FINANCIAL CAPABILITY AND ASSET-BUILDING FOR PEOPLE WITH DISABILITIES:

IMPLICATIONS FOR POLICY AND SOCIAL WORK PRACTICE

by

STEPHEN V. MCGARITY

(Under the Direction of David Okech)

ABSTRACT

In the United States, one in five people live with some sort of disabling condition. In addition to the possibility of facing difficulties in daily living activities, many of these individuals also experience barriers to financial inclusion, such as limited access to checking accounts, savings accounts, and credit. Moreover, people with disabilities are five times more likely to experience poverty than people without disabilities, thus placing them at greater risk for marginalization. The central purpose of this dissertation was to examine policies, interventions, and factors that impact the financial well-being of this population at the individual, institutional, and community levels. Chapter 2 used a value-critical policy analysis framework to examine the Achieving a Better Life Experience Act of 2014, a recent U.S. policy aimed at increasing assets among people with disabilities. The goal of this analysis was to identify key underlying values of this policy and provide practical recommendations about how to better achieve its intended goals. Chapter 3 used a path analysis to test Sherraden's (2013) theoretical model for building financial capability within a nationally representative sample of people with disabilities. The purpose of the study in this chapter was to assess the influence of individual and institutional level factors of financial capability among a sample of people with disabilities in an effort to better inform the extant financial well-being literature. Results showed that variables of financial literacy (i.e., financial knowledge and financial skills) and variables of access (checking, savings, and credit) increase financial well-being among people with disabilities. Chapter 4 used logistic regression to examine individual and institutional level factors that might impact alternative financial service use among two samples—a nationally representative sample of working age adults and a sub-sample of people with disabilities. The purpose of the study in this chapter was to determine which factors were most likely to influence individuals to seek out non-bank financial services. Results showed that people with disabilities were twice as likely to use alternative financial services than people without disabilities. Additionally, various socio-demographic variables, variables of access, and financial literacy were identified as significant predictors of alternative financial service use.

INDEX WORDS: Disability, Financial capability, Financial well-being, Asset building, Social policy, Alternative financial services.

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DEDICATION

This dissertation is dedicated to the many strong women in my life who have helped me make my way in this world. To my grandmothers, who are/were genuine matriarchs. To my mom, who taught me what it truly means to be resilient. And to my sister, who is absolutely the most brilliant person I know.

Lastly, this is dedicated to P.J., who adds so much wonder and joy to my world. I love you more than anything and I cannot imagine doing this life without you.

Will you marry me?

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CHAPTER 1

INTRODUCTION AND REVIEW OF THE LITERATURE

Introduction

Disability is defined by the Americans with Disabilities Act (1990) as a physical or mental impairment that substantially limits one or more of the major life activities and has a record of such impairment. The World Health Organization (2015) approximates that 15% of the world's population lives with some type of disability. Additionally, the number of people with disabilities (PWDs) is steadily increasing as the world's population ages and chronic health issues become more prominent. In the United States, the Survey of Income and Program Participation (SIPP) has shown that nearly one in five (18.7%) people live with at least one disabling condition (Mueller, Rothstein, & Von Wachter, 2016). In addition to facing difficulties in daily living activities, PWDs also face numerous barriers to financial inclusion and experience much higher rates of poverty than people without disabilities.

Financial inclusion is the delivery of banking services at an affordable cost (Dev, 2006). Individuals who face barriers to financial inclusion are marginalized through limited access to traditional financial services (TFS), thus leaving them with very few options for receiving income, saving money, making payments, and acquiring personal loans (Carbo, Gardener, & Molyneaux, 2007). Moreover, one of the major outcomes of limited financial inclusion is poverty (Park & Mercado, 2015).

PWDs face barriers to financial inclusion at much higher rates than people without disabilities, including less access to checking accounts, savings accounts, and credit (McDonald, Conroy, & Morris, 2015). Furthermore, the poverty rate among PWDs is 5 times higher than it is among people without disabilities (Kaye, 2010). One strategy that has recently emerged in the social work literature for increasing financial access and eliminating poverty among vulnerable populations is financial capability (Birkenmaier, Aranda, Applebaum & Norman, 2017; Sherraden, 2013). Sherraden et al. (2015) defined financial capability as the combined effect of financial ability (i.e., financial literacy) and financial opportunity (i.e., financial access). Increasing one's financial capability has been linked to enhancing one's overall financial well-being. Despite this, there is a dearth in the literature on financial capability and PWDs.

The overarching purpose of this dissertation is to examine policies, interventions, and various factors that might impact the financial capability of PWDs. This includes analyzing recent U.S. policy intended to reduce asset inequality among this population, testing individual and institutional factors related to increased financial well-being, and exploring alternative financial service use among PWDs who lack access to TFS. This study emerges from, and contributes to, the larger body of scholarship on financial capability and asset building (FCAB) for financially vulnerable households.

Theoretical Foundations

The three studies in this dissertation are driven by the FCAB framework. The FCAB approach is a distillation of two previously well-established theories. Michael Sherraden's (1991) institutional savings theory and Amartya Sen's capabilities approach combine to provide a new strategy for promoting well-being, financial stability, and equal opportunity for vulnerable populations. This section briefly describes these two theories before discussing the FCAB framework.

Institutional Savings Theory

Sherraden's intuitional savings incorporates classical economic theory and institutional theory to provide a deeper understanding of the motivations and abilities of the poor to save (Sherraden, 1991). According to the institutional savings theory, poor people save when institutions put into place certain incentives, subsidies, and supports (Curley, Ssewamala, & Sherraden, 2005; Sherraden, 1991). Sherraden (1991) proposed seven aspects that promote saving and asset accumulation. Those seven constructs are:

1. Access (eligibility and practicality);
2. Information (financial knowledge);
3. Incentives (subsidies and rates of returns);
4. Facilitation (assistance in saving, such as automatic enrollment);
5. Expectations (implicit and explicit recommendations about suitable saving actions);
6. Restrictions (on access to or use of assets); and
7. Security (safety from unreasonable risks).

The institutional savings theory, and the seven aspects that promote asset building, have been shown to be effective for spurring participation in individual development accounts (IDA) demonstrations, which utilize institutional arrangements, like matching funds, seed deposits, and automatic enrollment. These asset savings accounts are similar to their mainstream counterparts, the 401(k) account and Individual Retirement Account (IRA), which employ tax subsides to incentivize contributions. The largest IDA program to date was the American Dream Demonstration (ADD). The ADD consisted of 14 pilot programs across the U.S. and was successful in showing that the poor can save if adequate institutional supports are put into place (Schreiner & Sherraden, 2005).

Capabilities Approach

Amartya Sen (1993) first theorized a framework for assessing quality of life that incorporated aspects of social justice. Sen's capabilities approach (sometimes referred to as capability theory or capabilitarianism) argued that well-being is only obtainable when people have the same freedoms to realize their full capabilities (Nussbaum, 2011; Sugden, 1993). Sen's theory was a moral imperative in the sense that alleged good societies must uphold freedoms in an effort to promote opportunities for all. To get a better sense of what is meant by freedoms, we must look at how Sen applied his capabilities approach to community development. His philosophy challenged the idea that economic growth is the most accurate gauge of development in a community. Instead, he proposed that in order to arrive at a more robust measure, development must be defined as a process of expanding freedoms. Sen described the lack of freedom as unfreedom. Those unfreedoms included: poverty, oppression, insufficient economic opportunities, and systematic social inequalities. Development, then, can be seen in terms of how well a society removes unfreedoms for people in the community. When a society fails to reduce or eliminate unfreedoms (e.g., in the case of economic inequality), then that society is said to have a capability failure (Sen, 2001).

Financial Capability and Asset Building

Building on the previous work of Michael Sherraden and Amartya Sen, Margaret Sherraden (2015), along with scholars at the Center for Social Development at Washington University in St. Louis, developed the FCAB approach for increasing financial well-being and stability among financially vulnerable households. The goal of the FCAB approach is to increase financial capability across the lifespan while also working toward inclusivity for all individuals. This takes into account both individual abilities and opportunities, meaning that variation in individual action and changes to social structure are seen as potential means for addressing capability failures (Sherraden, 2013). Because the FCAB framework focuses on increasing ability and removing structural barriers to opportunity, it is a good fit for research around the financial well-being of PWDs, as those values are reflective of the ideals enshrined within the disability movement.

Review of the Literature

Following is an overview of the literature dealing with issues of economic inequality within the disability community. This review is meant to give the readers background information for how and why the topics in the following chapters are important to the disability population. The background topics that follow include: how the prevalence of disability is measured, the history of U.S. service provision for PWDs, poverty and economic inequality among PWDs, and policies aimed at increasing the financial well-being of PWDs**.** Subsequent chapters in this dissertation contain additional reviews of the literature that pertain to each topic being assessed.

Assessing Disability in the U.S.: Conceptualization and Prevalence

How disability is defined and measured in the U.S. is important, as it determines funding is for social welfare programs Though there are many surveys that identify the prevalence of disability, the United States officially collects data on PWDs from four distinct sources: 1) Current Population Survey (Census Bureau/Bureau of Labor Statistics); 2) National Beneficiary Survey (Social Security Administration); 3) National Health Interview Survey-Disability (National Center for Health Statistics Surveys); and 4) Survey of Income and Program Participation (Census Bureau).

One survey, the Current Population Survey (CPS), is the official measure for labor-force statistics in the U.S. and is funded by the Bureau of Statistics under the Department of Labor (Hale, 2002). Utilizing probability sampling, the CPS surveys 50,000 households (around 100,000 people) annually to collect information on various labor market and demographic variables. Work by the federal government to track employment across the U.S. grew out of the economic depression of the 1930s. The CPS has evolved over the years as the push for increased accuracy has resulted in efforts to revise and update the instrument, including expanding its data collection on protected classes over time (Kostanich & Dippo, 2002). As a part of that expansion, the Survey now assembles data on PWDs. The CPS uses a set of six questions to determine the disability statuses of individuals. Answering affirmatively to any one of the questions indicates the respondent has a disability. The disability questions in the CPS are as follow:

1. Is anyone deaf or does anyone have serious difficulty hearing?
2. Is anyone blind or does anyone have serious difficulty seeing even when wearing glasses?
3. Because of a physical, mental, or emotional condition, does anyone have serious difficulty concentrating, remembering, or making decisions?
4. Does anyone have serious difficulty walking or climbing stairs?
5. Does anyone have difficulty dressing or bathing?
6. Because of a physical, mental, or emotional condition, does anyone have difficulty doing errands alone such as visiting a doctor's office or shopping? (U.S. Census Bureau, 2015).

A second source of data collection is the National Beneficiary Survey (NBS) is a nationwide, representative survey designed to provide the Social Security Administration (SSA) with data on the socio-demographic information, limiting conditions, health and functional status, health insurance, interest in work, barriers to work, use of services, employment, income, and experience with programs of Social Security recipients. Replacing the National Study of Health and Activity in 2004 as the official data collection tool of the SSA, the NBS is managed by a third-party contractor. The survey is administered through a telephone survey that uses computer-assisted telephone interviewing (CATI) technology. In an attempt to make the survey as inclusive as possible, procedures are used that accommodate an array of limitations. Because every respondent to the NBS receives Social Security disability benefits (i.e., Social Security Disability Insurance or Supplemental Security Income), it is presumed that each participant has a demonstrated disability. The NBS collects information on the different types of respondent disabilities and collapses them into one of five categories: (a) Other; (b) Mental Illness; (c) Cognitive Disability (intellectual disability, learning disorders, or intracranial injuries); (d) Muscular/Skeletal; or (e) Sensory Disorders (Sensory Integration Dysfunction) (Social Security Administration, 2016A).

The National Health Interview Survey—Disability (NHIS-D) is administered by the National Center for Health Statistics (NCHS), which is housed in the Centers for Disease Control (CDC). The NCHS is charged with providing data on issues of national health in order to inform public health policy development for lawmakers. Data are collected on health insurance coverage, the utilization of healthcare services, prevalence of health conditions, exposure to environmental chemicals, nutrition and physical activity, development of children, patient safety and quality, the evolution of health information technology, the changes in roles and practices of health care providers, and injuries and disabilities. Utilizing public and private partnerships, the NCHS collects data from multiple sources, such as birth and death certificates, patient medical records, personal interviews (in households and by phone), and standardized physical examinations. Because the NCHS collects data on disability for use by numerous agencies with diverse goals, the survey uses multiple definitions of disability. This allows the NHIS-D to produce some of the most complete data that can be used to understand disability, inform policy development, produce prevalence estimates, and provide descriptive statistics (The National Center for Health Statistics, 2016).

A fourth survey, the Survey of Income and Program Participation (SIPP), is a longitudinal household survey conducted by the Census Bureau. Though the CPS remains the official source of federal income and poverty statistics, the SIPP collects more in-depth data on sources of income, statistics on labor force participation, and involvement in—and eligibility for—social programs. With a sample size ranging from 14,000-52,000 households, data collection can last anywhere between 3 to 5 years. Each wave of interviews is supplemented with themed-questionnaires, or topical modules (TM), that collect data on specific areas of interest. Disability statistics are gathered specifically through three topical modules: 1) Work Disability History TM; 2) Adult Functional Limitations TM; and 3) Child Functional Limitations TM. These topical modules cover limitations in functional activities (e.g., seeing, hearing, speaking, walking, using stairs, grasping, lifting and carrying), limitations to activities of daily living (e.g., difficulty with everyday activities, such as toileting, preparing meals, moving around the house, etc.), use of assistive mobility devices (e.g., wheelchairs, canes, scooters, etc.), the presence of conditions related to mental functioning, difficulty working at a job or business, and disability status of children (e.g., including developmental disabilities, learning disabilities, and difficulty with schoolwork). Additionally, six questions from the ACS are asked during the Medical

Expenses and Utilization of Health Care topical module that help isolate disability type (U.S. Census Bureau, 2016).

History of U.S. Service Provision for People with Disability

Service provision for PWDs in the U.S. is determined by how the government defines and measures disability. Historically, service provision for PWDs in the U.S. has been influenced by the medical model. Defining the experience of a PWDs as a biological impairment has been the norm throughout history, and stems from what is known as the medical model. The medical model conceptualizes disability as impairment caused by serious health conditions (e.g., disease, injury, or genetic inheritance). Accordingly, the presence of impairment in an individual is the leading obstacle to adaptive functioning and social inclusion. Because disability was historically conceived within a medical framework, interventions for the impairment tend to be medically motivated. As such, a premium has historically been placed on programs that were rehabilitative in nature, such as institutional care and public aid programs aimed at promoting productivity, such as special education and vocational training (Haegele & Hodge, 2016).

The social model of disability—a model that evolved out of social constructivist theory—views disability as a construct developed jointly through a shared understanding of the world (Crow, 1992). In this conceptualization, disability is not an individual impairment, but rather an impediment shaped by society. Within the social model, social change is seen as the primary intervention for addressing disability. This takes the focus off of the individual impairment and places a greater emphasis on the accommodations made for people to live independently in society. Thus, changes in attitudes and accessibility become preferred resolutions over medical interventions. In recent years, the medical model and the social construction model of disability have coalesced into what is now called the biopsychosocial model (Counts, 2015; Palmer & Harley, 2012).

The biopsychosocial model informs federal definitions and measurements, though not uniformly. The term disability is defined at the federal level in a number of dissimilar ways, depending on the application. There are more than 20 definitions for the term disability utilized by the federal government to establish eligibility for income support programs and for demographic analysis (Altman, 2001). For example, there are several non-discrimination laws in the U.S., such as the Americans with Disabilities Act (ADA), Section 503 of the Rehabilitation Act of 1973, and Section 188 of the Workforce Investment Act. In these non-discrimination laws, disability is defined as person who: 1) has a physical or mental impairment that substantially limits one or more major life activities; 2) has a record of such impairment, or 3) is observed as having such impairment (Office of Disability Employment Policy, 2016).

The Social Security Administration (SSA) has goals different from those of the non-discrimination laws, so they have a slightly different conceptualization of disability. In order to be eligible for Social Security disability benefits, a person must not be able to engage in any substantial gainful activity (SGA) because of a medically-determinable physical or mental impairment that is: 1) expected to result in death; or 2) has lasted or is expected to last for a continuous period of at least 12 months (Social Security Administration, 2016). Moreover, state vocational rehabilitation (VR) offices offer yet another definition of disability, which varies state-to-state depending on how the corresponding state offices designate service parameters. Just as disability has been defined unevenly across legislation and in various federal agencies, operationally defining such a vague concept as disability for measurement is just as disparate.

