NATIONAL DISABILITY INSTITUTE'S

Washington Insider

National Disability Institute's Washington Insider is a monthly newsletter highlighting key federal policy news that impacts the financial futures and economic empowerment of all people with disabilities. The Washington Insider tracks legislative and policy initiatives gaining momentum on Capitol Hill, specifically in the areas of taxation, asset building and economic development.

Facebook

Twitter

Blog

October 2018 | Vol. 10, Issue 7

CONTENTS

Findings from the FDIC National Survey of Unbanked and Underbanked Households

The FDIC released findings from its bi-annual, *National Survey of Unbanked and Underbanked Households*, on October 23. The report highlights that the share of U.S. households without a bank account continued to drop. However, households headed by working-age individuals with a disability did not share in this good news. According to the report, in 2017, 18 percent of households headed by a working-age individual with a disability were unbanked, a rate that had remained relatively unchanged since 2011, compared to nearly six percent of households with no disability. There is some good news, however. The share of these households that are underbanked, meaning they have a bank account, but use alternative financial services, dropped from 28 to 25 percent.

Other findings about households headed by a working-age individual with a disability include:

Banking Status

- Eighteen percent of households with a disability were **unbanked,** meaning that no one in the household had a checking or savings account, compared to six percent of people without disabilities. While the unbanked rate for households without a disability has declined steadily since 2013, the rate for households with a disability has remained unchanged. As a result, the disparity between households with and without a disability has widened.
- The share of these households with a disability that are underbanked, meaning they have a bank account, but use alternative financial services, dropped from 28 to 25 percent. This is still higher than the rate for households without a disability (20 percent), but the disparity is shrinking.

Type of Accounts Owned by Banked Households

- Among banked households, only 57 percent of those with a disability have a checking and savings account, versus 80 percent of nondisabled peers. Households with a disability are much more likely than others to have only a checking account (39 percent versus 19 percent).

Methods Used to Access Accounts

- Households with a disability differ from those without a disability in their primary method of accessing their bank accounts. Households with a disability were much more likely to use a bank teller (29 percent versus 16 percent) or an ATM (28 percent versus 19 percent) and much less likely to use online banking (27 percent versus 42 percent) or mobile banking (10 percent versus 20 percent). Five percent of households with disabilities and two percent of those without disabilities use telephone banking as their primary method.
- Between 2013 and 2017, households with and without disabilities have moved away from relying on bank tellers and ATMs to online and mobile banking as the primary method for accessing their account, but households without a disability are moving at a faster rate.
- Not only are households with a disability less likely to use internet and mobile banking as their *primary* method of accessing their accounts, they were much less likely to access their account online or through mobile banking at all. Fewer than half of households with disabilities accessed their accounts online, compared with 73 percent of those without disabilities; 29 percent used mobile banking, compared with 51 percent of those without disabilities.
- Household with disabilities continue to face a digital divide. Only 56 percent of households with a disability have internet access at home and 62 percent have access to a smartphone, compared with 79 and 83 percent of households with no disability.

Use of Alternative Financial Services

- The use of Alternative Financial Services (AFS) for transactions such as check cashing, money orders and remittances has declined between 2013 and 2017 for households with and without disabilities, yet those with disabilities continue to be more likely to use these services. Twenty-eight percent of households with a disability use AFS for transactions, compared with 19 percent of those without a disability.
- Twelve percent of households with a disability use AFS for credit such as pawn shops, rent-to-own, payday loans and auto title loans, compared to seven percent of those without a disability. This has declined from 15 percent in 2013, but because these services tend to be very costly, the disparity is concerning.

Saving for Unexpected Expenses

- Only 39 percent of households with a disability save for unexpected expenses, compared to 63 percent of those without disabilities. Among those who saved, households with a disability were much more likely to save at home or with family or friends (18 percent versus 10 percent) rather than in a savings or checking account.

Access to credit

- Compared to households without disabilities, households with disabilities were much less likely to have a credit card (43 versus 73 percent), store credit (28 percent versus 44 percent), an auto loan (21 versus 40 percent), a mortgage (23 percent versus 42 percent), a student loan (11 versus 22 percent) or a bank personal loan (six percent versus eight percent). In fact, 40 percent of households with disabilities had no mainstream credit, compared to only 15 percent of those without a disability.
- Households with a disability are less likely to apply for a credit card or bank person loan (11 versus 17 percent) and, among those who applied, 33 percent of households with a disability were denied, compared to 19 percent of those without a disability.

