

The Social Security Administration's Application of the Childcare Dropout Year Provision

A-01-18-50660



September 2018

Office of Audit Report Summary

Objective

To answer specific questions regarding the Social Security Administration's (SSA) application of the childcare dropout year (CDY) provision in the *Social Security Act*.

Background

Generally, SSA may grant a CDY when four requirements are met.

1. The beneficiary has been living with a child under age 3 for at least 9 months of a year.
2. The beneficiary has no earnings for the calendar year(s) he/she was living with the child under age 3.
3. The beneficiary must be age 25 through 36 in the year disability began.
4. The no earnings year(s) from Requirement 2 must be used to calculate the benefit amount.

On February 14, 2018, we received a request from Congress to answer specific questions related to SSA's use of the CDY provision.

Conclusion

The criteria in the *Social Security Act* for a CDY only apply to a small number of beneficiaries. From the 10.5 million Disability Insurance beneficiaries allowed in Calendar Years 2005 through 2016, we identified 165,045 who were potentially eligible for a CDY and reviewed a sample of 600 claims. Of our sampled beneficiaries, SSA correctly applied a CDY for 1, and the remaining 599 did not meet all 4 requirements to receive a CDY.

We estimated about 15,000 beneficiaries allowed in 2005 through 2016 reported they had a child 3-years-old or younger in care during a year the beneficiary had no earnings before the year disability was established. However, these beneficiaries did not meet other requirements and therefore were not eligible for CDYs.