Supplemental Security Income Program Entry at Age 18 and Entrants' Subsequent Earnings

by Jeffrey Hemmeter*

In determining Supplemental Security Income (SSI) eligibility and payment levels for child applicants and recipients, the Social Security Administration attributes part of parental income to the child using a process called deeming. Parental-income deeming ends at age 18, and many youths with severe disabilities who were income-ineligible for SSI as minors can become income-eligible as adults. This article provides evidence that substantial numbers of youths apply for SSI as soon as they turn 18. Additionally, the distribution by disability type of youths applying at or after age 18 differs from that of youths applying just before age 18. Further, applications filed at age 18 are more likely to be allowed than are those filed at age 17. Using denied applicants as a comparison group, I estimate a reduced likelihood of subsequent employment (through age 24) for allowed SSI applicants aged 17–19 with an expected upper bound of about 25 percentage points.

Introduction

The Supplemental Security Income (SSI) program provides means-tested cash payments to youths with severe disabilities. To determine program eligibility and payment amounts for children, the Social Security Administration (SSA) attributes part of parental income to the child using a process called deeming. Because parental deeming ends at age 18, many youths with severe disabilities who were not income-eligible for SSI as minors can become income-eligible as adults.

Several recent studies and news stories have raised concerns about the high percentage of child SSI recipients transitioning directly into adult SSI recipiency, with potential lifetime payment receipt (for example, Burkhauser and Daly 2011; Wen 2010a, 2010b, 2010c). Others have analyzed the experiences of children and youths to determine how best to support their eventual exit from SSI and ultimate self-sufficiency. Many studies document the challenges and experiences of child SSI recipients as they transition to adulthood (for example, Hemmeter, Kauff, and Wittenburg 2009; Wittenburg and Loprest 2007; Davies, Rupp, and Wittenburg 2009; Wittenburg and Maag 2002; Rupp, Hemmeter, and Davies 2015; Hemmeter and others 2015; Berry and Caplan 2010; Berry and Coffey 2008; and Weathers and others 2007). However, there is a paucity of research on those who enter SSI at the cusp of adulthood. Because there are more than twice as many SSI awards to youths aged 18–21 as there are to those aged 13–17 (SSA 2014d), studying older youths could provide key information that addresses both the potential lifetime receipt of SSI payments and the challenges of transitioning into adulthood.

Some researchers have claimed that SSA's adult disability programs (SSI and Social Security Disability Insurance) have contributed to a reduction in adult labor force participation (for example, Duggan

Selected Abbreviations

CDR	continuing disability review
FBR	federal benefit rate
PMV	presumed maximum value
SGA	substantial gainful activity
SSA	Social Security Administration
SSI	Supplemental Security Income
VTR	value of one-third reduction

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and Imberman 2009; Black, Daniel, and Sanders 2002; Autor and Duggan 2003). If those claims are true, then special attention should be paid to youths entering the programs at the point of transition to adulthood. Some studies include young adults in their populations (for example, Mamun and others 2011; O'Leary, Livermore, and Stapleton 2011), but do not differentiate between program-entry ages to a level of detail that would allow identification of transition-age youths in particular. One study that does differentiate that group of entrants (Ben-Shalom and others 2012) shows that adults who entered SSI at earlier ages (particularly 18–19) were more likely than older program entrants to have subsequent earnings and to have moved into SSI nonpayment status because of work within 10 years of program entry.

Although many of the studies cited thus far are particular to youths who receive SSI payments, the barriers to a successful transition are shared by many youths with disabilities, including those from families with higher incomes (National Council on Disability and SSA 2000; Osgood, Foster, and Courtney 2010; Carter, Austin, and Trainor 2012; Newman and others 2011; Test and others 2009). For example, all youths with disabilities face inconsistent policies and uncoordinated handoffs between federal, state, and local supports (Government Accountability Office 2012). Additionally, an increasing percentage of children in high-income and high-education households are reporting disabilities, particularly neurodevelopmental or mental health conditions (Houtrow and others 2014). Although challenges in transitioning to adulthood occur across the income distribution, one potentially important issue is the entry of youths to the SSI program at age 18, when family income becomes less of a constraint on SSI participation.

Understanding who enters SSI at age 18 helps complete the information available to SSA, state and federal agencies, and local service organizations about the adult outcomes of youths with disabilities. In this article, I demonstrate how the incentive to apply for SSI is affected by the differential treatment of parental income for child and adult SSI applicants and recipients. I then address the following questions:

- Who applies for SSI at age 18, when the financial restrictions to eligibility are greatly relaxed?
- How do age-18 applicants differ from those who apply shortly before turning 18?
- How much does SSI reduce the labor force participation of older youths?

Combined with the results from prior studies, the findings of this analysis can help identify the needs of a population at risk of long-term dependency on public assistance. This study can also shed some light on what SSA could expect if some existing financial barriers to SSI eligibility were lowered.

In the next section, I briefly describe how SSI rules treat income. I then present the hypotheses and data for this study. After discussing findings on the characteristics of youths who apply for SSI at various intervals before and after turning 18, I estimate the potential impact of SSI participation on youth earnings. The conclusion (with further discussion) follows, then an appendix presents a limited digression on the impact of the expiration of income-deeming on parents' earning behavior when their child reaches age 18. In this article, "child" refers to individuals younger than 18; "adult" refers to individuals aged 18 or older; and "youth" refers to a group that overlaps the other two, encompassing individuals aged 17–19.

SSI Income Rules

This section describes some general SSI rules, highlighting the change in the treatment of parental income before and after age 18. The descriptions that follow summarize complex rules that are detailed in SSA's Program Operations Manual System (POMS).

General SSI rules

SSI is a means-tested transfer program for adults and children with severe disabilities and for the elderly. To be eligible, an individual must have assets and resources valued less than $2,000 ($3,000 for a couple). Additionally, children and adults younger than age 65 must have a medically determinable physical or mental impairment that is expected to last (or has lasted) at least 12 continuous months or to result in death. For an adult aged 18–64, the impairment must prevent him or her from performing substantial gainful activity (SGA);[1] for a child, the impairment must result in marked and severe functional limitation. In addition, there are citizenship and residency requirements.

The asset and resource test exempts certain commonly held resources, such as an automobile or a home, which are generally considered necessary for community living. The SSI payment is equal to the federal benefit rate (FBR), which is $733 in 2015, less any countable earned and unearned income. For this calculation, countable earned income is defined as nonexcluded earnings exceeding $65 per month, divided by two. Earnings can be excluded when they

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are used for certain purposes, such as work expenses for the blind, impairment-related work expenses, and expenditures under an approved plan to achieve self-support. Another example, particularly important for youths, is the student earned income exclusion, under which recipients aged 21 or younger who regularly attend school may exclude some earnings from the payment calculation. In 2015, a student may exclude up to $1,780 in earnings a month, with a yearly maximum of $7,180. Unearned income (for example, interest payments or gifts) is countable in amounts exceeding $20 per month; if unearned income is less than $20, the unused portion is added to the excludable earned-income amount. Most transfer payments, such as Supplemental Nutrition Assistance Program benefits or state or local assistance, are not countable.

An individual's federal living arrangement also factors into determining the SSI payment amount. Broadly defined, individuals may be classified as living in their own economic unit or "household" (code A); as receiving some food and shelter from within the household in which they reside, with no ownership stake or rental liability (code B); as dependent children residing with their parent(s) or guardian(s) (code C); or as residing in a medical institution (code D). These living arrangements determine whether and how SSI counts the income and resources of the individuals with whom a potential recipient lives, for SSI eligibility and payment-amount purposes.[2] The "child" living-arrangement code (C) cannot apply to individuals who have reached their 18th birthdays, and with the transition to a different living arrangement, the treatment of parental income changes. The next section describes that change.

