduce work hours or not work at all. This incentive likely reduces material well-being for the parent and the child.

• **SSI for children is duplicative—one of approximately 90 programs targeted to low-income households including children with disabilities.** Medicaid, Temporary Assistance for Needy Families (TANF), the Supplemental Nutrition Assistance Program (SNAP), school meal programs, housing assistance, and many other means-tested programs provide resources and services to low-income families. Special education grants and other government programs fund services specifically for children with disabilities.

• **Reforms are needed to improve SSI's poor outcomes for children with disabilities.** Policymakers should consider phasing out the SSI child program and transitioning limited resources to programs that more effectively serve low-income families with disabled children. Other reforms could include targeting SSI to children with the most serious disabilities, converting SSI from a direct cash assistance program to a flexible spending account (FSA) that can be used for the child’s needs, encouraging work preparation for youth on SSI, and increasing the frequency of continuing disability reviews to determine whether a child still qualifies for SSI.
INTRODUCTION

Nearly eight million Americans received Supplemental Security Income (SSI) in 2020, a means-tested cash benefit program for old and disabled Americans.\(^1\) Despite receiving less public attention than other means-tested programs, federal and state governments spent approximately $60 billion on SSI benefits in 2020, making it one of the largest of the government’s roughly 90 means-tested welfare programs.\(^2\) The SSI program has grown rapidly over the past several decades despite the facts that Americans’ health has improved, family incomes have risen, and similar government services for low-income Americans have grown tremendously. Even less discussed are the more than one million American children currently enrolled in the SSI program. These children are the focus of this report. The number of children receiving benefits has increased nearly 16-fold since the 1970s, well outstripping growth in the adult rolls.\(^3\) Much of the increase in child SSI participation is attributed to an expansion of eligibility criteria for mental health disorders in the 1990s.

For the large and growing number of child program participants who will be work-capable adults, SSI is intended to be a temporary program to help them achieve self-sufficiency. Unfortunately, after almost half a century since its creation, the child SSI program has failed to help most youth participants achieve positive outcomes and may undermine self-sufficiency by encouraging continued dependence in adulthood. Approximately two-thirds of the children enrolled in SSI at age 18 continue onto the adult SSI program, and many of those who no longer qualify for the program in adulthood struggle to find employment.\(^4\)

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3 Ibid.

SSI’s failure to encourage self-sufficiency among both children (upon reaching adulthood) and their parents is problematic for several reasons. Work often provides not only financial resources, but meaning and purpose as well. Work is associated with greater personal well-being, better physical and emotional health, higher self-esteem, and greater life satisfaction. The workplace is also a key source of social capital—the web of associations that facilitate community and networks of support. Reforms that both reward work and tie welfare receipt to work, such as the 1996 welfare reform, are linked with increased material well-being among low-income adults and their children.

The massive increase in children receiving SSI benefits and the program’s failure to promote self-sufficiency are worrying signs the U.S. Security Income and the Transition to Adulthood in the United States: State Variations in Outcomes Following the Age-18 Redetermination.”


disability system is failing the most vulnerable among us. Work participation rates for disabled Americans have declined over the past several decades, and disability is currently one of the most common reasons people give for being out of the labor force.  

To better serve low-income youth with disabilities, Congress could phase out the SSI program and transfer funds to other programs that are better designed to both support vulnerable children and encourage self-sufficiency among their parents, such as the Temporary Assistance for Needy Families (TANF) program. Another option is for Congress to reform SSI into a flexible spending account that can be used for items and services specifically for the child. Congress could also tighten the program’s eligibility criteria to ensure SSI funds are going to families who need them most. These reforms would better facilitate children’s ability to achieve a self-sufficient rather than dependent future.

This report discusses child SSI caseload trends and the policy changes that have contributed to the program’s rapid growth since the 1990s. It addresses how the SSI program fails to help youth achieve positive outcomes in adulthood, undermines work participation for high school-age youth, and often serves as a feeder program for the adult SSI program. It also explains how SSI undermines work for the parents of children in the program, creating long-term dependence and reducing family income in the long run. The report concludes by discussing how child SSI is a redundant program, as multiple other government programs provide similar benefits to low-income families and children with disabilities, and provides policy options that could encourage better outcomes for recipients and their families.

**SSI PROGRAM BACKGROUND**

The SSI program for children is a means-tested cash assistance program provided to parents of low-income children with disabilities. The SSI program was established 50 years ago, mainly as a way to provide income assistance to low-income adults considered unable to work. Legislators also chose to include children with disabilities in the SSI program. Policy reforms made in the 1990s to the SSI child program changed the way disability is determined for children and lengthened

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the list of disabilities for which children can qualify for SSI. These policy changes increased the scope of the SSI child program, and the child caseload grew rapidly in the following decades.

**Income Eligibility Criteria for SSI**

In order to qualify for the child SSI program, the Social Security Administration must determine that a child has a qualifying disability. Disability examiners at state Social Security offices make this assessment using medical assessments, as well as reports from parents, school teachers, and others regarding the child's health and functioning.9

A child must also come from a low-income household to qualify for SSI. To determine a child's income eligibility, the Social Security Administration must calculate how much parental income is “deemed” to the child. Only parental earned and unearned income that exceeds the threshold at which an adult or couple would qualify for SSI on their own is counted for the sake of determining a child's income eligibility. Thus, children can qualify for SSI at higher levels of family income than adults. For example, if a single parent earns $2,000 a month, only $327 of that income would be counted, as $1,673 would be disregarded ($1,673 is the maximum amount of earned income a single adult can have to qualify for SSI). The Social Security Administration also takes into account any earned or unearned income from the child, such as income from a job or from child support paid by a parent, and certain deductions are allowed, such as a deduction for each non-disabled child in the household.10

While household income thresholds for determining child SSI eligibility can vary based on household size and other factors, the Social Security Administration provides some general guidelines on income thresholds.11 For example, a single-parent with two children—one who

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is disabled and one who is not—could qualify if their maximum gross monthly earned income is below $3,698 in 2021, or $44,376 on an annual basis.\textsuperscript{12}

Compared to other means-tested welfare programs, the income threshold for child SSI eligibility is high. The average household receiving SSI child benefits has an income that is more than 70 percent greater than the average family receiving cash assistance from TANF.\textsuperscript{13} TANF is the cash assistance program for the broader population of low-income families and does not require someone in the household to have a disability. The average child on SSI received a benefit of $675 each month in 2020, or $8,100 annually.\textsuperscript{14} The average family receiving TANF for one child in 2020 received $417 per month, or $5,004 annually.\textsuperscript{15} Families on SSI can also receive benefits from the Supplemental Nutrition Assistance Program (SNAP), Medicaid, and from many other government programs simultaneously.

\textit{History of SSI}

Congress established SSI as part of the 1972 Social Security Amendments, replacing federally subsidized state programs for the aged, blind, and disabled.\textsuperscript{16} The progeny of President Nixon’s proposed Family Assistance Plan, the SSI program provides income assistance to low-income Americans who are not expected to participate in the labor force due to old age or disability.\textsuperscript{17}

\textsuperscript{12} Ibid.
\textsuperscript{14} Social Security Administration. SSI Annual Statistical Report, 2020, Table 17.
The existing Social Security Old Age, Survivors and Disability Insurance (OASDI) programs also provide income support to adults who are old or disabled, but these programs require sufficient work history to qualify for benefits. SSI does not require a history of work, instead it is a means-tested program for which people qualify based on income level.

When Congress debated the original SSI program, some members supported including children with disabilities on the program while others argued including children would be redundant. The House Ways and Means committee argued that low-income children with disabilities “are among the most disadvantaged of all Americans and are deserving of special assistance in order to help them become self-supporting members of our society....[P]oor children with disabilities should be eligible for SSI benefits because their needs are often greater than those of nondisabled children.” The Senate Finance Committee opposed allowing children to receive SSI benefits, arguing Medicaid already existed to meet the health care needs of low-income children.

Ultimately, the argument to include children prevailed and the new SSI program, along with amendments to Social Security and Medicare, was signed into law on October 30, 1972. Two years later, in 1974, the program began issuing benefits, including to low-income children with disabilities.

In 1990, the Supreme Court ruled in *Sullivan v. Zebley* that children applying for SSI must be treated equally to adults. Following this decision, the Social Security Administration expanded the ways children could qualify for SSI. Prior to *Zebley*, children could only qualify for SSI if they had a medically determinable illness listed by the Social Security Administration, or if their health condition was considered medically equal in severity and duration to one of the listed

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19 Ibid.
21 Robert M, Ball. “1972 Social Security Amendments.”
conditions. Medically listed illnesses had to result in severe functional limitations and be considered long-term or terminal.

