

The Effect of Age 18 Redeterminations on Transitioning SSI Youth

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Motivation

- ▶ SSI youth at risk for poor life outcomes
 - ▶ Households with incomes near poverty, fewer than two parents
 - ▶ Majority diagnosed with behavioral and mental conditions
 - ▶ 45% high school dropout and 30% arrest rate for SSI youth with "other mental" conditions (Hemmeter et al. 2009)
 - ▶ Low employment rates in adulthood (Davies et al. 2009)

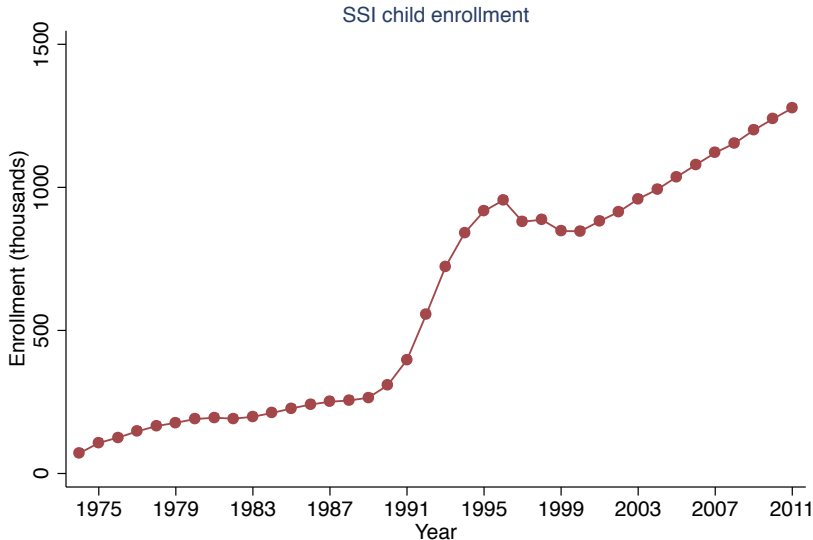
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 - ▶ Low employment rates in adulthood (Davies et al. 2009)
- ▶ Yet no evidence on how age 18 redetermination affects them
 - ▶ Study estimates *causal* effect of removing youth from SSI at age 18
 - ▶ Follows removed SSI youth for two decades into adulthood

Research question and methodology

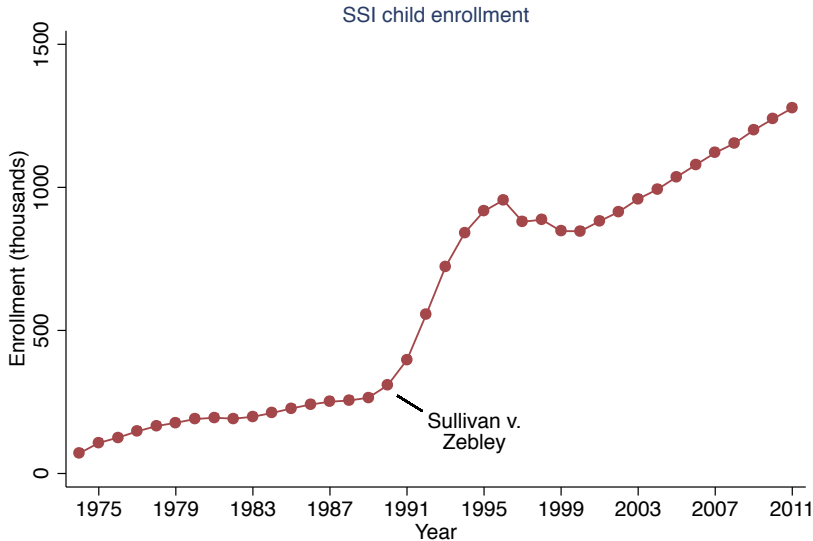
- ▶ Question: How does removing SSI youth at age 18 affect long-term outcomes, including earnings and disability receipt in adulthood?
- ▶ Methodology: Use welfare reform increase in age 18 redeterminations to estimate long-term effects of removing 18-year-olds from SSI
- ▶ Data: SSA administrative data
 - ▶ OQP records, SSR, MBR, 831, SER, Numident

