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## Research Brief

# Material Hardship, Poverty, and Disability among Working-Age Adults

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## **Material Hardship, Poverty, and Disability among Working-Age Adults**

Working-age people with disabilities represent a large and growing share of the population who rely on public cash and in-kind assistance programs. People with disabilities are considerably more likely to experience income poverty relative to those without disabilities; annual poverty rates are two to five times higher among working-age people with disabilities compared to their counterparts without disabilities. The mental or physical conditions underlying an individual's disability make it necessary for the individual to consume more resources to meet basic needs than a person without such conditions. It is thus of interest to examine the extent to which working-age people with disabilities are able to meet their basic needs, and to assess the adequacy of the official poverty measure in reflecting material well-being for members of this group (She and Livermore 2006). This policy brief summarizes our key findings.

### *Disability and Material Hardship*

Based on data from the 1996 panel of the Survey of Income and Program Participation (SIPP), only a small share of the working-age population reported experiencing material hardships in 1998.<sup>1</sup> Regardless of the disability measure used, however, people with disabilities experience various kinds of material hardship at substantially higher rates than their counterparts without disabilities.<sup>2</sup> In Exhibit 1, we show the rates for selected types of material hardship by income and work disability status in 1998. People in poverty reporting work limitations experienced extremely high rates of material hardship. For example, approximately 20 percent of those in poverty reporting a work limitation in 1998, regardless of duration, experienced food insecurity with hunger. In contrast, just one percent of those with incomes above 200 percent of the federal poverty level (FPL) and reporting no work limitation experienced food insecurity with hunger.

After controlling for income and other socio-demographic characteristics using econometric models, disability remains an important determinant of material hardship.<sup>3</sup> We use the econometric models to calculate "disability-adjusted poverty standards." These standards refer to the levels of income needed for a person with a disability living alone to experience the same likelihood of a given material hardship as a similar person without a disability and with income equal to the federal poverty threshold. The standards are another way to illustrate the magnitude of the differences between people with and without disabilities in the likelihood of reporting hardships. In Exhibit 2, we show the disability-adjusted standards for selected types of material hardship using the work disability measure. Compared with the official 2005 poverty threshold of \$10,160 for an individual, the disability-adjusted standards range from \$25,000 to \$35,000 for a person with a work disability, depending on the duration of disability and

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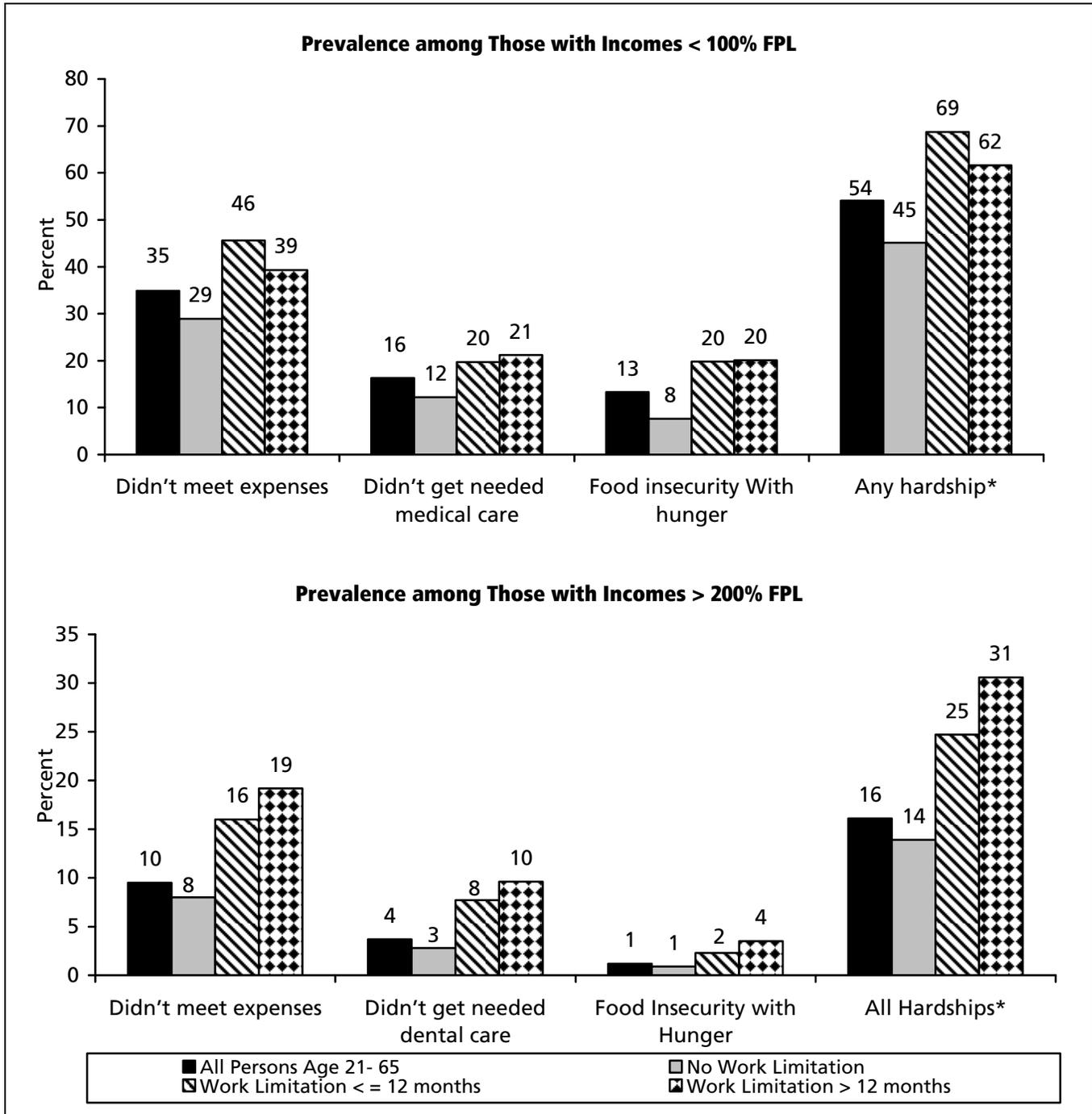
<sup>1</sup> Information about material hardship was collected in 1998 and refers to the previous four months for food insecurity, and the previous 12 months for other hardships.