As a result of the Supreme Court decision, the Social Security Administration added two additional pathways for children to qualify for SSI. These new criteria made the determination process for children far more subjective and opened the door for many more children to access the SSI program. The first new pathway for eligibility was through functional equivalence, meaning that a child could qualify for SSI if they had functional limitations resulting from a non-listed health impairment that were similar to the functional limitations of a medically listed illness. The Social Security Administration defines functional limitations as “what you cannot do, have difficulty doing, need help doing, or are restricted from doing because of your impairment(s).”

The other new criterion by which children could qualify was through an “individual functional assessment.” An individual functional assessment for adults is used to determine an adult’s ability to work. Given that children are not expected to work, the Social Security Administration created a new individual functional assessment for children that focused on how a child’s health impairments affected their ability to function independently in an age-appropriate manner, such as their ability to attend school or acquire skills for adulthood.

Following Zebley, the Social Security Administration was also required by the court to conduct outreach to children who had been denied benefits under the pre-Zebley criteria. Bringing these children onto SSI

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24 Daly and Burkhauser, 2011, 91.
contributed to the major growth in the program’s child caseload during the early 1990s. \(^{28}\)

Beyond the changes that occurred as a result of Zebley, the Social Security Administration issued new regulations in 1990 expanding the number of qualifying mental health listings for children. \(^{29}\) These new regulations were the product of the 1984 Social Security Amendments, in which Congress mandated the Social Security Administration develop new disability standards for mental disorders. \(^{30}\) The new list of disorders included: attention deficit hyperactive disorder (ADHD), autistic disorder, anxiety disorders, and eating disorders, among others. \(^{31}\) The Social Security Administration also revised the guidance for determining child mental health disorders to focus more on functional limitations resulting from the disorder. \(^{32}\)

**EXPLAINING THE RISE IN THE CHILD SSI CASELOAD**

The policy changes to SSI enabled the number of children on SSI to increase dramatically. While policy reforms in 1996 curbed some of the growth, the SSI rolls continued to climb again shortly thereafter. The

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growth in child SSI rolls has been driven by two major factors—an influx of children qualifying for SSI based on mental health disorders other than intellectual disability (intellectual disability was previously referred to as mental retardation), and the failure of the Social Security Administration to keep up with continuing disability reviews between 2000 and 2018 to determine whether a child's health status still qualified them for the program. The growth in child SSI rolls cannot be explained by change in children's health in the United States, which has generally improved or stayed about the same over the last few decades. And while more U.S. children are diagnosed with mental health disorders today than in the past, this is likely due to increased societal awareness of mental health disorders rather than due to a substantial increase in the number of children experiencing severe health problems and functional limitations.

**Trends in the Child SSI Caseload**

The child SSI program started small and has grown over time, punctuated by large increases in the 1990s and early 2000s. In 1974, the first year the program started providing assistance, 70,900 children received SSI benefits. That number has increased to more than 1.1 million as of 2020 (Figure 1), a nearly 16-fold increase. During that same period, the total U.S. child population only increased by about 10 percent.33

After the 1990 policy changes, the SSI child caseload jumped, increasing from 264,890 in 1989 to 955,174 by 1996.34 In 1989, children made up 5.8 percent of the total SSI caseload. Just seven years later, children made up 14.4 percent of the caseload.35 In 2020, funding for child SSI totaled $9.4 billion, up from $643 million in 1975, adjusted for inflation.36

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35 Ibid.

The rapid growth in the number of children on SSI was not due to an increase in child poverty. While the share of U.S. children living below 100 percent of the poverty line rose by about 10 percent between 1990 and 1993, child poverty fell in the subsequent years, even as the SSI child caseload climbed. Overall, since 1974 the share of U.S. children in poverty has fluctuated between about 15 and 20 percent.

In response to concerns about the rapidly escalating number of children on SSI, Congress removed the individual functional assessment option for children in 1996, as part of the landmark Personal

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Responsibility and Work Opportunity Reconciliation Act. The change removed the highly subjective criteria that considered whether a child was able to function in an age-appropriate manner. However, Congress left in place the functional equivalence criteria, allowing disability examiners—those in state Social Security Administration offices who determine an applicant’s disability status—to consider a variety of factors of a child’s functioning for purposes of determining their eligibility for SSI. Thus, the 1996 reforms did not fully reverse the eligibility standards to their much stricter pre-1990 versions.

The SSI child caseload declined by 108,390 between 1996 and 2000, but by 2001 caseloads began to rise again. Part of the continued growth may have been due to states shifting children from the TANF program into SSI. The 1996 reforms added more requirements for TANF eligibility, making it beneficial for states to transfer people from TANF to SSI.

Despite the temporary dip in case numbers following 1996, the share of children on the SSI program who qualify based on functional equivalence criteria continued to increase for almost two decades. Economists Richard Burkhauser and Mary Daly explain that while the 1996 changes to the SSI child program reduced caseloads initially, the reforms did not change the approach SSI disability examiners took for

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determining eligibility. Examiners continued to approach child SSI applications with more leniency. Relying on functional limitations criteria allows for more subjectivity in the determination process and contributed to higher caseloads after the initial post-1996 decline.44 Also helping to drive these increases was the expanded list of mental health impairments. For example, ADHD and autism are two of the most common child SSI disorders.45

The Rise of Mental Health Cases among Children on SSI

With the eased standards and the expansion of qualifying mental health disorders in 1990, the number of children on SSI with mental health disorders grew rapidly. As of 2020, 73 percent of all children on SSI had a mental health disorder, and mental health disorders accounted for 80 percent of the caseload growth between 1987 and 2020 (Figure 2).46

The increase in mental health disorders among children on SSI are driven by mental health disorders other than intellectual disability. Formerly called mental retardation, intellectual disability is a more objective diagnosis compared to many of the other mental disorders commonly used to qualify for child SSI, such as ADHD and speech and language disorders.47 Disability examiners require assessments from medical professionals to determine mental health disorders for SSI

44 See Richard V. Burkhauser and Mary C. Daly. The Declining Work and Welfare of People with Disabilities. 2011, 93.
Doctors use relatively objective tools like IQ tests to determine intellectual disability.\textsuperscript{49} However, in diagnosing other mental health disorders, doctors rely on more subjective criteria, such as reports from teachers and parents of a child's behavior and abilities.\textsuperscript{50}

As Figure 2 shows, in 1987, around half of children were in the SSI program due to a mental health disability; by 2020 that number increased to 73 percent. In 1987, fewer than 10 percent of children received SSI benefits due to a mental health disorder other than an intellectual disability, but by 2020 that number had jumped to 65 percent.\textsuperscript{51}

Between 1990 and 2020 the percent of new SSI awards for children with other mental disorders besides intellectual disability jumped dramatically, from 14 percent of total child SSI awards to 62 percent.\textsuperscript{52} The number of awards for other mental health disorders began to outpace awards for intellectual disability shortly after the 1996 reforms, as Figure 3 shows. The large increase in awards for both types of mental health disorders in 1990 followed by the rapid decline, is likely due to outreach by Social Security Administration offices to applicants who had been denied SSI benefits on the stricter eligibility requirements in place prior to Zebley.\textsuperscript{53} The total number of children awarded SSI benefits for other mental health disorders has grown far more than the decline in the number of children awarded SSI for intellectual disability. Overall, of children awarded SSI benefits for any mental health reason

\textsuperscript{50} Centers for Disease Control and Prevention. “Screening and Diagnosis of Autism Spectrum Disorder”; Centers for Disease Control and Prevention. “Symptoms and Diagnosis of ADHD.”
\textsuperscript{51} Social Security Administration. SSI Annual Statistical Report, 1995,” Table 42; “SSI Annual Statistical Report, 2020.”Table 36.
\textsuperscript{52} Social Security Administration. SSI Annual Statistical Report, 1995.” Table 20; Social Security Administration. “SSI Annual Statistical Report, 2020.” Table 64. The 1990 number is calculated by dividing the total of “other psychiatric disorders” and “schizophrenia” by the total number of childhood awards. The 2020 number is calculated by dividing the total of all mental illness except intellectual disability by the total number of child awards.
in 2020, 8 percent were diagnosed with intellectual disability and 92 percent were diagnosed with other mental disorders.\textsuperscript{54}

Figure 2. Percent of Children on SSI by Diagnostic Criteria, 1987-2020

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\caption{Percent of Children on SSI by Diagnostic Criteria, 1987-2020}
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Source: Social Security Administration. SSI Annual Statistical Report, various years.\textsuperscript{55}

\textsuperscript{54} Social Security Administration. “SSI Annual Statistical Report, 2020.” Table 64.
The shift in the SSI population from intellectual disabilities to “other mental disorders” is likely driven in part by re-labeling. Figure 3 shows the number of child SSI awards rather than the percent of child SSI awards in order to more clearly illustrate the potential of a substitution effect. Some children who in the past would have been diagnosed with

Figure 3. Number of SSI Child Awards for Intellectual Disability and Other Mental Disorders, 1990-2020

Source: Social Security Administration. SSI Annual Statistical Report, various years.56

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intellectual disability are now likely being diagnosed with other mental disorders such as autism. SSI examiners may more frequently categorize a child with a mental disorder other than intellectual disability to increase treatment options for the child, or to protect the child from the greater stigma associated with intellectual disability. Since the number of children awarded SSI benefits for other mental health disorders has grown far more than the decline in the number of children awarded SSI benefits for intellectual disability, the increase in children with other mental health disorders on SSI cannot completely be attributed to re-labeling.

