

YOUTH TRANSITIONING OUT OF FOSTER CARE: AN EVALUATION OF A SUPPLEMENTAL SECURITY INCOME POLICY CHANGE

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Youths with disabilities face numerous challenges when they transition to adulthood. Those who are aging out of foster care face the additional challenge of losing their foster care benefits, although some will be eligible for Supplemental Security Income (SSI) payments after foster care ceases. However, the time needed to process SSI applications exposes those youths to a potential gap in the receipt of benefits as they move between foster care and SSI. We evaluate the effects of a 2010 Social Security Administration policy change that allows such youths to apply for SSI payments 60 days earlier than the previous policy allowed. The change provides additional time for processing claims before the applicant ages out of the foster care system. We examine administrative records on SSI applications from before and after the policy change to determine if the change has decreased the gap between benefits for the target population.

Introduction

Research suggests that youths nearing transition out of foster care are a particularly vulnerable population (Arnett 2007). Detrimental outcomes are much more probable for those individuals than they are for youths who are not in foster care (Tweddle 2007). Youths transitioning out of foster care exhibit elevated rates of dropping out of high school, teen pregnancy, crime and recidivism, and homelessness (Reilly 2003). Additionally, researchers have found that children in foster care are more likely to have mental or physical disabilities than those who are not (Ringeisen and others 2008). For youths with disabilities, the transition out of foster care is even more challenging.¹

Foster care youths with disabilities face the sudden loss of financial support when they age out of the system and many must find an alternative source of support. Some of those youths meet the Supplemental Security Income (SSI) program's adult standard of disability, making them eligible for payments administered by the Social Security Administration (SSA).

Until recently, SSA accepted SSI applications from youths no more than 30 days before the applicant's 18th birthday. Because processing time for applications often exceeded 30 days, many eligible applicants leaving foster care endured a gap between foster care benefits and SSI payments.

In response, SSA changed its policy to allow foster care youths with qualifying disabilities to file for SSI payments as early as 90 days before turning 18. This note evaluates that policy change and addresses the following questions:

- How has the 90-day application period affected SSI application rates and timing for the study population?

Selected Abbreviations

ACF	Agency for Children and Families
SSA	Social Security Administration
SSI	Supplemental Security Income
SSR	Supplemental Security Record

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- Has the extended application period helped to shrink the gap between foster care benefits and SSI payments?
- What are the outcomes of SSI applications for youths transitioning out of foster care?

Background

Some youths with disabilities nearing transition out of foster care are eligible for SSI. The SSI program provides payments to people with low income who are aged, blind, or disabled and who meet strict eligibility rules. SSA determines low-income status based on current income and resources. The agency defines adult disability as the inability to engage in substantial gainful activity because of any medically determinable physical or mental impairment.² That impairment must have lasted (or be expected to last) for a continuous period of not less than 12 months, or be expected to result in death. SSA defines disability differently for children. Most children in foster care are not eligible for SSI payments, even if they meet the childhood disability definition, because their federal foster care payments exceed the income limit for SSI eligibility.

SSI rules identify an individual aged 18 or older as an adult. At age 18, an individual who received SSI payments as a child must undergo a disability redetermination to see if he or she meets the adult definition of disability. SSA policy requires the agency to contact SSI child recipients to inform them of the need for a redetermination. Reaching youths who are current SSI

child recipients in the transition from foster care can be difficult because SSA often does not have current contact information. The state agencies that administer the foster care programs are better able to locate and notify those youths, and many do.

Until recently, SSA policy allowed an individual to apply for adult SSI no earlier than 30 days before attaining age 18.³ In states that end foster care payments when a youth turns 18, affected youths would face a gap between the assistance programs if SSA did not receive and adjudicate the SSI application within 30 days. To better synchronize the award of SSI payments with the end of foster care benefits, SSA changed the policy on January 12, 2010, to accept SSI applications as early as 90 days before an individual's 18th birthday.⁴

When SSA began to examine the benefit gap, most individuals aged out of foster care at 18. Since then, many states have expanded their programs, and most states currently extend foster care past age 18 for at least some individuals (Table 1). Only four states do not offer any extension. While they are in foster care, youths receive federal foster care payments; some states also provide supplemental foster care payments.

