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Understanding the Big Picture:

The connection between disability and poverty and why financial capability matters

Kelli Crane & DJ Ralston

Training Objectives

- → Increased understanding of the intersection of disability and poverty including the receipt of Social Security Benefits
- → Increased knowledge of most applicable Social Security benefits for youth and associated work incentives
- → Increased understanding of the importance of ongoing Social Security Benefits planning as one part of a larger financial picture
- → Increased knowledge of resources to support financial capability for youth and their families.

Disability and Poverty

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Disability & Poverty Demographics

People with Disabilities

- Employment Rate - 24%*
- Hold a Bachelors or Higher - 18.2%*
- Living in Poverty 26.9%*
- Extreme difficulty paying bills - 23%**
- Unbanked - 12%**
- Likely to use costly non-banking options - 42%**

People without Disabilities

- Employment Rate - 67.3%*
- Hold a Bachelors or Higher - 36.5%*
- Living in Poverty - 12.2%*
- Extreme difficulty paying bills - 9%**
- Unbanked - 6%**
- Likely to use costly non-banking options - 25%**

*American Community Survey. (2018). Selected economic characteristics for the civilian noninstitutionalized population by disability status [Data set]. https://data.census.gov/cedsci/table?q=disability&tid=ACSST1Y2019.S1811&hidePreview=false

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

The Extra Costs of Disability

- Despite the proven connection between disability and poverty, there is a lack of acknowledgement about the cost of disability as it relates to economic needs and thus the amount of resources needed by a person with a disability are grossly underestimated which, in turn, contributes to the sustained poverty status of those individuals with disabilities (Hughes & Avoke, 2010)

- Households containing an adult with a work-disability are estimated to require, on average, 28 percent more income (or an additional $17,690 a 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, Morris, M., Morris, Z., McGarity, 2020)

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

Federal Poverty Guidelines

2021 Poverty Guidelines (100%)

Size of Family Unit	48 Contiguous States and D.C.	Alaska	Hawaii
1	**$12,880/year ($1,073/month)**	$16,090	$14,820
2	$17,420	$21,770	$20,040
3	$21,960	$27,450	$25,260
4	$26,500	$33,130	$30,480

Source: U.S. Department of Health and Human Services (January 2021). *Federal Register, Vol. 82, No. 19, January 31, 2017,* pp. 8831-8832.

https://aspe.hhs.gov/poverty-guidelines

Supplemental Security Income Payments - 2021

Recipient	Monthly	Annual
Eligible Individual	$794	$9,530.12
Eligible Couple	$1,191	$14,293.61

Social Security Administration, SSI Federal Payment Amounts 2021
http://www.ssa/gov

Situational & Generational Poverty

Situational Poverty: occurs as a lack of resources due to a particular event (i.e. disability, chronic illness, divorce, death, etc.)

Generational Poverty: a lack of multiple resources for at least two generations; however, the patterns begin to surface much sooner if the family lives with others experiencing generational poverty

Emergent Disability

Resource Scarcity & Stress Impacts Decision Making

- **Scarcity is distracting** (attention, time, money)- managing resources requires increased attention and self control leading to “depletion”.

- **Depletion is associated with poor decision making**-a focus on the current short term problem as opposed to foresee and avoid long term issues.

Behavioral Economics Research

The Science of Scarcity (May-June 2017)

- Sendhil Mullainathan (Harvard Economist) and Eldar Shafir (Professor of Psychology and Public Affairs at Princeton)
- Presented years of findings from the fields of psychology and economics, as well as new empirical research of their own.
- Based on their analysis of the data, they wanted to learn if scarcity steals mental capacity- poor, hungry, lonely, time-strapped, poor…

Behavioral Economics Research: Findings

- 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.

Behavioral Economics Research: Findings (con't)

- Impulsive behavior, poor performance in school, poor financial decision-making may be products of a feeling of scarcity.
- Just thinking about scarcity taxes the mind and increases stress.
- Policies and programs need to consider scarcity-induced behavior in their design. Look at the "cockpit" rather than the "pilot".

The Intersect of Poverty & Disability

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Impact of Poverty

- Whether it is access to:
  - A quality education
  - Effective transition from school to work
  - Affordable (accessible) transportation, housing, (technology or long-term supports)

- Enduring poverty and lack of economic empowerment will:
  - Diminish choices and quality of life within communities, and
  - Singularly diminish freedom, opportunity, and self-determination

National Disability Institute - 2013

Additional Research

- Financial stress is associated with poor health
  - *(American Psychological Association, 2015)*
- Mental health and debt are associated
  - *(Meltzer et al., 2012; Fitch et al., 2007)*
- Hardship experiences themselves lead to poor health and disability (secondary conditions, emergent disability)
  - *(Yoo et al., 2009)*
- Relationship between poverty, disability, and health is often cyclical
  - *(Allard, Danzinger, & Wathen, 2012; Iceland, 2013; Nye-Lengerman & Nord, 2016)*

Take a minute to think about…

… the students/youth and families your agency/school works with…how can a lack of income and/or resources impact participation and quality of life?