The Government Accountability Office (GAO) found that the most common health disorders for children on SSI were mental health disorders. ADHD, speech and language delays, and autism were the top three mental health impairments among children who became eligible for SSI in 2011 for mental health reasons. The vast majority of the allowances made for children with ADHD and speech and language delays were determined based on the more subjective functional equivalence criteria that were added as a result of the 1990 Supreme Court decision.

According to the GAO, 71 percent of ADHD cases were determined based on functional equivalence criteria in 2011, compared to only 23 percent in 2000. Similarly, 81 percent of speech and language delay determinations were based on functional equivalence criteria in 2011, compared to only 59 percent in 2000. The share of autism cases determined based on functional equivalence is lower, with just 30 percent of children who are awarded SSI benefits due to autism qualifying based on functional equivalence criteria in 2011. Still, the

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60 Ibid.
percentage of children qualifying for autism based on functional equivalence criteria more than tripled between 2000 and 2011.\textsuperscript{61}

**Backlog in Continuing Disability Reviews**

Another contributing factor to growing child SSI caseloads between 2000 and 2018 was the Social Security Administration’s failure to conduct continuing disability reviews.\textsuperscript{62} The Social Security Administration uses these reviews to determine whether a child’s health condition still qualifies him or her for SSI. Continuing disability reviews are supposed to be conducted every three years for children whose conditions are considered by the Social Security Administration as likely to improve.\textsuperscript{63}

Between 2000 and 2011, continuing disability reviews for children dropped by 70 percent and reviews for children with mental health disorders dropped by 80 percent.\textsuperscript{64} As a result there were 435,000 backlogged mental health cases in 2011 or about 34 percent of the entire child SSI population.\textsuperscript{65} Many ineligible children probably remained on SSI for several years longer than they were eligible as a result of the Social Security Administration’s failure to conduct regular reviews.\textsuperscript{66}

The Social Security Administration cleared the backlog of continuing disability reviews for children as of 2018, as noted in Figure 1, which may have contributed to the moderate decline in the child caseload that took place between 2013 and 2020—a decline of about 213,000 children.\textsuperscript{67} SSI child applications also dropped during this period, which likely also contributed to the recent declines in the child caseload.\textsuperscript{68}

\textsuperscript{61} Ibid.
\textsuperscript{62} Ibid., 28.
\textsuperscript{63} Ibid.
\textsuperscript{64} Ibid., 28.
\textsuperscript{65} Ibid., 31.
Children’s Health Trends

Another possible factor contributing to increased SSI participation among children could be a change in children’s health. If health among U.S. children declined during the past several decades, presumably SSI cases would grow. However, the share of U.S. children with fair or poor health declined from 3.2 percent in 1984 to 1.7 percent in 2018 (Figure 4). Among children below 100 percent of the poverty threshold, the percent with poor or fair health also declined from 6.5 percent in 1984 to 3.7 percent in 2018.

Another way to examine children’s health is by looking at what are called “activity limitations.” An activity limitation is a limitation in a person’s ability to perform a typical activity, like caring for oneself, attending school, or walking. Children can also be categorized as

Figure 4. Percent of U.S. Children Reporting Fair or Poor Health, 1984-2018

having an activity limitation if they are enrolled in special education. The share of U.S. low-income children with activity limitations has increased (Figure 5), but the growth in activity limitations has mostly been due to an increase in “special education enrollment only” cases (see the blue area of Figure 5), in which a child is categorized as having an activity limitation solely based on their enrollment in a special education program.

Other activity limitations among children below 100 percent of the poverty line increased somewhat from the mid-1980s to the mid-1990s, but the measure has stayed roughly constant since then (see the green area of Figure 5). In 1997, 3.4 percent of children below 100 percent of the poverty threshold had other activity limitations and that decreased to 3.1 percent in 2018. The decline in other limitations in the late-1990s may be partly due to a change in the survey questions.69

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69 National Center on Health Statistics. National Health Interview Survey. ChildStat.gov “Health5 Activity Limitation: Percentage of children ages 5-17 with activity limitations resulting from one or more chronic health conditions by gender, poverty status, and race and Hispanic origin, selected years 1997-2018. Accessed October 28, 2020. https://www.childstats.gov/americaschildren/tables/health5.asp. The National Center for Health Statistics considered a child to have an activity limitation if the parent reported yes to any of the following criteria: “(1) "Does (child's name) receive Special Education Services?" (2) "Because of a physical, mental, or emotional problem, does (child's name) need the help of other persons with personal care needs, such as eating, bathing, dressing, or getting around inside the home?" (3) "Because of a health problem, does (child's name) have difficulty walking without using any special equipment?" (4) "Is (child's name) limited in any way because of difficulty remembering or because of periods of confusion?" (5) "Is (child's name) limited in any activities because of physical, mental, or emotional problems?"
Figure 5. Share of Activity Limitations among Children ages 5-17 below 100 Percent of Poverty Threshold, 1984-2018

Note: In 1997, the National Health Interview Survey changed the measure for activity limitations. See Table Health5 Activity Limitation: Percentage of Children Ages 5-17 with Activity Limitation Resulting from One or More Chronic Health Conditions by Gender, Poverty, Status, and Race and Hispanic Origin, Selected Years 1997-2018. Accessed May 3, 2022.

The data displayed from 1984-1996 is based on a measure that asks whether a child is 1) unable to attend school, 2) attends special school/classes, 3) needs special school/classes, 4) limited in school attendance, 5) limited in other activities, or 6) not limited. Children who either attend special school/classes or need special school/classes are categorized as “special education only” in Figure 5. Children who were unable to attend school or were limited in their ability to attend school or were limited in other activities in the 1984-1996 data, were considered as having “other activity limitations.”

In 1997 the National Health Interview Survey changed the measure for activity limitations. It measures activity limitations based on survey items asking about mobility limitations, cognitive and memory limitations, limitations in taking care of oneself, limitations in performing other activities, as well as about enrollment in special education.

The 1984-1996 data in Figure 5 are based on the author’s calculations using National Health Interview Survey data. The 1997-2018 data are from the National Health Interview Survey, as presented in ChildStats.gov. See Table Health5 Activity Limitation: Percentage of Children Ages 5-17 with Activity Limitation Resulting from One or More Chronic Health Conditions by Gender, Poverty, Status, and Race and Hispanic Origin, Selected Years 1997-2018. Accessed May 3, 2022.
https://www.childstats.gov/americaschildren/tables/health5.asp.
While enrollment in special education may mean a child has an activity limitation, children can be enrolled in special education for a wide array of reasons. Many children qualify for special education services because of a learning disability, which often means they are slow learners, but not always, as the criteria for diagnosis are based on a discrepancy between measured ability and demonstrated achievement. Learning disabilities can present real challenges for the child and family, but enrollment in a special education program for dyslexia or ADHD does not mean the child is disabled and unable to participate in most school or typical life activities. The qualifications for referring a child to special education are also not always clear or objective, and the purpose of special education is interpreted very differently across schools.

Special education enrollment is neither necessary nor sufficient for a child’s SSI eligibility, although it is one of the criteria included on a child’s SSI application. However, researchers have found a positive association between special education enrollment and SSI enrollment, which will be discussed further in the following section.

