

A top-down view of a wooden desk. In the top left, a small potted plant with green leaves and yellow flowers sits next to a silver calculator. To the right of the calculator is a white mug filled with dark coffee. Below the calculator, a pair of black-rimmed glasses lies on the desk. In the bottom right, a document with several bar charts and tables is spread out. The background is a warm-toned wooden surface.

# DISABILITY, POVERTY, AND FINANCIAL CAPABILITY

## 2023 NTACTION-C CAPACITY BUILDING INSTITUTE

MAY 16, 2023

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# PRESENTERS

**Cayte Anderson, PhD, LPC, CRC**

University of Wisconsin-Madison

**Ellie Hartman, PhD**

Wisconsin Department of Workforce Development



# PRESENTATION OUTLINE

- Disability, employment, poverty overview
- Financial Capability for youth with disabilities
- IDAs & ABLE accounts
- Future direction
- Current resources
- Q&A
- Conclusion



# DISABILITY & EMPLOYMENT

- Work serves as a central component of people's lives (Blustein, 2008; Strauser, 2021)
- Work is fundamental to the physical and psychological well-being of people with and without disabilities (Dutta et al., 2008)
  - *Individuals with disabilities who are actively engaged in meaningful work are more likely to derive physical and mental health benefits as well as experience increased well-being (Strauser et al., 2010).*
- Individuals with disabilities continue to experience significant disparities in employment.



# DISABILITY AND POVERTY DEMOGRAPHICS

	People without Disabilities	People with Disabilities
Employment Rate*	63.7%	19.1%
Bachelor's Degree or Higher**	36.5%	18.2%
Living in Poverty**	9.7%	19.5%
Extreme Difficulty Paying Bills***	9%	23%
Unbanked***	6%	12%
Likely to Use Costly Non-Banking Options***	25%	42%

\*Bureau of Labor Statistics (2022)

\*\*American Community Survey. (2019). Selected economic characteristics for the civilian noninstitutionalized population by disability status [Data set].

<https://data.census.gov/cedsci/table?q=disability&tid=ACST1Y2019.S1811&hidePreview=false>

\*\*\*<https://www.nationaldisabilityinstitute.org/wp-content/uploads/2018/12/finra-infographic.pdf>



# DISABILITY & POVERTY

- Assets can help those with limited financial resources avoid significant financial shocks (Heckman & Hanna, 2015)
- Saving and accumulating assets can be especially difficult for people with disabilities due to:
  - Disproportionately high poverty rates (Paul et al., 2020) and unemployment rates (U.S. Bureau of Labor Statistics, 2021)
  - Extra disability-related costs ranging from 12% to 40% of average annual household income (Mitra et al., 2017)



# ADDITIONAL COST OF LIVING WITH A DISABILITY

Households containing an adult with a work-disability are estimated to require, on average...

**28% more income** (or **an additional \$17,690 per year** for a household at the median income level) to obtain the same standard of living as a comparable household without a member with a disability (Goodman et al., 2020)

<https://www.nationaldisabilityinstitute.org/wp-content/uploads/2020/10/extra-costs-living-with-disability-brief.pdf>



# DISABILITY & POVERTY DEMOGRAPHICS

## 2023 Poverty Guidelines (100%)

Size of Family Unit	48 Contiguous States and D.C.	Alaska	Hawaii
1	<b>\$14,580/year (\$1,215/month)</b>	\$18,210	\$16,770
2	\$19,720	\$24,640	\$22,680
3	\$24,860	\$31,070	\$28,590
4	\$30,000	\$37,500	\$34,500

Source: U.S. Department of Health and Human Services (January 2023). *Federal Register*, Vol. 88, No. 12, January 19, 2023, pp. 3424-3425.  
<https://www.federalregister.gov/documents/2023/01/19/2023-00885/annual-update-of-the-hhs-poverty-guidelines>

# SUPPLEMENTAL SECURITY INCOME (SSI)

Recipient	Monthly	Annual	Asset Limit
Eligible Individual	\$914	\$10,968	\$2,000
Eligible Couple	\$1,371	\$16,452	\$3,000
SSI Payments = 1 <sup>st</sup> of each month			