Mythbusting

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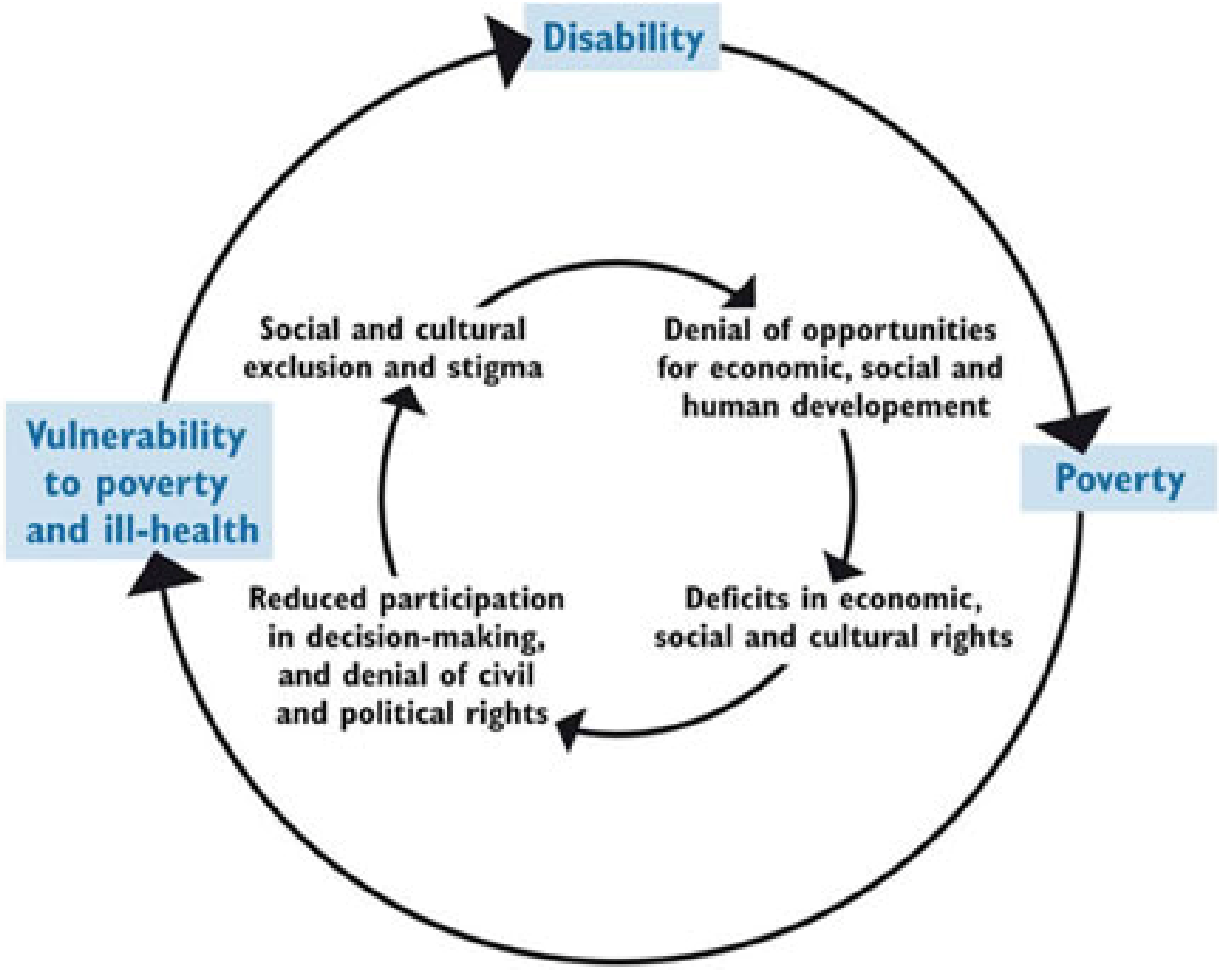
MYTH

Poverty is just about being poor.

FACT: Poverty & disability is multidimensional



MYTH

Poverty & disability happens to other people.

FACT: Poverty and disability affect people of all walks of life.

- 59 % of Americans will spend at least one year below the official poverty line between the ages of 20 and 75 (Washington Post, March 2021)

- Children and minority groups are the most likely to be affected by disability and poverty
  - non-obvious disabilities

MYTH

Growing up in poverty has no lasting effect on a person.

FACT: Youth SSI recipients face unique challenges

- Long term dependence on SSI persists as a national concern
- 60% of youth who receive SSI as children go on to receive SSI as adults
- Positive graduation, postsecondary education and employment outcomes have been difficult to achieve
  - Uncoordinated service system
  - Lack of information and awareness
  - Limited or delayed access to services

MYTH

We know who these youth are & where to find them.

FACT: Youth receiving SSI may not be known.

- Almost 1 million youth ages 14 to 24 receive SSI annually
- More than 200,000 youth ages 14 to 24 apply for SSI annually
- 25% youth SSI recipients are NOT on an IEP or 504
  - therefore NOT receiving services delivered through publicly funded special education
  - nor being connected to key are development services such as VR

MYTH

SSI Recipients can't work or can only earn a small amount.