Poverty and Economic Inequality Among People with Disabilities

PWDs are five times more likely to experience poverty than people without disabilities (Kaye, 2010). According to data from the 2013 American Community Survey (ACS), 28.7% of working-age people with disabilities live in poverty, compared to 14.6% of working-age individuals without a disability (Siordia, 2016). A 2005 study from the National Organization on Disability found that the poverty rate among PWDs of all ages was 34%, which is more than double the national poverty rate (Ball, Morris, Hartnette, Blanck, 2006). Those same individuals also tended to have average household incomes that are $22,600 less than people without a disability (Erickson, Lee, & Von Schrader, 2010). Poverty impacts the disability population in less obvious ways too, as PWDs tend to have higher rates of unemployment, less education, and worse health outcomes compared to those without disabilities (Houtenville & Burkhauser, 2004).

Policies and Programs Aimed at Increasing the Financial Well-Being of PWDs

The history of legislation that has increased the financial well-being of PWDs is not very extensive. Very few local-level policies exist to promote the financial well-being disability populations. Furthermore, the only state policies around financial well-being for PWDs are the result of federal legislation (e.g., ABLE Act of 2014). While there are some well-funded programs to promote financial well-being for PWDs that are the result of federal policies, such as the Assets for Independence Act, the issue has not been adequately addressed through policieds promoting much needed supportive programs. Of the programs that do exist, such as pooled special-needs trusts and Plan to Achieve Self-Support (PASS) accounts, Assets for Independence, and ABLE accounts, none provide adequate supports to build ability and enhance opportunities for PWDs (Keesler, 2015).

Overview of Chapters

Chapter 2, A Value-Critical Analysis of the Achieving a Better Life Experience Act of 2014: Implications for Policy and Practice, uses a well-regarded value-critical policy analysis framework from Chambers and Bonk (2013) to examine recent a U.S. policy aimed at increasing assets among people with disabilities. The Stephen J. Beck, Jr., Achieving a Better Life Act of 2014 (26 U.S. Code § 529A) eased the asset limits for Supplemental Security Income (SSI) recipients and creates tax-advantaged investment accounts that PWDs can use to save money. The underlying values that drove the creation and implementation of this policy are explored in this chapter, as well as its potential to disproportionally benefit middle- to upper-income families. Recommendations are offered at the end of this chapter for how the ABLE Act can be strengthened to be more adequate, equitable, efficient for all program participants.

Chapter 3, A Path Analysis Assessing Financial Capability Among People with Disabilities: Implications for Social Work Practice, explores factors related to financial capability among PWDs in the U.S. by testing Sherraden's (2013) theoretical model of financial capability. This includes assessing how variables of ability (i.e., financial literacy) and variables of opportunity (i.e., financial inclusion) combine to impact one's financial well-being and stability. The study in this chapter utilizes secondary data from the Financial Industry Regulation Authority's 2015 National Financial Capabilities Study. Four hypotheses were developed and tested in this chapter:

H_1: Financial literacy is a factor that mediates the effect of economic socialization on the financial well-being and stability of PWDs.

H_2: Financial literacy is factor that will have a positive effect on the financial well- being and stability of PWDs.

H_3: Access to financial products, namely checking, savings, credit, and credit cards, are factors that will have a positive effect on the financial well-being and stability of PWDs.

H_4: Access to financial products will moderate the effects of financial literacy on the financial well-being and stability of PWDs.

This chapter concludes with a discussion of the research findings and recommendations for social work research and practice.

Chapter 4, Living Outside of the Financial Mainstream: Alternative Financial Service Use Among People with Disabilities, explores factors related to the use of alternative financial services (i.e., payday loans, prepaid debit cards, pawn shops, auto title lenders, and rent-to-own stores) among a nationally representative sample of U.S. adults (N_1 = 27,564), and a sub-sample of adults with disabilities (N_2 = 1,232). Using secondary data from the Financial Industry Regulation Authority's 2015 National Financial Capabilities Study, two separate logistic regression models were constructed to test the variables of alternative financial service use. This chapter concludes with a discussion of the research results and related recommendations for further research to empirically explore the consequences of alternative financial service use among PWDs.

Chapter 5, Conclusion and Future Research Directions, summarizes the studies and the subsequent results from the previous chapters. Additionally, this chapter includes a conversation about how the studies in this dissertation fit into the larger body of literature on FCAB, and concludes with a discussion on future research directions in this area of scholarship.

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CHAPTER 2

A VALUE-CRITICAL POLICY ANALYSIS OF THE ACHIEVING A BETTER LIFE EXPERIENCE ACT OF 2014[1]

[1]McGarity, S.V., To be submitted to *Intellectual and Developmental Disability (IDD)***.**

Abstract

This article used a value-critical policy analysis framework to examine recent U.S. policy aimed at increasing assets among people with disabilities (PWDs). The Stephen J. Beck, Jr., Achieving a Better Life (ABLE) Act of 2014 (26 U.S. Code § 529A) eases the asset limit for Supplemental Security Income (SSI) recipients by creating tax-advantaged investment accounts that people with disabilities can use to save money. This approach implemented by Congress currently fails to take into account the social and historical context around savings strategies for poor people. The ABLE Act has the potential to be very regressive, as it has the potential to benefit PWDs who come from middle- to upper-class families more so than those from families of lower socioeconomic status. Recommendations include: 1) amend the ABLE Act to create parity between 529 College Savings Accounts and 529 ABLE accounts; 2) amend the ABLE Act mandate financial education for PWDs who participate; 3) amend the ABLE Act to introduce institutional incentives (e.g., automatic enrollment, seed deposits, etc.) for PWDs to save; 4) amend the ABLE Act to eliminate the age cap for program eligibility; 5) amend the ABLE Act to add an evaluative component to determine program efficacy; and 6) amend the ABLE Act to establish regulations for public private partnerships.

Introduction

Recent U.S. social policy has focused on savings and people with disabilities (PWDs). Assets have the potential to enhance the quality of life for PWDs by providing financial security and increasing access to healthcare beyond the scope of current social welfare entitlements (Sherraden, 2001). Financial resources also open the door for improved socialization and personal development for PWDs (Putnam, 2015). Asset insecurity among the disability population is significant, as 78% of all U.S. people with disabilities do not have enough savings to live for 3 months at the federal poverty level, compared to 51% of people in the general population (Ball, Morris, Hartnette, & Blanck 2006). According to a recent nationally representative survey, 53% of PWDs could not gather $2,000 for an emergency, compared to 23% of people without a disability (Conroy, McDonald, Morris, & Jennings, 2014). Such asset poor individuals frequently rely on income support programs—i.e., Supplemental Security Income (SSI), Temporary Assistance for Needy Families (TANF), and Supplemental Nutrition Assistance Program (SNAP)—to survive.

In an attempt to address this growing concern over asset inequality among PWDs, the 113th Congress passed the Stephen J. Beck, Jr., Achieving a Better Life Experience Act of 2014 (26 U.S. Code § 529A). Under this Act, PWDs are now permitted to open savings accounts sheltered from the means tests for public assistance. The major defining feature of the Act is the easing of the $2,000 asset limit. Under this new policy, individuals with disabilities can open ABLE accounts and save up to $100,000. Money deposited into their account is not calculated in means tests for social programs, and can be used for education, health and dental care, transportation, housing, employment training, and other expenses associated with living with a disability (H.R. 647, 2015).

This analysis of the ABLE Act has three rationales. First, given its recentness, there is limited research literature written about the Act. Second, since the introduction of the Americans with Disabilities Act of 1990, there has paradoxically been more acknowledgement about the disability population, yet few analyses of polices and procedures that have consequential impact on their lives. Finally, there is a distinct role for stakeholders and advocates to have a greater influence in assisting clients impacted by policies and procedures that have substantial gaps and inequities built within them.

This paper uses Chambers and Bonk's (2013) policy analysis framework to examine the underlying values inherent in the ABLE Act of 2014. The aim of this analysis is three-fold: 1) to provide the historical context around which the ABLE Act was passed by Congress, including a location mapping of its unfolding and current status with regard to its state-to-state implementation; 2) to identify key underlying values of this policy; and 3) to provide practical recommendations about how to better achieve the intended goals of the policy. This paper concludes with a call for disability advocates to become strategically involved in the policy process at an earlier stage.

Method

This analysis utilizes a value-critical approach to analyzing policy. David Gil, in his seminal 1972 article *Theoretical Perspectives on the Analysis and Development of Social Policies*, first suggested the strategy of considering values as a cornerstone unit of policy analysis, as such values have such important political impacts on resource development, status allocation, and rights distributions (Gil, 1972). Building on Gil's work, Martin Rein conceptualized the value-critical method in his 1976 book *Social Science and Public Policy*, where he differentiated it from the value-neutral and value-committed strategies. The former is rooted in a positivist tradition that requires a simplified initial description of a policy's stated goals, which are taken at face value. The aim of that framework is to explore various alternatives to the goals of the policy and assess which alternatives are most likely to be achievable and cost-effective. The value-neutral model is oftentimes used by traditional non-partisan think tanks and government agencies (Rein, 1976).

The value-committed framework validates a policy—or a policy alternative—based on a set of pre-determined principles. This type of analysis is achieved through the presentation of selective arguments and evidence that aligns with the views for which a stakeholder is advocating. Value-committed approaches are often used by interest groups and partisan think tanks. The value-critical model sets itself apart from the former models by producing a critical examination of identified values behind policy goals. In a value-critical policy analysis, the stated goals are not taken at face value, and an analyst, researcher, or stakeholder brings a skeptical questioning to the supposed outcomes of the policy to ensure all possibilities are considered.

Because Rein did not prescribe an exact process for conducting a value-critical policy analysis, scholars have adapted and modified his approach throughout the years. Yanow & Schwartz-Shea (2006) presented a four-step analysis plan built around linguistics. Alternately, Chambers and Bonk (2013) outlined a value-critical approach that incorporated a multi-step, two-tiered analysis that allows for a more comprehensive examination of policy.

Chambers and Bonk (2013) delineated their expanded value-critical framework in their text, *Social Policy and Social Programs: A Method for the Practical Public Policy Analyst*. Their method for critiquing social policies facilitates how to think more strategically and discern the underlying values that eventually drive a policy's development and implementation. This approach allows analysts and stakeholders to move beyond mere description of a policy and arrive at a determination about its utility and appropriateness. It calls on one to consider all parts of a policy and examine how well they mesh together as a whole using a value-based criterion to make observations about its potential goodness-of-fit. Chambers and Bonk described two tiers in their value-critical framework, which combine elements of both value-neutral and value-committed approaches (see Table 1).

To determine the goodness-of-fit, this framework uses three criteria drawn from the field of economics: adequacy, equity, and efficiency. Adequacy is operationalized as a policy or program that meets most of the needs of most of the intended recipients. Equity is defined as a policy or program that considers most of the recipients of the program in the same way, and most people benefit to the same extent. Finally, efficiency is exhibited when the policy or program shows that services can be delivered “with the least cost consistent with quality” (Chambers & Bonk, 2013, p. 2).

Value-Critical Analysis

The following sub-sections employ the value-critical framework to begin describing and analyzing the ABLE Act. Following Chambers and Bonk’s (2013) prescription, this analysis progresses through the steps in Tier 1 before advancing to the steps in Tier 2. Following these two tiers of the initial analysis, recent amendments to the ABLE Act are also discussed as a follow-up.

Tier 1: The Social Problem Context

The steps in Tier 1 require a description of the socio-political context around the policy in question, including: the definition of the social problem, the main ideological perspective, stakeholders, and the causal/historical context. Before moving to the actual policy, it is necessary to explore the known social problems addressed by the current legislation. The Act is not an anti-poverty policy, as it does nothing to address the root causes of poverty for one of the most vulnerable populations in the U.S. Instead, it provides tax advantaged benefits to SSI recipients who are financially capable of building their savings. There is a schism and policy gap here, as such a large percentage of PWDs live below the poverty line and are unable to make ends meet, let alone ‘save their way out of poverty.’ This section defines the current manifest and latent social problems addressed by the Act, as well as the driving ideological perspective that led to passage of the bill, provides a stakeholder breakdown and, finally, provides a causal analysis of the social problem.

1.1 Definition of the social problem. The stated social problem allegedly addressed in the legislative text of the Act is the lack sufficient savings among PWDs. Ideally, such savings should help supplement disability-related expenses incurred by private insurance, Medicaid, and Social Security. A secondary social problem allegedly addressed by the Act is family expenditures for the care of PWDs. Caring for a PWD is expensive and, prior to the Act, there were few institutional structures that permitted families to invest money to help cover their disability-related expenses. This bill addresses this financial hardship through the creation of tax-free investment accounts in which families can save and grow money.

Families caring for a PWD experience financial strain at greater rates than families without a PWD (Park, Turnbull, & Turnbull, 2002). Furthermore, there are currently very few accessible tax-advantaged options for families who wish to save money for PWDs, which could help mitigate some of that financial strain. One existing option for such families is the pooled special-needs trusts. These trusts, however, set up by families caring for PWDs, are fiscally complex and often require costly legal expertise. They also require a trust guardian and legally cannot be self-directed (Sullivan, 2009).

1.2 Main ideological perspective. The driving ideology that eventually led to the passage and subsequent service delivery of the Act is rooted in neoliberal economic policy. Harvey (2007) defined neoliberalism as a "theory of political economic practices proposing that human well-being can best be advanced by the maximization of entrepreneurial freedoms within an institutional framework characterized by private property rights, individual liberty, free markets and free trade" (p. 22). Neoliberal economics have dominated social policy creation in the U.S. since the 1970s (Holosko & Barner, 2013). Caplan and Ricciardelli (2016) outlined the six principles of neoliberalism that have defined many social policy initiatives: (a) the centrality of the individual; (b) freedom of choice; (c) inherent rationality of the individual; (d) self-interest; (e) reliance on the free market to solve social problems and meet human needs; and (f) non-intervention of the state in market affairs.

The tenets of neoliberalism are obvious and deeply engrained in the legislative text and program implementation of the Act. For example:

1. The ABLE Act looks to the individual as the main agent in increasing personal savings opportunities.
2. Under the ABLE Act, states are responsible for setting up their own ABLE account mechanisms, thereby creating market competition by giving PWDs the freedom to choose which programs in which they want to participate.
3. The legislation is predicated on the idea that PWDs are rational actors who will make their own choice to save money in tax-advantaged accounts.
4. As written, the ABLE Act assumes that the targeted stakeholders are inherently capable of making complex financial decisions, such as a choosing which financial risk level is most appropriate for a savings portfolio.
5. A unique social problem at the root of asset insecurity is the high incidence of poverty, particularly among PWDs. The ABLE Act offers PWDs who are experiencing poverty a solution that is market-based (e.g., saving money in an investment account).

6. Legislators initially crafted the ABLE Act in such a way that supports limited state involvement and administration in the intervention, and encourages involvement with private corporations.

1.3. **Stakeholders.** Bryson, Patton, & Bowman (2011) defined stakeholders as persons, groups, or organizations who have a vested interest in an issue. Chambers and Bonk (2013) dichotomized this typology by dividing stakeholders into two distinct clusters—gainers and losers. As such, when policies are created, there are persons, groups, or organizations who stand to gain something (e.g., rights, capital, power, privilege, etc.), as well as persons, groups, and organizations who may lose something. The Act produces many gainers. Recipients of SSI who have families of means who are able to fully take advantage of the Act by maximizing the tax-free savings deposits each year are the so-called gainers. Also, as written, private corporations stand to gain with this bill, as the state-to-state implementation of the Act has led to the formation of many public-private partnerships (PPPs) to manage state-run accounts. These corporations not only charge annual maintenance fees, but they also earn a percentage of the savings deposited into ABLE accounts.

Some stakeholders who will potentially lose more than they gain with this legislation include PWDs (and their families) who are already poor and lack the means to fully take advantage of ABLE accounts. As the growing body of empirical research on savings and asset-building has shown, poor people do not participate in tax-advantaged savings programs at the same rates as middle- to upper-class families (Mettler, 2011; Schreiner & Sherraden, 2005). For that reason, subsidized savings programs that use tax incentives to spur participation, such as retirement accounts, 401(k)s, and 529 College Savings Accounts, are regressive, as they disproportionally benefit people of means.

