

# Single Mothers of Children with Developmental Disabilities Face Significant Financial Adversity



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## Overview

Families with children with developmental disabilities experience increased financial burden and high rates of income poverty. This study examined the financial well-being of working-age (18-64) single mothers with children with developmental disabilities. Using data from the 2001 and 2004 panels of the Survey of Income and Program Participation (SIPP), we compared the income poverty, asset poverty, income, net worth, and liquid assets of single mothers of children with developmental disabilities to married mothers of children with disabilities and other single mothers whose children had no disabilities. Compared with these other two groups, single mothers of children with developmental disabilities experienced significantly worse financial well-being across a range of income and asset measures. These findings suggest that single mothers and their children with disabilities face financial strains that require specific policy interventions aimed at their unique needs and experiences.

Families with children with developmental disabilities face a number of financial challenges including the need for specialized equipment and therapies, increased medical costs,<sup>1,2</sup> reduced maternal employment,<sup>3-5</sup> and reduced income and assets.<sup>6</sup> Because of these increased costs, individuals with developmental disabilities and their caregiving families are at increased risk for income poverty and reduced financial well-being.<sup>3,6-8</sup> While research has established that both mothers of children with developmental disabilities and single mothers experience high rates of poverty<sup>9-11</sup>, little is known about the financial well-being of single mothers of children with developmental disabilities.

There are a number of measures used to understand financial well-being. The United States measures poverty using the Federal Poverty Limit (FPL) while the European Union uses a relative measure that changes based on the median income of households in each nation.<sup>12</sup> However, household income only tells one part of a larger story of a family's financial well-being. Assets are also important because they provide resources if household income is reduced and allow for future financial security. A family is considered asset poor if the household's net wealth is not adequate to meet the household's basic needs for three months.<sup>13</sup> Estimates of asset poverty indicate that a larger number of families are asset poor than income poor.<sup>14</sup> This has significant implications for the ability of the family to handle a financial crisis, loss of job, or the family's ability to be financially stable in the future.

Using data from the 2001 and 2004 panels of the Survey of Income and Program Participation (SIPP), we examined the financial well-being of single, working-age (18-64) mothers of children with developmental disabilities compared to (a) single mothers who do not have children with developmental disabilities and (b) married mothers of children with developmental disabilities. We examined nine measures of financial well-being including annual household income, net worth, liquid assets, and 401(k) and Thrift savings. In addition, we looked at five binary indicators of poverty including: US income poverty, EU income poverty, negative net worth, US asset poverty, and EU asset poverty. Each measure was adjusted for the size of the household.

## Findings

Compared with married working-age mothers with children with DD, single working-age mothers with children with DD were:

- More likely to have lower mean income, net worth, liquid assets, and 401(k) or Thrift savings account equity
- More likely to be in income and asset poverty according to the US and EU definitions
- More likely to have net worth less than zero

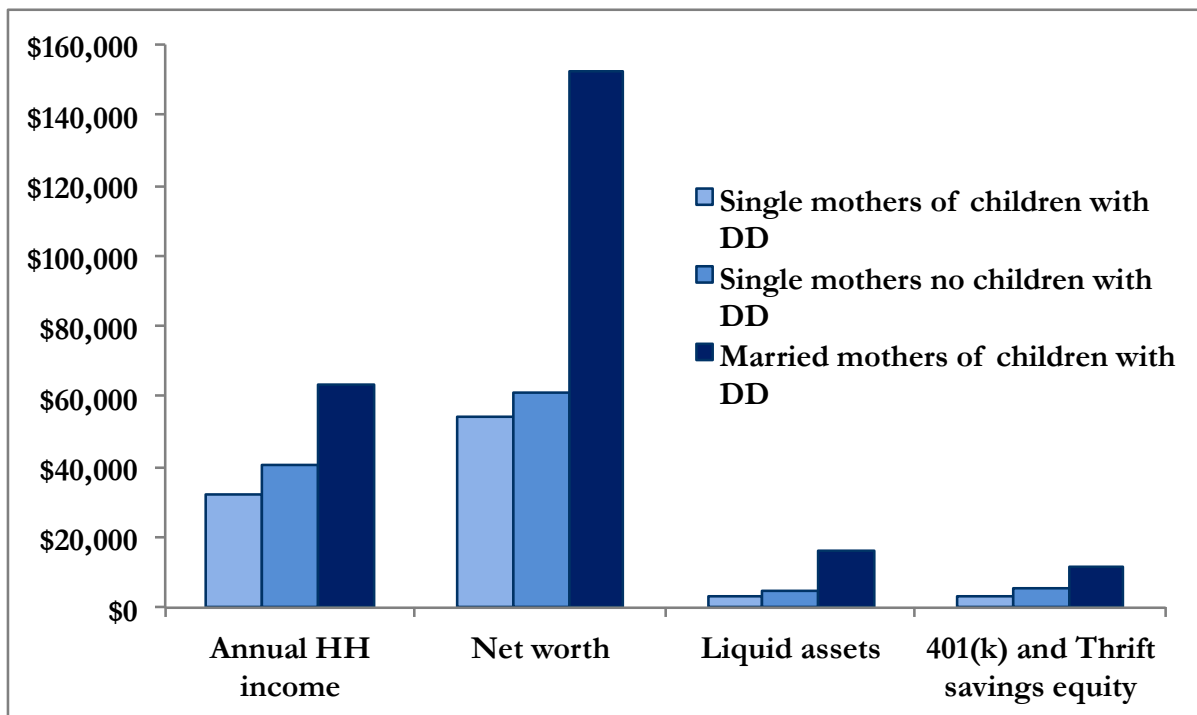
After controlling for race, ethnicity, education, age, and income, we found single working-age mothers had 3.2% lower income than the income of married working-age mothers with children with DD.

Compared with single mothers without children with DD, single working-age mothers with children with DD were:

- More likely to have lower 401(k) or Thrift savings account equity
- More likely to be in income poverty according to the EU definition and asset poverty according to both the US and EU definitions

After controlling for race, ethnicity, education, age, and income, we found single working-age mothers with children with DD had income 11.3% lower than single mothers not having children with DD.

## Financial Well-Being of Mothers



## Summary & Recommendations

We found that single working-age mothers of children with developmental disabilities were financially worse off than married mothers of children with developmental disabilities and single mothers of children with no developmental disabilities. Low employment rates of mothers of children with developmental disabilities likely contribute to these outcomes. Policies and services for these mothers must include support for maternal employment including flexible leave policies, increased availability of child care for children with disabilities, adult care support, and respite care. In addition, a number of families in this study received Social Security Income (SSI). Families are disqualified from receiving SSI if their assets exceed \$2,000. Policy makers should consider legislation that would raise the asset limits of SSI recipients. Finally, our findings are particularly troubling for aging caregivers. These caregivers will face significant financial burdens in retirement age given the low retirement savings found in this study and the likelihood that their adult child with developmental disabilities will still require their care.

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