

# Working Together to Make Work Pay

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# Making Work Pay Changes All The Rules

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“The difficulty lays not so much in developing new ideas as in escaping from old ones.”

John Maynard Keynes



# Agenda

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- Current system and Poverty
- Changing our perspective and conversations
- Assumptions we make
- How to talk about money
- Steps we can take
- What SE TACE is doing
- Resources

# Background on the Issue

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- The disability system was created to provide services that alleviate the conditions of the majority. Getting people out of poverty was not a condition to alleviate.
- Services were originally based on the assumption that people needed to be taken care of
- Many of our system demand proof of need, must be “poor” in order to receive services: COPES, SSI& SSDI, resource limits for Medicaid, food stamps



# Contradictions

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- It is a oxymoron to assume that people in need of care, need to be part of the American mainstream
- The tax code created the middle class, because we decided having a middle class was a good for our country



# Should Employment Lead to Economic Stability?

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- We are just starting to think about how incorporate economic stability and the importance of money into disability policy.
- Look at the debate that is currently occurring about minimum wage and shelter employment.



# Support is Backward

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- **Federal asset-building subsidies – highly skewed to upper-income**
- **\$367 billion a year- That is more than is spent on the entire Department of Education**
- More than 45% of the benefits went to households whose average income exceeds one million dollars
- Top fifth (household incomes greater the \$80,000) receive 88.7 % of the asset building benefits



# Support is Backward (cont.)

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- Less than one percent of the population
- The rest of the population shared 11.6% of tax benefits
- Households with less than \$20,000 receive \$3.00 or less in average of these incentives
- The lowest 60% of households got less 3% or less in the average of these incentives
- Households with less than \$20,000 receive \$3.00 or less in average of these incentives





