

Financial Literacy Information for Young People with Disabilities

Research shows that low educational attainment, employment expectations and confusing governmental programs with conflicting eligibility criteria have resulted in many young people with disabilities not making successful transitions from school to postsecondary education, employment and independent living. While many would like to learn how to save money and build assets, they fear getting a job and saving a portion of their income may cause them to lose their disability benefits and other supports, such as health care. Complex rules in current federal and state programs often create disincentives for these youth to seek employment or increase earnings and assets. One major obstacle that contributes to this issue is the lack of money management knowledge and skills or financial literacy among this group.

Federal Initiatives

The federal government has enacted legislation and supported programs to assist individuals with disabilities and their families to become more economically self-sufficient.

Tax and Financial Education Campaign (Tax Facts)

In 2004, the Tax and Financial Education Campaign, or Tax Facts, was launched through a public/private partnership that includes five federal agencies. Tax Facts is a three-year national campaign designed to expand knowledge and use of favorable tax benefits and financial literacy services in 36 communities working with people with disabilities, their families

and employers. The campaign is composed of three parts: material development and dissemination, training and technical assistance activities. Its key outcomes include 1) increasing the participation of persons with disabilities with Earned Income Tax Credit (EITC) filing and other financial-related support services, and 2) expanding opportunities and options for persons with disabilities and their families to achieve economic independence, through the comprehensive financial education services and technical assistance Tax Facts provides.

Individual Development Accounts

Individual Development Accounts (IDAs) create saving opportunities for low-income individuals and families. They are interest bearing savings accounts that use matching deposits from community-based and nonprofit organizations. IDAs are primarily created for the purchase of a first home, higher education, or small business development. Financial literacy for account holders is one of the core elements of an IDA program. Other elements of the program typically consist of an introduction to the importance of asset building, asset-building options, and demonstrations on how savings can compound and accumulate over a lifetime. Although these accounts were developed primarily for low-income adults, they have the long-term potential to reach many

more people including youth with disabilities.

Currently, IDA provisions are included in several key federal bills and programs, like the Workforce Investment Act (WIA), the Temporary Assistance for Needy Families (TANF) programs, Assets for Independence Act (AFIA), the Savings for Working Families Act, and the American Saving for Personal Investment, Retirement, and Education Act (ASPIRE).

According to the IDA Network, a collaboration of public and private partners whose goal is to help low-income families expand and build financial capital, since 1993, 29 states and the District of Columbia have passed laws to support IDAs, 32 states have included them in their welfare reform plans, and seven states have created state-supported IDA initiatives by administrative action. Although many individuals with disabilities, including youth, are living at or below the federal poverty level, strategies like Tax Facts and IDAs are a welcome resource. They are helping people with disabilities by allowing them to develop financial literacy skills, create, and benefit from long-term financial plans.

State Initiatives

Washington

The drive for financial literacy is beginning to grow in the states. During the 2004 legislative session, the Washington State





Legislature created the Washington Financial Literacy Public-Private Partnership to, among other things, seek out and determine the best methods of equipping students with financial literacy knowledge and skills. This task was expanded during the 2005 legislative session when the House introduced H.B. 2152, which amends the previous statute and directs the partnership to identify and make available to school districts a list of identified financial literacy skills and knowledge, instructional materials, assessments and other relevant information. Other strategies include the development of a structure and set of operating principles for the partnership to assist interested school districts in improving the financial literacy of their students by providing such things as instructional materials and professional development for teachers. This bill also directs the partnership to prepare recommendations for the inclusion of financial literacy principles in the Washington Assessment of Student Learning.

Iowa

To show its commitment to educating youth on money management, Iowa's General Assembly passed H.R.29, which designated April 2005 as Financial Literacy for Youth Month. Iowa is one of six states (California, Colorado, Iowa, Maryland, Mississippi and New York) that received funds from the Social Security Administration to support their youth transition efforts. As a part of a larger national initiative, Iowa's Smart Start program, the Community Empowerment Initiative, concentrates on making financial literacy and economic self-sufficiency a key component of successful transition services by coordinating public and private resources and integrating existing resources. Through federal waivers, Iowa program includes combining funds in order to direct the money into accounts for individuals to use for transition services and needs.

Steps to Financial Literacy

State policymakers have several options to help youth with disabilities achieve these goals, like building

financial education as part of the K-12 curriculum. Some IDA options for states can include the following:

- Directly funding IDAs
- Providing incentives (such as tax credits) to organizations that match IDA funds applying for a waiver for the use of SSI funds
- Using SSI reimbursement dollars.

Financial literacy is a growing movement in the United States and state legislators are in a key position to develop programs and services to assist youth in their long-term goals. Although it is just one approach toward self-sufficiency, financial literacy is a promising tool to increase opportunities for all youth, including youth with disabilities.

Selected References

Iowa Legislature. House Resolution 29. April 28, 2005.

Morton, Heather. *Financial Literacy: A Primer for Policymakers*. Denver: National Conference of State Legislatures, 2005.

FINANCIAL LITERACY RESOURCES

ORGANIZATION	WEB SITE
Adding It Up	http://www.addsup.org/
Administration on Children and Families- Asset Building	http://www.acf.hhs.gov/assetbuilding/index.html
Asset Accumulation and Tax Policy Project	http://disability.law.uiowa.edu/lhpdc/projects/assetdevtaxpol.html
AssetBuilding.Org	http://www.assetbuilding.org
Earned Income Tax Credit	http://www.irs.gov/individuals/article/0,,id=119267,00.html
Excellence in Economics Education Program	http://www.ed.gov/programs/econeducation/index.html
IDA Network	http://www.idanetwork.org
Iowa Smart Start Program	http://www.empowerment.state.ia.us/smart_start.asp
Jumpstart Coalition for Personal Financial Literacy	http://www.jumpstart.org
Kids Econ Posters	http://www.kidseconposters.com/fin_literacy_posters.html
Law, Health Policy & Disability Center, University of IA College of Law	http://disability.law.uiowa.edu/index.htm
Money Smart Program	http://www.fdic.gov/consumers/consumer/moneysmart/
National Collaborative on Workforce and Disability for Youth	http://www.ncwd-youth.info
NCB Development Corporation	http://www.ncbdc.org/
Tax Facts	http://disability.law.uiowa.edu/lhpdc/projects/aatp-casts.html
World Institute on Disability Equity E-newsletter	http://www.wid.org/publications/?page=equity



O'Neil, Megan. "Opportunities for Change: Asset Building Demonstration Projects," *Equity e-newsletter*. Oakland, Calif.: World Institute on Disability, December 2004.

Washington Legislature. House Bill 1408. May 11, 2005, Website: <http://www.leg.wa.gov/pub/billinfo/2005-06/Pdf/Bills/Session%20Law%202005/1408-S.SL.pdf>.

Washington Legislature. House Bill 2152. March 5, 2005, Website: <http://www.leg.wa.gov/pub/billinfo/2005-06/Htm/Bills/House%20Bills/2152-S.htm>.

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