<sup>2</sup> Work disability and functional/activity limitations measured over the 1996-1999 period are used, including distinctions between short and long-term disability.

<sup>3</sup> The covariates of the logistic regression models we use include disability status, income-to-poverty ratio, age, sex, race, ethnicity, education, family type (i.e., husband and wife-headed or male/female-headed, and whether or not the family includes a child less than age 18), and geographic location.

the hardship considered. For example, all else constant, an individual with a long-term work disability (more than 12 months) would need annual income of about \$29,000 to experience food insecurity at the same rate as a similar non-disabled individual with income of \$10,160.

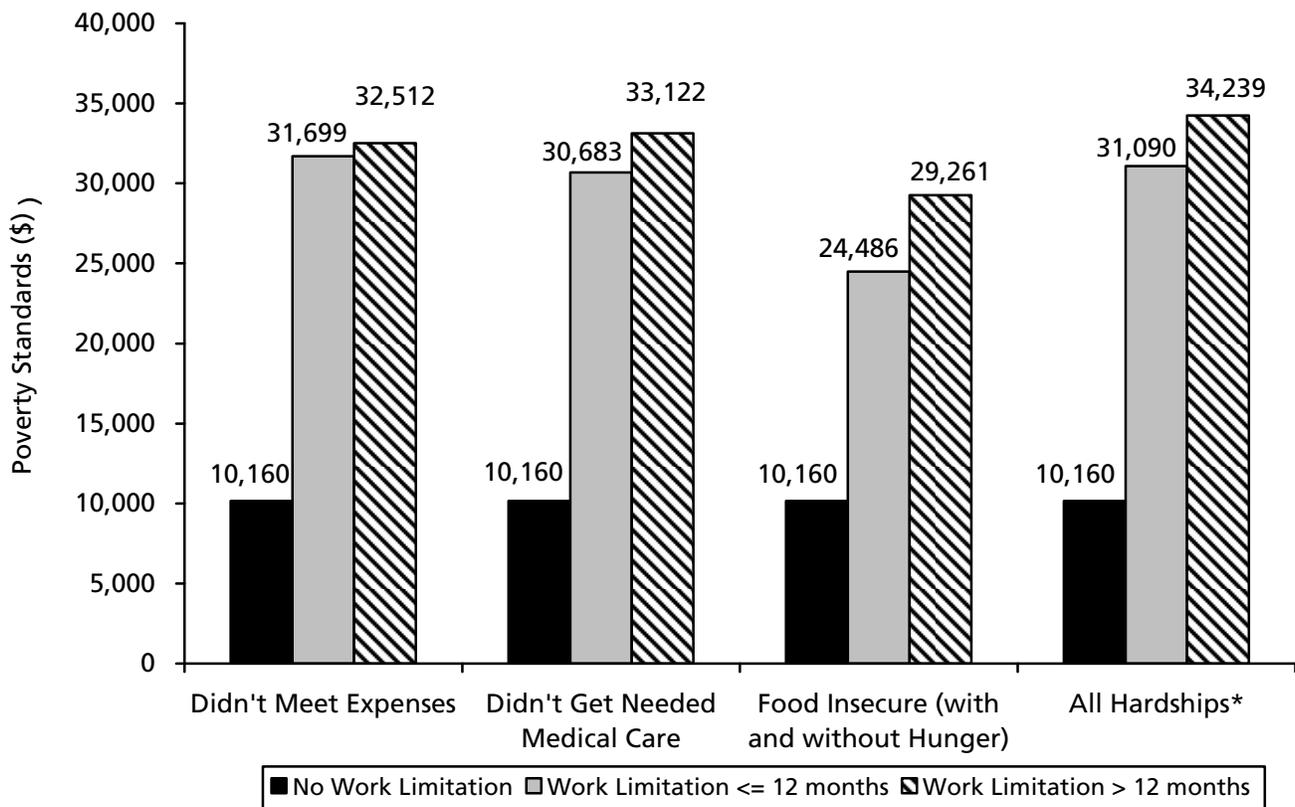