1.4. Causal analysis and historical context. In order to understand some of the causal explanations for the lack of savings among SSI recipients, one must look to the historically high poverty rates among PWDs, historical societal contempt for public welfare schemes, and the institutionalization of neoliberal economic polices. People with disabilities are five times more likely to experience poverty than people without a disability (McDonald, Conroy, & Morris, 2015). According to data from the 2013 American Community Survey, 28.7% of working-age U.S. civilians with disabilities live in poverty, compared to 14.6% of working-age individuals without a disability (Siordia, 2016). A 2005 study from the National Organization on Disability found that the poverty rate among PWDs of all ages was 34%, which is more than double the national poverty rate of 12.7% (Ball, Morris, Hartnette, Blanck, 2006). It follows that individuals living at or below the poverty line have very little additional income to set aside for savings.

Another plausible explanation for the lack of savings among SSI recipients is the generally contemptuous manner in which public welfare is nationally regarded. Welfare in the U.S. can broadly be divided into three main categories: education programs, safety net programs (i.e., SSDI), and means-tested programs for the poor (i.e., SSI, TANF, SNAP, etc.). Of these three categories, means-tested programs for the poor have experienced the most drastic cuts over the past four decades (Hansen, Bourgois, & Drucker, 2014). This retrenchment in public aid spending has coincided with the continuous rise of neoclassical economic policies. For SSI recipients, spending cuts occurred in the form of reduced Cost of Living Adjustments (COLAs). From 1970-2016, COLA rates have steadily declined each decade. Historically, when inflation outpaces COLA rates, recipients have less buying power, and as such are less able to save additional funds (Samuelson & Solow, 1960).

Tier 2: Policy Analysis

The steps in Tier 2 require an examination of five mutually exclusive areas of a policy, which form the analysis plan. These five areas include: 1) goals and objectives; 2) eligibility rules; 3) forms and benefits of services; 4) administration and service delivery; and 5) financing.

2.1. Goals and objectives. The stated goals of the Act of 2014 are twofold: 1) to encourage and assist individuals and families in saving private funds for the purpose of supporting individuals with disabilities to maintain health, independence, and quality of life. 2) to provide secure funding for disability-related expenses on behalf of designated beneficiaries with disabilities that will supplement, but not supplant, public benefits (i.e., Medicaid, Supplemental Security Income, etc.). To achieve these goals, lawmakers structured ABLE accounts to mirror the 529 College Savings Accounts. These savings accounts are tax-advantaged savings plans designed to encourage saving for future college expenses, and they allow participants to invest money in accounts similar to the well known 401(k). Earnings in 529 Accounts are not taxed by the federal government when used for educational expenses (Securities Exchange Commission, 2017). In theory, structuring ABLE accounts this way should provide incentives for SSI recipients and families caring for PWDs to increase their savings action due to the tax benefits of the 529 tax structure.

While the Act clearly specifies goals for the program, it lacks clearly formulated objectives for how these goals will be achieved. As one would assume, this is problematic for determining program efficiency. To know whether a program is achieving its goals efficiently, there must be identified measurable outputs and outcomes (McLaughlin & Jordan, 2004). To measure outcomes, a policy must have defined objectives that are quantifiable. This lack of clearly formulated objectives makes any systematic evaluation of the Act subjective and unclear on whether or not the policy is successful. While the goals of the Act do align well with the social problems identified by lawmakers, having no objectives is indeed a major flaw. These essential evaluation standards should be clear, measurable, and made public so that stakeholders may evaluate the effectiveness of the program. In this regard, the policy goals and objectives are inadequate and pose an unquestionable gap in this bill.

In an appraisal of the equity of the goals and objectives, it is notable that the bill has the potential to disadvantage some of the intended stakeholders. Previous research on 529 Accounts show they are regressive, as they benefit families in higher income brackets by allowing them to shelter additional income (Dynarski, 2004). Sherraden (2001) also found in his research on asset-building that poor people rarely participate in savings programs unless direct subsidies (i.e., seed deposits, matched savings, or automatic enrollment) are combined with indirect subsidies (i.e., tax benefits), none of which are included in this legislation, which again is an obvious gap in this current bill.

2.2. Eligibility rules. As with any social policy and program, there are eligibility rules that participants must meet to qualify to open an ABLE account. Participation currently is limited to the following:

1. Individuals with medically-determined significant disabilities with an age of onset of disability before turning 46 years of age; and
2. Individuals who meet Social Security's definition and criteria regarding significant functional limitations that is verified via a letter of certification from a licensed physician.

These rules form the minimal and basic inclusion/exclusion criteria for the administrative guidelines of program participation. Administrators of ABLE accounts do not have discretion over these federal eligibility rules, and must apply them equally to all applicants.

The eligibility rules of the Act only partially address the social problems defined in the policy. The stated age cap limits participation of individuals who experience a disabling condition that onsets after turning 46 years of age, thereby rendering the eligibility rules inadequate by not reaching all of the intended stakeholders outlined in the program goals. This age limit further diminishes the equity of the ABLE program, as the proportion of people who are injured at work or who experience an age-related disability after age 46 are excluded from participation. Although the adequacy and equity of the eligibility rules are clear, the inclusion/exclusion criteria are stringent and, by any social welfare measure, not equitable.

2.3. Forms and benefits of services. The Act does not offer a hard benefit (e.g., income transfers, vouchers, etc.) for PWDs, but instead amends Section 529 of the Internal Revenue Code to create the tax structure for state designated 529-ABLE Accounts (or 529-A). This legislation also offers several identified benefits for account holders. While contributions to qualified accounts are not tax deductible, earnings in ABLE accounts are not subject to federal or state tax when spent on qualified disability expenses (e.g., healthcare, transportation, housing, etc.). One other central benefit is favorable treatment of certain means-tested federal program recipients through the easing of specified asset limits. Specifically, recipients of SSI can have no more than $2,000 in personal assets to continue receiving benefits. This amount has not been changed or adjusted for inflation since 1989 (Burke, Goldberg, & Lang, 2016). Under current legislation, ABLE account holdings of up to $100,000 are not counted in the determination of program eligibility for means-tested programs. There is, however, an annual contribution limit of $14,000 that cannot be exceeded.

The fact that ABLE accounts are modeled on the 529 College Savings Accounts is important because it presents some challenges against the policy's inferred adequacy and equity. Some critics of the Act argue that there is no true parity between 529 and 529-A Accounts due to a rider in the bill referred to as the "pay back rule." If an an ABLE account owner passes away, the money in their savings account goes to the state, so they can recoup any Medicaid expenses that have accumulated. This is a markedly different approach than the 529 College Savings plans, which have no pay back rule to repay educational expenses upon the death of an account designee (Dale, 2013). Additionally, some empirical research has shown that low-income individuals do not participate in savings programs without external mechanisms incentivizing utilization, such as automatic enrollment, seed deposits, and savings matches (Nam & Sherraden, 2008; Schreiner et al., 2005; Sherraden, 2001).

2.4. Administration and service delivery. In keeping with ubiquitous neoliberal principles, the Act devolves the administration of ABLE accounts to the states—and private corporations—and in doing so, creates market competition among account administrators. Instead of creating a centralized federal ABLE system, the legislation provides the scaffolding for how ABLE programs could be corporatized as they are administered at the state level. States can choose to sub-contract with other states to offer ABLE accounts for their residents via joint agreements or memorandums of understanding. For example, Georgia entered into a contract with Ohio to manage Georgia's ABLE program. Residents can also choose to take part in ABLE accounts from different states, thus ABLE programs are not currently based on residency.

Language within the Act also opens up the possibility for states to partner with private corporations acting on behalf of the host state to administer and manage the ABLE accounts. At the end of 2017, 29 states had active ABLE programs for residents with disabilities. All but two of these programs were managed through PPPs. Louisiana and Tennessee opted to incorporate publically-run ABLE programs. Additionally, among these 29 states, 48% have ABLE programs that are managed by same private company (see Table 2). The current structuring within the ABLE Act that allows for the proliferation of PPPs is an attempt to ideally provide more cost-effective and efficient administration and implementation. The irony, however, is the structured imbalance of state-wide performance and equity. There is nothing in the final policy regarding regulations for the PPPs, which leaves the cost of ABLE accounts up to agreements between the states and the program account managers. This could potentially have have an adverse impact on account holders, as private corporations who are in the business of profit making are put in charge of welfare provisioning.

2.5. Financing. While there are no direct expenses incurred by the government for the ABLE Act, there are some indirect expenses. The Congressional Budget Office (CBO) estimates that the Act will increase direct spending by $1.2 billion over the 2015-2024 period. Additionally, the Joint Committee on Taxation (JCT) estimates that the Act will decrease tax revenues by $0.9 billion over the 2015-2024 period. The $1.2 billion direct spending is mostly accounted for by the increased number of case management hours that are necessary to monitor the ABLE program compliance and enroll new members. The combination of direct spending and reduced revenue will add $2.1 billion to the projected deficit from 2015-2025.

Latest ABLE Amendments

Since the Act was signed into law in 2014, there have been three amendments passed by Congress. In 2016, the Senate and the House of Representatives simultaneously introduced a package of amendments aimed at addressing some of the identified gaps in the initial policy. The ABLE Age Adjustment Act (S. 2704/H.R. 4813) raised the age limit for account eligibility from age 26 to age 46. The ABLE Financial Planning Act (S.2703/H.R. 4794) permits the rollover of 529 College Savings Account funds to 529-A Accounts without any penalty. And finally, the ABLE Work Act (S.2702/H.R. 4795) increased the annual contribution cap from $14,000 to $25,770 for SSI recipients who maintain full- or part-time employment.

Policy Recommendations

As an anti-poverty effort, the Act falls short. If, however, the stated goal of lawmakers is to increase savings and assets among SSI recipients, the Act and its amendments are indeed a step in the right direction. Although, in order to fully realize the goals of the policy, there are some recommendations that could increase the effectiveness of the legislation, and position SSI recipients in a better place to set aside reserve funds. In order to strengthen the Act and ensure that the policy is more equitable, adequate, and efficient for all consumers, the following six recommendations are constructively offered.

1. Amend the ABLE Act to Create Parity

As written, the 529 College Savings Accounts and 529 ABLE Accounts are treated differently, despite having similarly stated goals (i.e., to increase savings). The only difference here are the intended stakeholders (i.e., college students vs. SSI recipients). In order to make the Act more equitable, Congress should amend the policy to increase the parity between the two programs. This could be accomplished by eliminating the “pay back rule” added to the final version of the Act. The “pay back rule” was written to help states recoup some of the expenses associated with providing support for PWDs, but families of students with 529 College Savings Accounts are not expected to pay back the state upon the death of the student for any expenses incurred from educational subsidies. Thus, this creates an added and unnecessary inequality.

2. Amend the ABLE Act to Mandate Financial Education

It has been well-documented in the extant literature that offering financial education alongside tax-advantaged savings opportunities is positively correlated to increased savings among low-income households (Schreiner et al., 2007; Sherraden, 1991; Sherraden, 2001, Sherraden, Scanlon, Adams, Beverly, & Schreiner, 2005). Financial education has been found to be the single-most common strategy for increasing one’s ability to act, as it is associated with increased levels of financial confidence and thinking about the lifetime growth of one’s assets—i.e., future orientation (Sherraden & McBride, 2010; Xu & Zia, 2012). Congress should amend the Act to require states to offer some kind of mandatory financial education for ABLE account owners. This would also serve as a recommendation based on evidence, which would increase its credibility to all stakeholders.

3. Amend the ABLE Act to Introduce Institutional Savings Incentives

Institutional incentives, such as automatic enrollment and seed deposits, have also been empirically shown to increase savings among poor people (Nam, Huang, & Sherraden, 2008; Schreiner et al., 2007). Canada instituted The Canada Disability Savings Grant (CDSG) as component of their Registered Disability Savings Plan (RDSP). The CDSG is a matched grant which the government pays into the RDSP to help incentivize PWDs to save. These grants pay up to 300%, depending on the beneficiary's family income and contribution. The maximum grant amount is $3,500 per year, with a limit of $70,000 over the lifetime of the recipient (Stienstra, 2017). Therefore, Congress should amend the Act to provide creative institutional incentives, similar to the CDSG in Canada, to encourage and help SSI recipients to better save money.

4. Amend the ABLE Act to Eliminate Age Cap

Currently, in order to be eligible to open an ABLE account, an account owner must have a disability that was onset by age 46. This age is medically arbitrary and is presumably derived from the concern that increasing the age limit would increase programmatic costs, as reported by the CBO (H.R. 1205). The cost of increasing the age limit is uncertain though, as the cost would be in the form of indirect expenses through the loss of taxable revenue. This is not different from expenses incurred by other tax-advantaged savings plans, which experience much larger participation rates. This provision in the Act excludes workers who become disabled between the ages of 46-65, prior to reaching retirement age. Congress should amend the Act to increase the age cap to 65 years old.

5. Amend the ABLE Act to Add an Evaluation Component

Many new federally created pilot programs do not contain evaluation protocols (Chambers & Bonk, 2013). As such, the Act contains no provisions for a systematic assessment of efficacy or cost. Because many of the recommendations that could strengthen the ABLE are tied to program success and require additional funding, it is paramount that Congress know how ABLE accounts are performing, as well as the the total for the actual indirect costs. Furthermore, because of the mixture of PPPs and state-run ABLE programs, an evaluation of the differences between the two would be beneficial for lawmakers and stakeholders. The lack of clearly defined objectives within the legislation make evaluation much more difficult. Congress should amend the Act to create specific programmatic objectives and establish a protocol for accountability and evaluation of the effectiveness and costs of ABLE programs.

6. Amend the ABLE Act to Establish Regulations for Public Private Partnerships

The Act was originally written in such a way that allows states to partner with private corporations to manage the ABLE programs. This has led to the creation of many PPPs. There are currently no regulations in place that control the fees and percentages charged by the private corporations who partner with states, thus decreasing any consumer protection from the federal government. Congress should amend the Act to include regulations regarding fee caps and limits to percentage-based charges to enhance consumer protection and boost overall investment confidence.

Practice Recommendations

The current policy is but a partial answer to the financial issues of PWDs identified by lawmakers. The resultant legislation is a prime example of how the tenets of neoliberalism, particularly the economic manifestations of that ideology, have permeated U.S. social policy. With this bill, the responsibility to save money and attempt to pull oneself out of poverty is placed solely on the PWD instead of the state institutions. Furthermore, the PWD is expected to have the necessary knowledge to utilize the free market to maximize their savings, to act rationally in all financial matters, and assess the risks associated with investments, all without the aid of the government. For those reasons, the Act holds great potential to be regressive, as PWDs who come from families of means will undoubtedly have more access to available resources. These resources could be financial, but they might also include less tangible means, like financial education, personal support networks, financial socialization, and access to financial planners.

Additionally, the two most prominent social issues facing PWD today are poverty and access to medical care (Groce, 2004). In most instances, these are interrelated. The current legislation does very little to address either of those issues. While the Act effectively eases asset limits for SSI recipients, there are still stringent annual income limits that present as a disincentive for PWDs to enter the workforce. Recipients of SSI who work and make more than the Federal Benefit Rate are at risk of becoming ineligible for SSI, thereby perpetuating a continuous cycle of poverty among many in this sub-population. Healthcare for PWDs is an issue that is intrinsically linked to poverty. Many PWDs do not apply to become SSI recipients for the insufficient benefits check, but rather because it gives them automatic access—by default—to Medicaid (Coughlin, Long, & Graves, 2008). Therefore, the threat of losing SSI eligibility due to entering the workforce is tied to the larger, and the sometime more disastrous threat of losing healthcare. The fact that these issues are not satisfactorily addressed in this legislation is not the problem, but rather a symptom.

Advocates are oftentimes ineffectual in producing real change because they enter the process after the policy formulation (Holosko & Au, 1996). In the case of the Act, many families, lawmakers, and PWDs have raised concerns since its enactment that attempt to amend the original legislation to account for perceived shortcomings within the bill. For example, the two most prominent issues for PWDs—poverty and access to healthcare—still loom large in the U.S. overall and continue to remain unaddressed. These issues may have been mitigated had advocates and stakeholders been involved more on the front end when the policy was identified and created. This article concludes with a section on strategies in which advocates for policies that impact PWDs can affect change prior the point of policy implementation, rather than fighting an uphill battle to modify policy after it is already made.

