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SSI and Children with Disabilities: Just the Facts

by Kathy Ruffing and LaDonna Pavetti

Supplemental Security Income (SSI) benefits for low-income disabled children are back in the news, in part because of a recent *New York Times* column by Nicholas Kristof.¹ Unfortunately, the program is being subject to some sharp criticism that is based on misunderstanding of key issues related to SSI for poor children with disabilities. Discussion and debates concerning this program should be rooted in facts and data, not impressions, misimpressions, and anecdotes. Here, we present basic facts about the program and try to clear up some significant misunderstandings.²

Is the number of children receiving SSI benefits mushrooming?

In a word, no. In October 2012, SSI provided monthly cash benefits to 1.3 million disabled children under age 18 whose families have low incomes and few assets (these are basic eligibility criteria) — or about 1.7 percent of all children in the United States.³ That rate has inched up very gradually for the last decade, probably due to advances in detection and diagnosis of certain disabling conditions and the rising rate of child poverty, and has temporarily increased in the wake of the prolonged economic downturn, which has increased the number of families with low incomes and hence the number of disabled children eligible for SSI.⁴ The number of children on SSI represents about one-fifth of the 8 to 9 per cent of U.S. children who are estimated to have serious disabilities.⁵

Who qualifies?

Contrary to some journalistic portrayals, the eligibility criteria are stringent. A child's impairments must match (or equal in severity) a list of disabling conditions compiled by the Social Security Administration

¹ Nicholas D. Kristof, "Profiting From a Child's Illiteracy," *New York Times*, December 7, 2012.

² For more background about SSI, see Center on Budget and Policy Priorities, "Introduction to the Supplemental Security Income (SSI) Program," January 10, 2011, <http://www.cbpp.org/cms/index.cfm?fa=view&id=3367>.

³ Social Security Administration, "SSI Monthly Statistics, October 2012," http://www.ssa.gov/policy/docs/statcomps/ssi_monthly/2012-10/index.html; Office of the Chief Actuary, *Annual Report of the Supplemental Security Income Program*, May 2012, Table IV.B7, <http://www.ssa.gov/OACT/ssir/SSI12/ssi2012.pdf>.

⁴ The rate of child poverty rose gradually from 16.2 percent in 2000 to 19 percent in 2008, then spurted to about 22 percent in both 2010 and 2011. See www.census.gov/hhes/www/poverty/data/historical/hstpov3.xls.

⁵ Shawn Fremstad and Rebecca Vallas, "Supplemental Security Income for Children with Disabilities," National Academy of Social Insurance, November 2012, http://www.nasi.org/sites/default/files/research/SSI_For_Children_Disabilities.pdf.

(SSA). Qualified medical professionals — physicians, licensed or certified psychologists, or certain other experts — must submit evidence of the disability. Assertions by parents and teachers are not enough. As evidence that the criteria are stringent, note that SSA *rejects* about 60 percent of applications for SSI for disabled children.⁶

How long do benefits continue?

Another misunderstanding is that once on the program, a child never leaves it. In fact, federal law directs SSA to review a child's eligibility at least once every three years (or sooner, in the case of low birth-weight babies). The adult receiving the SSI payments on the child's behalf — usually a parent — must provide evidence and bring the child to a consultative examination if requested.⁷ These “continuing disability reviews” lead to benefit termination for about 20 percent of all children reviewed, other than those qualifying as low birth-weight babies, and about *half* of the low birth-weight infants. In addition, special reviews occur again at age 18, and they end benefits for over one-third of the children still receiving SSI at that age.⁸

What's the impact of SSI benefits?