Treatment of Parental Income

Most children do not have substantial earnings or unearned income. Because SSI is intended to be assistance of last resort, and because the program is intended to offset the additional costs of a child's disability to parents (such as lost income or disability-related expenses), parental income is deemed (that is, assumed to be available) to the child. In calculating the deemed amount, SSA does not include certain amounts of income assumed to be available to the parents (called the parental living allowance) or to other children who are not eligible for SSI (called allocations).[3]

For children who live with SSI-ineligible parents, deeming entails calculating parental countable unearned income by subtracting the sum of the parental living allowance (which is equal to the FBR), allocations (as applicable), and the $20 general-income exclusion from total parental unearned income; a negative result is treated as zero. Deemable parental earned income is then calculated by subtracting from gross earned income the combined amount of (a) any allocations not counted as unearned income, (b) the excludable first $65 of earned income, and (c) any portion of the $20 general-income exclusion not used to reduce unearned income, then dividing that result by two. Subtracting the parental living allowance (that is, the FBR) from the sum of countable parental earned and unearned income provides the amount deemed to the child.[4] Deemed income is counted as the child's unearned income when determining his or her SSI eligibility and payment amount.

Upon attaining age 18, a youth's living-arrangement code changes from C (child) either to A (living in his or her own household) or to B (living in the household of another and receiving support and maintenance), assuming he or she is not in a medical institution. Looking first at code B: When the 18-year-old receives food and shelter from others in the household (such as parents), his or her eligibility and payment amount for a given month are typically determined using a rule called the value of one-third reduction (VTR), under which the FBR is reduced by one-third, then any countable youth income is subtracted. (Effectively, the first step of the VTR rule multiplies the FBR by two-thirds.)

Parents can lower this reduction by providing neither food nor shelter; for example, by charging the youth for his or her share of expenses or by charging rent, establishing that the youth essentially lives on his or her own (code A). In fact, according to internal SSA calculations, most youths aged 18 or older on the SSI rolls are determined to constitute their own households,[5] even though they may continue to reside within their parents' home.[6] In that situation, a rule called presumed maximum value (PMV) applies. The PMV equals one-third of the FBR plus $20. Under the PMV rule, the FBR is reduced by the lesser of (a) the actual value of the in-kind support and maintenance or (b) the PMV. Under either code A or B, parental income is not deemed to the youth; effectively, there are no limits on parental income to maintain a youth's SSI eligibility.[7]

Exhibit 1 summarizes the different treatments of parental income for determining SSI eligibility and payment amounts before and after a youth attains age 18. It provides illustrative examples of eligibility and payment calculations and the parental income cutoffs required to maintain a youth's SSI eligibility

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Exhibit 1.
Treatment of parental income in determining eligibility and payment amounts for SSI youth applicants and recipients before and after reaching age 18: Summary definitions and illustrative examples

Definitions	Younger than 18	18 or older
Applicant's living arrangement [a]	Code C: child residing in parent's household	Code A: youth residing in own household; or Code B: youth receiving food, shelter, or other support while residing in another's household.
Role of income in determining youth's SSI eligibility	• Parents' countable income deemed to child • Exclusions from parental income may include: – FBR allowance (individual or couple) – Allocations (costs of supporting ineligible children) • Exclusions from eligible child's income	• Parents' income not directly counted • Rules for counting youth's income depend on living arrangement: – If Code A, PMV rule applies – If Code B, VTR rule applies

Illustrative examples

ASSUMPTIONS: Parental earned income of $4,000, no parental unearned income, and no child/youth income.

Applicants aged younger than 18

Example 1:
Single parent with one eligible child/youth

Step 1: Calculate deemed parental income

Parent's earned income	$4,000.00
Monthly excludable earnings [b]	− 65.00
Monthly excludable unearned income [b]	− 20.00
	3,915.00
	÷ 2
	1,957.50
Individual FBR allowance [b]	− 733.00
Deemed parental income	**$1,224.50**

Step 2: Calculate applicant's payment

Individual FBR [b]	$ 733.00
Deemed parental income	− 1,224.50
Monthly excludable unearned income [b]	− 20.00
Applicant's payment	**−$ 471.50**

Result is less than zero; child is not eligible

Maximum parental earnings that will retain child's SSI eligibility:	$3,055 per month ($36,660 per year)

Example 2:
Two parents, one eligible child/youth, and one ineligible child (not receiving other public assistance)

Step 1: Calculate deemed parental income

Parents' earned income	$4,000.00
Allocations for ineligible child [b]	− 367.00
Monthly excludable earnings [b]	− 65.00
Monthly excludable unearned income [b]	− 20.00
	3,548.00
	÷ 2
	1,774.00
Couple FBR allowance [b]	− 1,100.00
Deemed parental income	**$ 674.00**

Step 2: Calculate applicant's payment

Individual FBR [b]	$ 733.00
Deemed parental income	− 674.00
Monthly excludable unearned income [b]	− 20.00
Applicant's payment	**$ 79.00**

Result exceeds zero; child is eligible

Maximum parental earnings that will retain child's SSI eligibility:	$4,156 per month ($49,872 per year)

Continued

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Exhibit 1.
Treatment of parental income in determining eligibility and payment amounts for SSI youth applicants before and after reaching age 18: Summary definitions and illustrative examples—*Continued*

Illustrative examples (continued)

ASSUMPTIONS: Parental earned income of $4,000, no parental unearned income, and no child/youth income.

Applicants aged 18 or older

NOTE: Youth's federal living arrangement determines eligibility and payment amount (no parental income deeming; parents' income, family composition not applicable).

Example 3:
Code A living arrangement

Step 1: Calculate PMV

Individual federal benefit rate [b]	$	733.00
	÷	3
		244.33
Monthly excludable unearned income [b]	+	20.00
PMV	**$**	**264.33**

Step 2: Calculate applicant's payment

Individual FBR [b]	$	733.00
PMV	−	264.33
Applicant's payment	**$**	**468.67**

Result exceeds zero; youth is eligible

Example 4:
Code B living arrangement

Step 1: Calculate applicant's payment

Individual FBR [b]	$	733.00
Apply VTR rule	×	⅔
Applicant's payment calculation	**$**	**488.67**

Result exceeds zero; youth is eligible

SOURCE: SSA Program Operations Manual System (POMS).

a. Other living arrangements may apply, but they occur less frequently. For example, individuals younger or older than 18 may reside in medical institutions (code D) and children may live in their own household (code A) or in another person's household (code B).

b. Fixed dollar value applies to all SSI recipients or applicants in 2015.

for selected family situations. Note that Exhibit 1 and the preceding summary description are intended to highlight the main parts of the deeming process and how it changes for potential recipients at age 18; the exhibit and the description do not identify all of the possible ways income can be treated.

Hypotheses and Data

By law, the SSI program rules that limit the participation of children residing in relatively better-off (yet still poor) households are relaxed once those children reach age 18, as described in the previous section. Additionally, relatively simple methods of minimizing the reduction to a young adult's payment are widely known by parents, social workers, and community advocates. As a result, in the distribution of SSI applicants by age, one would expect a spike at age 18. I will examine that hypothesis first, before turning to possible economic and behavioral effects of the expiration of deeming rules at age 18.

The difference in labor force participation and earnings between denied and allowed applicants can be viewed as an upper bound on the reductive effect on potential earnings for newly awarded SSI recipients. This methodology, first used by Bound (1989) in his analysis of the Disability Insurance program, has been corroborated by other researchers (for example, Chen and van der Klaaw 2008; von Wachter, Song, and Manchester 2011). However, I am not aware of studies that use this methodology either to examine the SSI population or to focus on the 17–19 age group. Under Bound's hypothesis, denied applicants experience the counterfactual of what allowed applicants would have experienced had they not been allowed.