**Exhibit 1**  
**Prevalence of Selected Material Hardships in 1998, by Work Limitation Status and Income as a Percent of FPL in 1998, Persons Age 25 to 61**



\* The hardships included relate to: the ability to meet expenses; ability to pay rent or mortgage and utility bills; ability to obtain needed medical and dental care; and food insecurity with or without hunger.

Source: She and Livermore (2006).

**Exhibit 2**  
**Disability-Adjusted Poverty Standards for a Family Size of One**



\* The hardships included relate to: the ability to meet expenses; ability to pay rent or mortgage and utility bills; ability to obtain needed medical and dental care; and food insecurity with or without hunger.

Note: Adjustments based on logit model estimates. The federal poverty threshold for a one-person family under age 65 was \$10,160 in 2005 (U.S. Bureau of the Census 2006)

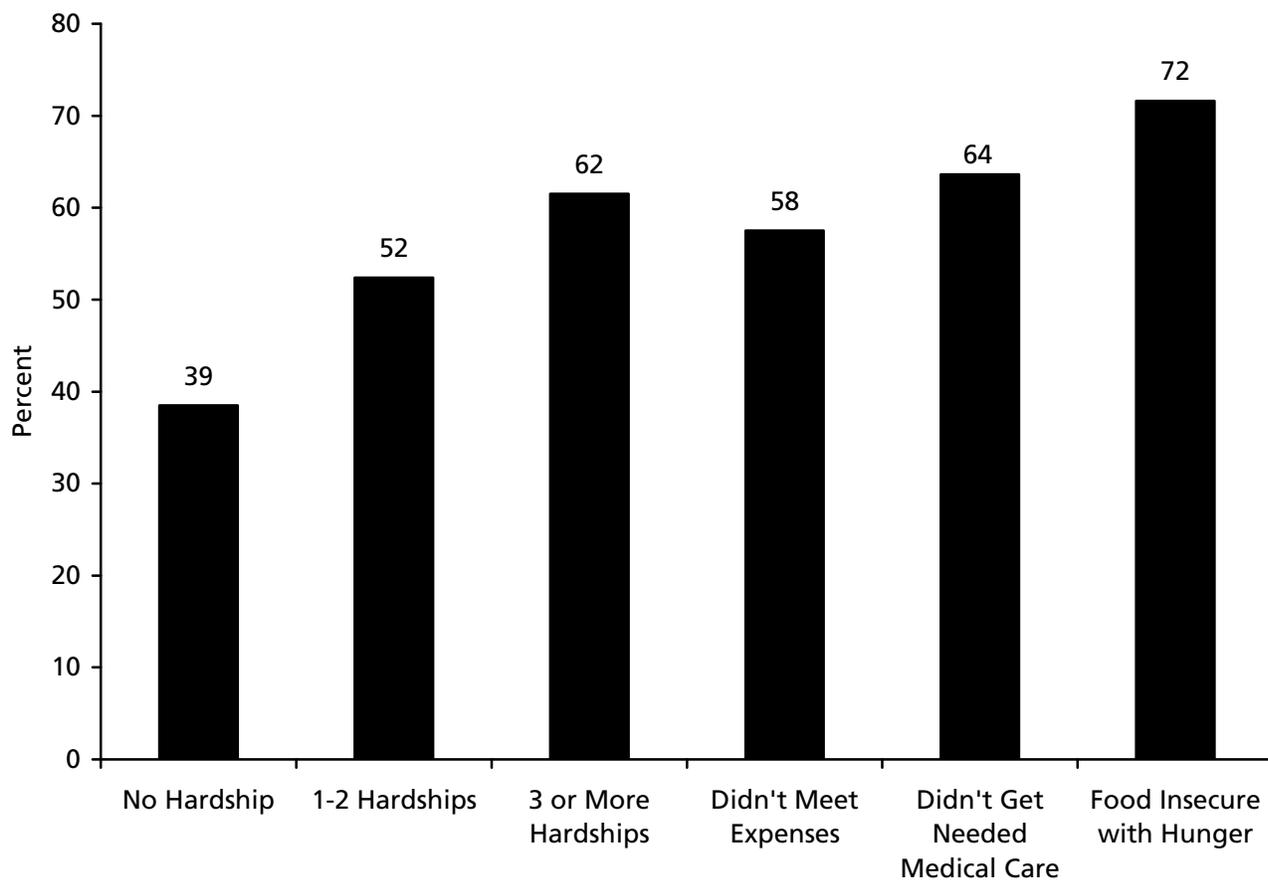
Source: She and Livermore (2006).