The FACT is….

- Everyone, who chooses to, can work, with the right supports
- People who receive public benefits can work and will be better off financially
- Rules called “work incentives” help protect benefits while people work

Take a moment to reflect…

Why do you think the narrative is that youth SSI recipients can't work?

Feel free to put your responses in the Chat Box.

Benefits, Work Incentives & Financial Capability

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Applicable Security Benefits

Title XVI (All Ages)

Supplemental Security Income

- Available to children under age 18
- Need-Based (Income Limit - less than $794)
- Means-Tested (Asset Limits - less than $2000)

Title II (Age 18+)

Childhood Disability Benefit (formerly DAC)

- Must be at least 18 years old,
- Disability onset before Age 22
- Child of an insured worker who is either disabled, retired or deceased

Supplemental Security Income (SSI) Overview

- Supplemental Security Income (SSI) is a Title XVI program
- An individual must prove that they are financially eligible for SSI (needs based) and because it is needs-based, SSI looks at all types of income (earned, unearned and in-kind).
- Monthly income less than $794/month
- Assets less than $2000 (for single individuals)
- Eligible couple = $1191/month and $3000 assets
- Federal Benefit Rate Maximum: 2021 equals $794 per month
- Medical Insurance = Medicaid

Supplemental Security Income (SSI) & Medicaid

- Medicaid, like SSI, is a means-tested program, in other words continued eligibility depends on income and resources (just like SSI).
- Medicaid is a federal-state program, meaning it has both federal requirements but allows latitude for implementation at the state level.
- Because it is a federal program with states' control, who and what gets covered can vary greatly from state to state.
- Medicaid typically covers a wide array of services ranging from inpatient hospital care/stays to home health aids, to physician services etc.

Supplemental Security Income (SSI) -- Student Earned Income Exclusion

- The Student Earned Income Exclusion (SEIE) is for beneficiaries who are under the age of 22 and who regularly attend school (high school, college or training to prepare for employment).
- Regular school attendance is based on a certain number of hours depending on whether the student is in high school, college or training.
- The SEIE allows a student who meets the requirements to earn up to $1,930.00 a month with a maximum of $7,770.00 per year and exclude that income from the determination of their SSI payment.

Supplemental Security Income (SSI) -- Plan for Achieving Self Support (PASS)

- A Plan for Achieving Self-Support (PASS) is a SSI work incentive that allows a beneficiary to set aside income/resources into a protected account for a pre-determined duration of time in order to help the person achieve a work goal.

- A PASS is essentially a protected savings vehicle that allows a beneficiary to set funds aside that cannot be counted against the means tests for SSI or Medicaid.

- Types of expenses that a PASS can be used for include; education or training, job coaching or other support services, transportation, job-related items, equipment needed to start a business, or most other things needed to achieve an occupational goal.

Why Financial Capability?

- 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, especially Supplemental Security Income (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 do not hold the expectation of economic self-sufficiency.

- Financial Capability encompasses multiple aspects of behavior relating to how individuals manage their resources and how they make financial decisions (including the factors they consider and the skill sets they use). It is a multi-dimensional concept that requires looking at individual behavior from various angles.

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

Keys to Financial Capability

- Financial Literacy
  - Money Smart for Grades 6-8
    - https://www.fdic.gov/resources/consumers/money-smart/teach-money-smart/money-smart-for-young-people/grades-6-8.html
  - Money Smart for Young People (Ages 12-20)
    - https://www.fdic.gov/resources/consumers/money-smart/teach-money-smart/money-smart-for-young-people/index.html
  - Consumer Finance Protection Bureau (CFPB) Your Money Your Goals and Companion Guide for People with Disabilities
    - https://www.consumerfinance.gov/consumer-tools/educator-tools/your-money-your-goals/toolkit/
    - https://www.consumerfinance.gov/consumer-tools/educator-tools/your-money-your-goals/companion-guides/#anchor_disabilities
- Active and Ongoing Benefits/Work Incentives Counseling
  - Start by Reviewing the SSI Toolkit for Youth https://ssiyouthtoolkit.org/
  - Connect to a benefits counselor who can help a student/youth and their families

Keys to Financial Capability- 2

- Active and Ongoing Benefits/Work Incentives Counseling
  - Connecting to a benefits counselor who can help a student/youth and their families understand applicable work incentives is essential
  - Work Incentives Planning and Assistance (WIPA) programs https://www.ssa.gov/work/WIPA.html

- ABLE Accounts
  - An ABLE Account is a tax-advantaged savings account for individuals with disabilities and their families. The beneficiary of the account is the account owner, and income earned by the accounts will not be taxed. https://www.ablenrc.org/

Changing the Narrative

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What you can do:

- Change beliefs/expectations
- Develop partnerships
  - shared agency responsibility
- Approach youth holistically
- Make services accessible
  - flexibility in engagement
- Train staff on financial capability strategies & resources

Select References

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Find us on:

#transitionTA | transitionTA.org | ntactmail@uncc.edu

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