Prevalence of Mental Health Disorders among Children on SSI Compared to the General Population

While measures of overall child health in the United States have improved, there has been an uptick in mental health disorders among children. Some researchers point out that the growth in mental health disorders among children on SSI is similar to the growth of mental

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71 For example, about one-third of children receiving special education services through IDEA have a learning disability, like dyslexia (although the share of students receiving special education services with learning disabilities has declined since the 1990s). National Center for Health Statistics. Digest of Education Statistics. Table 204.30 Children 3 to 21 years old served under Individuals with Disabilities Education Act (IDEA), Part B, by type of disability: Selected Years, 1976-1977 through 2018-2019. Access November 3, 2021. https://nces.ed.gov/programs/digest/d19/tables/dt19_204.30.asp.


health diagnoses among children in the broader U.S. population as well as among children from low-income households.\(^{75}\)

However, the increase in measured mental health disorders among children does not necessarily indicate a greater need for income support among low-income U.S. children. Instead, the increase in mental health disorders is likely not a function of deteriorating health, but instead is at least partly due to a broadened definition of mental disorders, greater awareness of mental disorders among doctors and the public, increased advocacy for those with mental disorders, and a greater availability of treatments.\(^{76}\)

In a 2009 review of 43 studies published since 1966 on the prevalence of “pervasive developmental disorders” in children (these types of disorders include autism, as well as Asperger’s syndrome, and a rare condition called childhood disintegrative disorder), Eric Fombonne concludes there is not strong evidence these disorders have become more common. He notes, however, there is evidence “the broadening of the concept, the expansion of diagnostic criteria, the development of services, and improved awareness of the condition have played a major role in explaining this increase.”\(^{77}\) Other researchers examining trends in ADHD and speech and language disorders suggest these disorders have become more prevalent for similar reasons relating to additional awareness and broader definitions.\(^{78}\)

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\(^{77}\) Eric Fombonne. “Epidemiology of Pervasive Developmental Disorders.”

\(^{78}\) Guifeng Xu, Lane Strathearn, Buyun Liu, Binrang Yang, and Wei Bao. “Twenty-Year Trends in Diagnosed Attention-Deficit/Hyperactivity Disorder Among US Children and Adolescents, 1997-
Interestingly, when data are examined at the state level, researchers fail to find a strong association between increased child mental health disorders in the general population and SSI allowances for mental health disorders. Using state-level data from the National Survey of Children’s Health, Anna Aizer, Nora Gordon, and Melissa Kearney (Aizer et al.) find only a weak relationship between growth in child mental disorders and SSI allowances for children due to mental disorders between 2003 and 2011.79

However, Aizer et al. found that in states where enrollment in special education increased, children’s chances of being awarded SSI benefits for mental health disorders also increased. Although special education enrollment does not automatically qualify a low-income child for SSI, the researchers speculate that a child’s enrollment in special education may strengthen their application and thus increase the likelihood an examiner will grant approval.80 Researchers also suggest special education coordinators may encourage families to apply for SSI once their child has enrolled in special education.81 Similarly, Lucie Schmidt and Purvi Sevak find a positive relationship between special education enrollment and SSI enrollment.82

In contrast to Aizer et al.’s study, which does not show a direct association between increased mental health disorders among children and increased SSI participation, Schmidt and Sevak find that higher than average rates of ADHD diagnoses predict greater participation of children in SSI at the county level.83 The relationship was only significant in the Southern region of the U.S.

79 The researchers found the same when they limited their analysis to only low-income children.
80 Ibid.
81 Ibid., 21.
If greater levels of mental health disorders in certain areas of the country are the cause of higher SSI enrollment, policymakers could decide that the program is working as intended. However, the causal link between increased ADHD prevalence and higher SSI allowances may run the other way. Greater allowances for SSI may incentivize parents to have their child diagnosed with a disability. Jessica L. Cohen finds that after the Zebley decision made it easier to access SSI benefits, significantly more parents had their child screened for disabilities and for special education eligibility.84 Jeffrey D. Kubik investigates families after the 1990 SSI expansion that were able to receive more cash assistance through SSI if their child had a disability, compared to what the family was eligible to receive through other welfare programs if they did not have a child with a disability.85 He finds that following the policy change these families were more likely to want special education services for their child and were more likely to send their child to a doctor to have the child diagnosed with a medical condition, most often a mental health condition.86

The increase in mental disorders since the 1990s among children on SSI is likely a result of increased recognition of mental health disorders and greater diagnosis, rather than declining mental health among U.S. children. The increased likelihood of receiving SSI since 1990, due to expanded eligibility criteria, may also have incentivized more lower-income parents to have their children screened for disabilities or special education services. While children getting more help for mental illness is beneficial, greater diagnoses of mental disorders does not mean more children in the U.S. have severe challenges that require greater assistance from SSI.

**SHORTCOMINGS OF THE SSI CHILD PROGRAM**

Although the SSI program for children is intended to help them achieve greater self-sufficiency in adulthood, the program is failing to accomplish this goal and may instead be undermining work. Youth on SSI who are deemed capable of work at age 18 do not appear to be

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well-prepared for the labor force, demonstrated by their low work rates and earnings after exiting the program. SSI provides little incentive for youth to prepare for work or self-support in adulthood, and the program can discourage work for teens receiving SSI. The incentives that do exist to encourage work are not well-communicated to youth or their families. Ultimately, most youth simply continue into the adult SSI program once they reach adulthood. Besides failing to help children, the SSI program may also undermine parental work, providing cash assistance to parents without considering their ability to work.

In addition to these problems, SSI is redundant, as many other government programs provide sufficient benefits to low-income families. The TANF program in particular is better designed to help low-income families, as it promotes work for able-bodied parents. Unfortunately, SSI appears to be used as a replacement program for TANF, although this may be less common now than it was in the years shortly following the 1996 welfare reform.

**SSI Fails to Help Youth Prepare for Adulthood and Undermines Self-Sufficiency**

When SSI was being debated in the early 1970s, proponents argued that extending SSI benefits to low-income children with disabilities would boost their chances of being able to support themselves in adulthood.87 Almost half a century later, SSI has failed to achieve this goal.

Approximately two-thirds of youth on SSI at age 18 move into adult SSI. Among child participants who remain in the SSI program as adults, only 20 percent are employed at age 24, and only 7 percent engage in substantial gainful activity.88 In 2022, a non-blind person with monthly

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earnings at or above $1,350 was considered to be engaging in substantial gainful activity.\textsuperscript{89}

Of those who are denied the adult SSI program at age 18, Jeffrey Hemmeter, David R. Mann, and David C. Wittenburg find that 49 percent were employed at age 24, with only 22 percent employed in substantial gainful activity.\textsuperscript{90} Employment rates of those who stop receiving SSI because they were deemed no longer sufficiently disabled are similar to the 45 percent unemployment rate for all 20-24-year-olds with disabilities in 2019.\textsuperscript{91} Similarly, Pamela J. Loprest and David C. Wittenburg find that among adults ages 19 to 23 who were removed from SSI at age 18, more than half were neither working, attending school, nor participating in vocational training programs.\textsuperscript{92} Youth removed from the program do have higher earnings than those who remain on adult SSI, but most youth who are removed do not earn enough to replace their previous SSI income. Manashi Deshpande finds that post-SSI youth earn only an average of $4,400 annually.\textsuperscript{93}

In another study in which Manasi Deshpande and Michael G. Mueller-Smith examine the association between removal from SSI at age 18 and criminal activity.\textsuperscript{94} Deshpande and Mueller-Smith compared youth on SSI who turned 18 shortly before the 1996 reforms to youth on SSI who turned 18 shortly after the 1996 reform. (The criteria for staying on adult SSI was tightened with the 1996 reform.) Nearly all youth on SSI who turned 18 shortly prior to the 1996 reform were transferred to the adult SSI program, while roughly one-third of those who turned 18 shortly


\textsuperscript{90} Ibid.


after the reform were denied adult SSI. Those who were removed after 1996 were more likely to receive criminal charges over the next two decades, particularly for crimes in which income was a main motive (e.g., theft, drug distribution, prostitution). The authors note that youth removed from SSI were twice as likely to engage in criminal activity as to maintain steady employment. As a result, youth removed from SSI after 1996 were also significantly more likely to be incarcerated at some point in the two decades following 1996.

For a program intended to give disabled youth the support necessary to increase their chances of self-sufficiency, the SSI program seems to fall short. Most SSI children remain on the program into adulthood. While those who leave the SSI program at 18 are about as likely to be employed as others in their same age group with disabilities who did not participate in SSI, this is not a particularly high bar to meet. That SSI youth who are deemed eligible to work at age 18 may be more likely to engage in criminal activity as a way to generate income rather than to engage in work, further indicates youth on SSI are not being prepared well for the labor force in adulthood.

SSI’s failure to promote work is concerning given work is associated with many positive outcomes for individuals, including better mental health, greater sense of purpose, and increased financial well-being. SSI may be contributing to the decline in labor force participation among Americans with disabilities or at least not helping improve it.

