

## *SSA Programs That Benefit Children\**

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The Social Security Administration (SSA) offers protection to many groups of Americans through its two major programs—Old Age, Survivors, and Disability Insurance (OASDI) and Supplemental Security Income (SSI). Recent public discussions on these programs have centered on whether retirees receive their money's worth from OASDI benefits, and whether DI and SSI disability payments are being made appropriately. These extended discussions have sometimes obscured the fact that both OASDI and SSI offer important protections to many segments of the population, including spouses, survivors, and children.

Two pieces of legislation enacted in 1996, Public Laws 104-121 and 104-193, have limited benefits to drug addicts and alcoholics, to some noncitizens, and to certain disabled children under age 18.

This note presents some program background and some historical data on one type of protection—that provided to children under OASDI and SSI—and provides information on those who were receiving benefits as children in December 1995. For over 50 years, the programs have offered a level of economic protection to children when they lose the support of a working parent and/or are themselves severely disabled. At the current time, about 4 million children under age 22 are receiving cash benefits from one or both of these programs, and another 1 million older severely disabled adults continue to receive benefits which began before age 18.

The sources of the data cited are the Master Beneficiary Record and the Supplemental Security Record, the main administrative files for the OASDI and SSI programs. Much of the data has been published in the *Annual Statistical Supplement* to the *Social Security Bulletin*.

### ***OASDI Benefits***

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Under OASDI, children under age 18 are eligible for benefits based on their present or previous dependency on a relative who is retired, deceased, or disabled.

Benefits to children based on a parent's work history were not part of the original Social Security program passed in 1935. However, even before cash payments began under OASDI in 1940, changes were made to provide payments to children whose father had retired or died before the children

reached age 18. Payments based on a mother's wage record began in 1951, and minor children of disabled workers became eligible when monthly payments based on disability began in 1957.

Also in 1957, eligibility for cash benefits was extended to children age 18 or older if they were determined to be disabled and had been so before they reached age 18 (this was later changed to include those who became disabled between the ages of 18 and 22).

In 1965 cash benefits were extended to nondisabled children age 18 or older, as long as they were full-time students and not yet age 22. These student benefits for post-secondary education were phased out beginning in 1982. After 1972, children could receive benefits on the wage record of a grandparent, in certain circumstances.

### ***Supplemental Security Income***

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In addition to cash payments made under OASDI, SSA has, since 1974, administered payments under the SSI program. SSI provides payments to persons age 65 or older, blind, or disabled, and who have limited income and other resources. Under SSI, children become eligible in their own right, although the income and resources of parents are considered in calculating the amount of the monthly payment.

From the beginning of SSI in 1974, the criteria for determining disability in children were, for obvious reasons, different from those used for adults. The Supreme Court decision in *Sullivan v. Zebley* (1990) required SSA to determine disability the same way for both adults and children. As a result, additional elements for the disability decision process for children were developed. Since then, the number of children eligible for SSI has increased dramatically, both because of the reversal of past denial decisions and the increase in new applications from additional children.

With the passage of Public Law 104-193 in August 1996, SSI eligibility for children under age 18 was once again materially changed, and regulations are being prepared to implement the changes.

### ***Children Under OASDI***

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The number of children who received cash benefits under OASDI has varied over the years. At the end of 1940, when cash benefits under OASDI were first made, about 55,000 children under age 18 received payments. This number

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increased to 700,000 by 1950, and almost 3.8 million in the mid-1970's, and has since decreased to almost 3.0 million in 1995. Children who were paid based on student status increased from 206,000 at the end of 1965 to more than 733,000 in 1980. The number of students then dropped precipitously as benefits for postsecondary students were phased out, and it has ranged between 90-95,000 since 1985.

Persons age 18 or older who had been disabled as children were first eligible in 1957. At that time, about 29,000 persons received benefits. By 1995, more than 686,000 disabled adult children were receiving benefits.

The amount of the OASDI payment made to a child is a proportion of the benefit due to the individual on whose earnings record the child is eligible. Family maximums do apply. The family maximum is the total monthly amount that can be paid on one worker's earnings record. In most situations, the family maximum is between 150 and 188 percent of the amount that the worker would have gotten if he/she had retired at age 65 (also known as the primary insurance amount).

The amount of OASDI payments has risen over the years. To facilitate comparisons, all of the figures in this paragraph are shown in 1995 dollars. Monthly payments to children under age 18, which were \$19.4 million in December 1950, had grown to over \$943 million by the end of 1995. Payments to students were almost \$68 million in December 1965, increased to more than \$297 million in 1980, and decreased as the caseload declined, to \$40 million at the end of 1995. Disabled adult children received about \$5 million monthly in December 1957, rising to more than \$300 million in December 1995.

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### ***Children Under SSI***

Under SSI, the number of eligible children has also increased in the years since SSI payments began in 1974. In December 1974, about 70,000 severely disabled children received monthly payments, almost all of them were under age 18 (there are some SSI recipients aged 18-22 who are still considered children because they are in school). By 1995, just under 1.0 million children were eligible for SSI.

The amount of the SSI payment is determined in the same manner for all recipients regardless of age. In general, total income is reduced by any applicable exclusions and disregards, such as the first \$65 of monthly earnings, and the first \$20 of unearned income (such as OASDI benefits). The result—called countable income—is subtracted from the maximum monthly amount payable—the Federal Benefit Rate (FBR). The FBR has increased from \$140 in 1974 to \$470 in 1996 (by application of the same annual increase given to Social Security benefits).