SSI benefits, which average \$615 a month for a disabled child (the federal maximum is \$698)⁹, lift many families out of poverty and especially out of “deep poverty”: SSI lifts more than 300,000 children with disabilities from below 50 percent of the poverty line to above that threshold.¹⁰ SSI assistance helps families cover the extra costs of raising a severely impaired child — estimated at about \$6,000 a year, or \$11,000 if we include the loss of future earnings.¹¹

The added income that SSI provides, and its impact in lifting many children out of deep poverty, may yield lasting gains. A substantial body of evidence indicates that poor children whose families receive a significant boost in income do better in school and work and earn more as adults.¹² While those results are clearest for young children (under age 6), it is reasonable to expect gains among vulnerable older children as well. Studies show that families with disabled children are particularly likely to experience material hardship — extreme difficulty in paying food, housing, and medical bills.¹³ A modest but stable source of income provides relief from hardship and promotes continuity in residence, education, and medical care.

⁶ *Annual Report*, Table V.C2.

⁷ Code of Federal Regulations, § 416.994a.

⁸ *Annual Report*, Table V.D3.

⁹ Average amount from SSI Monthly Statistics, October 2012; maximum amount from SSI Federal Payment Amounts, 1975-2013, <http://www.ssa.gov/OACT/COLA/SSIamts.html>.

¹⁰ CBPP analysis of the March 2010 Current Population Survey and SSI income data from the Urban Institute/HHS Transfer Income Model version 3, downloaded from the TRIM3 project website, trim3.urban.org, on 12-10-12. This result is consistent with earlier statistics presented in Anne DeCesaro and Jeffrey Hemmeter, “Characteristics of Noninstitutionalized DI and SSI Program Participants,” Social Security Administration Research and Statistics Note No. 2008-02, Table 11, <http://www.socialsecurity.gov/policy/docs/rsnotes/rsn2008-02.html>.

¹¹ Mark Stabile and Sara Allin, “The Economic Costs of Childhood Disability,” in *Future of Children*, Volume 22 Number 1 Spring 2012, http://futureofchildren.org/futureofchildren/publications/journals/journal_details/index.xml?journalid=77.

¹² Arloc Sherman, “Poverty in Early Childhood Has Long and Harmful Reach,” Center on Budget and Policy Priorities, *Off the Charts* blog, March 15, 2011, <http://www.offthechartsblog.org/poverty-in-early-childhood-has-long-and-harmful-reach/>.

¹³ Susan L. Parish *et al.*, cited in Fremstad and Vallas.

How do parents' earnings affect the child's SSI eligibility?

SSI is designed to try to avoid discouraging work. Rather than having an inflexible income limit — and terminating a child's benefits once a parent's earnings pass it — or taking away a dollar in benefits for each added dollar that a parent earns, SSI has two features intended to encourage parents to work more. First, SSI counts half, rather than all, of a parent's earnings when gauging a child's eligibility and benefit level. Second, SSI rules assume that some portion of a parent's earnings may be needed to support other family members, not just the disabled child, so that if a parent goes to work or increases the numbers of hours worked, that has a smaller effect on the SSI benefits — and hence the added work yields a substantial net increase in the family's income.¹⁴ One-third of child recipients in single-parent households, and two-thirds of those in two-parent families, have a working parent.¹⁵

Is SSI marked by abuse?

There is no credible evidence of widespread abuse among families receiving SSI for disabled children. In the 1990s, rumors appeared in the media that parents were “coaching” their children to exaggerate their impairments in order to get benefits; however, investigations refuted those allegations.¹⁶ Similarly, last year, the *Boston Globe* carried anecdotal reports of parents placing their children on certain medications to qualify, which led several members of Congress to ask the Government Accountability Office (GAO) to look into this and other matters. The GAO analysis, issued in June 2012, identified some challenges in administration of the program but reported that children taking psychotropic drugs were slightly more likely to be *denied* benefits, and that in any event, medication was just one of many factors considered by examiners.¹⁷

The Kristof column had a new anecdotal criticism — that families pull their children out of classes in order to retain SSI benefits. But 98.6 percent of non-institutionalized SSI children ages 6-12, and 90.7 percent of those ages 13-17, are enrolled in school, and three-fourths receive (or have received) special education.¹⁸ The data thus do not appear to support this criticism.