**Time on SSI Linked with Lower Earnings in Adulthood**

In theory, gaining access to the SSI benefit could help disabled youth develop labor market skills by using the support for services such as

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95 Maaike van der Noort, Helma IJzelenberg, Mariel Droomers, and Karin I. Proper. “Health effects of employment: a systematic review of prospective studies.”; Matthew Modini et al. “The mental health benefits of employment: Results of a systematic meta-review.”; David McNaughton, Janice Light, and Kara Arnold. “‘Getting your wheel in the door’: successful full-time employment experiences of individuals with cerebral palsy who use Augmentative and Alternative Communication.”; David McNaughton, Janice Light, and Linda Groszyk. “‘Don’t give up’: Employment experiences of individuals with amyotrophic lateral sclerosis who use augmentative and alternative communication.”

specialized training. On the other hand, the benefit could reduce the incentive to build independence by providing a cash benefit without any additional requirements. While there are two studies that offer conflicting answers to this question, the one with the better design shows the SSI program likely lowers lifetime earnings.

In a 2013 study, Norma B. Coe and Matthew S. Rutledge find that children who were awarded SSI under the less restricted criteria of the early 1990s have higher incomes in adulthood. They study children with manageable health conditions (a condition that affected a child’s ability to function in age-appropriate activities, namely in school) or mental illness and suggest their results could mean providing SSI to more children helped promote improved outcomes in adulthood, including higher earnings. However, the populations on SSI before and after the reform are systematically different, in that children entering SSI under the looser Zebley criteria had fewer health limitations. This could explain why children who entered the program in the early 1990s had higher earnings in adulthood compared to youth with more severe challenges who entered the program after the 1996 reforms.

In a Mathematica study with a better empirical design, Michael Levere provides “some of the first causal estimates of receiving SSI benefits as a child on later life outcomes.” He examines children who had previously been denied benefits but became eligible for SSI when the 1990 reforms loosened eligibility standards. The policy change occurred earlier in some children’s lives than in others, which allows Levere to examine how length of time on the program affected outcomes for children with similar disabilities.

Levere finds that children with mental disorders who became eligible for SSI at a younger age, and thus spent more years on the program, have lower cumulative earnings through age 30 than those who became eligible at the same time but were older and thus spent less time on SSI. Youth who entered SSI at younger ages were also more likely to remain on SSI in adulthood.


Failure of SSI Youth to Engage in the Labor Force

Very few youth actively receiving SSI engage in work. A study by the Social Security Administration found that in 2005 only 16 percent of SSI youth were working at age 17, a number that had declined from previous years. In comparison, 31 percent of 16- and 17-year-olds in the general population were in the labor force in 2005.

While youth on SSI have more barriers to work, given their health limitations, SSI may also discourage work during adolescence due to perceptions among parents and youth that work will have negative effects on their SSI benefit or on a youth's eligibility to remain on SSI as an adult. Staff from the Social Security Administration and from state vocational rehabilitation agencies report to GAO that fear of losing SSI benefits creates an obstacle for work among youth nearing their 18th birthday. At age 18, youth are re-examined based on adult SSI criteria to determine if their health condition continues to qualify them for SSI benefits. Officials at the Social Security Administration also report to GAO that some families believe discouraging youth from working is helpful because it increases a youth's chance of staying on the SSI program in adulthood.

A 2012 Boston Globe series by Patricia Wen illustrated these sentiments of families with youth on SSI. In her interviews with young adults on SSI, many expressed a desire to work and earn their own money but said they were afraid doing so might reduce their benefit, cutting income for their families. Youth were also concerned that working could reduce their chances of remaining on SSI after age 18. Thus, for at

102 Ibid.
104 Ibid.
least some youth, SSI is an impediment to work and stands in the way of developing labor market skills and work history.

Social Security Administration officials report to the GAO that an 18-year-old’s work history is unlikely to determine whether a youth is permitted to remain on SSI in adulthood, and that nearly all youth removed from SSI at age 18 are removed due to a medical evaluation.\textsuperscript{105} However, the age-18 redetermination does take into account a youth’s work history and how work relates to their ability to participate in the labor force.\textsuperscript{106} Jeffrey Hemmeter and Elaine Gilby find that the likelihood of a youth being removed from SSI at age 18 is 73 percent higher for those who had earnings of at least $250 at age 17 compared to those who had not worked at age 17.\textsuperscript{107} These researchers controlled for other factors such as primary diagnosis and length of time on SSI.

**HOW SSI CONTRIBUTES TO POOR OUTCOMES**

Helping youth better prepare for work and reducing disincentives to work for teens on SSI might improve their outcomes in adulthood. While the SSI program provides income exclusions to reduce barriers to work for teens on SSI, most youth do not take advantage of these opportunities, and the Social Security Administration does not effectively promote these options. Low expectations held by some parents regarding their child’s ability to work in adulthood may also be undermining work for youth on SSI.

*Poor Communication Regarding Work and Vocational Training Programs*

Work opportunities for youth on SSI can improve their earning ability in adulthood. Examining youth who transition off SSI at age 18, Jeffrey Hemmeter, Jacqueline Kauff, and David Wittenburg find that those with more than $2,000 in annual earnings at age 16 and 17 were more likely to have higher earnings in adulthood, compared to youth who


transitioned off SSI but had low or no earnings at ages 16 and 17.\textsuperscript{108} Unfortunately, over 40 percent of youth who transitioned off SSI at 18 did not achieve the $2,000 earnings threshold in their last two years of the program. The researchers concluded that many youth who transition off SSI are not prepared for employment in adulthood.\textsuperscript{109} While these results should be interpreted with caution, it seems likely that gaining work experience or training can set participants up for success later in life, and that failing to gain such work experience can be detrimental.

While the Social Security Administration creates allowances for youth to work on SSI, youth are often not aware of these options, and the Social Security Administration does not have an effective communication strategy to help inform youth and their families about work opportunities.\textsuperscript{110} For example, the Earned Income Exclusion is available to all SSI recipients with earnings and excludes the first $65 of earnings in a month and half of the rest of earned income from the income limitations.\textsuperscript{111} Students under age 22 are also able to exclude up to $1,930 per month of earnings, or up to $7,770 annually, for purposes of determining the recipients’ benefit amount.\textsuperscript{112}

In addition to these allowances for market income, the Department of Education provides grants to states for vocational rehabilitation programs for people with disabilities, including transition-age youth on SSI. These grants support services such as counseling, job placements,
vocational training, and transportation.\textsuperscript{113} Very few youth on SSI avail themselves of these opportunities though.\textsuperscript{114}

Some work training programs for youth on SSI have shown positive effects, although the outcomes have been small and temporary. The PROMISE initiative (Promoting Readiness of Minors in SSI Evaluation)—a joint effort by the U.S. Department of Health and Human Services, the U.S. Department of Education, and the U.S. Department of Labor—funded programs in 11 states to increase employment and educational attainment among SSI youth. The PROMISE initiative projects helped youth participate in paid and unpaid work experience, and provided vocational rehabilitation, benefits counseling, and parent trainings.\textsuperscript{115}

Youth who participated in PROMISE were either randomly assigned to a program or to a control group that did not receive the program’s services. Outcomes varied by location, but researchers found consistently that youth who participated in a PROMISE program were significantly more likely to be employed and have higher incomes than control group youth.\textsuperscript{116} However, most of the jobs were short-term, rather than sustainable long-term employment.\textsuperscript{117} More research is needed into the best ways to connect SSI participants with long-term employment.

With advances in technology and increased workplace flexibility, youth and adults with disabilities should have more opportunities to engage in work than at any time before. Yet the SSI program is not effectively connecting disabled youth to work opportunities, at least partly because youth and parents are not well-informed about work options. Not all youth who receive SSI will ultimately be able to work in adulthood, but evidence indicates many work-capable youth on SSI are not being prepared to participate in the labor force.

\textsuperscript{116} Ibid.
\textsuperscript{117} Ibid., xxiii-xxiv.
Low Expectations for Youth on SSI

Poor labor market outcomes may partly be driven by low expectations of parents and others regarding a youth’s ability to work in adulthood. In a report by David Wittenburg and Pamela Loprest in which they examine concerns associated with the transition to adulthood of child SSI recipients, the researchers noted: “Anecdotal evidence suggests that the lack of expectation that a young person can ever make the transition to work or independence is a serious barrier in the transition process.”

A study by Anne V. Kirby, Kristin Dell’armo, and Andrew C. Persch shows that parents’ expectations regarding a disabled child’s ability to be financially independent in adulthood has a significant, positive association with the likelihood children with disabilities are working after high school and are not receiving SSI. The researchers find that every one point increase on a four-point scale of parent’s expectations of financial independence for their child is associated with a two-and-a-half times increased likelihood a child was working for pay after high school and a five-fold decrease in the likelihood a child was on SSI after high school.