Social Security Administration, SSI Federal Amounts 2023  
<http://www.ssa.gov>



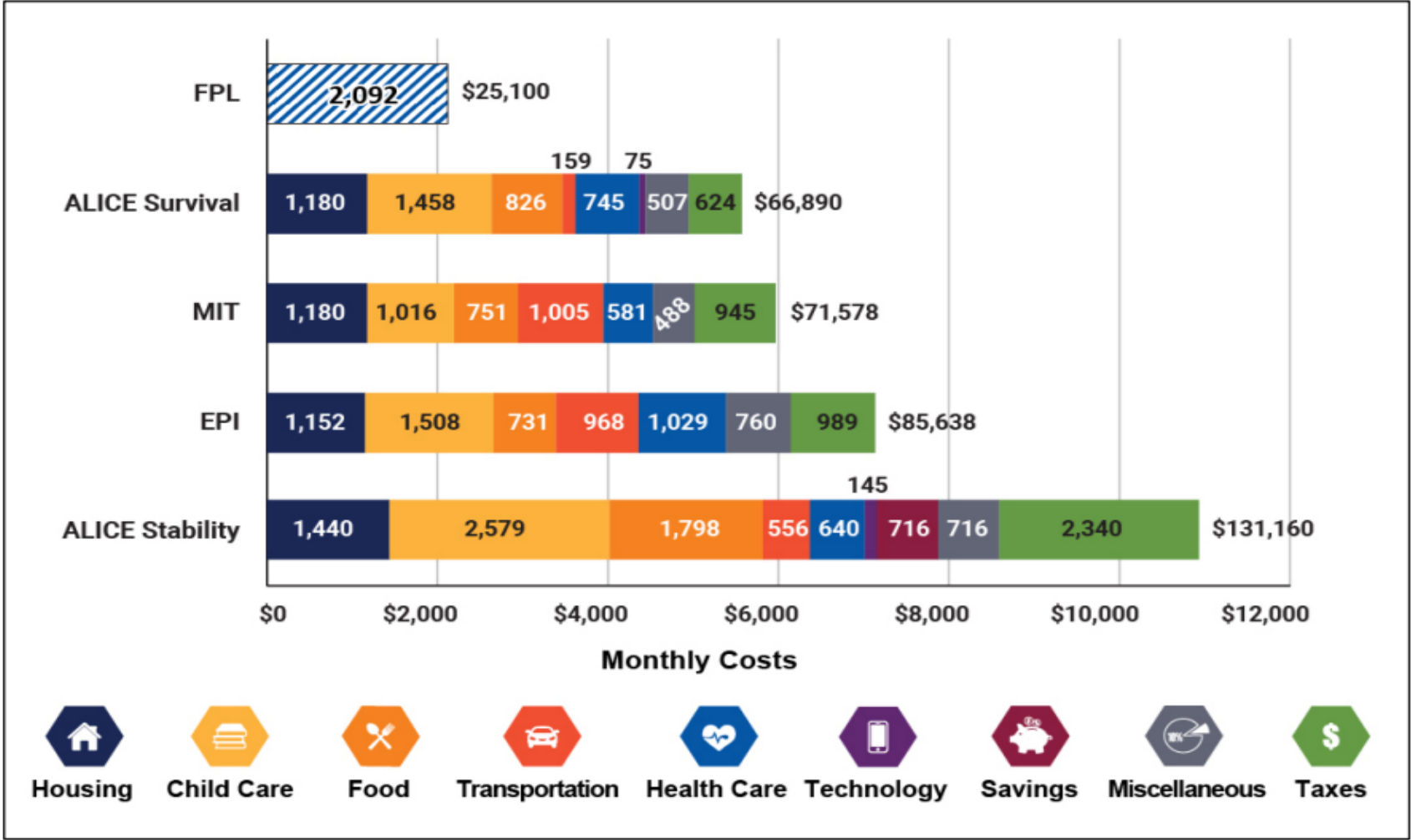
# United For ALICE

- ALICE — Asset Limited, Income Constrained, Employed
- ALICE Income - income needed to cover cost for survival or stability
- ALICE Essentials - housing, childcare, food, transportation, health care, and a smartphone plan
- <https://www.unitedforalice.org/national-overview>



# Example Comparison of Household Budgets, Family of Four, 2018

Example Comparison of Household Budgets, Family of Four, 2018



Source: ALICE Household Survival and Stability Budget, 2018; Economic Policy Institute, 2018 – Family Budget Calculator; MIT, 2018



# WHAT DOES THE RESEARCH TELL US?

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**Financial stress is linked to poor health**  
- *American Psychological Association (2015)*

**Mental health and debt are associated**  
- *Metzler et al. (2012); Fitch et al. (2007)*

**Hardship experiences themselves can lead poor health and disability**  
- *Yoo et al. (2009)*

**The relationship between poverty, disability, and health is cyclical**  
- *Allard et al., (2012); Iceland (2013); Nye-Lengerman & Nord (2016)*



# Poverty & the Science of Scarcity– Youth and Families

- Poverty depletes parents' cognitive resources therefore leaving little space for making everyday decisions about parenting.
- Low-income parents are also at far greater risk for depression and anxiety-poverty's "mental tax".
- When parents are distracted or depressed, family life is likely characterized by conflict and emotional withdrawal rather than nurturing and supportive relationships with children.
- Impulsive behavior, poor performance in school, poor financial decision-making may be products of a feeling of scarcity.
- Just thinking about scarcity increases stress.
- Policies and programs need to consider scarcity-induced behavior in their design. Look at the "cockpit" rather than the "pilot".