In order to strategize change more efficiently, Holosko and Au (1996) contend that advocates should enter the policy process at the early stage of "problem definition" in order to help steer the policy interventions. In their policy advocacy model, they outline five sequential steps that advocates can take to get involved during the critical problem definition phase of policy formulation. These include: 1) targeting the social problem. 2) identifying the causes of the problem. 3) identifying the stakeholders. 4) identifying the values and ideologies. 5) identifying policy gaps. Using their framework and the ABLE Act as an example for how advocates can strategize change more efficiently, it becomes clear that advocating at the problem definition stage can be more impactful than ex post facto. These five steps applied to the ABLE Act are:

1. Targeting the social problem involves accurately identifying the social issue. The schism between how policymakers and advocates define social problems is a perineal dispute. With consideration to the Act, policy makers missed the mark in accurately identifying the precise social issue. Broader advocacy during the beginning stages of the Act development would have resulted in broader intervention options that are more equitable and adequate.
2. Identifying the causes of the problem involves looking at both perceived problems and real problems. The perceived problems identified in the Act by lawmakers was a lack of savings among SSI recipients. The solution for them, therefore, was to create a savings mechanism that would incentize recipients to save more. The real problem, which was not addressed by this bill, is the disproportionate poverty rates among SSI recipients. Advocates could have helped shaped the conversation around this early on with insight on the real issue of poverty.
3. Stakeholder identification—both individual and organizational—is a critical part of the policy process, and should also be accomplished during the policy formulation process. Too often, stakeholder identification is left to policy analysts, who identify

stakeholder implications after the fact. This leads to conflicts that arise in the wake of intentional and unintentional discrimination. The Act was passed without full consideration of the manifest stakeholders (i.e., SSI recipients), thus forfeiting many of the benefits of the bill to the latent stakeholders (i.e., private corporations, PWDs who come from families of means, etc.).

4. As David Gil suggested in 1972, values must underpin every policy transaction. Accordingly, identifying all values and ideologies that drive the policy solution before a policy is formulated can help advocates steer the intervention in a direction that is more equitable, adequate, and efficient for the target population. The identified solutions posed in the Act are currently driven by pervasive neoliberal ideology. Advocates would have had a better chance of diverting these efforts on the front end, as opposed to after the fact, when the ideology has already been institutionalized.
5. Finally, advocates should help identify all policy gaps for legislators in ways that define the actual gaps, instead of just those gaps perceived by lawmakers. The legislators responsible for the ABLE Act, as well intentioned as they may have been, were uninformed as to the actual policy gaps.

These steps are in line with two of the four phases in what Sherraden (2000) identified as the stages of policy innovation. However, in addition to identifying and defining the social problem, and shaping the terms of the policy debate, Sherraden suggested going further. The next steps for effective policy change and innovation, he contends, must also include networking in the policy arena and building coalitions to support policy innovations. This effort includes strategic partnering with public and/or private entities that have influence in the policy world, like think tanks, private foundations, and like-minded members of Congress.

Conclusion

Every policy has the potential to be strengthened via legislative action, though few are amended as quickly as the ABLE Act. Given the relative newness of the Act, it was encouraging to note the willingness to continue to amend its requirements as this bipartisan bill evolves. This iterative growth will certainly not be without its challenges as the bill continuously develops on the national and state levels. Hopefully, the federal legislative scaffolding for funding the Act will continue and be driven by assessments of its efficacy as improvements are made. Similarly, the state administration of the Act will hopefully continue to target those PWDs who have been historically placated and not well supported by proactive policies. With any luck, at the policy level, this positive stepwise process of evaluation, amendment, and quality assurance—to the best of its political ability—will not cease to continue in the future.

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Table 1

Two Tiers in the Chambers and Bonk (2013) Value-Critical Policy Analysis Framework

Tier 1 *Social Problem Context*	Tier 2 *Policy Analysis*
Describe: • Definition of social problem • Main ideological perspective • Selected stakeholders • Causal analysis and historical context	Analyze: • Goals and objectives • Eligibility rules • Forms and benefits of services • Administration and service delivery • Financing

Table 2

State Implementation of ABLE Programs and Public-Private Partnerships (PPP)(N=29)

State	Program Administrator	
Alabama	First National Bank of Omaha (Nebraska)	PPP
Alaska	Ascensus College Savings Recordkeeping Services	PPP
Colorado	Ascensus College Savings Recordkeeping Services	PPP
D.C.	Ascensus College Savings Recordkeeping Services	PPP
Florida	The Northern Trust Fund	PPP
Georgia	Intuition ABLE Solutions	PPP
Illinois	Ascensus College Savings Recordkeeping Services	PPP
Indiana	Ascensus College Savings Recordkeeping Services	PPP
Iowa	Ascensus College Savings Recordkeeping Services	PPP
Kansas	Ascensus College Savings Recordkeeping Services	PPP
Kentucky	Intuition ABLE Solutions	PPP
Louisiana	**Louisiana Office of Student Financial Assistance**	**Public**
Massachusetts	Fidelity Investments	PPP
Michigan	TSA Consulting Group	PPP
Minnesota	Ascensus College Savings Recordkeeping Services	PPP
Missouri	Intuition ABLE Solutions	PPP
Montana	Ascensus College Savings Recordkeeping Services	PPP
Nebraska	First National Bank of Omaha (Nebraska)	PPP
Nevada	Ascensus College Savings Recordkeeping Services	PPP
New York	Ascensus College Savings Recordkeeping Services	PPP
North Carolina	Ascensus College Savings Recordkeeping Services	PPP
Ohio	Intuition ABLE Solutions	PPP
Oregon	Sumday Administration, LLC (Bank of NY Mellon)	PPP
Pennsylvania	Ascensus College Savings Recordkeeping Services	PPP
Rhode Island	Ascensus College Savings Recordkeeping Services	PPP
South Carolina	Intuition ABLE Solutions	PPP
Tennessee	**Tennessee Department of Treasury**	**Public**
Vermont	Intuition ABLE Solutions	PPP
Virginia	Virginia529 College Savings Plan	PPP

CHAPTER 3

A PATH ANALYSIS ASSESSING FINANCIAL CAPABILITY AMONG PEOPLE WITH DISABILITIES: IMPLICATIONS FOR SOCIAL WORK PRACTICE[2]

[2]McGarity, S. V., To be submitted to *Journal of Poverty*.

Abstract

Using secondary data from the Financial Industry Regulation Authority's 2015 National Financial Capabilities Study, this study used path analysis to test Sherraden's (2013) theoretical model of financial capability on a nationally-representative sample of people with disabilities (PWDs). This included assessing how variables of ability (i.e., financial literacy) and variables of opportunity (i.e., financial inclusion) combine to improve one's financial well-being and stability. Multiple fit indices suggested that the data fit the path model well: $\chi^2 = 37.73$ (14), $p = 0.001$, RMSEA = 0.04 (90% CI: 0.03–0.05), TLI = 0.97, CFI = 0.99. This study found that financial literacy and financial access both impact the financial well-being and stability of a sample of people with disabilities ($N = 1{,}232$). Additionally, access to financial products served to moderate financial literacy to increase its impact on financial well-being. This study empirically substantiated the selected financial capability framework by Sherraden (2013). Additional research is recommended to further explore variables that had the strongest impact. Implications of this study are targeted toward social work researchers and practitioners.

Keywords: financial capability, financial literacy, financial skills, people with disabilities

Introduction

The U.S. Consumer Financial Protection Bureau (2015) defines financial well-being as, "a state of being wherein a person can fully meet current and ongoing financial obligations, can feel secure in their financial future, and is able to make choices that allow them to enjoy life" (p. 8). Recently in the U.S., financial well-being and stability have been gaining more attention from both policy makers and social work researchers, as de-regulation and neoliberal ideology has permeated the financial sector, resulting in marginalization for many poor and/or vulnerable families and individuals (Calomiris, 2006). For instance, many low-income individuals are becoming increasingly marginalized through declining levels of financial literacy and decreased access to adequate financial products, such as bank accounts, credit, and secure insurance products (Carbo, Gardener, & Molyneaux, 2007).

The effects of this increasing economic marginalization are even more pronounced among the disability population, as people with disabilities (PWDs) are five times more likely to experience poverty than people without a disability (McDonald, Conroy, & Morris, 2015). Current statistics estimate that PWDs represent 19% of the U.S. population, or 56.7 million citizens (Census, 2017). In addition to limited financial literacy and lack of access to financial products, many PWDs face additional institutional and structural obstacles, such as the limits placed on asset accumulation by means-tested public welfare programs (Kaye, 2010). These individuals are often left with very few options to save money, provide secure payments, and weather unpredictable economic downturns. Increasing one's financial capability (FC) has emerged as one of the preferred interventions among social justice advocates for addressing these low levels of financial well-being and stability among all vulnerable populations (Birkenmaier, Aranda, Applebaum & Norman, 2017; Sherraden, 2013).

Background

The concept of improving FC for marginalized groups as a strategy to offset poverty is relatively recent among vulnerable U.S. sub-groups. The retrenchment of social provisioning and continuously dwindling financial regulations have contributed to increased levels of financial instability internationally (Lennartz & Ronald, 2017). Historically, FC surfaced globally—first in developed countries and later in developing countries—as an intervention for increasing financial well-being in the wake of this declining government-managed public welfare systems and de-regulation (Xioa, Chen, & Sun, 2015).

Financial capability has been variously described across academic disciplines. Taylor (2011) defined FC as an individual's ability to manage and take control of their personal finances. Xiao, Chen, & Chen (2014) defined it as the ability to apply appropriate financial knowledge and perform desirable financial behaviors to achieve financial well-being. These definitions fail to adequately take into account structural influences outside of the person, and suggest that FC is mostly accounted for by one's financial knowledge and skills. As such, these limited definitions place a large amount of responsibility on the individual, and are in opposition to the person-in-environment (PIE) approach, which has long been considered to be one of the hallmarks of current social work practice (Karls, 1994; Lee & Hudson, 2017).

Recent definitions of FC in social work are more nuanced and are often aligned with a social justice perspective. Sherraden et al. (2015) defined FC as one's ability and opportunity to increase their financial well-being. The addition of the word 'opportunity' to this definition places balance on other circumstances of an individual's life, as well as their knowledge and skills. Sherraden (2013) further contended that at least two conditions must be in place in order to build one's FC: 1) increased financial literacy, which is comprised of financial knowledge and skills; and 2) improving financial opportunity by increasing one's access to sound financial products and services. Accordingly, research on FC should not only examine individual factors, as emphasized in neoclassical economic theory, but must also consider how factors of opportunity impact one's financial well-being.

One of the major predictors of one's financial ability identified in the extant literature is financial literacy (Crossan, 2011). Financial literacy, as defined by the The Financial Literacy and Education Committee (2006), is possessing the necessary skills and knowledge on financial matters to confidently take effective actions that best fulfill an individual's personal, family and global community goals. In response to weakening financial consumer protections and growing financial market options, individuals are expected to take more proactive roles in the complex management of their own personal finances (Lusardi & Mitchell, 2007). Despite the identified need for financial literacy training, currently less than one-third of U.S. adults have received any kind of financial education or skills training in high school, college, or on the job (FINRA, 2016). Moreover, U.S. adults consistently score lower on financial literacy measures (National Council on Economic Education, 2005).

Further complicating decreasing levels of financial literacy are barriers to financial opportunity. This relates to how much institutional inclusion a person experiences in existing financial organizations or structures. Dev (2006) defined financial inclusion as the delivery of banking services at affordable costs to disadvantaged and low-income groups. This includes checking accounts, savings accounts, investment accounts (e.g., 401ks, Individual Retirement Accounts, etc.), basic insurance products, and credit.

Because FC is a relatively recent area of social work research, it is still evolving and experiencing ongoing iterative changes. Many of these changes have evolved out of the current constructive criticisms of the existing and varying perceptions held by individuals about what the notion of FC really is, or what it truly encompasses. Russell, Bowman, Banks, & Silva (2017) argue that because FC is comprised of multiple overlapping concepts (e.g., financial well-being, financial stability, financial literacy, financial inclusion), it is difficult to measure accurately and reliably across individuals. These scholars thus call upon social behavioral researchers to push for increased distinctions between the underlying concepts. Additional recent critiques have focused on: 1) the rather simplistic definitions of FC (e.g., a person may be capable of day-to-day financial activities, but are not very future oriented); 2) the conflation of well-being and FC;

and 3) the idea that capable behaviors do not present as solutions to ending one's poverty in and of themselves (Buckland, 2017; Kempson, 2017; Noone, 2017).

Objectives

This study has three rationales. First, over the past five years, qualitative and quantitative social and economic research around FC has experienced exponential growth within the academic literature. A recent keyword search using the terms financial capability and financial capabilities across five common abstracting and indexing databases (i.e., MEDLINE, PsychINFO, ERIC, SocioAbstracts, and ProQuest) of peer-reviewed journal titles exemplify this growth. In the 41 years from 1970 to 2011, these identified keywords produced a total of only 82 results. In the five years between 2012 and 2017, however, that number increased to 423, thus demonstrating this noted trend. Second, FC has been examined in the academic literature across multiple sub-populations, including youth, Millennials, single mothers, elderly, the poor, college students, and various ethnicities (Collins and Zollman, 2010; Friedline & West, 2016; Gutter, Copur, & Garrison, 2010; Johnson & Sherraden, 2007; Melhuish, Belsky, & Malin, 2008). Despite the volume of literature examining FC in a variety of sub-populations, very few studies have assessed FC among PWDs, particularly within the field of social work. Finally, recent developments in U.S. social policy (e.g., the ABLE Act of 2014) have placed a greater urgency on understanding how FC among PWDs can help increase their financial well-being and stability.

Study Purpose

The purpose of this study is to assess the influence of individual and institutional factors of FC among a sample of PWDs in an effort to better inform this growing body of research. Using Sherraden's (2013) theoretical framework for FC (see Figure 1), these variables will be tested using a nationally-representative secondary data sample of PWDs. Sherraden theorized that financial literacy, in conjunction with increased access to mainstream financial products, will likely result in higher levels of financial stability and well-being.

This study explores the relationships among FC factors that may influence one's financial well-being and stability. The overall question driving this study is, "what individual and institutional factors of FC have the most influence on financial stability and well-being for PWDs?" The study hypotheses are:

H_1: Financial literacy is a factor that mediates the effects of economic socialization on the financial well-being and stability of PWDs.

H_2: Financial literacy is factor that will have a positive effect on the financial well-being and stability of PWDs.

H_3: Access to financial products, namely checking, savings, credit, and credit cards, are factors that will have a positive effect on the financial well-being and stability of PWDs.

H_4: Access to financial products will moderate the effects of financial literacy on the financial well-being and stability of PWDs.

Methods

This study uses the 2015 National Financial Capabilities Study (NFCS) to test the variable relationships in Sherraden's (2013) theoretical framework. The 2015 NFCS is a nationally representative survey commissioned by the Financial Industry Regulation Authority (FINRA) Investor Education Foundation. The NFCS was conducted through a partnership between the U.S. Department of the Treasury and the Advisory Council on Financial Capability, and is free and open to use for non-commercial personal, professional, and academic research.

Data Collection

The 2015 NFCS surveyed 27,564 U.S. adults, with around 500 respondents per state, plus the District of Columbia. Data in the NFCS were collected from June, 2015-October, 2015. Respondents were recruited online using non-probability based quota sampling and were offered an incentive for survey completion. The survey was administered online and weighted to be proportionately representative of the U.S. general population based on data from the U.S. Census Bureau's American Community Survey (ACS). The sample for this study consisted only of participants who were considered to have a permanent disability, which represented 4.4% of adult respondents ($N = 1,232$). Disability status was determined by respondents who self-reported they were "permanently sick, disabled, or unable to work," in response to the question, "which of the following describes your current employment or work status?"

Socio-Demographics

The NFCS collected data from respondents who were over the age of 18 and asked them to categorize their age into one of seven categories. These ordinal age ranges included: 18-24 (3.1%); 25-34 (7.6%); 35-44 (15.7%); 45-54 (32.9%); 55-64 (36.5%); and 65 and over (4.1%). Of the $N = 1,232$ participants, most were female (59.6%) and white/non-Hispanic (75.4%). The majority of respondents also made less than $15,000 (39.3%) or between $15,000 - $24,999 (25.7%). With regard to their education, 7.1% reportedly did not graduate from high school, 34.1% were high school graduates, 47.1% reportedly attended some college, 8.9% held a bachelor's degree, and 2.8% held a graduate degree.