National Disability Institute will be analyzing the FDIC data further and will release a comprehensive report in the Spring of 2019.

Back to top

NCD Tasked with Federal Agency Coordination and ABLE

Report language of the House of Representatives for the Departments of Labor, Health and Human Services and Education and related agencies appropriations bill for 2019 mandates that the National Council on Disability (NCD) “convene stakeholders to conduct information sessions on ABLE accounts. The Appropriations Committee directs NCD to serve as an interagency coordinator to ensure consistency across federal agencies and programs.”

On October 5, NCD convened its first meeting and had federal agencies indicate their current efforts at outreach and education at a national, state and local level about ABLE accounts. At the meeting, U.S. Departments of Education and Treasury, the Social Security Administration, IRS and Department of Labor’s Office of Disability Employment Policy presented on their current information and education. Several states (Nevada, Ohio and Virginia) also shared some of their challenges to convince ABLE-eligible individuals and families to open ABLE accounts. Two federal agencies have still not published guidance on how an ABLE account will not impact federal benefits in terms of eligibility for housing assistance or financial aid for education.

NCD Chairman Neil Romano explained this was the first of multiple sessions to improve understanding about ABLE account benefits and improve coordination of information. For the Appropriations bill language, read page 159 of the Committee on Appropriations report. For more information about NCD, visit their website at https://ncd.gov/.

Back to top

Report to President on Modernizing Employment Services and Use of Subminimum Wage

On October 11, the National Council on Disability published a new report: *National Disability Employment Policy: From the New Deal to the Real Deal: Joining the Industries of the Future*.

In a 2012 report, NCD called for the phase out of Section 14(c) certificates and authorization of payment for subminimum wages to individuals with significant disabilities. The 80-year-old Section 14(c) exemption to the federal minimum wage has remained in place despite changing knowledge and views of the capacity of people with barriers to employment to be more productive with emerging technologies and the changing nature of work.

The new report shares examples of providers shifting away from sheltered work and subminimum wages to incubating new employment service models with inclusive career pathways. It recommends: a) imposing a moratorium on the issuance of any new 14(c) certificates, b) enhancing technical assistance resources to implement business engagement strategies, c) improving the availability of benefits counseling resources, and d) introducing new innovations to allow people with disabilities to access 21st Century jobs. Read the full report.

Back to top

GAO Suggests Changes to Help States Serve Employers and Find Jobs for People with Disabilities

The Government Accountability Office (GAO) recently issued a new report on how state Vocational Rehabilitation programs could expand services for employers in order to improve hiring of people with disabilities. GAO 18-577 notes that Title IV of the Workforce Innovation Act, enacted in July 2014, made a number of changes to the VR grants program. The amendments allow VR grant funds to directly serve employers with the provision of training and technical assistance to improve their ability to recruit, train and provide work-based experiences to people with disabilities. New authority was also provided to help VR agencies support job retention and career advancement opportunities.

The GAO report shares survey results that indicate a clear majority of state VR agencies now have dedicated staff to working with employers and have improved cross-system service delivery coordination. However, the report makes seven recommendations on how more could be done with state education and VR agencies setting employment performance measurement approaches and increasing joint understanding in what is meant by employer services. To learn more, read the GAO report: *VOCATIONAL REHABILITATION: Additional Federal Information Could Help States Serve Employers and Find Jobs for People with Disabilities*.

Back to top

OCC Asks for Public Comment on CRA Modernization: Disability Included

On August 28, the Office of the Comptroller of the Currency (OCC) released an Advance Notice of Proposed Rulemaking (ANPR) seeking comments on the best ways to modernize implementation of the Community Reinvestment Act (CRA). As stated by Comptroller of the Currency, Joseph Otting, "It is time for a national discussion on how we can make the CRA work better... Public comment is needed on how to improve our approach to the CRA so that insured depository institutions continue to meet the credit needs of their communities, including those in LMI (low- and moderate-income) neighborhoods..."

NDI is pleased to report that, after two years of meetings and discussions with top staff at OCC about the need to modernize CRA implementation to embrace support of LMI individuals with disabilities and the disability community, the ANPR asks for comment on how CRA implementation should "define 'community' more broadly to expand the types of activities that would receive CRA consideration in a CRA evaluation with a focus on lending, investments and services for LMI geographies and individuals and populations in need of financial services."

