



DIRECT AND SPILLOVER EFFECTS OF CHILD SSI

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When a child in the household is diagnosed with a disability, not only the disabled child but the other siblings in the family may be put at a disadvantage. As of Dec 2019, SSI pays out around 9.4 billion annually to 1.1 million child beneficiaries. In order to have a complete cost-benefit evaluation of child SSI, it is important to look into the long-term effects on not only the disabled child to whom the benefits are targeted but also the other siblings in the family.

Summary

A household has finite financial resources and also parental time and attention. Children having a sibling with a disability are often disadvantaged as parents need to divert a high proportion of their resources, time, and energy on the child with a disability in the family (Abrams, 2009). Although previous research has demonstrated the benefits of policies aiming to improve health and alleviate poverty, very few studies have looked into the effects of programs targeted to children with disabilities on the long-term outcomes of the other siblings in the family.

In 1990, the US Supreme Court passed a historic decision in the Sullivan vs Zebley case (known as the Zebley reform) which changed the standards to be considered disabled for children with intellectual disabilities. The Zebley reform resulted in a dramatic increase in program costs since it made it easier for children with intellectual disabilities to qualify for SSI under this new criterion. Hence children with certain intellectual disabilities (who previously were not eligible for child SSI benefits) were disproportionately affected by the Zebley reform.

In this study, the Zebley reform was used as an exogenous variation in the probability of receiving SSI for households who had at least one child with an intellectual disability impacted by Zebley reform. Exploiting quasi-experimental variation created by the Zebley reform, I obtain the long-run effects of households receiving child SSI benefits on the disabled and non-disabled children in the family. The outcomes I look at are earnings as adults, years of schooling, college, high school graduation, having private health insurance coverage, and being on welfare as adults.

Being eligible for Zebley reform increases years of schooling completed by children with intellectual disabilities.

Being eligible to receive Zebley for an additional year due to being younger at the time of the reform increases the number of years of schooling completed by 0.4 years for the children with Zebley affected disabilities, and this effect is statistically significant. However, an additional year of being eligible to receive Zebley also increases the likelihood of being on welfare as adults for the children with Zebley impacted disabilities.



Exposure to Zebley reform increases the probability of graduating high school by age 19 for the non-disabled children in the family.

When a household is eligible for Zebley reform for an additional year due to having a child with Zebley eligible disability, the non-disabled siblings in the family have a 1.9 percent higher probability of graduating high school by age 19 and a 2.2 percent higher probability of being covered by private health insurance at the age of 25. Also, each additional year of being eligible for Zebley increases their income at age 25 by 4 percent. All these effects are statistically significant.

Implications

- Household receiving child SSI not only has benefits for the child to whom the benefits are targeted but also the other non-disabled siblings in the family.
- The spillover effects of child SSI benefits are not only short-term but long-term as well.
- These are the effects on the children of those households which had kids with mild intellectual disability. This group might be of potential interest to policymakers as it might be possible to considerably improve the lives of these children with mild disabilities and their siblings by early life financial assistance in the form of SSI.
- Lessons from the impacts of Zebley reform can be applied to evaluating the costs and benefits of current programs targeting children with intellectual disabilities.

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