Another study by Anne V. Kirby examining outcomes among youth with autism spectrum disorder found that parental expectations significantly mediated the relationship between a child’s functional abilities and young adult outcomes. This could potentially suggest that higher parental expectations in part lead to increases in child outcomes, rather than expectations simply reflecting observed abilities of the children, though further research is needed to provide any definitive conclusions.

Thus, if parents hold unrealistically low expectations about their child’s abilities or feel more comfortable with their child staying on SSI, such a

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perspective could become a barrier to a child's self-sufficiency in adulthood.

**CHILDREN’S SSI PARTICIPATION UNDERMINES PARENTAL EMPLOYMENT**

In addition to failing to help youth prepare for the labor force, SSI undermines work for parents whose children are in the program. Programs like SSI that provide cash transfers without requiring work ultimately reduce work. While parents of disabled children can face greater barriers to work due to the extra caretaking required by a child’s health problems, most parents on SSI do not report providing high levels of health care to their child. Another problem with SSI as it pertains to parental work is that parents may use SSI as a type of unemployment benefit, which can lead to lengthy periods outside the labor force, given the long-term nature of the SSI benefit.

**Low Work Participation among Parents of Children on SSI**

Parents whose children are on SSI have low labor force participation rates compared to the general population. Of the SSI children living with parents, only 46 percent come from a household with a working parent.\(^ {121} \) Among single mothers with children on SSI, just 40 percent are employed, and among two-parent households with children on SSI only 55 percent of fathers and 27 percent of mothers are employed.\(^ {122} \) This is compared to an employment rate of 79 percent among single mothers in the general population in 2019, an employment rate of 93 percent among married fathers in the general population, and an employment rate of 69 percent among married mothers in the general population.\(^ {123} \)

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SSI Replaces the Need for Parental Work

There is a well-established body of research showing that unconditional cash payments undermine work, especially for single mothers. Since SSI increases household income without condition that recipients engage in work, SSI undermines work. Because the SSI benefit decreases as household income increases, there is incentive for parents to keep work hours low in order to maintain their SSI benefit level. The maximum SSI benefit in 2022 is $841 per month for an individual or child. To calculate the amount of a child’s benefit, the first $20 of monthly parental income are disregarded (including unearned income, such as unemployment benefits or interest income), and if there are market earnings, an additional $65 can also be disregarded. Benefits are then scaled down by a rate of $1 for every $2 of additional earned income. This represents an implicit 50 percent tax on an additional dollar of earnings.

Investigating the association between receiving child SSI benefits and parental work, Pamela Loprest and Amy Davidoff find that low-income, single-parent families with special-needs children are significantly less likely to work if their child receives SSI benefits. In their study, receiving SSI is the strongest factor related to non-work. Some of this effect may be explained by SSI families experiencing more serious health impairments—either due to a child’s illness or a parent’s illness—than other low-income families who do not receive SSI. However, the

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researchers also hypothesize that lower work rates among SSI parents may be because SSI payments decline as work increases. Their hypothesis is consistent with effects found in other income support programs.\textsuperscript{129}

Loprest and Davidoff do not parse the relative effects of the disability and means-tested benefits on parental work. However, they find little difference in barriers to work for low-income single-parents with special-needs children and similar low-income single parents with non-special-needs children, except in cases where children have an activity limitation. The authors conclude that the relationship between receiving SSI and non-work is stronger than the relationship between having an activity limitation and the probability of non-work.\textsuperscript{130}

Examining the effects of the 1990 SSI policy changes, A. Bowen Garrett and Sherry Glied find that expanded SSI participation among children is associated with less work among mothers with a high school education or less.\textsuperscript{131} Jeffery Kubik also finds that increases in SSI benefits, particularly after the 1990 policy changes, are associated with a decrease in labor force participation among parents of SSI recipients.\textsuperscript{132}

Manasi Deshpande finds further evidence that SSI inhibits parental earnings, showing that parental earnings increase dramatically when families lose their SSI child benefits, such that new parental earnings


\textsuperscript{130} Pamela Loprest and Amy Davidoff. “How Children with Special Health Care Needs Affect the Employment Decisions of Low-Income Parents.” Table IV.


completely make up for the amount of the lost benefit. Each loss of $1,000 in annual SSI benefits results in an increase of $700 to $1,400 in parental earnings. Furthermore, a loss in one child’s benefits decreased the likelihood of other family members applying for disability benefits.

**Most Parents of Children on SSI Don’t Report Providing High Levels of Care**

While some children on SSI require intense amounts of parental care that substantially affects parents’ ability to work, other parents report providing few or no hours of specialized health care to their SSI child. When considering eligibility for SSI, the Social Security Administration does not consider how the child’s health care needs affect able-bodied parents’ ability to work. Parents whose children need round-the-clock care are treated similarly to parents whose children are able to participate in childhood activities, such as attending school.

Some parents of children with disabilities shoulder heavy caretaking burdens that make it challenging for them to work. For example, Elizabeth T. Powers shows a significant negative association between having a child with a disability and maternal labor force participation. The association is stronger among single mothers than among married mothers. Powers did not examine how SSI receipt or other welfare benefits affected the relationship between work and labor force participation. It is possible some mothers in this study chose to exit the labor force because they knew their child would be eligible for SSI. Since SSI is means-tested and low-income Americans typically are more weakly connected to the labor force, low-income mothers who have children diagnosed with a disability would be more prone to exit the labor force than parents who are more strongly connected to the labor force whose children get diagnosed with a disability.

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In a study using 2001-2002 SSI data, Kalman Rupp and Steve Ressler find that only 38 percent of parents with children on SSI report providing health care to their child. Among this minority of parents, they provided a mean of 37 hours of health care per week to their SSI child, or nearly the equivalent of a full-time job. The median parent providing any health care to their child reported spending 15 hours per week providing care. Rupp and Ressler also find that families who have children with severe health care needs are more likely to report having ever experienced disruptions in employment, such as not taking a job, quitting a job, or changing jobs. However, there is only a modest association between the severity of a child’s illness and the likelihood of parental employment among all SSI parents.

These results seem to indicate that a small minority of SSI parents engage in substantial caregiving responsibilities that compete with steady employment, but the majority of parents (62 percent) spend no time providing specialized care to their SSI child. The researchers suggest other factors, such as education level or the presence of a young child in the home, are a greater barrier to work for low-income families with children on SSI.

Some parents of children on SSI do provide substantial hours of care, likely making it difficult for them to engage in the labor force. For the parents of children who do not need intensive care, SSI likely depresses work participation and earnings, reducing parents’ connection to the labor force and the financial well-being of the family.

**SSI Child Application Rates and Unemployment Rates**

Evidence indicates some parents may use child SSI as an income maintenance program in times of economic difficulty, rather than as a program to cover the health care needs of children. This finding increases the importance of the finding that the SSI program undermines parental work. Parents with fewer job skills and looser
connection to the labor force, which describes many of the parents of children on SSI, are more likely to be affected by labor market disruptions, and thus may turn to SSI after their unemployment benefits run out. Figure 6 shows how SSI child application rates tend to follow unemployment patterns: when the unemployment rate increases, SSI applications also tend to increase. Interestingly, this rough correlation begins only after the 1990 expansion, when child SSI eligibility criteria became more subjective and included a much broader set of criteria.

One problem with parents using child SSI as an unemployment program is that doing so likely keeps them out of the labor market longer than they would be otherwise, since SSI is a long-term program. Once the SSI benefit is awarded, children tend to remain on the
program for an average of 11.3 years.\textsuperscript{143} Longer periods of unemployment are shown to have “a strongly negative effect on the likelihood of subsequent employment.”\textsuperscript{144} If the SSI system incentivizes longer periods of unemployment for some parents, it will also make it less likely for parents of beneficiaries to reenter the workforce, and more likely that parents become entirely disconnected from work.

In a Social Security Bulletin report, Austin Nichols, Lucie Schmidt, and Purvi Sevak report a similar connection between unemployment rates and adult SSI application rates, finding that an adult “SSI application is positively associated with an increase in the unemployment rate during an individual's jobless spell.”\textsuperscript{145} Mark Duggan and Scott A. Imberman find similar trends in the SSDI program.\textsuperscript{146} They explain “the recessions of 1991 and 2001 can explain 24 percent of the growth in DI [Disability Insurance] receipt among men and 12 percent of the growth among women.”\textsuperscript{147} In the early 2000s, Figure 6 shows a several year span when unemployment rates declined while child SSI applications continue to increase. Nichols, Schmidt, and Sevak’s analysis of the adult program suggests the continued growth could be due to people continuing to transfer from TANF to SSI after the 1996 welfare reform.\textsuperscript{148}

In a Social Security Research Bulletin, Kalman Rupp finds that when unemployment rates are higher, the rate of children and adult applicants who are accepted onto SSI is lower.\textsuperscript{149} However, the higher application denials are not explained by a higher volume of applications during times of high unemployment. In other words, the increase in


\textsuperscript{144} Katharine G. Abraham et al. “The Consequences of Long-Term Unemployment: Evidence from Linked Survey and Administrative Data.”