As the number of SSI children has increased, so have the amounts that have been paid. In 1974, monthly amounts of SSI to children are estimated at about \$30 million (in 1995 dollars). By December 1995 this amount had risen to \$436 million.

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### ***Children Under Age 18 Receiving OASDI and/or SSI Payments***

In December 1995, almost 3.8 million children under age 18 were receiving cash benefits under OASDI, SSI, or both. Three out of 4 of these children had only an OASDI payment, 22 percent had only SSI, and 2 percent were receiving both payments (table 1).

Among all children, two-thirds (68 percent) were aged 10-17, 23 percent were of early school age (5-9 years), and 9 percent were under age 5. There were differences in age between programs, with those who received OASDI being older than those who had only SSI payments. This is related to the fact that OASDI eligibility for children depends on a parent being retired, disabled, or deceased, while under SSI, eligibility for children under 18 is individual, based on their own blindness or disability and their countable income and resources.

Information on type of disability is available for those children under age 18 who are receiving SSI, either alone or in combination with OASDI. While some number of the "OASDI only" may be disabled, SSA does not usually do disability determinations for OASDI purposes until a person is age 18, when it becomes a condition of eligibility.

For children with a diagnosis available on the administrative record, the most frequent diagnosis was mental retardation—46 percent of the "SSI only," and 37 percent of those getting benefits from both programs. In addition, schizophrenic and psychiatric disorders were diagnosed for 25 percent of the SSI only population, and 38 percent of those with both payments.

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### ***Children Aged 18-21***

In December 1995, about 92,000 young adults were receiving OASDI benefits as students, that is, they were aged 18 but still enrolled in a secondary school, and their parent was entitled to benefits as a retired or disabled worker, or was deceased. Also, there are 59,000 SSI recipients aged 18-21 who are still considered as children for program purposes.

Once again, diagnosis is only available for the SSI recipients, and the majority (54 percent) were mentally retarded. An additional 19 percent had a diagnosis of a schizophrenic or psychiatric disorder.

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### ***Adults Whose Disability Began In Childhood***

In addition to the children and young adults who are themselves disabled or who have lost some parental support, the OASDI and SSI programs provide benefits to over 1 million adults who are severely disabled and who first began to receive benefits before they were 18. This number includes 291,000 receiving only OASDI, 331,000 getting only SSI, and 400,000 who receive benefits from both programs. The proportion of persons with both SSI and OASDI is higher for these older adults.

Table 1.—Number and percent of children under age 18, number of children age 18-21 receiving benefits under OASDI, SSI, or both; and number of adults whose benefits began before age 18, December 1995

Age group	Total	OASDI only	OASDI and SSI	SSI only
Number of children age 18 and under:				
Total number.....	3,774,200	2,862,500	70,200	841,500
Total percent.....	100.0	100.0	100.0	100.0
Number of children age 18 and under:				
0-4.....	350,300	207,400	3,100	139,800
5-9.....	875,700	601,400	14,600	259,700
10-14.....	1,408,000	1,091,100	29,300	287,600
15-17.....	1,140,200	962,600	23,200	154,400
Percent of children age 18 and under:				
0-4.....	9.3	7.2	4.4	16.6
5-9.....	23.2	21.0	20.8	30.9
10-14.....	37.3	38.1	41.7	34.2
15-17.....	30.2	33.6	33.0	18.3
Number of children age 18-21.....	150,700	92,100	(2)	58,600
Adults whose benefits began before age 18.....	1,022,200	399,570	291,130	331,500

<sup>1</sup> Persons receiving from both programs are shown under each.

<sup>2</sup> Data not available.

Source: Master Beneficiary Record and Supplemental Security Record sample files.

### ***Length of Stay On the Benefit Rolls***

Once eligible, beneficiaries who are disabled at birth or during childhood are likely to remain on the rolls for long periods of time.<sup>1</sup> Rupp and Scott analyzed the effects of trends in the age and diagnostic mix of DI and SSI award cohorts from 1975-93. They found that the expected duration of preretirement age benefits increased from 9.5 years to 10.9 years for DI, and from 10.9 years to 17.8 years for SSI. The increase is related to the decreasing age of the awardees and the increasing incidence of mental impairments as a diagnosis.

The changes described above are highlighted in the substantial growth in the number of children receiving SSI after 1989—from 296,000 in December 1989, to 974,000 in December 1995.<sup>2</sup>

These estimates of length of stay on the rolls, and the upward pressure that it exerts on program size and program costs were made before the passage of Public Law 104-193 in August 1996. This law included substantive revisions to the definition of disability for SSI applicants under age 18. Only as applications under the revised definition are adjudicated, and reviews of the current caseload are com-

pleted, will we be able to judge the impact of the new definition on length of stay.

### ***Notes***

<sup>1</sup> Kalman Rupp and Charles G. Scott, "Trends in the Characteristics of DI and SSI Disability Awardees and Duration of Program Participation," *Social Security Bulletin*, Spring 1996, pp. 3-21.

<sup>2</sup> "Children Receiving SSI, June 1996," a semiannual statistical report of the Office of Research, Evaluation and Statistics.