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Of course, allowed applicants are determined to have a more severe disability that prevents SGA (for adults) or causes marked and severe functional limitations (for children), so the labor market experiences of denied applicants represent the upper bound, at best, of the experiences that allowed applicants could be expected to have in the counterfactual.

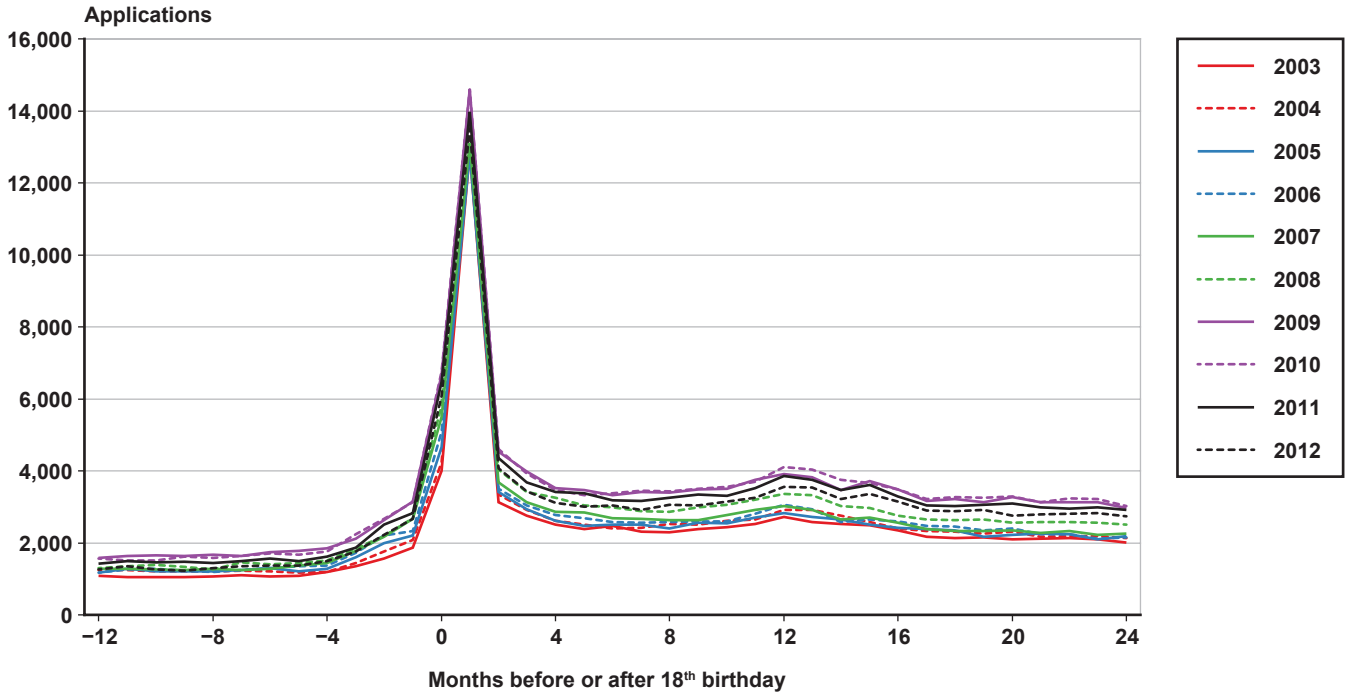
As additional measures of applicant well-being, I compare the earnings of youths to the federal minimum wage for 1 year of full-time work (defined as 40 hours per week for 52 weeks) and an annualized measure of SGA (defined as 12 times the monthly SGA amount). Both of these measures use nominal earnings and threshold values for each study year. It is important to note that none of these earnings-based measures and thresholds fully reflect the economic welfare of youths, who may have access to parental or other income sources that are not captured in the data.

I use SSA's abbreviated Title XVI Disability Research File (DRF) to identify all SSI applications filed from 2003 through 2012, the latter year being the most recent for which data are available as of this writing. The DRF includes information on the outcomes of all SSI applications along with various applicant characteristics such as primary diagnosis, whether the individual previously applied for SSI, and Social Security–covered earnings. I merge the DRF with data from SSA's continuing disability review (CDR) Waterfall File to identify individuals who had left the SSI rolls either because of medical improvement identified in a childhood CDR or because their disability was determined not to preclude work at the SGA level during an age-18 redetermination. After adjusting dollar amounts using the consumer price index for all urban consumers (CPI-U) to 2012 dollars, I use these data to compare the earnings of denied and allowed applicants at different ages.

Applications Filed Around Age 18

Given the substantial change in the treatment of parental earnings once an applicant reaches age 18, it is useful to understand how many youths apply before and after that threshold, how quickly they tend to apply afterward, and whether their characteristics differ according to age at application. As expected, the age distribution of SSI applicants clearly spikes in the month of turning 18 (Chart 1). In each of the years studied, SSI applications were filed in roughly equal numbers—generally about 1,350—by (or on behalf of) applicants in most of the 12 months preceding their 18th birthday. That number crept upward for applicants in the final months before their 18th

Chart 1.
SSI applications for youths aged 17–19, by applicant age in months relative to 18th birthday: 2003–2012



SOURCE: Author's calculations using Social Security administrative records.

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birthday, likely reflecting individuals exiting foster care (who can submit an application before turning 18) or other special circumstances. The number spiked to about 13,500 applications filed for individuals within a month of turning 18. Applications numbered roughly 3,000 for individuals in each of their remaining months at age 18. The number blipped slightly upward to about 3,300 for youths applying in the month they turned 19 and then declined until leveling off at around 2,800 for those applying as they approached age 20. Some of the increase in applications after age 18 may result from return to the program after the age-18 redetermination.

Characteristics of Youth Applicants

Among the notable differences between SSI applicants of different ages is an unsurprising decrease after age 17 in primary diagnoses of "childhood and adolescent mental disorders not elsewhere classified." Table 1 shows that the frequency of that diagnosis dropped from 2.4 percent among 17-year-olds to 0.3 percent among older applicants. The percentages of applicants with an intellectual disability also varied by age, from 9.8 percent at age 17 to 17.1 percent at age 18 and to 9.1 percent at age 19. Notably, almost one-quarter of youths applying in the first 2 months of age 18 had an intellectual disability. A similar pattern emerged for

Table 1.
Characteristics of transition-age SSI applicants during 2003–2012, by age at application