\textsuperscript{147} Ibid., 339.

\textsuperscript{148} Austin Nichols, Lucie Schmidt, and Purvi Sevak. “Perspectives: Economic Conditions and Supplemental Security Income Application.”

application denials during times of higher unemployment is due to more people applying who are marginally eligible for SSI. While Rupp suggests SSI examiners are able to screen out some applicants who are marginally qualified who may be applying when unemployment rates are higher, this does not mean all marginal applicants are denied. The clear evidence that high unemployment rates boost SSI applications shows that applying for SSI can be driven more by economic circumstances than by the needs of a disabled child.

While it is not surprising application rates for SSI would increase during economic downturns since SSI is a means-tested program, the repercussions of using SSI as an unemployment benefit are concerning. Unemployment benefits should be short term, which is very much the opposite of SSI.

**REDUNDANCY OF THE SSI PROGRAM FOR CHILDREN**

Welfare assistance can be helpful for families with low income. Several researchers point out how SSI reduces poverty for low-income families that receive it, and argue that SSI is thus filling an important role. However, the SSI program is one of approximately 90 programs targeted to low-income households and does not fill a unique support role for low-income special-needs children. Instead, it primarily functions as a cash benefit to some low-income families, irrespective of caregiving related barriers to work or specific needs of the child.

For example, the Social Security Administration does not require parents to account for how they spend their SSI benefit (although the Social Security Administration may request spending records if they believe it is necessary). While families with special-needs children may face greater costs associated with their child’s care, many other

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federally-funded programs exist to provide this type of assistance, not to mention other state, local, and community support programs.

More than 70 percent of children below 200 percent of the poverty line receive health care through Medicaid or the Children's Health Insurance Program (CHIP), and more than 90 percent of children below 200 percent of the poverty line have either public or private health insurance. As of 2019, at least 95 percent of children with special needs were covered by health insurance, with 36 percent receiving insurance coverage through Medicaid or CHIP (Children's Health Insurance Program), and another 8 percent receiving insurance through a combination of Medicaid or CHIP and private insurance. Another 51 percent of children with special needs had private health insurance, and 5 percent were either uninsured or did not report their insurance status.

Nearly all (98 percent) children on SSI have health insurance coverage and 90 percent receive health insurance coverage through Medicaid. In 39 states and the District of Columbia, those who receive SSI are categorically eligible for Medicaid. Across all states, the median income eligibility limit for Medicaid is between 138 and 217 percent of the federal poverty line, depending on a child's age, while the median income eligibility limit for CHIP is between 155 and 217 percent of the federal poverty line. Nearly three-quarters of children on SSI come


154 Ibid.


from households below 150 percent of the poverty line and thus are likely to qualify for Medicaid or CHIP, consistent with the high share of SSI children receiving coverage from these programs.\textsuperscript{158}

Besides Medicaid and CHIP, the federal Maternal and Child Health Block Grant provides funding to states to provide health care for children with disabilities in low-income families. Two of the program’s primary goals are to provide “rehabilitative services for children with special health needs” and to “implement family-centered, community-based systems of coordinated care for children with special health care needs.” \textsuperscript{159} For example, the University of Virginia receives grant funding from this program for Implementation Grants for Improving Services for Children and Youth with ASD (Autism Spectrum Disorder), and the Virginia Department of Health and the Colorado Department of Public Health and Environment receive funding for a Pediatric Mental Health Care Access Program.\textsuperscript{160}

In addition to health care services, the federal government provided $13.6 billion in FY 2021 in grants to states for special education programs.\textsuperscript{161} The Department of Education also funds a variety of specific programs directed to students with special needs.\textsuperscript{162} Medicaid

\begin{footnotesize}
\begin{itemize}
\item \textsuperscript{162} U.S. Department of Education. IDEA. Discretionary Grants. Accessed November 4, 2021. https://sites.ed.gov/idea/discretionary-grants/; These programs include: the Educational Technology, Media, and Materials for Individuals with Disabilities program; Personnel Development to Improve Services and Results for Children with Disabilities; and Parent Training and Information Centers. See U.S. Department of Education, Transition Programs for Students with Intellectual Disabilities Coordinating Center,
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can also be billed for special education services delivered in schools.163

Outside of schools, the federal government runs the Social Services Block Grant, which provides state grants for a wide variety of services directed towards those with low-income. In FY 2016, states received $282 million specifically to fund service for individuals with disabilities.164

The federal government also funds the Administration on Disabilities, within the Administration for Community Living, which works “with states, communities, and partners in the disability network to equip individuals with disabilities of all ages with opportunities, tools, and supports.”165 The Administration on Disabilities funds a variety of programs, such as Self-Advocacy Programs to help those with disabilities and their families learn how to advocate for themselves, as well as the President's Committee for People with Intellectual Disabilities, which promotes independence and community inclusion.166

Beyond these programs, there are roughly 90 means-tested programs that provide assistance with cash, food, and housing, as well as provide social services to low-income households.167 Between 30 and 40 percent of families with children on SSI receive SNAP benefits, about 20 percent receive housing assistance, nearly 20 percent receive assistance with energy bills, and approximately 70 percent receive

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special education services. Most children on SSI are also eligible for free or reduced-price school lunch and breakfast. If the family has young children, they are eligible for food assistance from the WIC program (Women, Infants and Children program).

If families have earned income, they are eligible to receive the refundable Earned Income Tax Credit and the Additional Child Tax Credit. TANF is one program families with children on SSI typically cannot receive simultaneously, however the served populations are similar and both programs provide cash assistance to help low-income families with children.

**SSI FOR CHILDREN AS A SUBSTITUTE PROGRAM FOR TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF)**

For many families, the SSI program for children may be functioning as a substitute for families who would be better served through the TANF program. TANF is an income support program for low-income families that through work requirements and time limits is explicitly designed to encourage work and discourage dependency. TANF replaced AFDC (Aid to Families with Dependent Children), which did not include a work requirement. In the years following the program’s reform in 1996, the material well-being of single mothers improved. Hope Corman,

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SSI’s lack of work requirements and larger benefit amount can make it an enticing alternative to TANF for many families. States can also benefit if participants move from the partially state-funded TANF program to federally funded SSI, freeing up state budget resources for other priorities. States can provide additional benefits to supplement federal SSI benefits, and 44 states and the District of Columbia provide a supplement.\footnote{Social Security Administration. SSI Annual Statistical Report, 2020, 10. Accessed January 14, 2022. \url{https://www.ssa.gov/policy/docs/statcomps/ssi_asr/}.} While states can provide supplemental SSI benefits, the total budgetary cost across states for SSI supplements is about half the total amount spent on TANF across all states.\footnote{In FY 2004, states spent roughly 15 percent of the amount of federal SSI benefits to provide state SSI supplements. See Congressional Research Service. “Cash and Noncash Benefits for Persons with Limited Income: Eligibility Rules, Recipient and Expenditure Data, FY2002-FY2004. March 27, 2006. Table 15. \url{https://www.everycrsreport.com/files/20060327_RL33340_RL33340_d4430e0a7835d75178354908d415ede687e7f460.pdf}. Fifteen percent of total federal SSI payments in FY 2020 would equal $8.1 billion. In comparison, in FY 2020 states spent a total of $15 billion on TANF. See Table A.1. Federal TANF and State MOE Expenditures Summary by ACF-196 Spending Category, FY 2020. \url{https://www.acf.hhs.gov/sites/default/files/documents/ofa/fy2020_tanf_moe_national_data_pie_chart.pdf}.}

Steve Wamhoff and Michael Wiseman find that following the changes to TANF that required work effort and time limits, far more recipients of TANF moved over to SSI.\footnote{Steve Wamhoff and Michael Wiseman. “The TANF/SSI Connection.” \textit{Social Security Bulletin} 6(no. 4) 2005/2006. Accessed November 5, 2021. \url{https://www.ssa.gov/policy/docs/ssb/v66n4/v66n4p21.html}.} Awards for SSI among children on TANF (formerly AFDC), increased from 0.92 per 1,000 recipients in 1991-1993 to 1.28 per 1,000 recipients in 2001-2003.\footnote{Ibid., Table 6.}

In a similar study by Mark Nadel, Steve Wamhoff, and Michael Wiseman, the researchers find that 35 percent of children and 30 percent of women on SSI who had applied to the program and been awarded SSI.
awarded benefits between November 2000 and December 2002 had previously been in a household receiving TANF.\textsuperscript{179} In a 2004 study, Lucie Schmidt and Purvi Sevak show that female-headed households in states that aggressively pursued welfare reform were 21.6 percent more likely to receive SSI.\textsuperscript{180} These studies strongly suggest that following the 1996 TANF work requirements SSI became an even more attractive option for many low-income families.