Context: Program growth leads to age 18 reforms



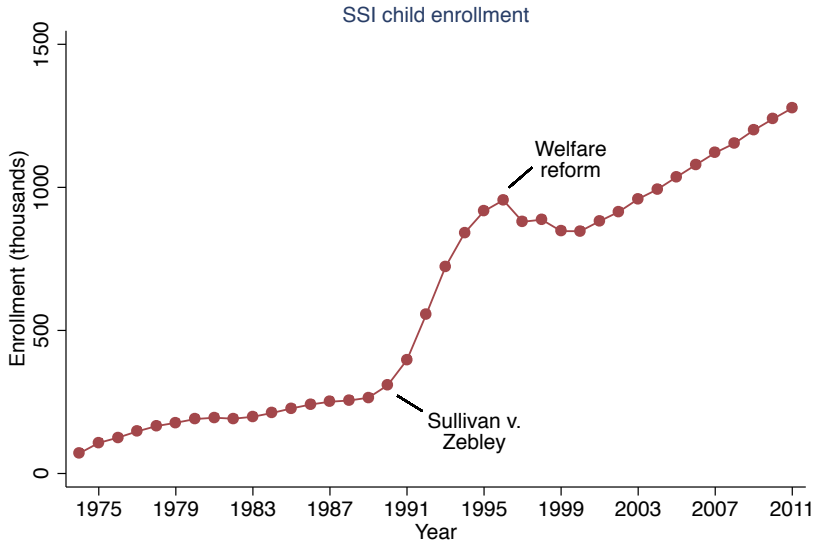
Source: SSI Annual Statistical Reports, 2002-2011

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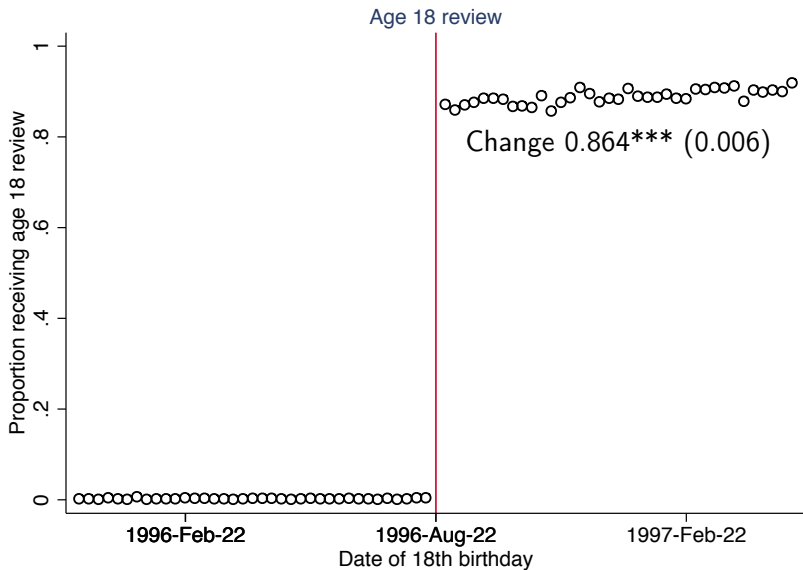


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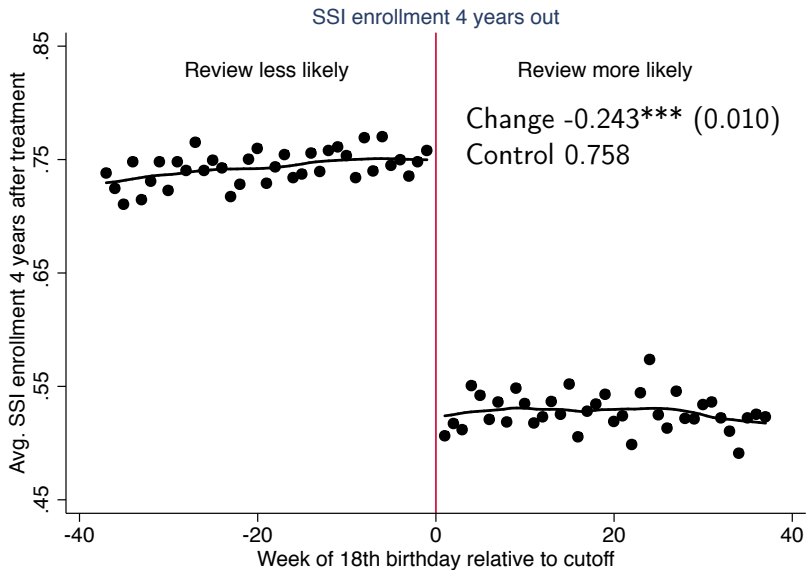
Personal Responsibility and Work Opportunity Act of 1996