# DISABILITY & FINANCIAL EMPOWERMENT

- Employment **must** be part of the discussion
- Vocational Rehabilitation is an important resource
- Employment alone is not enough

The screenshot shows the Wisconsin Department of Workforce Development (DWD) website. The header includes the Wisconsin state logo, the DWD logo, and navigation links for Jobs at DWD, Agency Directory, and Online Services. A search bar is located in the top right. The main navigation bar lists categories: UNEMPLOYMENT, WORKPLACE INJURY, EQUAL RIGHTS, EMPLOYMENT & TRAINING, DISABILITY EMPLOYMENT, and ABOUT DWD. The central banner features the text "Vocational Rehabilitation" over an image of two hands shaking. Below the banner are four columns of links: JOB SEEKERS (DVR helps people with disabilities find a job, keep a job, or get a better job. Links: For Job Seekers, Applying for DVR Services, Business Enterprise Program (BEP), Education & Transition Services, Project SEARCH, DVR Career Pathways), BUSINESSES (Recruit & retain employees with the help of DVR Business Services. Links: For Businesses, Business Services Consultant Contact Information, DVR Business Services Information Sheet, One Stop Business Portal), PARTNERS (DVR collaborates with partner agencies on programs & services. Links: Our Partners, Competitive Integrated Employment (CIE), DVR Service Providers & Vendors, Interagency Agreements, WI Rehabilitation Council (WRC)), and ABOUT DVR (DVR is an employment program that assists people with disabilities. Links: About Us, Contact Information, Office Locations, Top Ten Things About DVR, Tribal Liaison Staff Directory, Organization Chart). Below the columns is a video player for "DVR 101: Getting Started With the..." with a "Watch later" and "Share" button. Below the video player is a "Watch on YouTube" button. To the right of the video player is a "What's New?" section with a link to "Disability Rights Wisconsin Selected to Manage the Wisconsin Client Assistance Program (CAP)". Below that is a "Policy & Guidance" section with links to "DVR Policy, Processes, and Guidance", "Laws & Legislation", "State Plan", and "Toolkits/Guides/Manuals". Below that is an "Additional Programs & Services" section with links to "A-Z Resources", "Social Security/Ticket to Work (TTW)", "Subminimum Wage Workers", "Supported Employment", "Technical Specifications", and "Training Grant". Below the video player is a "Need Assistance?" section with links to "DVR Main Line: (608) 261-0050 or (800) 442-3477 (Toll Free)" and "Email Us". The footer contains "DWD Contact Information" (201 E. Washington Ave, P.O. Box 7946, Madison, WI 53707, (608) 266-3131, Contact Us), "Administrative Rules" (Jobs at DWD, Legal/Acceptable Use, News, Public Meeting & Hearing Notices), "Public Records" (Staff & Partners, State Employee Directory, Topic Index (Sitemap), Website Support), and social media links for Wisconsin.gov, YouTube, Facebook, and Twitter.



# IMPACT OF POVERTY

- Families may be dependent on the student/youth's SSA Benefits check and may be fearful of jeopardizing this.
- Expectations of Student/Youth
- Family participation and support of students/youth in programming can be impacted due to lack of resources (e.g., transportation, childcare).
- Instability, as a result of poverty, impacts long-term planning.



# Building Assets with Early Work Experiences

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## What is financial capability? (1)

- Financial Capability encompasses multiple aspects of behavior relating to how individuals manage their resources and make financial decisions.
- It is a multi-dimensional concept that requires looking at individual behavior from various angles.