Measures Used

The measures for this study were empirically based on Sherraden's (2013) theoretical framework, and included: economic socialization, financial literacy (knowledge and skills), and variables of financial access (i.e., checking account status, savings account status, credit card ownership status, and credit rating). The endogenous variable, financial well-being and stability, is a composite based on groupings developed by Birkenmaier & Fu (2016). Following is the description for each of these measures.

Economic socialization. Here, respondents were asked, "Did you receive financial education from a caregiver?" Responses were "Yes" or "No."

Financial literacy. Participants responded to a 6-question financial literacy quiz. This measure was a percentage of the number of correct answers. Possible scores included: 0%, 17%, 33%, 50%, 67%, 83%, and 100%. A Likert-type scale was created from 1-7 for coding these responses.

Access to financial products. This measure consisted of four different variables, including whether or not the respondent owned a checking account, savings account, and/or credit cards. These responses included "Yes" or "No." Additionally, respondents were then asked, "How would you rate your current credit rating?" Responses for this included "Very bad," "Bad," "Average," "Good," or "Very good."

Socio-demographic measures. The selected socio-demographic variables of this study were: age, gender, race/ethnicity, annual household income, and education.

Financial well-being and stability. Financial well-being and stability was measured using five inter-related variables: 1) current banking status; 2) spending/income ratio; 3) response to the question, "Are you confident you that you could come up with $2,000 if an unexpected need arose within the next month?" 4) retirement plan status; and 5) response to the question, "Have you set aside enough emergency or rainy day funds to cover expenses for 3 months, in case of sickness, job loss, economic downturn, or other emergencies?" Each variable was re-coded to “Yes” or “No.” A Likert-type scale was created from 1-5 for coding these responses.

Data Analysis

This study was approved by the Institutional Review Board (IRB) as the University of Georgia on June 7, 2017. Socio-demographic data assessing factors that influenced financial well-being and inter-item correlations were analyzed using SPSS 20 (IMB, 2003). Path analyses were conducted in MPLUS 8 (Muthen & Muthen, 2007), with the use of survey data weights provided in the NFCS sampling strategy. A path model examined factors of FC that influenced the overall financial well-being and stability among PWDs, including financial socialization, financial literacy, and access to financial products.

Procedures Used

Sherraden’s (2013) conceptual model for FC, derived from social work literature, was used to develop the mediating-moderating path model in order to test the four hypotheses. The dataset from the NFCS was first tested against the proposed path model for adequacy (i.e., goodness-of-fit). Multiple fit-indices were examined to determine the adequacy of these data for this model, including the Root Mean Square Error of Approximation (RMSEA), the Tucker-Lewis Index (TLI), and the Comparative Fit Index (CFI) (Muthen & Muthen, 2007; Okech, McGarity, Hansen, Burns, & Howard, 2017). In order to determine if the model was substantiated by the data, acceptable model fit was established across multiple fit indices. The thresholds for model fit across these major indices have been well-established in prior research, and include: 1) RMSEA ≤ 0.08; 2) TLI ≥ 0.90; and 3) CFI ≥ 0.90 (Chen, 2007; Hu & Bentler, 1999; Olobatuyi, 2006).

Results

Multiple fit indices indicated that the data fit the path model well: $\chi^2 = 37.73$ (14), $p =$ 0.001, RMSEA = 0.04 (90% CI: 0.03–0.05), TLI = 0.97, CFI = 0.99. The socio-demographics of financial literacy for the sample are presented in Table 1. Initial Chi-square analysis revealed that PWDs were more likely to have higher levels of financial literacy the older they got, $\chi^2(6) =$ 30.38, $p = .005$. Males with disabilities also had significantly higher levels of financial literacy than females with disabilities, $\chi^2(2) = 36.26$, $p = .001$. Differences in ethnicity were shown to also be significant, as white/non-Hispanic respondents were more likely to have higher levels of financial literacy than non-white respondents, $\chi^2(2) = 19.66$, $p = .001$. Financial literacy was not found to change significantly across annual household income levels, although it did increase with level of education, $\chi^2(12) = 118.19$, $p = .001$.

Similarly, associations between socio-demographics of participants and financial inclusion are presented in Table 2. Bivariate analyses showed no significant differences for financial inclusion within the age categories. Males with disabilities were significantly more likely than females with disabilities to have access to financial products, $\chi^2(2) = 8.32$, $p = .016$, as were respondents who were white/non-Hispanic, $\chi^2(2) = 6.40$, $p = .04$. In the sample, access to financial products also significantly increased with income, $\chi^2(14) = 145.98$, $p = .001$, and level of education, $\chi^2(8) = 47.52$, $p = .001$.

Path Analyses

The null hypothesis for this study was: H_0: The total effects of financial socialization, financial literacy, and financial access do not impact the financial well-being and stability of PWDs. Thus, the four alternative hypotheses being tested with this model were: H_1: Financial literacy is a factor that mediates the effects of economic socialization on the financial well-being and stability of PWDs. H_2: Financial literacy is factor that will have a positive effect on the financial well-being and stability of PWDs. H_3: Access to financial products, namely checking, savings, credit, and credit cards, are factors that will have a positive effect on the financial well-being and stability of PWDs. H_4: Access to financial products will moderate the effects of financial literacy on the financial well-being and stability of PWDs. The significance level for accepting the alternative hypotheses was set at $p < .05$ (Fisher, 1925).

Table 3 presents the inter-item correlations. Figure 2 shows the final path model used to empirically test Sherraden's (2013) framework for FC. Overall, the independent, intervening, and moderating variables tested explained a significant proportion of the variation in financial well-being and stability. Economic socialization was not a significant predictor of financial literacy or financial well-being and stability ($\beta = .02$, SE = .09, $\beta^* = .02$, $p = .50$), thus financial literacy did not mediate financial well-being and stability via economic socialization. These findings disconfirmed $H_{1,}$ which was "financial literacy is a factor that mediates the effect of economic socialization on the financial well-being and stability of PWDs." H_2 was "financial literacy is factor that will have a positive effect on the financial well-being and stability of PWDs," which was confirmed, as financial literacy was significantly correlated to financial well-being and stability ($\beta = .05$, SE = .02, $\beta^* = .06$, $p = .001$).

Furthermore, the majority of selected variables of financial access were shown to significantly correlate to financial well-being and stability. These included: checking accounts ($\beta = .79$, SE = .06, $\beta^* = .14$, $p = .001$); savings accounts ($\beta = .24$, SE = .04, $\beta^* = .12$, $p = .001$); and credit score ($\beta = .12$, SE = .02, $\beta^* = .32$, $p = .001$). Having access to credit cards was the only variable within the financial access category that was not correlated to financial well-being and stability ($\beta = .10$, SE = .06, $\beta^* = .02$, $p = .88$). H_3 was "access to financial products, namely checking, savings, credit, and credit cards, are factors that will have a positive effect on the financial well-being and stability of PWDs," which was confirmed by this analysis.

Finally, the model also tested for the moderation effects of financial access on financial well-being and stability via financial literacy. These results showed that variables of financial access played a distinct moderating role in this analysis, which confirmed H_4, that "access to financial products will moderate the effects of financial literacy on the financial well-being and stability of PWDs." The direct effect of financial literacy on financial well-being and stability was lower and less significant ($\beta^* = .06$, $p < .05$) than the total effects when accounting for various moderating variables of financial access, like checking ($\beta^* = .08$, $p < .001$), savings ($\beta^* = .08$, $p < .001$), and credit score ($\beta^* = .10$, $p < .001$). This finding demonstrates that the impact of financial literacy on financial well-being and stability is improved when financial access (access to checking, access to savings, and credit score) is greater.

Discussion

This study tested a theoretical social work model of FC on a sample ($N = 1,232$) of PWDs, which consisted of testing the effects of selected independent variables of ability and opportunity (i.e., financial socialization, financial literacy, access to financial products). Several significant findings were concluded based on data from a nationally representative survey with a large sample size. Findings contribute to related literature in several was, as prior to this study there had been very minimal social work research on financial well-being and PWDs.

First, the outcomes of the socio-demographic analyses in this study reflected much of what is already known from the extant literature on poverty and financial well-being. The results showed that older, white, well-educated, high-income males with disabilities were more likely to have higher levels of financial literacy and greater access to financial products. What was not expected was the fact that the same economic gaps that exist in the general population also exist within the disability population. These economic gaps—or domains of economic inequality—manifest in every major socio-demographic, including gender, race, age, and education levels (Ezeala-Harrison, 2010; Gomes, 2017; Manley, 2015; Tréhu, 2017). These findings highlight the importance of social workers taking a leadership role in helping define future direction of the growing area of financial capability, particularly among PWDs, as the core tenets of the social work profession requires all practitioners to work toward advancing social justice for marginalized groups of people.

A second main finding with strong implications for social work was that the tested path model confirmed Sherraden's framework for FC, and showed that it also applied to PWDs. One unexpected result in this analysis was that economic socialization did not increase financial literacy or have an effect on financial well-being and stability. These findings contradict previous literature, which shows that early economic socialization leads to increased levels of financial literacy and positive financial outcomes (Jorgenson & Savia, 2010; Sherraden, 2013; Van Campenhout, 2015). One explanation for this could have to do with measurement error, as the selected measure for this study may not have fully captured the socialization process. Another possible explanation for this finding may be related to the within-group variability of the sample of PWDs (i.e., disability type).

An additional unexpected finding from this path analysis was the relative strength of the factors influencing the main endogenous variable—financial well-being and stability. While financial literacy, checking and savings account ownership, and credit score all significantly explained portions of the variance in financial well-being and stability, financial literacy was far less impactful than the variables of financial access. This suggests that interventions that promote financial literacy may not be as effective as those that work to remove barriers and increase access to financial products.

Conclusion

While the results of this study help shed light on an under-examined area of social work research, there are some limitations that should be discussed. First, the use of secondary data frequently presents some inherent methodological complications (i.e., coding, interpretation of survey questions, conceptualizations of variables, etc.). These complications all had the potential to result in measurement error. Second, the sampling for the NFCS was all conducted online. This sampling thus excluded those having no access to a computer or the internet, or who otherwise might not possess the ability to utilize technology to complete the survey. Additionally, there was no way to determine if respondents were answering surveys themselves or with the assistance of others. Finally, the NFCS is a cross-sectional survey, meaning it takes information from a sample of individuals at a single point in time, thus making it difficult to discern trends over time.

Notwithstanding these limitations, this study adds further knowledge to the literature base in the under-researched area of financial capabilities among PWDs in social work and related disciplines. This sub-population is at an increased risk for experiencing continued and increased marginalization, as they experience higher-than-average national poverty rates and lower levels of financial inclusion. Social work stakeholders who might benefit from this article include scholars who research poverty, financial literacy, financial capability, and financial inclusion, particularly with regard to PWDs. More research is needed to better understand how PWDs can fully achieve well-being and stability, especially in today's highly financialized and globalized world. Moreover, this study will also be useful for social work practitioners who seek ways to empower PWDs to better understand and enhance their financial well-being. Increasing access to financial opportunities, advocating for more financial inclusion, and protecting existing consumer protections for PWDs are all strategies that can help promote financial security. Future research in this area should be directed toward exploring additional underlying factors that support PWDs in order to increase their FC, as well as continuously refining the concept to make it more inclusive and encompassing. In conclusion, findings and implications from this study support he appeal to establish financial capability for all people, as issued by the American Academy of Social Work and Social Welfare in their 12 Grand Challenges. As such, more empirical evidence to direct and inform social work practice in this area is not only needed, but also called for by the profession's most distinguished scholars and practitioners.

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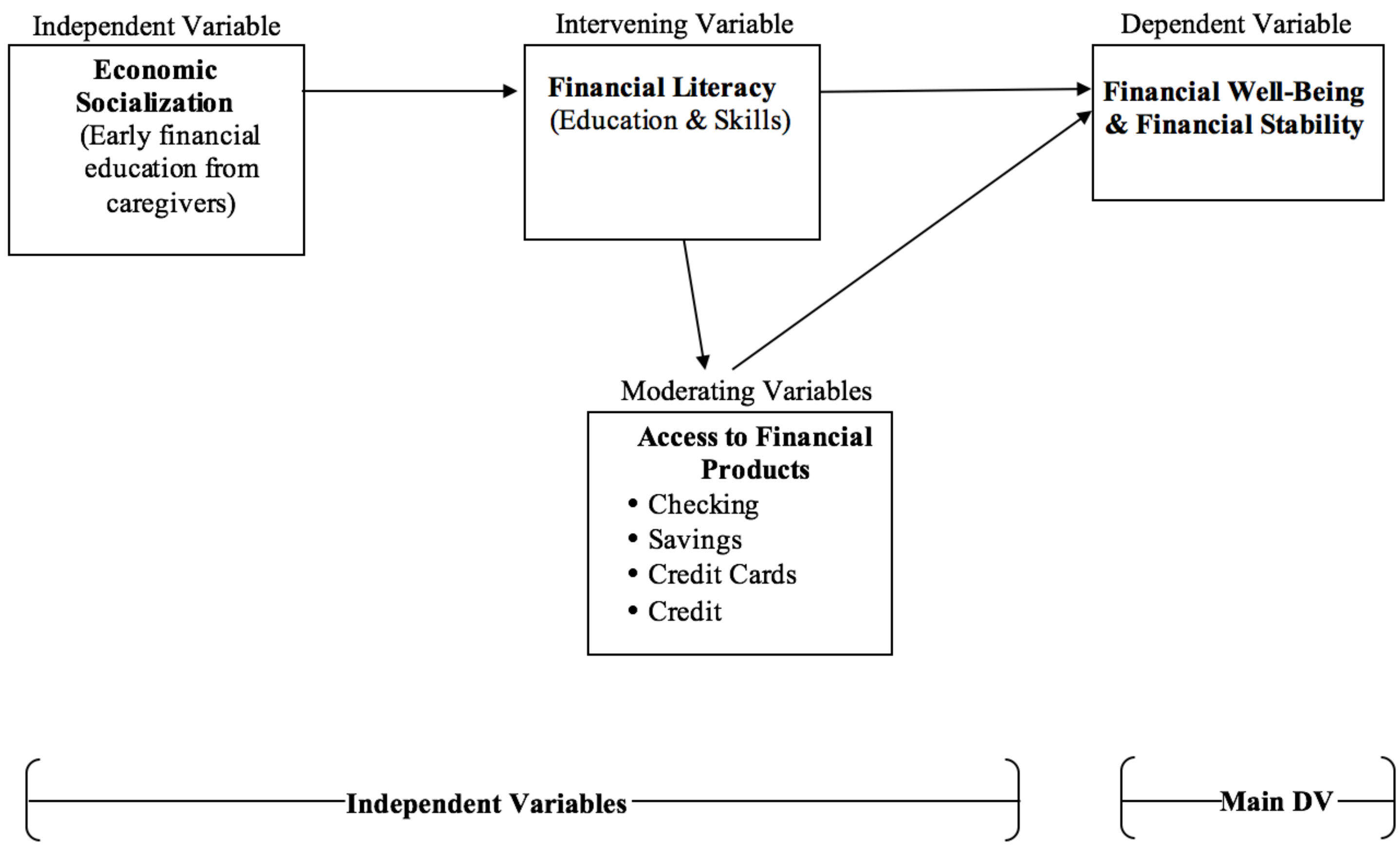

Figure 1 Sherraden's (2013) conceptual framework for financial capability.