	Age 17		Age 18				Age 19	
			Overall		First 2 months			
Characteristic	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Total	186,739	100.0	495,465	100.0	190,380	100.0	336,428	100.0
Primary impairment								
Mental disorders								
Attention deficit disorder/attention deficit hyperactivity disorder	12,418	6.7	13,116	2.7	4,265	2.2	8,869	2.6
Autism spectrum disorders	5,523	3.0	36,822	7.4	20,794	10.9	8,849	2.6
Developmental disorders	10,259	5.5	12,848	2.6	3,828	2.0	10,382	3.1
Childhood and adolescent mental disorders not elsewhere classified	4,565	2.4	1,677	0.3	580	0.3	832	0.3
Intellectual disability	18,274	9.8	84,743	17.1	45,237	23.8	30,509	9.1
Mood disorders	28,626	15.3	65,624	13.2	17,400	9.1	60,505	18.0
Organic mental disorders	5,827	3.1	33,121	6.7	11,178	5.9	23,190	6.9
Schizophrenic and other psychotic disorders	4,754	2.6	14,213	2.9	3,714	2.0	14,933	4.4
Speech and language delays	1,032	0.6	870	0.2	475	0.3	286	0.1
Other mental disorders	13,951	7.5	33,047	6.7	9,287	4.9	29,496	8.8
Nonmental disorders								
Congenital anomalies	2,120	1.1	13,775	2.8	8,902	4.7	2,976	0.9
Endocrine, nutritional, and metabolic disorders	3,095	1.7	8,157	1.7	2,271	1.2	7,985	2.4
Infectious and parasitic diseases	380	0.2	1,189	0.2	297	0.2	1,448	0.4
Injuries	3,651	2.0	11,918	2.4	3,008	1.6	13,036	3.9
Neoplasms	1,892	1.0	4,703	1.0	1,489	0.8	3,637	1.1
Diseases of the—								
Blood and blood-forming organs	900	0.5	3,018	0.6	1,012	0.5	2,383	0.7
Circulatory system	1,453	0.8	4,676	0.9	1,485	0.8	4,187	1.2
Digestive system	1,316	0.7	3,499	0.7	941	0.5	3,542	1.1
Genitourinary system	902	0.5	2,673	0.5	856	0.5	2,456	0.7
Musculoskeletal system and connective tissue	5,424	2.9	17,871	3.6	4,540	2.4	18,446	5.5
Nervous system and sense organs	12,785	6.9	60,411	12.2	29,801	15.7	28,658	8.5
Respiratory system	3,754	2.0	6,689	1.4	1,661	0.9	6,733	2.0
Skin and subcutaneous tissue	264	0.1	739	0.2	220	0.1	739	0.2
Other	531	0.3	1,943	0.4	1,089	0.6	647	0.2
Unknown	43,043	23.1	58,123	11.7	16,050	8.4	51,704	15.4

(Continued)

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Table 1.
Characteristics of transition-age SSI applicants during 2003–2012, by age at application—*Continued*

Characteristic	Age 17		Age 18				Age 19	
			Overall		First 2 months			
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Programmatic history								
Application history								
First-time applicant	100,468	53.8	261,223	52.7	90,636	47.6	178,917	53.2
Applied more than 10 years prior	22,733	12.2	82,830	16.7	39,877	21.0	43,440	12.9
Applied within last 10 years	63,538	34.0	151,412	30.6	59,867	31.5	114,071	33.9
Age-18 redetermination cessation								
No	. . .	. . .	491,248	99.2	a	a	317,739	94.4
Yes	. . .	. . .	4,217	0.9	a	a	18,689	5.6
Childhood CDR cessation								
No	181,886	97.4	486,500	98.2	187,997	98.8	328,614	97.7
Yes	4,853	2.6	8,965	1.8	2,383	1.3	7,814	2.3
Year of current application								
2003	14,472	7.8	41,978	8.5	16,833	8.8	27,502	8.2
2004	16,153	8.7	43,927	8.9	17,462	9.2	29,279	8.7
2005	16,845	9.0	44,060	8.9	17,472	9.2	28,763	8.6
2006	17,580	9.4	45,699	9.2	18,028	9.5	30,017	8.9
2007	18,216	9.8	47,386	9.6	18,589	9.8	29,993	8.9
2008	19,094	10.2	51,231	10.3	19,596	10.3	33,564	10.0
2009	22,998	12.3	57,539	11.6	21,241	11.2	40,481	12.0
2010	22,499	12.1	57,603	11.6	21,329	11.2	41,595	12.4
2011	20,569	11.0	54,962	11.1	20,431	10.7	39,061	11.6
2012	18,313	9.8	51,080	10.3	19,399	10.2	36,173	10.8

SOURCE: Author's calculations using Social Security administrative records.

NOTES: Rounded components of percentage distributions do not necessarily sum to 100.0.

. . . = not applicable.

a. Suppressed to avoid disclosing information about particular individuals.

applicants with autism spectrum disorders: The percentage more than doubled from 3.0 percent to 7.4 percent between ages 17 and 18, and reached almost 11 percent among applicants in the first 2 months of age 18, but dropped sharply to 2.6 percent for applicants aged 19. The percentages of applicants with congenital anomalies and with diseases of the nervous system and sense organs also increased noticeably at age 18. The diagnostic groups with the greatest percentage increases among applicants aged 18 typically were long-term conditions. Although it cannot be determined from the available data, it is likely that many of these youths were ineligible for SSI during childhood because parental income was too high.

More youths were first-time applicants than were not; however, a large minority of 46.9 percent had previously applied, with many of them having applied more than 10 years prior to the current filing. Less than half of those applying within the first 2 months of age 18 were first-time applicants. It may be that youths and their families with prior experience applying for SSI were more aware of the program rules and the chances of being allowed at age 18. A small number of applicants had previously been removed from SSI by a CDR or an age-18 redetermination. Only 2.6 percent of 17-year-olds had been removed by a CDR, which is unsurprising given the low number of CDRs historically conducted for SSI children (SSA 2014a). Additionally, relatively few 18-year-old applicants had been removed during an age-18 redetermination (less than 1 percent) or childhood CDR (less than 2 percent). Payments had been ceased for 5.6 percent of applicants aged 19 during an age-18 redetermination and for 2.3 percent during a childhood CDR. The jump from ages 18 to 19 in the percentage of applicants with payments ceased because of an age-18 redetermination most likely reflects the fact that many such redeterminations do not occur until more than a year after the youth turns 18, and can take several months to complete (SSA 2011a). Additionally, many youths appeal

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negative redeterminations, and the appeal process can be long (SSA 2014b; Hemmeter and Gilby 2009).

SSI application volume has generally increased over time, with a peak in 2007–2010, the early years of the Great Recession. In addition to general population growth (which would result in more applications as time passes), the poor state of the economy in the later part of the study period could have raised the proportion of the population with severe disabilities who were financially eligible for SSI, although I do not directly test that hypothesis. Additionally, this study excludes pending applications, which lowers the number of applications reported for later years in Table 1.

Application Outcomes

SSA denies the majority of SSI applications for transition-age youths. Table 2 shows that two-thirds of applications filed at ages 17 and 19 were denied. However, slightly more than one-half of applications for youths at age 18, and two-thirds of applications in the first 2 months of attaining 18, were allowed. More than 20 percent of applications filed at age 17 were denied for technical reasons—typically, because the applicant did not meet the asset or income test. For older youths, the technical denial rates were much lower: just 8.2 percent at age 18 and 8.7 percent at age 19. Less than 7 percent of applicants in the first 2 months of age 18 were denied for technical reasons. The percentages of applications denied for medical reasons were 45.5 percent at age 17, 41.5 percent at age 18 (but only 26.6 percent in the first 2 months), and 61.1 percent at age 19. Most individuals did not appeal their decisions. Among applications filed at age 17, only 12 percent of those that were ultimately allowed and 15 percent of those that were ultimately denied had been appealed after an initial denial (not shown). For applications filed at age 18, the corresponding figures are 11 percent of those that were ultimately allowed

Table 2.
Outcomes for transition-age SSI applicants during 2003–2012, by age at application

	Age 17		Age 18				Age 19	
			Overall		First 2 months			
Outcome	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Total	186,739	100.0	495,465	100.0	190,380	100.0	336,428	100.0
Determination								
Allowance	61,980	33.2	249,029	50.3	126,589	66.5	101,550	30.2
Standard allowance	60,174	32.2	239,767	48.4	122,360	64.3	95,898	28.5
Closed period	179	0.1	47	(L)	33	(L)	8	(L)
Favorable medical finding from prior claim	270	0.1	1,813	0.4	1,136	0.6	656	0.2
Other eligible person	26	(L)	61	(L)	28	(L)	38	(L)
Presumed collateral estoppel	29	(L)	3,915	0.8	1,564	0.8	2,669	0.8
Paid on earlier claim	30	(L)	172	(L)	30	(L)	212	0.1
Presumed allowed at higher level	1,272	0.7	3,254	0.7	1,438	0.8	2,069	0.6
Denial	124,759	66.8	246,436	49.7	63,791	33.5	234,878	69.8
Medical denial	84,873	45.5	205,739	41.5	50,684	26.6	205,464	61.1
Technical denial	39,759	21.3	40,379	8.2	13,007	6.8	29,103	8.7
Technical and medical denial	64	(L)	170	(L)	50	(L)	188	0.1
Denied, reopened, later claim allowed	63	(L)	148	(L)	50	(L)	123	(L)
Highest adjudication level								
Initial claim	160,609	86.0	421,943	85.2	168,261	88.4	272,089	80.9
Reconsideration	12,392	6.6	32,065	6.5	9,568	5.0	26,927	8.0
ALJ	11,167	6.0	34,707	7.0	10,463	5.5	31,175	9.3
Appeals council	1,838	1.0	4,873	1.0	1,384	0.7	4,741	1.4
Court	92	0.1	356	0.1	105	0.1	367	0.1
Reopening	610	0.3	1,422	0.3	565	0.3	1,039	0.3
Appeals council substantive decision	31	(L)	99	(L)	34	(L)	90	(L)

SOURCE: Author's calculations using Social Security administrative records.