This is *not* to say that *no* such incidents occur, or that all families take full advantage of supplemental literacy or tutoring programs that may be available (though not always accessible) to them. But it's important to distinguish, based on actual research, between anecdotal stories that may reflect extreme and unusual cases and broader patterns of behavior.

¹⁴ A summary of these so-called “deeming” rules may be found at <http://www.socialsecurity.gov/ssi/text-child-ussi.htm>.

¹⁵ Social Security Administration, SSI Annual Statistical Report, 2011 (September 2012), Tables 25 and 26, http://www.ssa.gov/policy/docs/statcomps/ssi_asr/2011/.

¹⁶ Christopher Georges, “A Media Crusade Gone Haywire,” *Forbes Media Critic*, September 1995; U.S. General Accounting Office, B-271255 (March 5, 1996) (letter report to Rep. Lincoln); U.S. General Accounting Office, “Social Security: New Functional Assessment Process” (February 1995); U.S. Department of Health and Human Services, Office of Inspector General, “Concerns about the Participation of Children with Disabilities in the Supplemental Security Program,” A-03-94-02602 (October 1994); Social Security Administration, “Findings from the Study of Title XVI Childhood Disability Claims” (May 1994).

¹⁷ “Supplemental Security Income: Better Management Oversight Needed for Children's Benefits,” U.S. Government Accountability Office, June 2012, <http://www.gao.gov/assets/600/591872.pdf>.

¹⁸ Kalman Rupp *et al.*, “A Profile of Children with Disabilities Receiving SSI: Highlights from the National Survey of SSI Children and Families,” *Social Security Bulletin*, Vol. 66 No. 2, 2005/2006, <http://www.ssa.gov/policy/docs/ssb/v66n2/v66n2p21.html>.

There is, however, one aspect of the operations of SSI for disabled children that can — and should — be legitimately criticized. SSA has a powerful tool at its disposal to make sure that only children who remain seriously disabled stay on the program: the continuing disability reviews that it is supposed to conduct on most SSI and Social Security disability cases at least once every three years. SSA estimates that each dollar spent on such reviews eventually saves *nearly \$10* in benefit costs — in SSI and Social Security disability insurance benefits and in Medicaid and Medicare — by removing from the rolls people who are no longer eligible. But Congress has seriously underfunded these reviews.¹⁹ As a result, SSA does not carry out as many reviews as it should, some beneficiaries remain on the program too long, and the federal government incurs unnecessary costs.

Last year's Budget Control Act carved out enough room for Congress to fund these reviews adequately even in a tight budget environment.²⁰ Yet, Congress failed to take full advantage of this funding allowance, leaving \$140 million in such funding unused in 2012 — and thereby *raising* federal costs.²¹

It is essential to fund SSA's administrative costs properly so the agency can keep up with disability claims, review disability cases regularly, end benefits for those who no longer need them, and root out the isolated cases of fraud. It would be hypocritical for members of Congress to attack this important program for poor disabled children program while simultaneously failing to provide the funds needed to administer it properly.

¹⁹ Social Security Administration, "Annual Report of Continuing Disability Reviews," May 1, 2012, <http://www.socialsecurity.gov/legislation/FY%202010%20CDR%20Report.pdf>.

²⁰ Letter from Douglas W. Elmendorf, Director, Congressional Budget Office, to the Honorable John Boehner and the Honorable Harry Reid, August 1, 2011, <http://www.cbo.gov/sites/default/files/cbofiles/ftpdocs/123xx/doc12357/budgetcontrolactaug1.pdf>.

²¹ Kathy A. Ruffing, "Social Security Disability Insurance is Vital to Workers With Severe Impairments," Center on Budget and Policy Priorities, August 9, 2012, <http://www.cbpp.org/cms/?fa=view&id=3818>.