- ▶ Personal Responsibility and Work Opportunity Act (PRWORA) of 1996 included two major changes to age 18 medical reviews [Text](#)
 1. Required SSA to redetermine the eligibility of all SSI children at age 18, from effectively zero previously
 2. Increased age 18 eligibility requirements to use the adult standard rather than child standard
- ▶ Children with 18th birthday after August 22, 1996—the date of PRWORA enactment—subject to age 18 review reforms

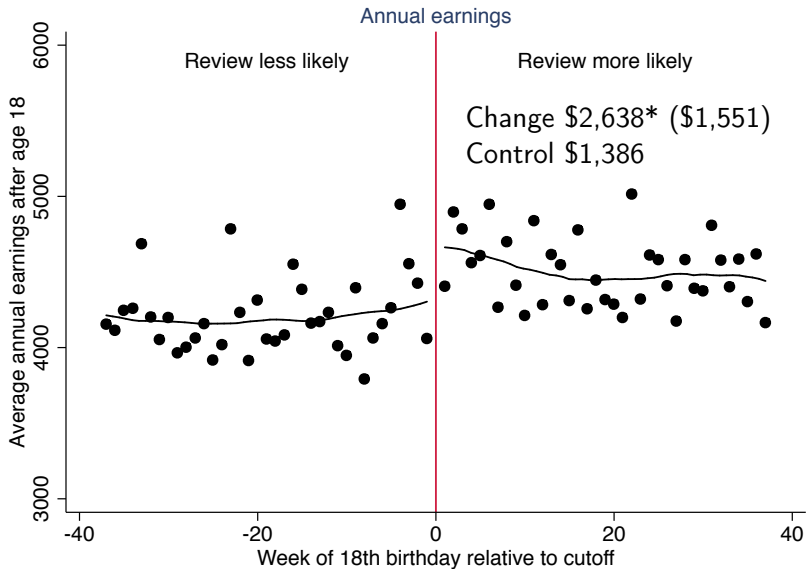
Empirical strategy: PRWORA-induced jump in age 18 redets



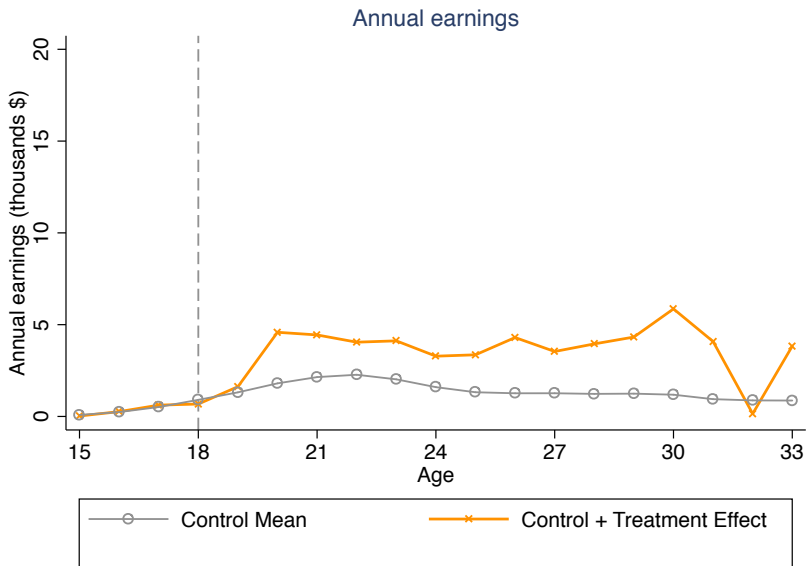
18-year-olds who are reviewed spend less time on SSI