### *Disability Prevalence among Those Reporting Material Hardship*

A large majority of the working-age population with incomes at or below 200 percent of FPL who reported a material hardship in 1998 also reported a disability of some type between 1996 and 1999 (Exhibit 3).<sup>4</sup> Using a summary measure of any disability reported during 1996-1999, 52 percent of those reporting one or two hardships and 62 percent of those reporting at least three hardships in 1998 reported a disability, compared to 39 percent of those reporting no hardship. When specific hardships are considered, people who reported some type of disability during the 1996-1999 period make up from about 55 to 70 percent of those reporting the hardship. The largest shares are for those reporting food insecurity with hunger and those not receiving needed medical care – 72 and 64 percent respectively.

<sup>4</sup> About 23 percent of the working-age population had incomes at or below 200 percent of the FPL during 1998. Of this group, 47 percent experienced some type of disability at some point during the 1996-1999 period.

**Exhibit 3**  
**Disability Prevalence among Individuals in Households Reporting Hardships in 1998,**  
**Persons Age 25 to 61 with Incomes at or Below 200 Percent of FPL**



Source: She and Livermore (2006).

### *Discussion*

The significance of disability as a determinant of material hardship after holding income and other factors constant implies that there are important differences between those with and without disabilities in terms of ability to meet basic needs with a given level of resources. At a given level of income, people with disabilities will not, on average, achieve the same level of material well-being as those without disabilities. Comparisons of conventional poverty rates for people with and without disabilities may understate the differences in the relative economic well-being of these two populations.

The fact that a very large proportion of poor or near-poor working-age individuals who experienced hardship were people who had also experienced disability may be indicative of a variety of deficiencies in the welfare safety net, such as: inadequate levels of assistance provided by the Supplemental Security Income (SSI) program; inadequate provisions of the Food Stamp program concerning qualifications and benefit levels for people with disabilities; inability of the two major public health insurance programs, Medicare and Medicaid, to address the medical care needs of individuals during the early stages of disability onset, or of those experiencing relatively short-term disability;

and inadequate provisions of Medicare and Medicaid to cover many disability-related long-term supports (e.g., personal care assistance). Our research illustrates important differences in the likelihood of material hardship between those with and without disabilities, and provides support for policies that account for disability-related expenditures and needs when determining eligibility for means-tested assistance programs.

#### *REFERENCE*

She, P. and G. Livermore (2006). *Material Hardship, Poverty, and Disability among Working-Age Adults*. Rehabilitation Research and Training Center on Employment Policy for Persons with Disabilities, Ithaca, NY: Cornell University.



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