NOTES: Rounded components of percentage distributions do not necessarily sum to 100.0.

(L) = less than 0.05 percent.

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and 19 percent of those that were ultimately denied; for applications filed at age 19, the figure is 19 percent regardless of ultimate outcome.

Applicants with certain primary impairments had consistently higher-than-average allowance rates, which were fairly similar across age categories (Table 3). Those impairments include autism spectrum disorders, intellectual disability, schizophrenic and other psychotic disorders, congenital anomalies, neoplasms, diseases of the genitourinary system and of the nervous system and sense organs, and "other" disabilities. However, some noteworthy exceptions appear. For example, among applicants diagnosed with congenital anomalies, 63.7 percent of 17-year-olds were allowed an SSI award, compared with 85.9 percent of those aged 18 (92.4 percent for those who applied in the first 2 months) and 50.5 percent of 19-year-olds. Similarly, among applicants with a primary impairment of autism spectrum disorders, applicant allowance rates were 78.8 percent at age 17, 88.3 percent at age 18 (91.9 percent in the first 2 months), and 77.0 percent at age 19.

Youths whose SSI payments had ceased after an age-18 redetermination and who reapplied before reaching age 20 had an allowance rate of more than 20 percent. Interestingly, youths whose payments were ceased during a childhood CDR and who reapplied as a minor (at age 17) had a somewhat higher allowance rate than did those who reapplied at age 19, 26.6 percent versus 21.4 percent. (Differences in the childhood and adult definitions of disability may account for that divergence, but the available data cannot identify that cause.) Among recipients whose payments had been ceased while they were minors, more than 37 percent of those who reapplied in the first 2 months of attaining age 18 were allowed.

The overall allowance rate declined over time for all age categories. For example, allowances for 17-year-old applicants dropped from 38.2 percent in 2003 to 30.2 percent in 2012 and, for 18-year-olds, they dropped from 54.9 percent in 2003 to 45.5 percent in 2012. The generally poor economy in more recent years may have induced applicants with more marginal claims to apply in greater numbers, leading to an increase in denial rates. Some evidence of that might be found in the general (but not consistent) increase in technical denials during the period (not shown). However, allowance rates declined fairly steadily through 2006, when the economy was still booming (also, data for those years are not distorted by pending cases), which may indicate that other factors are at play.

Youth Applicant Employment and Earnings

Because many youths will potentially receive SSI payments over substantial periods, an important question is how many youth applicants eventually work, specifically at levels that will allow them to achieve economic independence to the extent of their ability. Table 4 compares the earnings outcomes for allowed and denied applicants. It presents information on average and median earnings, as well as the percentages of applicants with any earnings and with earnings above the full-time federal minimum wage and the SGA level. The table refers to the year of application as year *t,* and it tracks the earnings measures annually from 2 years prior to application ($t - 2$) through 5 years after application ($t + 5$). Earnings are reported in 2012 dollars. Because the earnings data are complete only through 2012, calculations for some individuals who applied in later years are omitted when the appropriate number of postapplication years had not elapsed. For example, individuals who applied in 2009 are included in the earnings measures for years through $t + 3$ (that is, through 2012), but not in those for years $t + 4$ or $t + 5$ (2013 or 2014).[8]

The majority of denied applicants had some earnings as adults—for those who applied at ages 17, 18, or 19, about 56 percent had earnings 5 years after the year of application (panel A). Comparatively, only 30–33 percent of allowed applicants at those ages had earnings 5 years after applying. Hence, the upper bound on the presence of additional earnings appears to be around 23–26 percentage points. That is, the employment of SSI-receiving youths aged 17–19 would be, at most, 23–26 percentage points higher in the absence of SSI.[9] This range for the upper bound is consistent across the applicant age categories, which might be surprising given the differences in their characteristics shown earlier; however, it may also suggest systemic consistency in the determination process. (Note that 5 years typically is sufficient for an applicant to exhaust all levels of appeal.)

More than one-half of denied 19-year-old applicants and more than one-third of denied 18-year-old applicants had earnings in the year before they applied. Those earnings were typically low, though; in the year of application, average earnings for 19-year-old applicants were $984 for allowed youths and $2,034 for denied youths (panel B). Median earnings for denied applicants in any age category did not exceed $944 in any interval, and all allowed applicants had zero median earnings (panel C). Only small fractions of youths met the thresholds for two measures of labor

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Table 3.
Characteristics of transition-age SSI applicants during 2003–2012, by age at application and outcome

Characteristic	Age 17			Age 18						Age 19		
				Overall			First 2 months					
		Percent			Percent			Percent			Percent	
	Number	Allowed	Denied	Number	Allowed	Denied	Number	Allowed	Denied	Number	Allowed	Denied
Total	186,739	33.2	66.8	495,465	50.3	49.7	190,380	66.5	33.5	336,428	30.2	69.8
Primary impairment												
Mental disorders												
Attention deficit disorder/attention deficit	12,418	23.0	77.1	13,116	18.7	81.4	4,265	24.5	75.5	8,869	12.8	87.2
Autism spectrum disorders	5,523	78.8	21.2	36,822	88.3	11.7	20,794	91.9	8.1	8,849	77.0	23.0
Developmental disorders	10,259	16.6	83.4	12,848	16.9	83.1	3,828	23.3	76.8	10,382	11.4	88.6
Childhood and adolescent mental disorders not elsewhere classified	4,565	31.9	68.1	1,677	24.8	75.2	580	32.8	67.2	832	15.9	84.1
Intellectual disability	18,274	82.4	17.7	84,743	90.3	9.7	45,237	94.4	5.6	30,509	78.1	21.9
Mood disorders	28,626	38.6	61.4	65,624	34.4	65.6	17,400	41.6	58.4	60,505	27.0	73.1
Organic mental disorders	5,827	46.0	54.0	33,121	45.8	54.2	11,178	57.3	42.7	23,190	33.6	66.4
Schizophrenic and other psychotic disorders	4,754	76.3	23.7	14,213	75.2	24.8	3,714	81.2	18.9	14,933	69.4	30.6
Speech and language delays	1,032	60.1	39.9	870	70.5	29.5	475	82.5	17.5	286	39.5	60.5
Other mental disorders	13,951	31.4	68.6	33,047	32.8	67.3	9,287	41.3	58.7	29,496	24.7	75.3
Nonmental disorders												
Congenital anomalies	2,120	63.7	36.3	13,775	85.9	14.1	8,902	92.4	7.6	2,976	50.5	49.5
Endocrine, nutritional, and metabolic disorders	3,095	15.7	84.3	8,157	22.5	77.5	2,271	30.9	69.1	7,985	15.5	84.5
Infectious and parasitic diseases	380	22.6	77.4	1,189	24.5	75.5	297	29.0	71.0	1,448	18.5	81.5
Injuries	3,651	41.3	58.8	11,918	39.0	61.0	3,008	55.3	44.7	13,036	25.2	74.8
Neoplasms	1,892	68.6	31.5	4,703	65.4	34.6	1,489	70.7	29.3	3,637	59.6	40.4
Diseases of the—												
Blood and blood-forming organs	900	45.4	54.6	3,018	47.6	52.4	1,012	56.8	43.2	2,383	37.2	62.8
Circulatory system	1,453	25.3	74.7	4,676	34.6	65.4	1,485	46.4	53.6	4,187	23.4	76.6
Digestive system	1,316	24.2	75.8	3,499	23.1	76.9	941	31.7	68.3	3,542	19.7	80.3
Genitourinary system	902	54.1	45.9	2,673	53.9	46.1	856	59.2	40.8	2,456	46.9	53.1
Musculoskeletal system and connective tissue	5,424	16.7	83.3	17,871	20.6	79.4	4,540	32.9	67.1	18,446	13.0	87.1
Nervous system and sense organs	12,785	46.5	53.5	60,411	65.8	34.2	29,801	80.9	19.1	28,658	33.8	66.2
Respiratory system	3,754	8.3	91.7	6,689	11.4	88.7	1,661	17.6	82.4	6,733	8.6	91.4
Skin and subcutaneous tissue	264	28.0	72.0	739	29.8	70.2	220	43.6	56.4	739	24.8	75.2
Other	531	61.6	38.4	1,943	78.3	21.7	1,089	90.1	9.9	647	47.1	52.9
Unknown	43,043	0.8	99.2	58,123	3.7	96.3	16,050	6.4	93.6	51,704	2.4	97.6

