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Tax and Financial Service Needs of Working Americans with Disabilities

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- **Disability Demographics**
- **TAXfacts+ Overview and Themes**
- **Recommendations**



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Demographics

Families with Members with a Disabilities

- **20 million workers or 12% of 167 million working Americans between ages 21-64**
- **28.9% of 72.3 million families report having at least one member with a disability (20.9 million)**
- **5.5% of 20.9 million have both adults and children with a disability in the family**

DISABILITY CATEGORY

5.8 million sensory

12.0 million physical

7.4 million mental

(remembering, learning or concentrating)

4.1 million self-care (difficulty dressing, bathing, or getting around inside the home)

9.6 million going outside home to shop or visit doctor

12.3 employment disability



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Demographics

Families with Members with a Disabilities

ETHNICITY (% of all families reporting a disability)

27.5% White alone

35.7% Black alone

38.5% American Indian and Alaska Native alone

26.5% Asian alone

31.6% Native Hawaiian and Other Pacific Island alone

33.2% Hispanic (of any race)

35.9% Two or more races

Disability Prevalence

30.8% South

28.1% Northeast

26.5% Midwest

28.8% West



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Demographics

Families with Members with a Disabilities

INCOME

- Median family income of \$39,155 compared to \$54,515 median income of families without a member with a disability
- 42.8% of families with members with a disability received income from Social Security, compared to 22.5% of all families and 14.2% of families without members with a disability



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Demographics

Families with Members with a Disabilities

INCOME SOURCES

73% from wages or salaries compared to 89% of families without members with a disability

42.8% from Social Security compared to 14.2% of families without members with a disability

11.7% from Supplemental Security Income (SSI) compared to 0.9% of families without members with a disability

11.1% earnings from self-employment compared to 14.8% for families with members without a disability

6.5% income from public assistance or welfare payments from the state or local welfare office compared to 2.7% of families without members with a disability (11.4% for families with children with a disability)



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Demographics

Families with Members with a Disabilities

FAMILIES LIVING IN POVERTY

12.8% of families with one or more family members living in poverty compared to 7.7% of families without members with a disability

17% of families with children with a disability only living in poverty

11% of families with members with a sensory disability living in poverty (25.7% if a child)

12.6% of families with members with a physical disability living in poverty (27.6% if a child)

16.2% of families with members with a mental disability living in poverty (21.2% if a child)



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Demographics

Families with Members with a Disabilities

One in every 26 American families reported raising children with a disability

2.8 million families were raising at least one child aged 5 to 17 with a disability (3.9% of American families)

42% of 20 million working Americans have a severe disability (26% living in poverty)



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Gateway Costs for Entering Workplace

GATEWAY ASSETS: People with disabilities need access to family and social contacts, education, transportation and communications, health care and expert advice including tax and financial advice in order to live fully in communities.

GATEWAY COSTS:

- Transportation costs higher for individual with physical impairment.
- Cost of hardware and software needed for Braille or synthetic speech computer output higher.
- Service costs higher for working, learning, living and fully participating with a disability.
- Costs for sign-language interpreter, the reader, the attendant services provider, the computer trainer with expertise of the interface between complex networked systems and access technology higher.



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Research Assumptions Four City Pilot

- **Working Americans with disabilities not part of formal economy (banking, financial education, tax filing, savings, retirement, investments, long-term care);**
- **Working Americans with disabilities and their employers underutilize tax credits;**
- **Working Americans with disabilities would benefit from participating in free tax preparation and asset building initiatives; and**
- **Working Americans with disabilities on public benefits afraid to file a tax return and lose benefits.**



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Core Research Design

QUESTION

- **Who are tax and financial service customers with disabilities and what are their needs?**

METHOD

- **Qualitative and exploratory**
- **Data collection: surveys, focus groups and document review.**



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Research Goals

- **Increase the number of tax filers with disabilities**
- **Identify access and accommodation solutions**
- **Facilitate the development of lead community-based disability workgroups**
- **Increase knowledge about the tax and asset building needs of workers with disabilities**



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Four Themes from Research

#1 Underserved Market

- **Developed trusted community based partnerships with disability and non-disability community-based organizations participating in free tax preparation.**
- **Resulted in 72% increase in tax returns from filers with disabilities in four city pilots**
- **Resulted in 330% increase in tax returns from filers with disabilities in 30 cities**



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Four Themes from Research

#2 Hungry for Knowledge

- **Tax filers with disabilities want information and education about filing taxes, EITC, RALs, IDAs, retirement plans, long-term care, homeownership, banking services, and financial education and debt counseling**
- **Tax filers with disabilities on public benefits confused about asset limits and tax filing obligations**
- **Tax filers with disabilities reported free tax preparation experience favorably**



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Four Themes from Research

#3 Building Capacity Requires New Partnerships

- Engage new public partners to leverage all federal, state, and local program opportunities
- Ensure that free tax filing environments and products and services are accessible to all tax filers
- Expand disability education and outreach to free tax prep and asset building providers
- Expand tax and financial service information to disability organizations and tax filers with disabilities
- Research instruments should be tailored to accommodate tax filers with cognitive and developmental and sensory disabilities



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Four Themes from Research

#4 Asset Building Begins with Access

- **Tax filers with disabilities less likely to use direct deposit, on-line banking or credit cards**
- **No participation in IDAs or credit unions**
- **Few had course on how to handle money**
- **35% had received EITC**
- **30% to 60% Banked**
- **89% of tax filers not working full time compared to 57% of tax filers without disabilities 58% incomes of \$15,000 or less**



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RECOMMENDATIONS

- Research
- Public Education
- Policy Development
- Capacity Building



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