### **Financial Capability Building Skills:**

- Managing debt
- Improving credit
- Asset building
- Savings plan
- Spending plan

<http://www.usfinancialcapability.org/about.php>



## What is financial capability? (2)

- People with disabilities are more likely to be unemployed and to live in poverty than any other single demographic group in the United States today.
- Public benefit programs for people with disabilities (i.e., SSI) are not aimed at increasing assets and independence for people with disabilities.
- More so than any other population on a fixed income, services and policies for those with disabilities have not held the expectation of economic self-sufficiency.
- Addressing debt and credit can help increase employability of individuals
- Once employed, developing spending and savings plans is important



# Consumer Perspective

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## Wisconsin DVR Career Pathways Advancement Survey Participants (n =242)

- 50% of participants are youth
- 50% have concerns regarding their finances
- 57% think financial coaching/education will help them reach their career and financial goals
  - An additional 28% think financial coaching/education might help them reach their career goals
  - And additional 33% think financial coaching/education might help them reach their financial goals
- Participants reported they would like help with the following financial education/coaching services:
  - Savings plan - 52%
  - Spending plan - 45%
  - Asset building - 37%
  - Improving credit - 36%
  - Managing debt - 30%



# Individual Development Accounts (IDA)

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Temporary, matched savings accounts

Federal Assets for Independence Act (AFIA)

- Home Ownership
- Post-Secondary Education
- Business ownership

<https://www.acf.hhs.gov/ocs/programs/afi>

IDA guidance from the Social Security Administration (SSA)

<https://www.ssa.gov/ssi/spotlights/spot-individual-development.htm>

Private IDAs – other income qualified, and for different savings uses.

- Public vs. Private IDAs...know what you're dealing with!

**The Relationship Among  
Demographic Factors, Transition  
Services, and Individual  
Development Account (IDA) Saving  
Participation Among Transition-  
Age Youth With Disabilities**





# ABLE ACCOUNTS

Achieving a Better Life Experience (ABLE) Act of 2014

Tax-advantaged savings accounts to which contributions can be made to meet the qualified disability expenses of the owner, or designated beneficiary.

## **To be eligible, the individual must be:**

- Receiving SSI based on blindness or disability that began before age 26;
- In SSI suspense due solely to excess income or resources, but otherwise eligible for SSI based on blindness or disability that began before age 26;
- Receiving disability insurance benefits (DIB), childhood disability benefits (CDB), or disabled widow's or widower's benefits (DWB) based on blindness or disability that began before age 26; or
- The subject of a disability certification (includes copy of diagnosis related to relevant impairment(s) signed by a physician)



# ABLE ACCOUNTS (CONT'D)

- An eligible individual may have only one ABLE account
- A “contribution” = deposit of funds into an ABLE account.
  - Any person may contribute to an ABLE account for an eligible beneficiary
  - Contributions may not exceed annual gift tax exemption (\$17,000 in 2023)
  - **However**, if beneficiary is working, and they or their employer is not making certain retirement contributions, the beneficiary may contribute an additional amount





# ABLE ACCOUNTS (2)

Distribution = withdrawal from an ABLÉ account

- Can only be made to or for the benefit of the designated beneficiary

## Qualified Disability Expenses (QDE)

- Expenses made for the benefit of the designated beneficiary and related to their disability, including but not limited to:
  - Education
  - Housing
  - Transportation
  - Employment training and support
  - Assistive technology and related services





## WHY ABLE ACCOUNTS?

As tax-advantaged accounts, they are treated differently under federal means-tested programs.

### **SSI**

First \$100,000 is disregarded; only assets >\$100,000 count as a resource

### **MEDICAID**

Beneficiary's MA continues when an SSI recipient's ABLE account >\$100,000

Retains MA eligibility without a time limit as long as they otherwise remain eligible

(If non-ABLE resources >\$100,000, Medicaid eligibility is suspended)

### **MEDICAID PAYBACK PROVISION**



# ABLE ACCOUNTS: WHAT DO WE KNOW?

- ABLE accounts offer individuals and families with disabilities the opportunity to cover disability-related costs by growing their contributions **tax free** with **little risk** of losing eligibility for many public benefits.
- <1% of eligible individuals and families have opened an ABLE savings account, with an average savings amount of \$6,265 (National Association of State Treasurers, 2020).
- Aside from growing concern about the low adoption rate of ABLE accounts (National Association of State Treasurers, 2020), little is known about tax-advantaged savings accounts
- Research underway, more is needed!



# RESOURCES

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- National Able Resource Center – What Are ABLE Accounts
- National Able Resource Center – State Programs
- Promising Practices – Financial Capability Building
- NTACT:C Disability and Poverty Resource Collection
- Financial Capability Building Resource Mapping



# QUESTIONS?



# CONTACT INFORMATION

Dr. Cayte Anderson  
[caanderson8@wisc.edu](mailto:caanderson8@wisc.edu)

Dr. Ellie Hartman  
[ellie2.hartman@dwd.wisconsin.gov](mailto:ellie2.hartman@dwd.wisconsin.gov)



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**Quick Reaction**