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Table 3.
Characteristics of transition-age SSI applicants during 2003–2012, by age at application and outcome—*Continued*

Characteristic	Age 17			Age 18						Age 19		
				Overall			First 2 months					
		Percent			Percent			Percent			Percent	
	Number	Allowed	Denied	Number	Allowed	Denied	Number	Allowed	Denied	Number	Allowed	Denied
Programmatic history												
Application history												
First-time applicant	100,468	30.1	70.0	261,223	47.3	52.7	90,636	62.5	37.5	178,917	30.7	69.3
Applied more than 10 years earlier	22,733	44.2	55.8	82,830	64.4	35.6	39,877	79.1	20.9	43,440	34.8	65.2
Applied within last 10 years	63,538	34.2	65.8	151,412	47.6	52.4	59,867	64.2	35.8	114,071	27.7	72.3
Age-18 redetermination cessation												
No	. . .	. . .	. . .	491,248	50.5	49.5	a	a	a	317,739	30.7	69.3
Yes	. . .	. . .	. . .	4,217	22.5	77.5	a	a	a	18,689	21.1	78.9
Childhood CDR cessation												
No	181,886	33.4	66.6	486,500	50.7	49.3	187,997	66.9	33.1	328,614	30.4	69.6
Yes	4,853	26.6	73.4	8,965	27.9	72.1	2,383	37.2	62.8	7,814	21.4	78.7
Year of current application												
2003	14,472	38.2	61.8	41,978	54.9	45.1	16,833	71.3	28.7	27,502	34.7	65.3
2004	16,153	35.6	64.4	43,927	53.3	46.7	17,462	69.8	30.2	29,279	33.4	66.6
2005	16,845	33.8	66.2	44,060	52.2	47.8	17,472	68.2	31.9	28,763	32.2	67.8
2006	17,580	32.3	67.7	45,699	51.1	48.9	18,028	66.0	34.0	30,017	31.5	68.5
2007	18,216	32.6	67.4	47,386	51.7	48.3	18,589	67.6	32.4	29,993	31.7	68.3
2008	19,094	34.2	65.8	51,231	51.8	48.2	19,596	67.7	32.3	33,564	32.2	67.8
2009	22,998	33.7	66.3	57,539	49.6	50.4	21,241	65.7	34.3	40,481	30.8	69.2
2010	22,499	32.1	67.9	57,603	48.1	51.9	21,329	64.7	35.3	41,595	28.1	71.9
2011	20,569	31.0	69.1	54,962	46.7	53.3	20,431	63.3	36.7	39,061	26.2	73.8
2012	18,313	30.2	69.8	51,080	45.5	54.6	19,399	62.2	37.8	36,173	24.3	75.7

SOURCE: Author's calculations using Social Security administrative records.

NOTES: Rounded components of percentage distributions do not necessarily sum to 100.0.

. . . = not applicable.

a. Suppressed to avoid disclosing information about particular individuals.

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Table 4.
Selected earnings characteristics of transition-age SSI applicants during 2003–2012, by age at application, outcome, and interval (in years) before and after application

Interval (relative to application year *t*)	Age 17		Age 18				Age 19	
			Overall		First 2 months			
	Allowed	Denied	Allowed	Denied	Allowed	Denied	Allowed	Denied
	Panel A: Percentage with any positive earnings							
2nd year prior (*t* − 2)	8.8	11.5	14.3	27.0	9.7	20.0	33.0	41.7
1st year prior (*t* − 1)	17.2	23.7	20.8	37.5	15.4	31.3	41.5	52.3
Year of application (*t*)	21.1	33.1	24.9	47.7	19.7	42.3	38.4	54.9
1st year after (*t* + 1)	23.7	47.6	25.4	56.6	23.0	54.4	29.1	58.4
2nd year after (*t* + 2)	27.3	54.4	28.2	59.4	26.4	58.0	29.8	60.0
3rd year after (*t* + 3)	29.5	56.1	31.3	59.6	30.4	58.9	30.1	59.3
4th year after (*t* + 4)	30.8	55.9	33.1	58.4	33.3	58.2	29.8	57.7
5th year after (*t* + 5)	30.0	55.1	33.0	56.8	33.6	57.0	29.5	55.8
	Panel B: Mean earnings overall ($)							
2nd year prior (*t* − 2)	94	150	212	499	108	302	811	1,092
1st year prior (*t* − 1)	249	428	374	911	216	671	1,274	1,792
Year of application (*t*)	309	757	431	1,424	285	1,169	984	2,034
1st year after (*t* + 1)	498	1,854	599	2,836	464	2,590	904	3,318
2nd year after (*t* + 2)	888	3,083	915	3,992	740	3,807	1,275	4,373
3rd year after (*t* + 3)	1,269	4,000	1,236	4,784	1,038	4,661	1,607	5,066
4th year after (*t* + 4)	1,620	4,663	1,546	5,387	1,339	5,327	1,897	5,587
5th year after (*t* + 5)	1,827	5,173	1,825	5,880	1,609	5,938	2,124	5,925
	Panel C: Median earnings overall ($)							
2nd year prior (*t* − 2)	0	0	0	0	0	0	0	0
1st year prior (*t* − 1)	0	0	0	0	0	0	0	104
Year of application (*t*)	0	0	0	0	0	0	0	203
1st year after (*t* + 1)	0	0	0	366	0	236	0	530
2nd year after (*t* + 2)	0	246	0	724	0	572	0	851
3rd year after (*t* + 3)	0	441	0	904	0	801	0	944
4th year after (*t* + 4)	0	501	0	897	0	860	0	852
5th year after (*t* + 5)	0	440	0	794	0	820	0	641
	Panel D: Percentage with earnings at or above full-time minimum wage							
2nd year prior (*t* − 2)	(L)	(L)	(L)	0.1	(L)	(L)	0.3	0.4
1st year prior (*t* − 1)	(L)	(L)	0.1	0.2	(L)	0.1	1.0	1.4
Year of application (*t*)	0.1	0.2	0.1	0.7	(L)	0.4	0.4	1.7
1st year after (*t* + 1)	0.3	1.9	0.4	4.1	0.2	3.6	0.8	5.6
2nd year after (*t* + 2)	1.1	5.3	1.1	8.1	0.7	7.7	1.9	9.5
3rd year after (*t* + 3)	2.1	8.3	1.8	11.0	1.4	10.9	2.9	12.1
4th year after (*t* + 4)	3.0	10.4	2.5	13.1	1.9	13.0	3.5	13.8
5th year after (*t* + 5)	3.4	11.8	3.0	14.2	2.4	14.7	4.0	14.4