Prior to the 1996 welfare reform, states may have also shifted people onto SSI from TANF's predecessor, AFDC.\textsuperscript{181} Jeffrey Kubik finds that in states that experienced deficit shocks in the early 1990s, low-income children were significantly more likely to move onto SSI and off of AFDC.\textsuperscript{182} This suggested that states with more financial reason to move children from AFDC to SSI did so when they had the opportunity. Individuals also faced incentives to move from AFDC to SSI. After SSI qualifications for children were loosened in 1990, child SSI cases increased the most in states with smaller dollar-value AFDC benefits, and 43 percent of new SSI cases awarded transferred from AFDC.\textsuperscript{183}

In later studies, the connection between TANF and SSI was weaker; however, this is likely driven by declining TANF caseloads and easier direct access to SSI. In 2013, Johanna Walter found little overlap between TANF and SSI populations. Fewer than 10 percent of adult TANF recipients were in the process of applying for adult SSI benefits, and only 6 percent of those applying for SSI had received TANF benefits within a year of their SSI application.\textsuperscript{184} A 2015 report from the U.S.


\textsuperscript{182} Ibid.


Department of Health and Human Services did not find any systematic coordinated effort between TANF and SSI administrators to transfer participants from TANF to SSI.\textsuperscript{185} The authors suggest the reason for fewer transfers from TANF to SSI in recent years is likely due to the substantial decline in the TANF caseload since the 1996 welfare reform.\textsuperscript{186} Because far fewer low-income families receive TANF than in the past, it is not as common today for someone to receive TANF benefits before applying to SSI as it was before or shortly after the 1990s welfare reforms.

While perhaps not as common today, these studies indicate SSI has been used as a direct substitute for TANF in the past and may be serving a similar population today following stricter TANF rules and relaxed SSI criteria. If work-capable families can choose SSI over TANF, SSI is likely undermining work for these parents. While some families receiving SSI may not be in a position to work because of special child care responsibilities, SSI likely disincentivizes work for the remaining parents by providing benefits to adults without requiring work and phasing out benefits with earnings. By attracting low-income families who might otherwise be capable of working to SSI and away from TANF, the program may be stopping some parents from achieving higher incomes and better life outcomes for them and their families through labor force participation.

**REFORMING SSI TO BETTER SERVE CHILDREN WITH DISABILITIES**

The SSI program for children was created to help low-income children with disabilities become self-supporting adults. The program has largely failed to achieve that goal, leaving many child recipients dependent on adult disability programs and disconnected from work. The program may also be undermining parental labor force attachment, leaving families worse off than they would be with a working parent.

Given the program's shortcomings and the numerous other federal and state programs designed to assist low-income families with


\textsuperscript{186} Ibid., 7.
disabilities, policymakers should consider phasing out the SSI child program and directing the money to programs that could more effectively serve low-income families with disabled children, such as to TANF that is better designed to promote self-sufficiency and promote work. If specific needs remain for families with the most demanding health complications, devolving authority to states would allow for better tailoring of support to meet specific needs.

If policymakers choose to continue funding the SSI program and maintaining federal authority, it should be reformed to better serve children with special needs and mitigate the work disincentives for parents. Several improvements could be made.

First, Congress could review the eligibility criteria for children on SSI and consider whether returning to a more objective standard would increase the likelihood of benefits reaching children with the greatest need. A more objective eligibility criteria might look like the pre-1990 rules that required the child’s health impairment to meet or equal a specific medical listing and higher thresholds for mental health determinations, such that special education enrollment does not hold undue weight in determining a child’s SSI eligibility.

Given that the SSI determination process has come to rely on more subjective criteria, Congress could also conduct a review of the determination process to see if there is substantial variation among examiners in how they make determinations. If so, Congress could require the Social Security Administration to improve the determination process to achieve greater standardization. This would help ensure benefits are distributed more fairly.

Second, SSI for children could be converted from a direct cash payment into a flexible spending account that can be used for goods and services not already covered by Medicaid or other programs. These flexible spending accounts could be modeled after existing flexible spending accounts, which allow individuals and employers to fund an account that can be used for health care items or dependent care.187

Instead of receiving direct cash assistance, low-income families with special-needs children would receive money in a flexible spending

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account that could be used to cover items such as medical supplies and equipment for the child, or for health care services. The accounts could also be used for child care or for vocational training programs to help youth prepare for the workforce. The amount of a child’s benefit could be calculated based on the expected amount the family would need to cover medical care or services not already covered by Medicaid or other programs. A child’s benefit amount should not exceed current SSI benefit levels.

An SSI flexible spending account would better ensure SSI dollars are spent on children’s needs, and would be less likely to undermine parental work, as the account could not be easily used for general household spending. Parents would receive a debit card they could use to make purchases for the child and then verify the purchase was for a covered cost by providing a receipt to the flexible spending account administrator, similar to how existing flexible spending accounts work.\(^\text{188}\)

Third, Congress should ensure the administration stays up-to-date on continuing disability reviews. Sufficient funding should be provided to the Social Security Administration to conduct reviews, and the administration should continue to be required to report to Congress the number of continuing disability reviews conducted annually.\(^\text{189}\) The Social Security Administration should also be required to continue making their continuing disability review waiver process transparent to the public.\(^\text{190}\) Although the Social Security Administration has recently cleared their years-long backlog of continuing disability reviews, these reforms will help ensure reviews continue to be completed in a timely manner.

Fourth, the Social Security Administration could increase the frequency of continuing disability reviews for some impairments.\(^\text{191}\) Currently, the


frequency of continuing disability review is based on the likelihood of an impairment improving and there are three categories: “medical improvement expected,” which requires a child to receive a continuing disability review between 6 and 18 months after entering SSI; “medical improvement possible,” which requires a continuing disability review every three years; and “medical improvement not expected,” which requires a continuing disability review every five to seven years.\(^\text{192}\)

In 2019, the Social Security Administration proposed increasing the frequency of continuing disability reviews for some impairments, and reducing the frequency of reviews for others, by adding a new medical diary category, “medical improvement likely,” which would require continuing disability reviews every two years.\(^\text{193}\) Some conditions currently categorized as “medical improvement possible” would be moved to the new “medical improvement likely” category, increasing CDRs from every three years to every two years. Other conditions would be moved from “medical improvement expected” to “medical improvement likely,” reducing the frequency of their reviews from 6-18 months to every two years.\(^\text{194}\) The proposal also suggested disability reviews for children at two developmental stages: around the transition to school and at adolescence.

The proposed rule change is based on research from the Social Security Administration that found some health conditions currently categorized as “medical improvement possible” were being reviewed well after improvement, while other health conditions categorized as “medical improvement expected” were reviewed too early to find improvement.\(^\text{195}\) Adding the new diary category could reduce the likelihood a child stays on SSI for longer than necessary. The additional reviews are estimated to cost $1.8 billion over ten years and save $2.6 billion during that time as medical improvements are caught at an earlier point (this calculation is based on both children and adults in the program).\(^\text{196}\)

Fifth, the child SSI program could be reformed to better help youth build skills for self-sufficiency. States that receive SSI funding from the

\(^{192}\) Ibid.
\(^{193}\) Ibid.
\(^{194}\) Ibid.
\(^{195}\) Ibid.
\(^{196}\) Ibid.
federal government (currently all states participate in the program) could be required to help SSI youth engage in work or work preparation during high school. States could be required to inform youth about SSI’s work opportunities, such as the Earned Income Exclusion for students as well as vocational training programs. States could also work with schools and health care institutions to help provide SSI work eligibility information to youth and their families.197

States could also be required to engage youth in work experience and work training, and to provide counseling services to families with high-school-age SSI youth. States could fund these work programs and counseling services using existing federal funding from the Workforce Investment Act, the Social Services Block Grant, and TANF. States could also be required to contribute a portion of their own revenue to these programs.

CONCLUSION

One of the main rationales for providing SSI to children was to help them become self-supporting adults, but the program is poorly designed to achieve this goal and many children on SSI have poor outcomes in adulthood. Reforming the program into one that is designed to address the unique needs of children with disabilities and encourage preparation for work in adulthood could help boost the likelihood that more of the most vulnerable youth in the United States reach their potential.

Rachel Sheffield
Joint Economic Committee

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