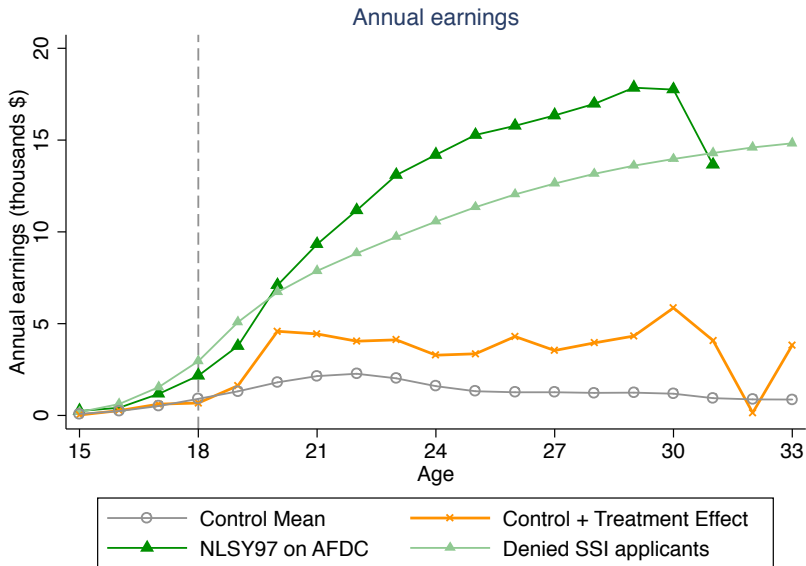
Removed increase annual earnings by \$2,600 to \$4,000



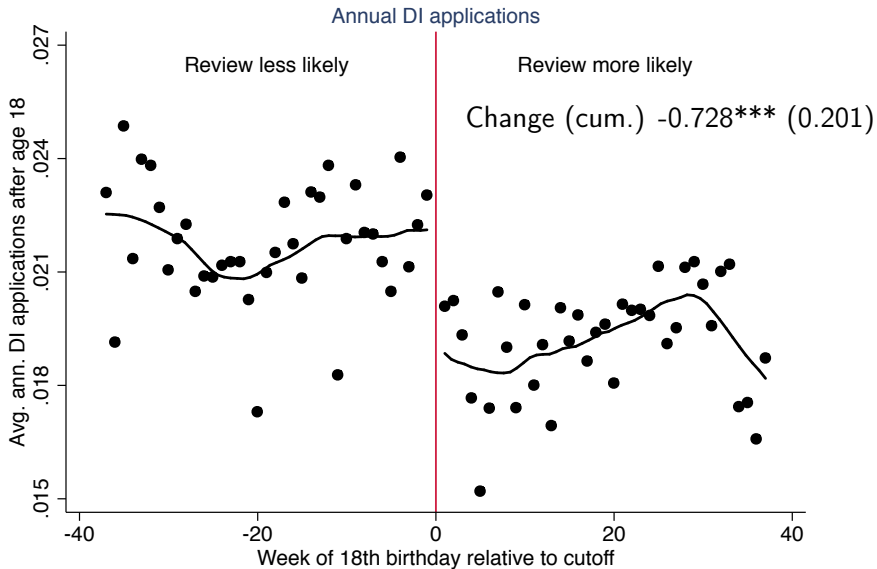
Removed earn \$4,000/year with minimal growth over time



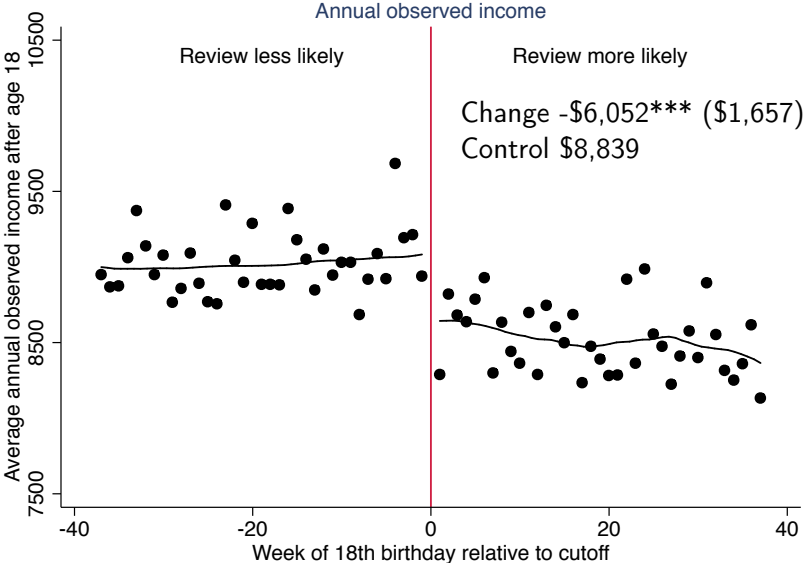
By age 30, removed earn 1/3 of other disadvantaged youth