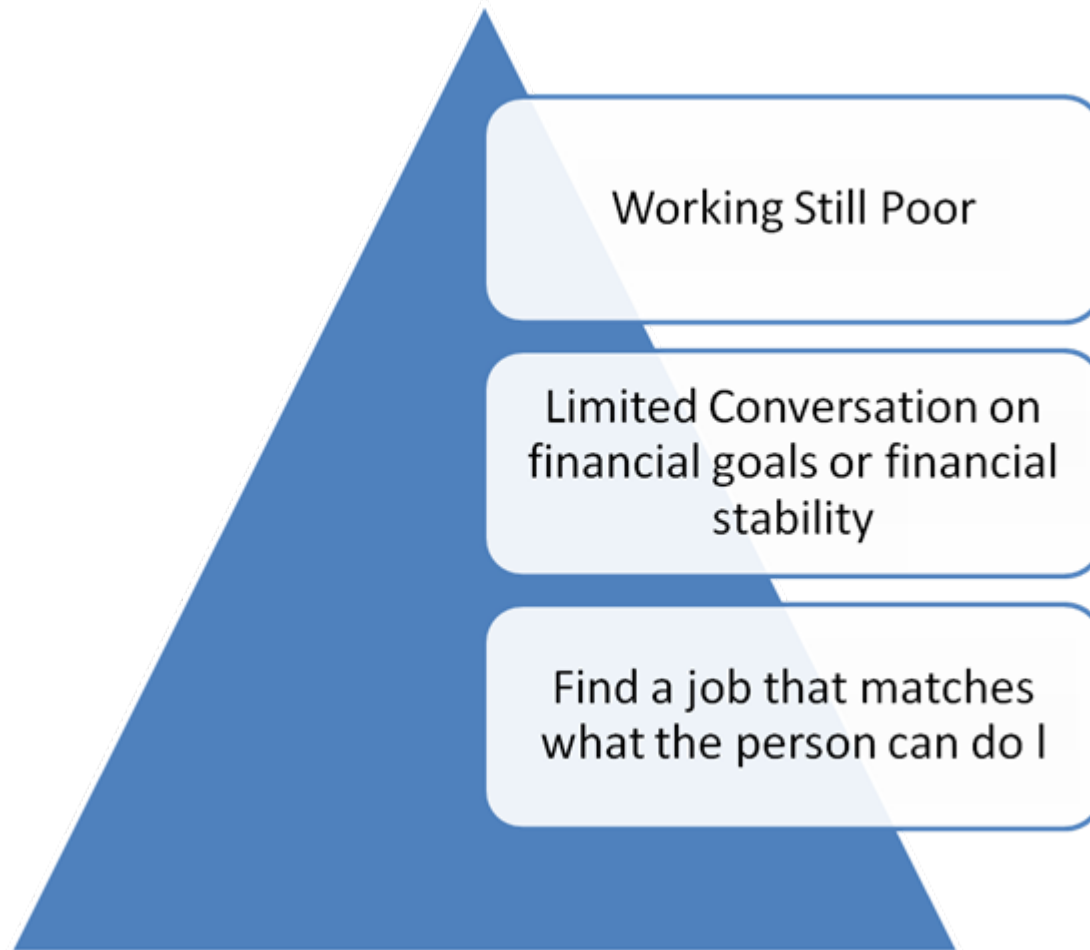
# Assumptions around employment

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- That people with disabilities should work because:
  - That is what adults do
  - Work is valued in our society
  - Increases a person's ability to be part of the community
  - To make some money
- The more complex the disability less the focus is on a living wage.



# Current System



# Need to Change the Conversation

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- We rarely view disability services as setting someone up to live in poverty or being part of the working poor with no way out. Yet, that is what frequently occurs.
  - How many times will your organization replace someone?
  - How often do we lobby for starting at higher than the going wage?
  - How often do we ask for more hours not less?



# Need to Change the Conversation (cont.)

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- We have limited conversations on how to move forward and improve a person's financial situation.
- We are just starting to conceptualize employment for all people regardless of the level of their disability.
- Need to think about economic stability for all people regardless of the level of their disability.



# Something is Wrong

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- Lack of money is a serious problem among 68% of people with disabilities:
- People with disabilities are considerably more likely to experience poverty relative to those without disabilities; annual poverty rates are two to five times higher among working-age people with disabilities.



# Limited Assets

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- 54% of persons with disabilities have no savings account
- 75% of persons with disabilities do not have any loans with financial institutions
- 10% of persons with disabilities own their own home
- 39% of persons with disabilities indicate that lack of financial resources is the most serious problem they face



# Limited Financial Expectations

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- People with disabilities are considerably more likely to experience poverty relative to those without disabilities; annual poverty rates are two to five times higher among working-age people with disabilities.
- People with disabilities are frequently the poorest of the poor
- **Many believe they will always be poor**



# What Financial Stability Requires

## Living Wage

- Better jobs
- Think both about the match and the pay

## A financial information and support

- Dispel misinformation
- Provide financial literacy

## A way to acquire assets

- Savings
- Match Savings accounts
- Low interest loans
- Credit building & repair





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# Changing Our Perspective

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- If we view poverty as a major issue that is part our responsibility than we will Frame our jobs differently. It is just as important to tailor a financial plan for a person as it is a job.
- People are scared or do not want to have these conversations.



# The Causes of Poverty

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- **Behaviors of the Individual-** Research on the choices, behaviors, characteristic and habits of individuals. Welfare, Single parenthood, Intergenerational, addiction, mental health
- **Human and Social Capital in the community –** Research on the resources available to individuals, communities and business. Social Capital, Intellectual Capital, well paying jobs, middle class flight
- **Exploration –** Research on the economic, political and social policies-Resource limits, globalization, taxation patterns, salary ratios, interest rate
- All vantage points have validity. But each will frame how we deal with poverty differently and what we believe



# What We Do

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- We figure out how to find jobs that people will be successful in -see something wrong we want to fix it
- The larger the problem the stronger the tendency to want to tell the person how to fix it
- Frequently in employment we need or think we need the full story of the person's situation
- The service is structured so we need to make judgments on the value and availability of resources



# When dealing with money it is a different deal

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- We need to provide information not solutions
- We need to assist not direct
- Acceptance of what the individual cannot say about their situation
- Identify options related to available resources
- This creates relationships and trust



# Thinking about money

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- Helping someone think about what they need to establish the desired lifestyle is not just about obtaining employment and budgeting.
- It is also about understanding the emotional connection to money, i.e. self-image.
- How much does one need/ want to earn is frequently the easiest information to obtain or think about.
- The emotional connections to money are far more difficult to think and talk about honestly.



# Aversion Theory

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- Behavioral economics concept of loss aversion theory
  - People's tendency to strongly prefer avoiding losses to acquiring gains
- What does that mean for how we talk to people about benefits and money?
  - Important to think about our language
  - Help people think about benefits differently



# Control

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- How much control over his or her money does the person the want?
  - Past history
  - Money as a trigger
- Being economically stable does not mean a person has to control his or her money or even understand all aspects of money management.





# Your Role

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Framing conversations to help customers think about:

- What are they willing to give up to obtain that earning?
- What are their financial goals?
- How will they to manage their money?
- Are there supports or assistance that are needed?