In seeking comments on qualifying activities, the ANPR asks, "Are there certain categories of Community Development (CD) activities that should only receive consideration if they benefit specific underserved populations...(such as the disabled)..."

This is the first time in the 40-year history of CRA there is explicit recognition of coverage of people with disabilities as a part of LMI populations. Investments, lending and services to people with disabilities by financial institutions would be "covered activities." This is step one in a multi-step process. After the public comment period (NDI will submit comments to support this part of CRA modernization), OCC will review comments and then issue new rules and guidance.

The leadership of NDI has led to inclusion of people with disabilities as a worthy target for CRA investment in terms of small business and affordable and accessible housing development, workforce development activities, financial education and coaching and consumer lending.

If this becomes a part of guidance from OCC in the future, it will place a new and important priority for CRA investment, lending and financial services to people with disabilities and their families. It would be an exciting next level of relationships between the disability and financial communities, which would create new individual pathways to financial inclusion, stability and security.

NDI has written comments on CRA modernization.

“As part of a new CRA regulatory framework, banks should be encouraged to provide more lending and investment ‘where it is needed most’ and to who needs it most.

- People with disabilities are more likely than others to be LMI;
- They make up a significant share of LMI neighborhoods;
- They tend to be worse off than other LMI populations in their access and use of financial services and financial outcomes. Many have extremely fragile economic circumstances; and
- Unless their financial needs are addressed intentionally, this population will be unintentionally excluded from the financial system and be overlooked as a target of community development activities.

Under such a framework, banks should be encouraged to address the specific needs of people with disabilities through:

- **Community Development:** Activities should include support for affordable and accessible housing; access to small business loans; loans to business that affirmatively hire neighborhood residents with disabilities, and infrastructure development to provide affordable access to hardware, software and broadband to facilitate expanded options for the use of online financial services.
- **Qualified Investments:** Banks should invest in CDFIs and/or low-income community development credit unions to support assistive technology loans and/or home and vehicle modification loans; nonprofit organizations that help LMI populations with disabilities improve financial capability; workforce development programs that increase employment among people with disabilities; and providing expertise to support disability nonprofits to better serve the financial education needs of their clients.
- **Qualified Lending:** Direct small dollar loans to improve access to credit and credit scores; consumer loans for assistive technology, home and vehicle modifications and technology purchases; local and state governments for community development activities; and small business loans for entrepreneurs with disabilities

Disability is identified on most major national surveys providing empirical evidence that people with disabilities are being left out of the financial mainstream. These data sources also allow banks and regulators to identify areas with LMI populations with disabilities in order to target their work and operationalize the proposed CRA evaluation criteria.

OCC's written performance evaluation of a bank's CRA activities and the CRA rating should provide facts, data and analyses that documents their investments, lending and community development activities to support the credit and other financial needs of people with disabilities."

To learn more about key facts to support proposed comments for inclusion of people with disabilities, read the rest of NDI's comments on CRA modernization.

Back to top

September Employment Numbers

Disability employment statistics for September 2018 show that the unemployment rate among people with disabilities was 7.3 percent. This shows a 0.2 percent decrease from January 2017. The latest employment statistics also find that only 19.9 percent of people with disabilities are actively in the labor force, as compared to 65.9 percent of people with no disability. Data on people with disabilities covers those between the ages of 16 to 64 who do not live in institutions.

U.S. Disability Employment Profile				
Statistic	With Disability		Without Disability	
	Sep. 2017	**Sep. 2018**	**Sep. 2017**	**Sep. 2018**
Percent of Population in the Labor Force	21.2	21.4	68.7	68.2
Employment-Population Ratio	19.6	19.9	66.0	65.9
Unemployment Rate	7.5	7.3	3.9	3.4

As reported by the U.S. Department of Labor's Bureau of Labor Statistics, Table A-6

Back to top

NATIONAL DISABILITY INSTITUTE:*Celebrating 10 Years of Real Economic Impact for People with Disabilities*

1667 K Street, NW
Suite 480
Washington, DC 20006
Tel: (202) 296-2040
Fax: (202) 296-2047

www.realeconomicimpact.org
info@ndi-inc.org