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Table 4.
Selected earnings characteristics of transition-age SSI applicants during 2003–2012, by age at application, outcome, and interval (in years) before and after application—*Continued*

Interval (relative to application year *t*)	Age 17		Age 18				Age 19	
			Overall		First 2 months			
	Allowed	Denied	Allowed	Denied	Allowed	Denied	Allowed	Denied
	Panel E: Percentage with earnings at or above the SGA level							
2nd year prior (*t* − 2)	(L)	(L)	(L)	0.1	(L)	(L)	0.4	0.6
1st year prior (*t* − 1)	0.1	0.1	0.1	0.4	(L)	0.1	1.4	2.1
Year of application (*t*)	0.1	0.4	0.1	1.2	0.1	0.7	0.7	2.7
1st year after (*t* + 1)	0.4	2.8	0.5	5.8	0.3	5.1	1.1	7.9
2nd year after (*t* + 2)	1.5	7.3	1.4	10.9	1.0	10.3	2.5	12.7
3rd year after (*t* + 3)	2.8	11.3	2.4	14.6	1.8	14.2	3.7	15.8
4th year after (*t* + 4)	4.0	14.2	3.3	17.2	2.6	17.1	4.7	18.0
5th year after (*t* + 5)	4.7	16.5	4.2	19.1	3.3	19.4	5.4	19.3
	Panel F: Mean earnings among applicants with positive earnings ($)							
2nd year prior (*t* − 2)	1,070	1,304	1,486	1,850	1,117	1,509	2,460	2,622
1st year prior (*t* − 1)	1,446	1,803	1,800	2,429	1,407	2,141	3,070	3,428
Year of application (*t*)	1,464	2,289	1,728	2,984	1,445	2,762	2,563	3,702
1st year after (*t* + 1)	2,104	3,890	2,357	5,013	2,014	4,764	3,111	5,683
2nd year after (*t* + 2)	3,249	5,670	3,248	6,721	2,799	6,559	4,271	7,286
3rd year after (*t* + 3)	4,306	7,124	3,953	8,027	3,411	7,909	5,331	8,537
4th year after (*t* + 4)	5,259	8,345	4,676	9,230	4,023	9,153	6,355	9,688
5th year after (*t* + 5)	6,088	9,395	5,528	10,357	4,793	10,423	7,209	10,613
	Panel G: Median earnings among applicants with positive earnings ($)							
2nd year prior (*t* − 2)	668	825	834	1,135	630	981	1,392	1,573
1st year prior (*t* − 1)	830	1,067	957	1,447	756	1,307	1,672	2,039
Year of application (*t*)	801	1,283	907	1,754	745	1,648	1,376	2,201
1st year after (*t* + 1)	965	2,255	1,081	3,148	920	2,955	1,551	3,722
2nd year after (*t* + 2)	1,401	3,580	1,458	4,621	1,199	4,464	2,197	5,148
3rd year after (*t* + 3)	1,937	4,905	1,795	5,815	1,457	5,578	2,836	6,405
4th year after (*t* + 4)	2,491	6,169	2,207	6,950	1,767	6,794	3,472	7,454
5th year after (*t* + 5)	3,069	7,231	2,682	8,077	2,221	8,039	3,956	8,331

SOURCE: Author's calculations using Social Security administrative records.

NOTES: Earnings amounts are shown in 2012 dollars (adjusted with CPI-U).

(L) = Less than 0.05 percent.

market success: Less than 15 percent of denied applicants in any age category earned more than the annualized federal minimum wage 5 years after application (panel D), and no more than 19.4 percent earned above the annualized SGA level (panel E). Even with the pool of applicants restricted to those who had positive earnings, annual earnings levels were still low. Five years after application, denied applicants had mean earnings ranging from $9,395 to $10,613 (panel F) and median earnings ranging from $7,231 to $8,331 (panel G); for allowed applicants, mean earnings ranged from $4,793 to $7,209 and median earnings ranged from $2,221 to $3,956.

Conclusion and Discussion

This article set out to identify whether the relaxation of financial restrictions on SSI eligibility leads to an increase in applications filed at age 18, how applicant characteristics differ by age, and whether subsequent earnings differ measurably for youth applicants of different ages. As expected, there is a noticeable spike in applications at age 18. Youths applying at age 18 are more likely to have autism spectrum disorders or diseases of the nervous system and sense organs than are those applying at age 17 or 19. More than one-half of applications filed for youths at age 18

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are allowed, compared with about one-third of those for youths at ages 17 or 19. Applications filed after age 18 are also less likely to have a technical denial than are those filed for minors. Finally, applicants denied at age 18 have higher subsequent earnings than applicants allowed at age 18—more than one-half of denied applicants go on to have earnings 5 years after application, compared with about one-third of allowed applicants.

The results suggest that the financial barriers to receiving SSI as a child can be significant and may result in pent-up demand for SSI payments and accompanying services, especially among individuals with certain disabilities (notably intellectual disability, autism spectrum disorders, and diseases of the nervous system and sense organs). In some sense, this may presage the impact of policy changes that, in general, would reduce the financial barriers (both income- and resource-based) to childhood SSI participation. For example, the recently passed Achieving a Better Life Experience (ABLE) Act provides a mechanism for individuals with disabilities to establish savings that will not be counted for SSI means-testing purposes. Such a program will likely have larger impacts on families capable of having savings, such as those whose children do not qualify for the program under current rules, but would qualify if those resources were saved in ABLE accounts. Although such families are likely to be marginally wealthier than are families currently eligible for SSI (all else equal), they are still likely to have unmet service needs, and such policies can help those families plan for the future. To some degree, such policies could smooth SSI application flows, reducing the spike in applications at age 18. However, it should be emphasized that ABLE will affect resources, not the deeming of current income that this article explores.

Additionally, to the extent that access to SSI provides eligibility to services available at the state or local level, policy changes that reduce financial barriers may also enable better transitions to adult services for youths with disabilities who currently are shut out of childhood services. Many youths applying for SSI may be doing so to receive the automatic Medicaid coverage that accompanies SSI eligibility in most states. The effect of the Affordable Care Act or other recent policies on the perceived need for SSI receipt may change SSI application patterns. Regardless, entering the SSI rolls may have substantial economic and personal costs if it results in long-term dependency on public assistance.

The impact of SSI receipt on youth earnings may be substantial—as many as 25 percent of allowed 18-year-old applicants might have had earnings if they were not on the SSI rolls. However, that figure would likely be, at best, the upper bound; by definition, allowed applicants have more severe, work-limiting disabilities and would be expected to fare somewhat worse in the labor market than their peers who were denied eligibility, all else equal. Additionally, the earnings of denied youths are low; mean earnings 5 years after application are less than $6,000. Conditional on having earnings, mean earnings 5 years after application are still only about $10,000. These earnings compare poorly with the national average. The Department of Health and Human Services estimated that as of 2005, median earnings for youths with earnings who come from low-income families were about $21,600 at age 23 (Kent 2009)—nearly triple the amount for denied SSI applicants 5 years after applying at age 18. The same study found that 71 percent of low-income youths were employed on their 24th birthday, compared with around 56 percent of denied applicants studied here. It thus appears that SSI applicants would not necessarily otherwise be in the labor force and that those who entered the labor force would have relatively low earnings, although the extent to which results for low-income families in general are comparable with the outcomes of youths with disabilities is unclear.