# Asset Building Tools

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- Individual Development accounts
  - Federal
  - State
  - Private
- Financial literacy
- Low Interest Loans
- Using Work Incentives Strategically
- Self-employment



# Today

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- Policy makers are realizing poverty is a problem .
- For thirty years we have thought about and pushed employment policy but with little thought on the contradictions that keep people poor.
- Centers for Mental Health are considering making asset development part of recovery.
- Social Security is holding a round table to consider what they can do to support Economic Stability for persons on SSI and SSDI
- Training is occurring to help benefits planners/CWICs have conversation with people around asset development
- Asset for Independence has an initiative to expand IDAs and assets for individuals with disabilities



# What Needs to Change

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- More conversation on how to get people out of poverty .
- Financial Plans that will help obtain financial stability
- Expectations



# Why SE & Asset Development/ Economic Stability

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- Seeks to transform economic inequities through both financial information, employment and saving
- Supports individuals but is aligned with an overarching social development agenda
- Enables people to:
  - escape poverty,
  - obtain employment
  - acquire assets



# Easy Steps

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- We in the employment business could provide counseling on the amount of money people need to make to be economically independent.
  - How they define economic independence .
  - What they would like to do with their money
  - How much do they want to earn
  - How would that change their life
- Think how to use public benefits strategically
  - Does the salary warrant using TWP
  - Combining a PASS with an IDA (match saving accounts)



# Easy Steps - 2

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- Talk about tools that can aide individuals such as financial literacy, low interest loans, IDAs. Developing a financial plan
- Until very recently the complexity of benefit structures has scared people not from the disability field away from working with people with disabilities on the issues of asset development and financial stability



# Easy Steps - 3

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- Lack of information or misinformation causes individuals to believe they cannot acquire assets or work.
- One thing you can do is address these inequities with information
  - To the person with the disabilities and their families
    - How many people work under SGA
    - How many people quit because work is not worth it
    - Many professionals do not see the connection or view it as their role





# Easy Steps - 4

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- We all need to understand work incentives – talk to your CWIC, Read the Red Book, Take a training

Become involved with your asset building coalition

- Most states have asset building coalition that would love your involvement



# What We Want

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# What We Want

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- First: Find a job that matches the person and have conversation about financial goals
- Second: Develop a plan for financial stability
- Finally: On the pathway to economic stability



# Assumptions that are helpful

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- Work Incentives connected to public benefits are a tool that can be used strategically to help position individuals to be better off financial.
- Incorporating financial and benefits planning into the disability system will help people start thinking about how much, when and how they want to save.
- Job lost would decreased if individuals actually had a plan of how to get out of poverty. How many people have had individuals quit jobs because it was not worth it to them to work?



# We Need to Think Bolder

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- We have limited or anecdotal information on why so many individuals with disabilities are unbanked and use payday loan institutions.
  - A partnership could create new possibilities and perhaps banking tools.
  - Some locations are testing prepaid banks cards instead of checking accounts.
  - Offering emergency loans that create a savings account connected to loan payment



# We Need to Think Boarder (cont.)

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- In a 2006, individuals who had disabilities and paid taxes reported barriers:
  - teller window too tall
  - lack of available voice–activated ATMs
  - reporting bank balance on a piece of paper



# Need to start thinking about economic stability not just a job

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- The whole concept of economic self-sufficiency or stability for persons with disabilities is new.
- The shared goal between you, the job seeker and VRC of **-putting people on a pathway to economic stability** needs to be developed.
- ***How will you do that????***
- ***What agency policies impede that happening what help?***
- ***What impact does this have on funding?***



# What Southeast TACE Is Doing

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- We are providing webinars on economic stability for all VR staff and CRPs in the Southeast region starting in September
- It will address
  - Changes that are occurring on a National level
  - How to incorporate economic stability into VR
  - How to talk about money in counseling and guidance
  - The role of financial literacy
- Looking at funding a innovation project with State VR on asset development and economic security.





# Resources

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- The CFED provides a scorecard for every state, it denotes their economic health, state policies and projects trends

<http://www.cfed.org/focus.m?parentid=31&siteid=2471&id=2476&stateid=36>

- Financial Security
- Business Development
- Homeownership
- Health Care
- Education



# More Resources

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- Equity News Letter  
<http://www.wid.org/programs/access-to-assets/equity/equity>
- Disability Program Navigators - Asset Development series  
<http://www.dpnavigator.net/pages/AssetDev30sec.html>
- Assets for Independence Resource Center  
<http://idaresources.org/>



# Contact Information

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***THANK YOU!***



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