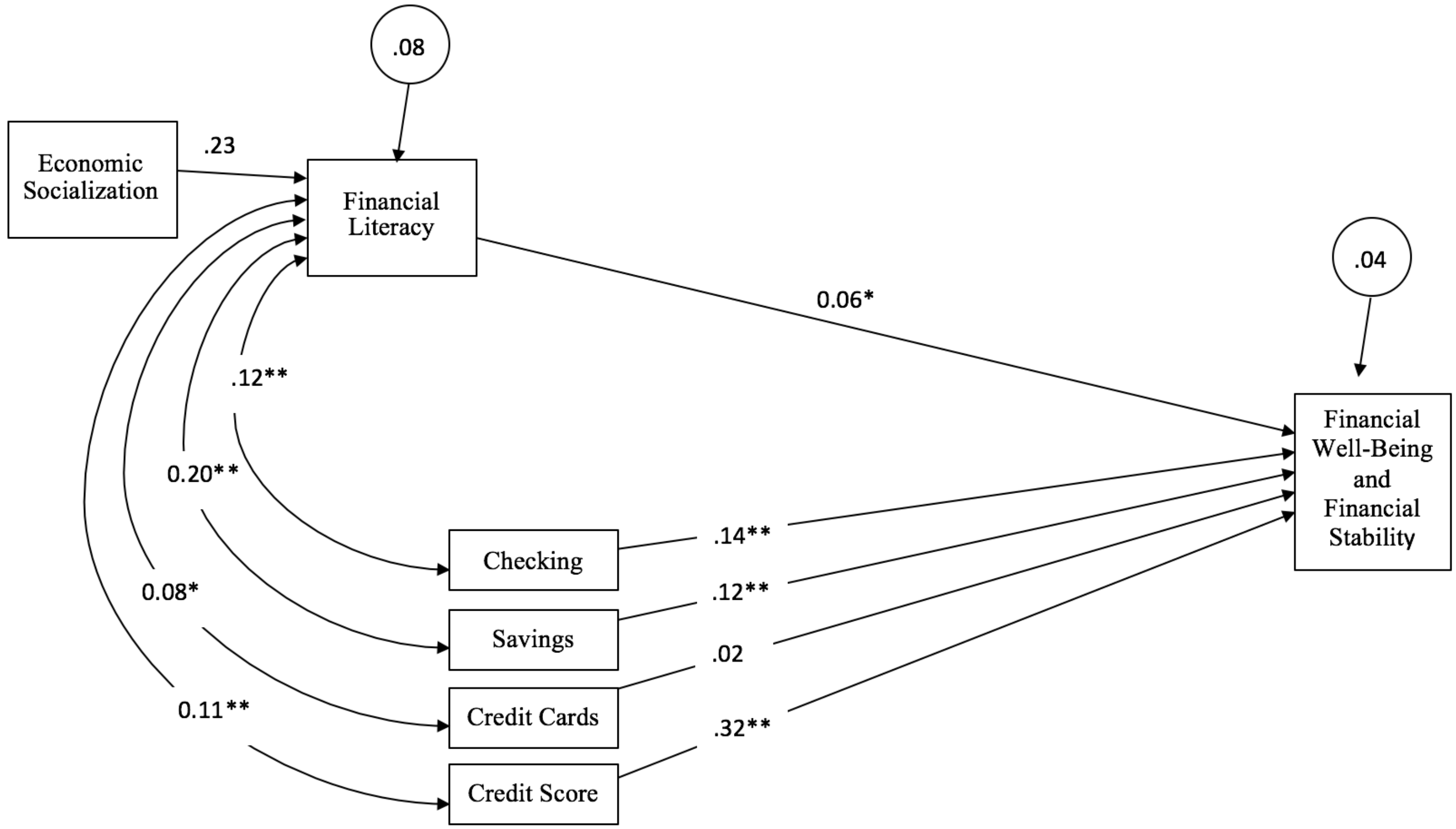

Figure 2. Path model of financial capability for people with disabilities.
Note: *p < .05; **p < .001

Table 3

Socio-Demographic Associations of Financial Literacy (FL) for Respondents With Disabilities (N = 1,232)

Variables	Low FL (%)	Average FL (%)	High FL (%)	χ^2
Age				
18 to 24	55.3%	28.9%	2.6%	30.38*
25 to 34	44.7%	31.9%	11.7%	
35 to 44	46.4%	39.7%	7.2%	
45 to 54	39.3%	44.2%	10.6%	
55 to 64	35.8%	45.3%	13.3%	
65 and over	33.3%	54.9%	7.8%	
Gender				
Male	34.9%	43.2%	16.9%	36.26**
Female	43.1%	42.8%	6.7%	
Ethnicity				
White/non-Hispanic	38.4%	45.9%	10.5%	19.66**
Non-White	43.9%	34.0%	11.6%	
Annual household income				
$0 - $14,999	44.2%	39.7%	6.8%	
$15,000 - $24,999	39.1%	46.1%	8.5%	
$25,000 - $34,999	40.0%	42.0%	11.3%	
$35,000 - $49,999	38.2%	46.3%	12.2%	
$50,000 - $74,999	29.4%	49.0%	21.6%	
$75,000 - $99,999	29.0%	32.3%	38.7%	
$100,000 - $149,999	21.1%	32.3%	38.7%	
$150,000 or more	11.3%	50.0%	39.7%	
Education				
Did not graduate HS	56.3%	28.7%	1.1%	118.19**
Graduated HS/GED	48.3%	37.1%	6.4%	
Some college	35.9%	47.9%	10.9%	
Bachelor's degree	22.7%	48.2%	26.4%	
Graduate degree	14.3%	48.6%	37.1%	

Note. Percentages are based on weighted population estimates. *p < .05., **p < .01.

Table 4

Socio-Demographic Associations of Financial Inclusion (FI) for Respondents With Disabilities (N = 1,232)

Variables	Low FI (%)	Average FI (%)	High FI (%)	χ^2
Age				
18 to 24	30.4%	17.4%	52.4%	
25 to 34	26.2%	23.8%	50%	
35 to 44	27.4%	29.8%	42.9%	
45 to 54	26.5%	23.8%	49.7%	
55 to 64	20.5%	23.2%	56.2%	
65 and over	22.2%	11.1%	66.7%	
Gender				
Male	22.1%	20.8%	57.1%	8.32*
Female	25.8%	25.9%	48.3%	
Ethnicity				
White/non-Hispanic	24.1%	22.2%	53.7%	6.40*
Non-White	24.9%	29.2%	45.9%	
Annual household income				
\$0 - \$14,999	38.4%	26.4%	35.2%	
\$15,000 - \$24,999	21.9%	27.1%	51%	
\$25,000 - \$34,999	14.9%	31.2%	53.9%	
\$35,000 - \$49,999	12.5%	17%	70.5%	
\$50,000 - \$74,999	9.6%	10.6%	79.8%	
\$75,000 - \$99,999	3.6%	7.1%	89.3%	
\$100,000 - \$149,999	0%	0%	100%	145.98**
\$150,000 or more	25%	0%	75%	
Education				
Did not graduate HS	37.7%	33.3%	29%	
Graduated HS/GED	26.9%	26%	47.1%	
Some college	24.1%	23.5%	52.4%	
Bachelor's degree	13.6%	13.6	72.8%	
Graduate degree	3.2%	16.1%	80.6	47.52**

Note. Percentages are based on weighted population estimates. **p* < .05., ***p* < .01.

Table 5

Inter-Item Correlation Matrix for Selected Variables (N = 1,232)

Variables	1	2	3	4	5	6	7
1. FW	1.00						
2. FL	.11*	1.00					
3. SOC	.08	.03	1.00				
4. CK	.42**	.06**	.03*	1.00			
5. SVG	.29**	.03*	.06	.27**	1.00		
6. CS	.21**	.06**	.07**	.12**	.17**	1.00	
7. CC	.25	.12**	.03	.28**	.22**	.28**	1.00

Note. FW = financial well-being, FL = financial literacy, SOC = financial socialization, CK = checking account, SVG = savings account, CS = credit score, CC = credit cards.
*$p < .05$., **$p < .01$.

CHAPTER 4

LIVING OUTSIDE OF THE FINANCIAL MAINSTREAM: ALTERNATIVE FINANCIAL SERVICE USE AMONG PEOPLE WITH DISABILITIES[3]

[3]McGarity, S. V., To be submitted to *Journal of Policy Practice.*

Abstract

This study explored factors related to the use of alternative financial services (i.e., payday loans, prepaid debit cards, pawn shops, auto title lenders, and rent-to-own stores) among a nationally representative sample of U.S. adults ($N_1 = 27{,}564$), and a sub-sample of people with disabilities (PWDs) ($N_2 = 1{,}232$). Using secondary data from the Financial Industry Regulation Authority's 2015 National Financial Capabilities Study (NFCS), two separate logistic regression models revealed several significant individual and institutional level factors that predicted alternative financial service use among both samples. The full-sample model was found to be significant, $\chi^2(10) = 3{,}917.22$, $p < .001$, as was the sub-sample model, $\chi^2(10) = 193.43$, $p < .001$. Additionally, it was found that PWDs were twice as likely to use alterative financial services than people without disabilities. Further research is recommended to empirically explore the consequences of alternative financial service use among PWDs. Implications of this study are targeted toward social work researchers, policy makers, and human service practitioners.

Introduction

The World Health Organization (2015) approximates that 15% of the world's population lives with some type of disability. Additionally, the number of people with disabilities (PWDs) is steadily increasing as the world's population ages and chronic health issues become more prominent. In the United States, the Survey of Income and Program Participation (SIPP) has shown that nearly one in five (18.7%) people live with at least one disabling condition. Additional data from the SIPP shows that 12.6% of citizens have severe disabilities (Mueller, Rothstein, & Von Wachter, 2016). Similarly, the American Community Survey (ACS), using different inclusion/exclusion criteria, found that 12.7% of Americans live with a disability severe enough to affect daily living (Siordia, 2016). In addition to facing difficulties in daily living activities, many of these individuals also experience barriers to financial inclusion.

Financial inclusion is the combined effect of practices that function to grant access to financial systems for particular social groups and individuals (Koku, 2015). Individuals who face barriers to financial inclusion are marginalized through limited access to traditional financial services (TFS), thus leaving them with very few options for receiving income, making payments, and acquiring personal loans (Carbo, Gardener, & Molyneaux, 2007). Moreover, PWDs experience barriers to financial inclusion at much higher rates than people without disabilities, including having less access to checking accounts, savings accounts, and credit (McDonald, Conroy, & Morris, 2015). In addition to limited access to TFS, PWDs are also five times more likely to experience poverty than people without a disability (Kaye, 2010).

The majority of individuals in the United States use traditional banks to conduct everyday financial transactions, like bill paying, checking, savings, and personal loans (Federal Deposit and Insurance Corporation, 2015). Banks seek customers who have good credit and moderate- to high-incomes by offering competitive interest rates and providing low-cost access to their TFS (Servon, 2017). Although most Americans utilize these conventional banking services, many vulnerable people in the U.S. do not have access to TFS. As of 2016, around 24 million (7.5%) Americans were unbanked (Ampudia & Ehrmann, 2017). Individuals who do not have access to TFS oftentimes use alternative financial services (AFS) to make ends meet.

Burhouse et al. (2016) defined AFS as financial services offered by businesses whose transactions are not federally-insured, including: money orders, check cashing services, international remittances, payday loans, refund anticipation loans, rent-to-own services, pawn shop loans, and/or auto title loans. Individuals who utilize these services pay much higher prices than they would at traditional banks (Birkenmaier & Tyuse, 2005). Higher interest rates and/or service fees associated with these financial products can place additional burdens on those who are already struggling financially to make ends meet (FDIC, 2015). Furthermore, the rise of AFS providers in the U.S. has increased the potential for predation on various vulnerable populations with limited financial knowledge and skills (Orton, 2007). This potential for the increased marginalization of economically vulnerable people presents barriers to financial inclusion, and positions such individuals to live outside of the financial mainstream.

PWDs are significantly less likely than people without disabilities to have access to checking accounts, savings accounts, and positive credit ratings, thus leaving them at greater risk for seeking AFS (Lim, Livermore, and Davis, 2010; McDonald, Conroy, Morris, & Jennings, 2015). Despite this, little is known about how and why AFS and PWDs are related in the academic literature. This study seeks to add to the current empirical literature base regarding AFS use within both the general population and PWDs.

Background

Increased financialization in the U.S., wherein profit is largely driven by income derived from financial means rather than products or goods, helped give birth to the AFS sector (Lin & Tomaskovic-Devey, 2013). Additionally, increased de-regulation of the financial sector has decreased financial protections for U.S. consumers, resulting in diversification of local AFS providers (Birkenmaier & Tyuse, 2005). The types of products offered under the umbrella of AFS vary considerably and can be categorized into two main sub-groups: 1) transactional AFS, which include prepaid debit cards, rent-to-own stores, etc.; and 2) credit AFS, which include pawn shops, payday loans, auto title loans, etc. (Caskey, 1997).

Types of AFS. Prepaid debit cards are types of payment cards that allow users to efficiently purchase goods, pay bills, and withdraw cash electronically. Because prepaid debit cards are not linked to checking or savings accounts, funds must be loaded by an individual or third party company (Barr, Dokko, & Keys, 2011). Although most prepaid cards are insured by the Federal Deposit Insurance Corporation (FDIC), many still have expensive fees associated with their use, including monthly maintenance fees, higher transaction fees, ATM fees, balance inquiry fees, cash reload fees, decline fees, inactivity fees, transfer fees, bill payment fees, card replacement fees, foreign transaction fees, and/or card cancellation fees (Consumer Financial Protection Bureau, 2018). As of 2014, $65 million was load onto prepaid debit cards by consumers—a number that is expected to continuously increase as the industry grows (Hayashi & Cuddy, 2014; Urahn, Plunkett, Bourke, Horowitz, & Lake, 2014).

Rent-to-own (RTO) stores allow individuals with poor or non-existent credit histories to make monthly payments on home furnishings (e.g., couches, televisions, beds, jewelry, lawnmowers, etc.). Typically, consumers pay for these items in monthly installments until the items are paid off completely, at which point the consumer claims ownership (Hill, Ramp, & Silver, 1998). The prices for these items are oftentimes inflated above market value and additional finance fees are added to the final price, thus making RTO stores an expensive option for purchasing such furnishings (Lacko, McKernan, & Hastak, 2002; McKernan & Lacko, 2003). The current RTO model has been prevalent in the U.S. since the mid-1960s, and there are currently over 8,600 RTO stores that generate over $7.6 billion annually (Anderson & Jaggia, 2009).

There are approximately 10,000 pawn shops in the U.S. (National Pawnbrokers Association, 2012). Pawn shops offer small dollar, collateral-based loans to borrowers, who use personal items as security for the loan. The valuation of such personal items is usually limited to 30%-75% of the used value of the item (Caskey, 1991). The borrower enters into a contract with the pawnbroker and agrees to repay the loan amount, plus a finance charge. If the borrower cannot repay the loan and fees within a certain time period, ownership of the personal property is forfeited to the pawnbroker (Fass & Francis, 2004). Although there are pawn shops in every state within the U.S. their growth seemed to have plateaued in the 1990s, as payday lenders began to flood the market and compete for borrowers (Caskey, 2005).

With more than 20,000 storefronts in the U.S., there are now more payday lenders in the U.S. than McDonald's (Bennett, 2014). Payday loan lenders offer one of the most widely utilized services outside of the financial mainstream (Pew Research Center, 2013). These high-interest, short-term loans allow borrowers to receive cash advances without submitting a credit background check (Caplan, Kindle, & Nielsen, 2017). Payday loan lenders typically use paychecks or other forms of recurring incomes (i.e., Social Security Disability Insurance, Supplemental Security Income, retirement benefits, etc.) as security for re-payment (Gross, Hogarth, Manohar, & Gallegos, 2012). As of 2015, there were over 12 million payday borrowers annually in the U.S. contributing to this $50 billion a year industry (Bhutta, Skiba, & Tobacman, 2015).

Finally, auto title loan businesses often offer high interest loans to individuals who use an automobile title as their collateral for the loan. Although practices vary by state, most auto title loan businesses only loan amounts equal to a small percentage of the automobile's value (Caskey, 1991). According to the Federal Trade Commission, the interest rate for an auto title loan can be as high as 25% per month, or 300% annually (Federal Trade Commission, 2018). As of 2016, auto title loan companies were only permitted to operate in 22 states in the U.S., thus limiting their national prevalence. Other states have enacted stricter financial regulations that either prevent these companies from operating entirely, or severely limit the maximum interest a customer can be charged (Consumer Federation of America, 2016).

The role of AFS in the U.S. Although the majority of consumers rely on TFS for financial products, a large percentage of individuals in the U.S. use AFS exclusively or in conjunction with formal financial services (Elliehausen & Lawrence, 2001). The Financial Industry Regulation Authority (2016) found that 28% of a nationally representative sample of working age adults have used non-bank borrowing over the past five years. This shows a large consumer demand for such services from borrowers, who are not being fully served by TFS. Previous research has helped clarify the role that AFS play for U.S. borrowers who are looking to fill the multiple gaps in the existing financial service industry.