Data Sources

We used the Supplemental Security Record (SSR) administrative data system to identify individuals who applied for SSI up to 90 days before their 18th birthdays and whose administrative records indicated association with foster care. The SSR contains

Table 1.
State policies regarding extended eligibility for foster care as of August 2011

Policy	Number of states	States
Eligibility extends beyond age 18		
Mandatory	1	Maryland
Elective	15	Arizona, Arkansas, California, District of Columbia, Illinois, Kansas, Kentucky, Maine, Massachusetts, Minnesota, Nebraska, New Jersey, New Mexico, North Carolina, North Dakota
Eligibility standards apply	31	Alabama, Alaska, Colorado, Connecticut, Delaware, Georgia, Hawaii, Indiana, Iowa, Louisiana, Michigan, Mississippi, Missouri, New Hampshire, New York, Nevada, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Virginia, Washington, West Virginia, Wisconsin, Wyoming
Eligibility ends upon attaining age 18		
Mandatory	4	Florida, Idaho, Montana, Ohio

SOURCE: Authors' review of official state sources.

information from SSI applications. Its data elements include the applicant’s Social Security number, date of claim, citizenship status, income, resources, eligibility code, payment code, and payment amount.

To enhance proper identification of the study population, we acquired detailed data from the Department of Health and Human Services’ Agency for Children and Families (ACF), the federal agency in charge of foster care programs. ACF maintains the Adoption and Foster Care Analysis and Reporting System to collect reliable and uniform data on all foster care children for whom state child welfare agencies have responsibility for placement, care, or supervision.⁵

Data Development

Before the policy change, there was no programmatic reason for SSA claims representatives to indicate on SSI records that an applicant was in or near transition out of foster care. However, some claims representatives provided remarks to that effect, which enabled us to select records for comparison purposes.

The policy change not only allowed applicants to file applications for SSI up to 90 days before reaching age 18, it also requested that the claims representative annotate the SSI record with the remark “Youth Transitioning out of Foster Care.” However, claims representatives may not have annotated the records consistently. Additionally, over time, the remarks section could have been changed, deleted, or overwritten, causing the loss of such identifications.

Furthermore, the remarks section is a free-form text field, so there are many ways of indicating association with foster care. The remarks rarely indicate the period during which an applicant was associated with foster care, adding to the complexity of properly identifying the study population. Confirming the nature of an applicant’s association with foster care would require an intensive manual review of his or her SSI record.

Considering those limiting factors, our approach was to first identify all individuals who applied for SSI up to 90 days before their 18th birthdays and whose records included remarks regarding foster care. We then refined the study sample by matching gender, place of residence, and birth date variables with those on the ACF records.⁶ We identified 93 individuals who were likely to be in foster care and approaching their 18th birthdays when they applied for SSI.

Methodology

We divided the study population into two application-date categories. The “old policy” group refers to 41 individuals who applied before the January 2010 policy change. The “new policy” group refers to 52 individuals who applied after the change. Both groups include only individuals who have received an initial decision on their applications. With the SSR data, we were able to determine the length of the intervals between the SSI application date, the applicant’s 18th birthday, and the initial decision date. We also determined the SSI allowance rate.

California and Pennsylvania contributed the most participants to our study population; the remaining participants were from Arkansas, Florida, Georgia, Idaho, Illinois, Indiana, Iowa, Louisiana, Massachusetts, Michigan, Missouri, New York, Ohio, Oklahoma, Oregon, Texas, Washington, and Wisconsin.

Preliminary Findings

In this section, we address the three research questions in turn.

- **How has the 90-day application period affected SSI application rates and timing for the study population?**

Our preliminary findings suggest that the policy change may have led to earlier SSI applications among foster care children with disabilities (Table 2). We found that 61 percent of those in the new policy group filed 31–90 days before their 18th birthdays, compared

Table 2.
Foster-care youths with disabilities who applied for SSI: Percentage distribution by period between application date and 18th birthday

Days	Old policy	New policy
0–30	48.1	39.0
31–90	^a 51.9	61.0
Sample size	52	41

SOURCE: Authors’ calculations based on matched SSR and ACF data.

NOTE: Under the old policy, youths could apply for SSI no earlier than 30 days before their 18th birthdays. Since January 2010, youths can apply up to 90 days before their 18th birthdays.

a. Youths who applied more than 30 days before their 18th birthdays did so as disabled children. Those who qualified for SSI were required to undergo an eligibility redetermination under the adult definition of disability at age 18.

with 52 percent of those who were subject to the old policy. (Most of those who applied 31–90 days before their 18th birthdays under the old policy lived in California and were able to take advantage of their state’s workaround.) Under the new policy, only 39 percent waited until the last 30 days prior to their 18th birthdays to apply, while under the old policy, 48 percent applied within the 30-day window. Because the policy change is recent, we will continue to monitor the timing of applications to determine if the effect will last.