Removed less likely to apply for and receive DI in adulthood

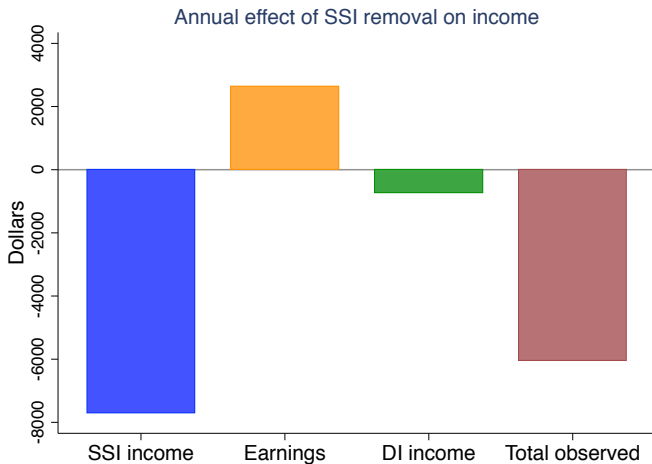


Removed lose \$6,000 per year in total observed income

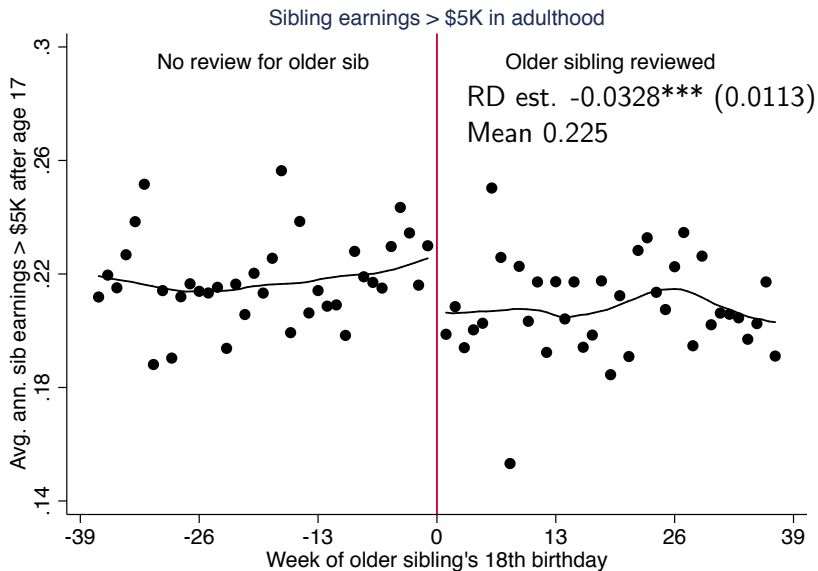


Summary of youth outcomes: removed SSI youth...