Berry (2005) outlined five of the main reasons that individuals use AFS: 1) TFS do not provide adequate services for low-income borrowers (e.g., many banks have complicated loan processes, high minimum balances for checking accounts, and/or multiple fees); 2) institutional mistrust (i.e., intimidation) or misunderstanding (e.g., not knowing how annual percentage rates are computed) of TFS; 3) credit problems that limit access to TFS; 4) short-term time horizons (i.e., the value of receiving money immediately may be worth paying more in the future if the need is great enough); and 5) inconsistent incomes. Additionally, other studies have found that consumers use AFS to help bridge the gap during times of income interruption (Blank, 2008).

Determinants of AFS. Research on the determinants of AFS is still evolving and has demonstrated mixed empirical results. These mixed findings could be due in part to the constantly changing and disparate regulations of the various AFS industries. Additionally, our rapid growth in technology creates space for the emergence of new avenues of financial services that are outside mainstream services, whose development might be outpacing the research. However, the variation in such findings provides a strong rationale for additional and ongoing research of AFS. Within the extant literature, determinants of AFS use mostly fall into one of three areas of focus: 1) individual level; 2) institutional level; and 3) community level.

Previous studies have shown that individual level determinants of AFS use include: gender, race/ethnicity, income, formal education, financial education. However, there is little agreement in the literature regarding which individual level determinants are significant. For example, some studies indicate that income is not a strong predictor of AFS use (Caplan, Kindle, & Nielsen, 2017; Caskey, 1997; Elliehausen & Lawrence, 2001; Fellowes & Mabanta, 2008; Gross, Hogarth, Manohar, & Gallegos, 2012; Johnson & Johnson, 1998), while others have found that low- to moderate-income borrowers are the most likely consumers of services outside of the financial mainstream (Blank, 2008; Graves, 2003; Melzer, 2011; Robb, Babiarz, Woodyard, & Seay, 2015). This incongruence in study findings was reflected across gender, race, formal education, and financial literacy as well.

Despite the variability in evidence for individual level determinants, there is wide agreement surrounding certain institutional level factors that are significant predictors of AFS use, such as being unbanked and having a poor credit rating. Individuals who are unbanked overwhelmingly rely on non-bank financial services to pay their bills, take out short-term loans, and to buy consumer goods (Lyons & Scherpf, 2004). Frequently, people with poor credit ratings are oftentimes denied access to TFS, such as bank accounts, personal loans, and lines of credit (Hogarth, Anguelov, & Lee, 2005).

Beyond the individual and institutional level factors of AFS use, a few scholars have also examined community level factors. Specficially, there has been much discussion over whether or not ‘brick and mortar’ AFS locations impact the type of consumers targeted. The notion that AFS providers are predominately located in areas that have fewer TFS providers, thus targeting low-income and/or non-white populations, is known as the spatial void hypothesis (Smith, Wackes, Smith, 2013). Supporting this hypothesis, many studies have offered convincing empirical support for the claim that AFS providers are overrepresented in geographic areas that have fewer banks (Gallmeyer, Wade, & Roberts, 2009; Smith, Smith, & Wackes, 2008), while other studies have cast doubts on the strength of this theory (Fellowes & Mabanta, 2008; Friedline & Kepple, 2016; Sawyer & Temkin, 2004). Similar to the individual and institutional level determinants of AFS use, these variegated results of the spatial void hypothesis point to the need for additional research in this area.

Objectives

This study has three main rationales. First, as noted, the body of knowledge around AFS is nascent and still growing. As such, the need for more empirically rigorous studies examining consumer behavior and AFS use are needed. Second, AFS use among many sub-populations have been examined in previous studies, including those with low-incomes (Birkenmaier & Tyuse), military personnel (Graves & Peterson, 2005), and Millennials (Friedline & West, 2016). However, one cohort that has received no attention in this body of extant literature is PWDs. Third, this subject is currently topical to policy-makers and legislators, as recent federal legislation around the financial well-being of PWDs has been passed (Hoffer, 2015).

The aim of this study is to examine the effects of individual and institutional level factors of AFS use, including: age, gender, race/ethnicity, household income, education level, financial access, and financial literacy, first on a nationally representative sample of respondents, and then a sub-sample of selected PWDs. The results of this study can potentially provide new insights for the growing scholarly body of research on characteristics of AFS users, particularly among PWDs. This study has three main questions: 1) Which individual and institutional level determinants are likely to predict AFS use among a general sample of U.S. adults; 2) Which individual and institutional level determinants most likely predict AFS use among a selected sub-sample of U.S. adults with disabilities; and 3) Are there any differences in AFS use among a general sample of U.S. adults, and the sample of U.S. adults with disabilities.

Method

This study used the 2015 National Financial Capabilities Study (NFCS) to explore selected characteristics of a general sample of U.S. adults, and a sub-sample of PWDs selected from a larger sample. The 2015 NFCS is a nationally representative, open access survey commissioned by the Financial Industry Regulation Authority (FINRA) Investor Education Foundation. The NFCS was collected through a partnership between the U.S. Department of the Treasury and the Advisory Council on Financial Capability, and is free and open to use for non-commercial personal, professional, and academic research.

Data Collection

The 2015 NFCS surveyed 27,564 U.S. adults, with approximately 500 respondents per state, plus the District of Columbia. Data were collected from June-October in 2015. Respondents were recruited online using non-probability based quota sampling, and were offered an incentive for survey completion. All surveys were weighted in order to be proportionately representative of the U.S. general population based on data from the U.S. Census Bureau's American Community Survey (ACS). The full sample (N_1 = 27,564) for this study included respondents who were either in college, employed, unemployed, or retired, while the smaller sub-sample selected for use in this study consisted only of participants who were unable to work due to a permanent disability. Disability status was determined by respondents who self-reported they were "permanently sick, disabled, or unable to work," in response to the single survey question, "which of the following describes your current employment or work status" The sub-sample represented 4.4% (N_2 = 1,232) of the full sample.

Measures Used

The dependent variable for this study was AFS use**.** Based on groupings using the same dataset developed by Birkenmaier & Fu (2016), this variable was computed by summing dichotomous answers to these five questions: 1) In the past 5 years, have you ever taken out a payday loan; 2) In the past 5 years, have you ever used a pawn shop; 3) In the past 5 years, have you ever taken out an auto title loan; 4) In the past 5 years, have you ever used a rent-to-own store; and 5) In the past 5 years, have you made payments (e.g., for shopping, for paying bills, or for any other purposes) using a reloadable prepaid debit card.

The independent measures for this study included: a) various socio-demographic variables (i.e., age, gender, race/ethnicity, household income, and education level); b) variables of financial access (i.e., checking accounts, savings accounts, credit cards, and credit rating); and c) financial literacy. Checking and savings account access were both dichotomized, and responses were either "Yes" or "No." Credit card access was deemed a continuous variable measured by the response to the question, "How many credit cards do you own." Credit rating was measured by the question, "How would you currently rate your credit score." Categories here included: "very bad," "bad," "average," "good," and "very good." Financial literacy was a computed variable. Participants responded to a six-question summed score on a financial literacy quiz. This measure consisted of a percentage of the number of correct answers. Possible scores included: 0%, 17%, 33%, 50%, 67%, 83%, and 100%. A Likert-type scale was created from 1-7 for coding these responses.

Data Analysis

This study was approved by the Institutional Review Board (IRB) at the University of Georgia on June 7, 2017. All analyses were conducting in SPSS 20 (IBM, 2011) and were computed using the weighted population samples provided by the NFCS sampling strategy. Chi-square tests were used to analyze the bivariate associations in the full NFCS sample and the sub-sample of PWDs. Two binomial logistic regression models were produced to explain AFS use. The first model assessed factors related to AFS use within the full sample (N_1 = 27,564) while controlling for disability status. The second model assessed factors related to AFS use within the sub-sample of PWDs (N_2 = 1,237).

Results

[Insert Tables 6 & 7 here]

Socio-Demographics

Respondents for the full sample were all over the age of 18 and fell into one of seven ordinal categories, as indicated in Table 6. Of the N = 27,564 participants, most were female (55.4%) and white (72%). The highest percentages of respondents had household incomes between \$50,000 - \$75,000 (20.5%) or between \$75,000 - \$100,000 (13.6%). With regard to education, 2.1% reportedly did not graduate from high school, 22.3% were either high school graduates or received a GED, 28.1% attended some college, 33.9% either received an associate's or bachelor's degree, and 13.6% earned a graduate degree.

The ordinal age ranges for the smaller sub-sample of PWDs in Table 7 included: 18-24 (3.1%); 25-34 (7.6%); 35-44 (15.7%); 45-54 (32.9%); 55-64 (36.5%); and 65 and over (4.1%).

Of the N = 1,232 participants with disabilities, most were female (59.6%) and white (75.4%). The highest percentages of respondents had household incomes that were less than $15,000 (39.3%) or between $15,000 - $24,999 (25.7%). With regard to education, 7.1% reportedly did not graduate from high school, 34.1% were high school graduates, 47.1% reportedly attended some college, 8.9% held a bachelor's degree, and 2.8% received a graduate degree.

Bivariate Associations

The bivariate associations for AFS use in the full sample are also presented in Table 6. Weighted estimates showed that younger respondents were significantly more likely to have used AFS in the past 5 years than older respondents, $\chi^2(5) = 2{,}189.89$, $p = .001$, as were those who were non-white, $\chi^2(1) = 893.75$, $p = .001$. Additionally, those with lower household incomes, $\chi^2(7) = 1132.40$, $p = .001$, and less formal education, $\chi^2(6) = 576.90$, $p = .001$, had significantly higher rates of AFS use than those with higher household incomes and advanced formal education. Financial access was also shown to be meaningfully associated with the use of AFS. Those with no access to checking accounts, $\chi^2(3) = 1{,}155.64$, $p = .001$, or who had no savings accounts, $\chi^2(3) = 714.11$, $p = .001$, were much more likely to utilize AFS than those with access to checking and savings.

The bivariate associations for AFS use in the sub-sample of PWDs are presented in Table 7. Weighted results indicated that as the sub-sample of PWDs aged, they were less likely to use AFS over the past five years, $\chi^2(5) = 14.54$, $p = .012$. Race/ethnicity was also shown to also be a significant predictor, as white/non-Hispanic respondents were more likely to use AFS than non-white respondents, $\chi^2(1) = 23.01$, $p = .001$. The use of AFS significantly increased among low-income PWDs, $\chi^2(7) = 36.86$, $p = .001$, and those with less formal education, $\chi^2(4) = 15.62$, $p = .004$. Finally, similar to the bivariate correlates of the full sample, financial access was significantly associated with AFS use among the sub-sample of PWD, as those without checking, $\chi^2(1) = 37.54$, $p = .001$, or savings, $\chi^2(1) = 33.29$, $p = .001$, were more likely to utilize financial services that were outside of the mainstream.

[Insert Table 8 about here]

Model 1: Full Sample (N_1 = 27,564)

The full sample model was then tested using a binomial logistic regression to determine the effects of selected socio-demographic variables (age, gender, race, household income, and education), financial access (checking, savings, credit cards, and credit rating), and financial literacy on the likelihood of AFS. The first logistic regression model was statistically significant, $\chi^2(10) = 3{,}917.22$, $p < .001$, and explained 25% (Nagelkerke R^2) of the variance in AFS use among the full sample. The model also correctly classified 70% of the cases. Sensitivity was fairly low at 35.5%, although specificity was 87.6%. The positive predictive value was 59.5%, and the negative predictive value was 72.5%. Of the 10 tested predictor variables, nine were shown to be statistically significant: age, gender, race, education, household income, checking, credit rating, financial literacy, and disability status.

Within the full sample model, age was determined to be a significant predictor of AFS use ($\beta = .67$, $p<.001$). Specifically, for each decrease in the age category, respondents were 1.5 times more likely to use AFS. Similarly, women were 1.3 times more likely to use AFS when compared to men ($\beta = .79$, $p<.001$). Non-white participants were 1.6 times more likely to use AFS than white respondents ($\beta = 1.64$, $p<.001$). Household income was negatively associated with AFS use ($\beta = .96$, $p<.05$). For each income category decrease, the likelihood that a PWD used an AFS was 1.04. Likewise, formal education was predicative of AFS use, as the odds of using such services increased by 1.15 for every increment decrease ($\beta = .87$, $p<.001$). Access to checking accounts was somewhat predictive, as those without accounts were 1.01 times more likely to utilize AFS than those with an account ($\beta = 1.01$, $p<.05$), as were those with higher self-reported credit ratings ($\beta = .99$, $p<.001$). For each decrease in financial literacy, the odds of a respondent using AFS increased by a factor of 1.8 ($\beta = .56$, $p<.001$). Finally, within the full sample, a person with a disability was two times as likely to use AFS than a person without a disability ($\beta = 2$, $p<.001$).

Model 2: Sub-Sample of People with Disabilities (N_2 = 1,237)

Because PWDs were twice as likely to access AFS as those in the general population, a second regression model was examined to quantify the variable relationship among selected PWDs with the same factors. Because household income in the sub-sample had a strong positive skew, a logarithmic transformation was performed to produce a more robust model fit. The second logistic regression model (also in Table 3) was statistically significant, $\chi^2(10) = 193.43$, $p < .001$, and explained 33.0% (Nagelkerke R^2) of the variance in AFS use among PWDs. The model also correctly classified 72% of cases. Sensitivity was 72.5%, specificity was 65%, positive predictive value was 68.8%, and negative predictive value was 74.3%. Of the ten predictor variables, six were shown to be statistically significant: financial literacy, access to checking, access to savings, credit rating, age, race, and household income.

Age was shown to be a significant predictor of AFS use ($\beta = .86$, $p<.05$). For each decrease in age category, PWDs were 1.16 more likely to have used AFS. Additionally, non-white participants in the sub-sample were nearly two times more likely to use AFS ($\beta = 1.93$, $p<.001$). Those with no checking accounts were found to be 1.8 times more likely to use AFS than those with checking accounts ($\beta = 1.75$, $p<.05$). Similarly, those with no savings accounts were 1.5 times more likely to use AFS than those with savings accounts ($\beta = 1.51$, $p<.05$). For each decrease in credit score rating, the odds of a PWDs using AFS increased by a factor of 1.68 (β = .60, p<.001). Increased financial literacy was associated with lower frequency of AFS use, as the odds of using one of the five AFS increased by a factor of 1.14 for each step down in score on a financial literacy quiz (β = .88, p<.001). Gender, household income, access to credit cards, and level of education were all shown to not be significant predictors of AFS use among PWDs.

Discussion

This study empirically analyzed selected individual and institutional level determinants of AFS use among a nationally representative sample of U.S. adults, and sub-sample of PWDs. The three main questions of this study were: 1) Which individual and institutional level determinants are likely to predict AFS use among a general sample of U.S. adults; 2) Which individual and institutional level determinants most likely predict AFS use among a selected sub-sample of U.S. adults with disabilities; and 3) Are there any differences in AFS use among a general sample of U.S. adults, and the sample of U.S. adults with disabilities.

Demographically, among the full sample (N_1 = 27,564), respondents were primarily well-educated (75.6% had at least some college experience) and lacked diversity (72% were white). These demographics are congruent with a recent report from the U.S. Census Bureau showing exponential increases in educational attainment, specifically in white populations (U.S. Census, 2017). Among this study's sub-sample of PWDs (N_2 = 1,237), respondents were disproportionally middle- to older-aged and low-income, as 73.5% were 45 years of age or above and 77.2% came from households that met the definition of 'impoverished' or 'low-income' (Roberts, Povich, & Mather, 2013). These study demographics also reflect the disability population as a whole, which tends to be comprised predominately of individuals who are older and poor (Kraus, 2017).

Further, study respondents in the general population were more likely to use AFS if they were younger, female, and non-white, which substantiated some prior empirical studies of AFS determinants among U.S. adults (Gross, Hogarth, Manohar, & Gallegos, 2012). Additionally, this study supported findings from previous research that showed individuals were more likely to use an AFS if they had lower levels of financial education and lower incomes (Toussaint-Comeau & Rhine, 2000), less formal education (Lusardi and Scheresberg, 2013), no checking or savings accounts (Lyons & Scherpf, 2004), and less access to credit (Prager, 2009). Taken together, these results not only reflect significant determinants of AFS use within the general population, but they are also aligned with some of the individual and institutional barriers people face for increased financial inclusion (Demirguc-Kunt & Klapper, 2012).