- **Has the extended application period helped to shrink the gap between foster care benefits and SSI payments?**

Our preliminary findings suggest that the policy change may have shortened the period between attaining age 18 and receiving SSI determinations (Table 3). Over 14 percent of those applying under the new policy received a determination within 30 days after their 18th birthdays, compared with about 6 percent of those who applied under the old policy. In addition, almost 27 percent of those affected by the new policy received a determination 31–60 days after their 18th birthdays, compared with only 21 percent of those in the old policy group. As with the analysis of the timing of applications, further monitoring over a longer observation period may yield more conclusive findings.

Table 3.
Foster-care youths with disabilities who applied for SSI: Percentage distribution by timing of initial SSI decision

Timing	Old policy	New policy
Before 18th birthday	7.7	7.3
After 18th birthday		
0–30 days	5.8	14.6
31–60 days	21.1	26.8
61 or more days	65.4	51.2

SOURCE: Authors’ calculations based on matched SSR and ACF data.

NOTES: Under the old policy, youths could apply for SSI no earlier than 30 days before their 18th birthdays. Youths can apply up to 90 days before their 18th birthdays under the January 2010 policy change.

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

- **What are the outcomes of SSI applications for youths transitioning out of foster care?**

Our data show that the policy change has not affected the outcomes of SSI applications for the study population. Before the change, the allowance rate was 40 percent; after the change, the allowance rate was 39 percent.⁷

Recent Changes in State Foster Care Policies

Most states extend foster care eligibility beyond age 18, at least for some youths (Table 1). In about one-third of the states, youths can simply elect to stay in foster care past age 18. In the rest of the extended foster care states, youths must meet other eligibility standards. Those standards vary: Some states allow an extension only for youths with disabilities while other states allow an extension only for youths finishing high school. Some states allow extensions for either of those situations and include other criteria as well.

The differences among state foster care policies posed obstacles to our analysis. They required us to restrict the size of our study population and they limited the observable effects of the policy change.

Conclusions and Next Steps

This note provides preliminary information on the potential effects of a new policy for youths with disabilities who may be eligible for SSI payments when they age out of foster care. The new policy allows youths to apply for SSI payments as early as 90 days before they turn 18, instead of the old policy’s 30-day window. Our preliminary results indicate that the policy change led to an increase in earlier filing. In addition, more initial decisions occurred within 60 days of the applicant’s 18th birthday under the new policy. The change did not affect the SSI allowance rate.

Our study has several limitations. The first is its time frame: We examine only the first 11 months after the policy change. The second is the sample size: Relatively few youths with disabilities age out of foster care in a given year, and we identified our sample only through indirect indicators. In addition, foster care policies differ vastly between states, especially regarding extended eligibility.

We plan to continue observing the population of youths with disabilities transitioning out of foster care. A longer study period may reveal more conclusive results. We plan to refine and enhance our study methods so that we will know if the policy change has been sufficiently effective or if the filing period should begin even earlier.

In addition, to identify the foster care population more effectively, we hope to acquire records from the Centers for Medicare and Medicaid Services that directly indicate foster care status. Those records also contain individuals' Social Security numbers, with which we could match the data to our existing dataset.

Finally, we propose investigating how differences in state policies influence SSI application rates. State policy determines the amount and funding source of foster care payments, both of which affect an individual's eligibility for SSI. Policies may also affect the timing of SSI applications and determination decisions, along with other important outcomes.

Examining the mutual effects of foster care and SSI may improve coordination between the two programs. Better coordination may in turn reduce the risk of homelessness among children with disabilities in foster care and lead to smoother transitions to adulthood.

Notes

¹ For further information on youths with disabilities transitioning out of foster care, see Broome and McGuinness (2007), Courtney and others (2001), Morris (2007), and Nicoletti (2007).

² SSA defines substantial gainful activity in terms of monthly earnings; for 2013, the amounts are \$1,740 for blindness and \$1,040 for disabilities other than blindness.

³ Starting in January 2008, SSA granted an exception to California that allowed the state to charge youths to state benefits for the last month of their foster care instead of to federal foster care payments, which would cause the technical denial of an SSI application. That "workaround" for the income requirement enabled SSA to accept and process applications before an individual aged out of care.

⁴ The new policy resembled an existing policy allowing individuals residing in many public and private institutions (such as prisons and medical treatment facilities) to apply for Social Security benefits up to 90 days before their release date.

⁵ The system also collects and maintains data on children who are adopted under the auspices of the state's child welfare agency.

⁶ For place of residence, we used American National Standards Institute (ANSI) codes provided in the ACF data and converted them to SSA state and county codes in order to merge the data sets.

⁷ Most denials are based on the applicants' ability to work.

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