Regardless of their subsequent earnings, youths who enter SSI face a potentially long tenure in either SSI or the Disability Insurance program. Whether interventions to dissuade youths from entering SSI at this transition point would help is uncertain. SSA recently tested a diversionary program for youth in one of its Youth Transition Demonstration projects (Fraker and Rangarajan 2009; Fraker and others 2014). Although that project did not have a significant impact on SSI entry in early adulthood, its study population may have included few youths who were truly at risk of entering SSI—the project served youths with severe emotional disturbances in a relatively wealthy county with substantial rehabilitation and other support services. Whether better targeting of specific potential recipients would yield different results is unclear and suggests a useful area of future research.

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Appendix: Digression on Parental Earnings Before and After Age 18

SSI's parental-income deeming rules cease to apply when a potential recipient reaches age 18. At that milestone, the different treatment of parental income removes any incentives for parents to limit earnings. As a result, policy-aware parents may increase their earnings after a child turns 18. Although incentives to limit their income are eliminated, parents still may not be able to find a job while also providing or finding care that their children may need. In fact, mixed evidence suggests that parents with children receiving SSI payments have lower earnings and income than parents whose children do not receive SSI payments. For example, Kubik (1999) found that households with a likely child SSI recipient have lower parental labor force participation, yet Duggan and Kearney (2007) found no impact of SSI participation on household earnings. Deshpande (2014), on the other hand, found that the loss of SSI eligibility increases parental earnings. For the change in income rules to affect earning behavior, it is also necessary for parents to understand those rules. Some parents surely do, but given the complexity of the SSI program, many others probably do not.

To determine if parental earnings respond to the change in deeming rules at age 18, I examine the earnings records of the parents of children receiving SSI at age 17 in December of 2003 and 2009 and compare their earnings before and after the child turns 18. Note that this examination is necessarily limited to parents who are listed on the SSI record (not all children have parents on their record). I use two different periods because differing economic conditions may contribute to the likelihood of parents having earnings (or control over their earnings). Although the child's attainment of age 18 could generate a parental earnings response by itself, that response is more likely in the case of the parents of youths whose SSI eligibility ceased during the mandatory age-18 redetermination. I use a simple difference-in-difference strategy to identify the potential impact. Specifically, I estimate the following equation:

$$Y_{it} = Ceased_i + Post_t + \delta(Ceased \times Post)_{it} + \varepsilon_{it},$$

where Y_{it} is the outcome of interest—representing either the probability of having any earnings, the amount of earnings, or the amount of earnings conditional on having any earnings—for individual i in year t. $Ceased_i$ is a dummy variable for individuals whose eligibility ceased as the result of an age-18 redetermination, $Post_t$ is a dummy variable for years after reaching age 18, $(Ceased \times Post)_{it}$ is a dummy variable identifying ceased-eligibility individuals in years after reaching age 18, and ε_{it} is an error term. The variable δ is the effect of turning 18 on parental earnings, all else equal. Linear probability model estimates for the presence of any earnings are included for simplicity and consistency; the results are consistent with those produced when logistic regressions are used.

Table A-1 shows the δ estimates separately for mothers and fathers as well as for parents overall using three alternative observation intervals: 1 year before and 1 year after the child turns 18, 2 years before and 2 years after the child turns 18, and 2 years before and 4 years after the child turns 18, all for both the 2003 and 2009 cohorts. None of the estimates are statistically significant. The absence of a significant result does not mean an effect does not exist; only that one cannot be detected. However, the absence of a measurable result, coupled with several negative point estimates, can serve as a reminder to policymakers that the parents of SSI recipients (or applicants) do not uniformly or immediately respond to the program's financial incentives.

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Table A-1.
Difference-in-difference estimates of the earnings of the parents of SSI recipients before and after the recipient turns 18

Observation interval	Probability that parents have any earnings			Dollar amount of parental— Earnings			Dollar amount of parental— Earnings conditional on having earnings		
	Mothers	Fathers	Overall	Mothers	Fathers	Overall	Mothers	Fathers	Overall
2003 cohort									
1 year before and 1 year after child turns 18	0.00	0.00	0.00	103	-278	-228	83	-482	-415
	(0.03)	(0.01)	(0.01)	(888)	(275)	(271)	(1,003)	(368)	(354)
2 years before and 2 years after child turns 18	-0.01	0.00	0.00	148	75	99	299	14	54
	(0.03)	(0.01)	(0.01)	(903)	(278)	(274)	(1,016)	(362)	(351)
2 years before and 4 years after child turns 18	0.00	0.00	0.00	245	439	410	295	371	341
	(0.03)	(0.01)	(0.01)	(941)	(291)	(287)	(1,053)	(377)	(364)
2009 cohort									
1 year before and 1 year after child turns 18	0.01	0.02	0.01	121	554	533	-775	316	165
	(0.11)	(0.05)	(0.04)	(3,932)	(1,206)	(1,192)	(4,801)	(1,701)	(1,644)
2 years before and 2 years after child turns 18	0.02	-0.05	-0.03	-3,075	839	341	-6,241	2,768	1,339
	(0.11)	(0.05)	(0.04)	(4,233)	(1,212)	(1,224)	(5,280)	(1,745)	(1,732)
2 years before and 4 years after child turns 18	-0.06	0.03	0.02	-1,894	1,111	836	-2,061	790	327
	(0.11)	(0.05)	(0.04)	(4,076)	(1,224)	(1,217)	(5,492)	(1,768)	(1,736)

SOURCE: Author's calculations using Social Security administrative records.

NOTES: Table reports the estimates from a regression of the earnings variables on whether the youth's eligibility was ceased at the age-18 redetermination, whether the observation occurred before or after the youth turned 18, and the cross product of those two variables.

Standard errors are shown in parentheses

Notes

Acknowledgments: The author is grateful to Molly Costanzo, Jim Twist, Clark Pickett, Chelsea Shudtz, Ken Brown, Linda Mitchell, and other members of SSA's Office of SSI and Program Integrity Policy staff for their comments on drafts of this article.

[1] SGA is a monthly threshold amount above which a person cannot earn and still be found initially eligible for SSI. The SGA amount is indexed by the consumer price index for urban wage earners and clerical workers (CPI-W); in 2015, it is $1,090. SGA does not apply to initial SSI applicants who are blind.

[2] For more information on SSI living arrangements, see SSA (2014c).

[3] Allocations—the amounts assumed to be necessary to support SSI-ineligible children in the household—are equal to $367 a month in 2015; that is, the difference between the FBR for a couple ($1,100) and the individual FBR ($733). Allocations are not allowed for SSI-ineligible children receiving Temporary Assistance for Needy Families or certain other public assistance payments. Note that public income-maintenance payments and the income used to compute those payments are not deemable (see SSA 2012).

[4] For additional information on parent-to-child deeming, see SSA (2011b).

[5] Information provided by Clark Pickett.

[6] SSA, state agencies, nonprofit organizations, law firms, and other entities provide online information on parental-income deeming. Many of these sources also provide guidance on establishing the living arrangement that maximizes SSI payments for recipients who have turned 18.

[7] For additional information on living arrangements and the VTR and PMV rules, see SSA (2014c) and Nicholas (2014).

[8] Many youths are likely to continue with an Individualized Education Plan at the secondary-education level, to attend college, or to participate in vocational or other training. Although lower earnings could be an opportunity

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cost of participating in educational activities, it is not clear that the earnings reduction for applicants aged 17–19 would differ between those allowed and those denied. Whether any difference would persist into ages after the period of typical formal education receipt is also unclear.

[9] Recall that this is an estimate of the upper bound. Differences in disability severity and other factors would presumably shrink the actual impact.

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