In the sub-sample of PWDs, the main predictors of AFS use included: age, race/ethnicity, access to TFS (i.e., checking and savings accounts), credit rating, and financial literacy. Because there are no previous empirical findings regarding AFS use among PWDs, the task of drawing comparisons between extant literature and these study results is not possible. There were some surprising findings, however, that warrant further discussion. For example, gender and education were not found to be significant predictors in the sub-sample, even though they were both highly significant in the full-sample. This was finding was unexpected, since the extant literature shows gender and education to be significant predictors of AFS use (Lusardi and Scheresberg, 2013).

Moreover, one of the more significant findings of this study was that PWDs were twice as likely to have used an AFS. This proved to be true across both transactional AFS (i.e., prepaid debit cards, pawn shop loans, etc.) and credit AFS (i.e., payday loans, auto title loans, rent-to-own stores, etc.). This finding seems logical, since PWDs experience many individual and institutional barriers to financial inclusion at greater rates than people without disabilities. Those barriers include less access to TFS, such as checking and savings accounts, less access to credit, and lower levels of financial literacy (McDonald, Conroy, and Morris, 2015). This major finding provides a strong rationale for additional consumer financial research among PWDs.

While the results from this study add to the growing body of literature on AFS use, both in the general population and in a sub-population of PWDs, there are some limitations that should be addressed. First, the use of secondary data frequently presents its own inherent methodological challenges. Some of these include variable constructs in survey design. Because the NFCS was not designed to be a survey explicitly about PWDs, the measure for determining disability is lacking. Specifically, the measure is one dimensional and does not allow researchers to parse out the disability type. Second, the dichotomization of race (i.e., "white" or "non-white") can be misleading when analyzing data, since there can be significant within-group variability among the "non-white" category (e.g., Asian, Latino, Black, Pacific Islander, etc.).

Third, because income is a categorical variable instead of continuous, it is difficult to pinpoint exact cut-offs for the purposes of analysis. For example, the Census gives precise thresholds for poverty levels. Those income levels are hard to discern in this dataset due to the variable's broad conceptualization. Fourth, the sample selection for the NFCS was all conducted online. This method of survey research excluded those individuals who have no access to a computer or the internet, or who otherwise might not possess the ability to utilize technology to complete the survey. There was also no way to determine if respondents were answering the surveys themselves or with the assistance of others. Finally, the NFCS relies solely on self-reported data, which can be skewed by social desirability response bias, as respondents have a tendency to present more idealized versions of themselves in their responses (Van de Mortel, 2008).

Conclusion

This study has implications for many different stakeholder groups within social work and across related disciplines. First, these findings could be useful for policy makers seeking more effective ways to further advance the financial well-being of PWDs. Despite numerous legislative attempts to level the playing field in the U.S., PWDs still remain a marginalized population, as there continues to be a lack of national, state, and organizational policies that fully address their multiple needs. Looking across the entirety of disability legislation in the U.S., rarely have policies and/or policy makers emphasized the barriers to financial inclusion for PWDs. A cycle exists where policies are created to help PWDs, but then end up having a marginalizing effect (e.g., the regressive nature of disability savings policy via the ABLE Act of 2014). Thus, policy intention does not always produce policy solutions. Advocating for more disability-specific policies that actually promote financial inclusion, protect existing consumer protections, and assess new regulations to limit the predatory aspect of AFS are all strategies that can help promote financial well-being among this population, and are of specific relevance to social workers tasked with the responsibility of advocating for marginalized groups.

Additionally, case managers who work with PWDs might find this data useful, as they help clients navigate the various systems of care and financial interventions. Two current national trends will increase the role that case managers play in the lives of PWDs in the coming years. First, the general demand for social work case managers is set to increase substantially over the next 10 years in the U.S. (Holosko, 2018). Second, the number of Americans aged 65 and older is projected to more than double to over 98 million by 2060, the majority of whom will likely have one or more types of disabling conditions (Lutz, Sanderson, & Scherbov, 2008). These trends mean that more case managers will be coming into contact with PWDs, so the need for them to prepare for the complex needs of this population, including ways to ease barriers to financial inclusion, is paramount.

This study adds further knowledge to the current literature base in this under-researched area of AFS among U.S. PWDs. Unfortunately, this sub-population has the potential to continue to be increasingly marginalized as they experience higher rates of individual and institutional level barriers. Because of the increased risks associated with this population, and the limited number of empirical studies in this area, additional research is greatly needed. Future research should be directed toward exploring the outcomes of such AFS use within the disability population, as well as qualitatively examining the reasons why PWDs use AFS. Lastly, sub-groups within the disability community who face unique sets of obstacles should also be targeted in future research. For example, disabled veterans may experience additional barriers to their financial well-being, including post-traumatic stress disorder (PTSD), traumatic brain injury (TMI), or major depressive disorder (MDD) related to service time.

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Table 6

Bivariate Correlates of Alternative Financial Service Use in Full Sample of National Financial Capability Study Respondents (N = 27,564)

Selected Variables	Alternative Financial Service Use Yes (%)	No (%)	χ^2
Ages			
18-24	53.7%	46.3%	2,189.89**
25-34	48.6%	51.4%	
35-44	40.8%	59.2%	
45-54	32.0%	68.0%	
55-64	24.7%	75.3%	
65 and older	13.3%	86.7%	
Gender			
Male	24.2%	75.8%	.47*
Female	33.8%	66.2%	
Race/Ethnicity			
White	28.6%	71.4%	893.75**
Non-white	48.0%	52.0%	
Household Incomes			
Less than $15,000	48.6%	51.4%	1,132.40**
$15,000-$24,999	45.4%	54.6%	
$25,000-$34,999	42.9%	57.1%	
$35,000-$49,999	36.1%	63.9%	
$50,000-$74,999	31.2%	68.8%	
$75,000-$99,999	28.0%	72.0%	
100,000-$149,999	19.9%	80.1%	
$150,000 or more	17.0%	83.0%	
Education			
Did not graduate HS	56.8%	45.8%	576.90 **
HS graduate/GRE	52.0%	60.7%	
Some college/Associates	51.5%	53.4%	
Bachelor's	35.5%	63.4%	
Graduate degree	33.3%	65.1%	
Checking Access			
Yes	31.3%	68.7%	1,155.64**
No	71.0%	29.0%	
Savings Access			
Yes	29.9%	70.1%	714.109**
No	48.7%	51.3%	

Note. *$p < .05$, **$p < .001$

Table 7

Bivariate Correlates of Alternative Financial Service in Sub-Sample of National Financial Capability Study Respondents with Disabilities (N = 1,232)

Selected Variables	Alternative Financial Service Use		χ^2
	Yes (%)	No (%)	
Ages			
18-24	63.9%	36.1%	14.54*
25-34	53.9%	46.1%	
35-44	57.6%	43.4%	
45-54	51.3%	48.7%	
55-64	44.7%	55.3%	
65 and older	40.4%	59.6%	
Gender			
Male	48.9%	51.1%	.454
Female	50.9%	49.1%	
Race/Ethnicity			
White	46.1%	53.9%	23**
Non-white	37.6%	62.4%	
Household Incomes			
Less than $15,000	53.3%	46.7%	36.86**
$15,000-$24,999	55.8%	44.2%	
$25,000-$34,999	56.2%	43.8%	
$35,000-$49,999	38.5%	61.5%	
$50,000-$74,999	36.4%	63.6%	
$75,000-$99,999	26.7%	73.3%	
100,000-$149,999	21.1%	78.9%	
$150,000 or more	20.0%	80.0%	
Education		47.1%	
Did not graduate HS	52.9%	50.2%	
HS graduate/GRE	49.8%	50.5%	15.62
Some college/Associates	49.5%	64.5%	
Bachelor's	35.5%	68.6%	
Graduate degree	31.4%		
Checking Access			
Yes	45.9%	54.1%	37.54**
No	70.2%	29.8%	
Savings Access			
Yes	58%	42%	33.29**
No	58.9%	41.1%	

Note. *$p < .05$, **$p < .001$

Table 8

Logistic Regression Models Predicting Alternative Financial Service Use in a full sample (N_1 = 27,564) and a sub-sample (N_2 = 1,232) of 2015 National Financial Capability Survey Respondents.

	Model 1: Full Sample (*N* =27,564)				Model 2: People with Disabilities (*N* = 1,232)			
Predictor Variables	B	S.E.	OR	95% CI	B	S.E.	OR	95% CI
Age	-.41	.02	.67**	.64-.69	-.15	.07	.86*	.76-.98
Gender	-.24	.06	.79**	.70-.88	-.12	.15	.89	.67-.1.18
Race/Ethnicity	.49	.06	1.64**	1.45-1.85	.66	.17	1.93**	1.38-2.69
Income	-.14	.02	.96*	.92-.99	.04	.29	1.04	.59-1.82
Education	-.05	.02	.87**	.84-.90	-.02	.09	.98	.82-1.16
Checking Access	.01	.01	1.01*	1-1.02	.56	.22	1.75*	1.13-2.70
Savings Access	.00	.01	1	.99-1	.41	.15	1.51*	1.12-2.10
Credit Card Access	.00	.00	1	.99-1	.13	.16	1.14	.83-1.56
Credit Rating	-.01	.00	.99**	.98-.99	-.52	.07	.60**	.52-.68
Financial Literacy	-.59	.02	.56**	.53-.58	-.13	.05	.88*	.79-.98
Disability Status	.63	.18	1.89**	1.32-2.67				

Note. *p < .05, **p < .001

CHAPTER 5

SUMMARY AND FUTURE RESEARCH DIRECTIONS

Summary of Study Findings

The central purpose of this dissertation was to examine policies, interventions, and factors that impact the financial well-being of people with disabilities (PWDs) at the individual, institutional, and community levels. Despite substantial legislative gains over the past 30 years, PWDs still face many obstacles that are just now being recognized. This dissertation set out to empirically examine one of those areas—barriers to financial inclusion and financial well-being.

As a social worker in a community organization that served PWDs, I saw first hand how this population is continuously marginalized economically. My job as a case worker was to help these individuals navigate the tangled web of social services that was offered to them, and somehow that was still not enough. Because of strict asset limits from government assistance programs, these individuals were not permitted to save what little money—if any—they had left at the end of each month. Because of severe restrictions on how much they could receive in food benefits every four weeks, some of the PWDs with whom I worked went without the fresh, quality groceries that many of us take for granted. With no working knowledge of what it takes to open, maintain, and benefit from some of the traditional banking services that are commonplace for millions of Americans, these individuals had no way of maximizing the meager incomes on which they relied to carry them through until their next check arrived in the mail.

It was these experiences that opened my eyes to these "silent" barriers faced by millions of PWDs each and every day, and was the impetus behind much of the work here. In Chapter 2, A Value-Critical Policy Analysis of the Achieving a Better Life Experience Act of 2014, I presented a policy analysis of recent federal policy aimed at increasing the savings of PWDs. The purpose of this study was to critically examine the underlying values that drove the policy's development and implementation, and make recommendations for how to better improve the legislation. Additionally, recommendations for social advocates are included. The policy seeks to enhance financial well-being of PWDs by easing the strict asset limits for recipients of means-tested programs (e.g., Supplemental Security Income, Medicaid, Supplemental Nutrition Assistance Program, etc.) from $2,000 to $100,000. This easing of asset limits effectively permits PWDs who cannot work and who are receiving public benefits to be able to save money for emergencies and disability-related expenses.

The findings from Chapter 2 come in the form of policy and practice recommendations. Policy recommendations from this chapter included: 1) amend the ABLE Act to create parity between 529 College Savings Accounts and 529 ABLE accounts; 2) amend the ABLE Act mandate financial education for PWDs who participate; 3) amend the ABLE Act to introduce institutional incentives (e.g., automatic enrollment, seed deposits, etc.) for PWDS to save; 4) amend the ABLE Act to eliminate the age cap for program eligibility; 5) amend the ABLE Act to add an evaluative component to determine program efficacy; and 6) amend the ABLE Act to establish regulations for public private partnerships. Practice recommendations for social advocates include getting involved earlier in the policy process, specifically during the problem definition stage, to help better tailor the policy intervention to the particular population.

In Chapter 3, A Path Analysis of Financial Capability Among with Disabilities: Implications for Social Work Practice, a theoretical model for building financial capability was tested on a nationally-representative sample of PWDs (N = 1,232). The purpose of this study was to assess the influence of individual and institutional factors of financial capability among a sample of PWDs. The 2015 National Financial Capability Study (NFCS) was used to develop a path model to test how several independent variables (i.e., economic socialization, financial literacy, checking account access, savings account access, credit card access, and credit rating) influenced the main dependent variable—financial well-being and stability.

Findings from Chapter 3 showed that age, race/ethnicity, education, income, and gender are all predictors of financial literacy and financial inclusion, as older, white, well-educated, high-income males with disabilities had higher levels of financial education, financial skills, and financial access (i.e., checking account access, savings account access, credit card access, and credit rating). These findings mirror the extant economic literature on vulnerable populations and show that some demographics are marginalized even in sub-populations (e.g., individuals who are female, non-white, low-income, etc.). Additionally, Sherraden theoretical model for building financial capability was shown to have utility in disability populations, as respondents with higher levels of financial literacy and greater access to financial products experienced greater financial well-being and stability. Lastly, findings from this study showed that financial inclusion was much more likely to lead to financial well-being and stability for PWDs than financial literacy.

Finally, in Chapter 4, Living Outside of the Financial Mainstream: Alternative Financial Service Use and People with Disabilities, examined the variable relationship between PWDs and the use of non-bank financial products. This study set out to answer three main questions: 1) Which individual and institutional determinants most likely predict alternative financial service (AFS) use among a general sample of adults? 2) Which individual and institutional determinants most likely predict AFS use among a selected sub-sample of adults with disabilities? and 3) Are there any differences in AFS use among a general sample of adults and the sub-sample of adults with disabilities? The 2015 National Financial Capability Study (NFCS) was used to develop two separate logistic regression models (one for each sample) to test how several independent variables (i.e., age, gender, race/ethnicity, household income, education, checking account access, savings account access, credit card access, credit rating, and financial literacy) influenced the main dependent variable, alternative financial service use.

Findings from Chapter 4 were divided into two categories: 1) regression model results for the sample of adults in the general population and 2) regression model results for the sub-sample of PWDs. Findings for the first group showed that age, gender, race/ethnicity, household income, education, checking account access, savings account access, credit rating, and financial literacy were all significant predictors of AFS use. Those who were younger, female, non-white, low-income, less educated, had less access to traditional financial services (e.g., checking, savings, etc.), and who had lower levels of financial literacy were much more likely to use AFS. Credit card access was not found to be a predictor.

Amongst the second group of PWDs, age, race/ethnicity, household income, checking account access, savings account access, credit rating, and financial literacy were all found to significantly predict AFS use. Those who were younger, white, low-income, had less access to traditional financial services, and who had lower levels of financial literacy were much more likely to use AFS. Gender, education, and credit card access were all shown to not be significant predictors. Lastly, in what is one of the most significant findings from Chapter 4, PWDs were found to be twice as likely to use AFS than people without disabilities. This could be due to the fact that PWDs experience greater levels of economic marginalization than other groups.

Future Research Directions

There are many future research directions in the area of financial well-being for PWDs. First, additional and continued evaluation on the implementation, efficacy, and use of the ABLE Act is of paramount importance. As states begin enrolling individuals into these savings account programs, the possibility for state-to-state comparisons exists. Also, the distinct differences between states that institute ABLE programs run by public private partnerships and those states that are publically run will need to be examined. Evaluation here is important because it can help to identify those things that are working are—or are not—working, and provide data for advocates who can influence change in this area. Second, additional research on building financial capability (i.e., the combination of financial literacy and financial access) among PWDs is needed. The study in Chapter 3 just scratched the surface and identified a need for sustained work in this area to help determine the most effective ways to ensure PWDs have the opportunity to experience financial well-being and stability. Finally, because PWDs were found to use AFS twice as much as those in the general population, there is a clear rationale for future research in this area, including looking at what the outcomes of AFS use are for this population (e.g., increased marginalization, level of economic security, etc.), exploring the reasons why PWDs use AFS, and examining AFS use in additional sub-groups within the disability population (e.g., disabled veterans).