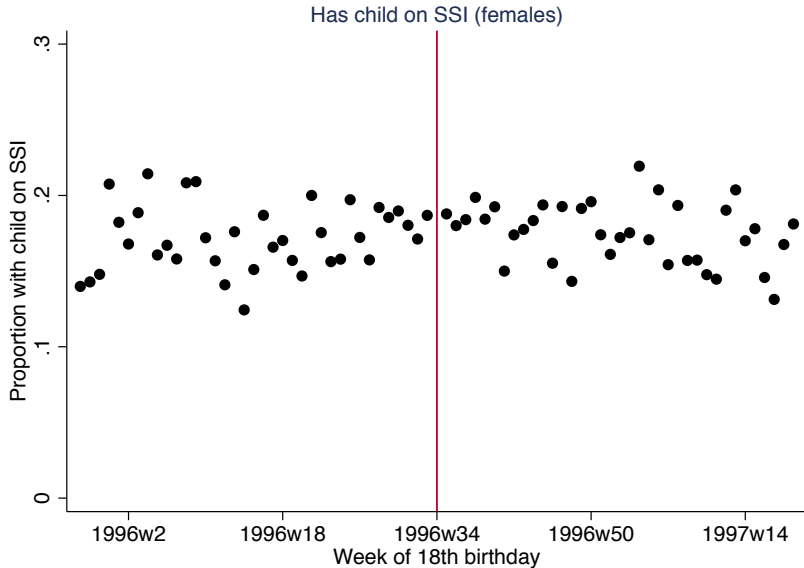
- ▶ Earn on average \$4,000 per year with minimal growth over time
- ▶ Submit fewer DI apps and lose on average \$700/year in DI income
- ▶ Lose on average \$6,000 per year in observed income



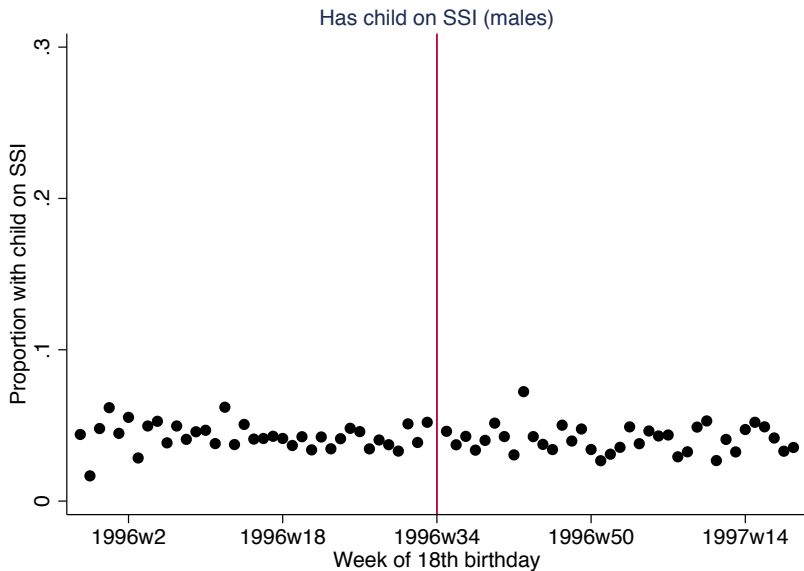
Younger siblings of reviewed earn less as adults



SSI youth likely to have child on SSI, but no *causal* effect



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- ▶ Most SSI youth earn well below subsistence levels when removed from the program at age 18
 - ▶ Removed SSI youth earn on average \$4,000 annually with minimal earnings growth; 10% earn at self-sufficiency levels (\$15,000)
 - ▶ Analysis suggests that earnings response of current transitioning SSI youth would be similar to those in study
 - ▶ Parents do not increase earnings or income in response to removal, meaning that overall household income also falls

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 - ▶ Parents do not increase earnings or income in response to removal, meaning that overall household income also falls
- ▶ Variation in earnings response
 - ▶ Youth with "other mental" conditions do not appear to be more work-ready than those with intellectual disability
 - ▶ Youth with higher parental earnings have larger earnings response

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 - ▶ $\approx 10\%$ earn at subsistence levels (\$15,000), but we can't predict who they are based on currently observable characteristics
 - ▶ Relative to ID, harder to qualify for adult SSI based on "other mental" conditions but they don't do substantially better

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- ▶ But study does not tell us *why* SSI youth do poorly:
 - ▶ SSI is well-targeted \Rightarrow suggests expanding benefits beyond age 18
 - ▶ SSI discourages achievement in childhood \Rightarrow suggests change in design of childhood program
 - ▶ In either case, potentially important role for early-life interventions

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 - ▶ In either case, potentially important role for early-life interventions
- ▶ Lower adult earnings for siblings of removed youth suggests SSI income important contributor to basic needs for all family members