

Just Getting By: Implications of Mental Health Consumers' Personal Economies for Employment

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Economic Development Theory EDT

- Assumes that poor people make well-informed financial decisions when risks & benefits are well understood
- A large proportion of people with severe & persistent mental illness live in poverty
- EDT provides a way to understand the economic behavior, incentives, choices, & realities of mental health consumers considering employment
- The Personal Economies Study applies an economic development approach to describing & understanding how consumers' personal economies influence their financial decision-making and potential return-to-work.
- EDT proposes that effective interventions for poor people must be based on an understanding of the day-to-day economy of the group; hence the rationale for the PES

Warner & Polak, 1993

- Study of 100 mental health consumers with schizophrenia at a community mental health center in Boulder, Colorado
- Found that the total cash & non-cash income for unemployed consumers (\$929) was only slightly less than for those working part-time (\$1,028). This was because employed consumers had lost SSA benefits, food stamps, rent subsidies, & other noncash income
- Part-time workers received an average of \$245 *more per month* in earned income, *but they lost \$156 per month* in noncash income, constituting an “implicit tax”
- This “tax” led consumers to weigh the relative merits of a job’s pay, stress level, & job satisfaction: needed to make at least \$5/hour (> minimum wage) plus health insurance if employment was to make economic sense

An Example...

...one young man with schizophrenia took a job as a janitor for 20 hours a week and earned \$380 a month. As a result, his SSI income decreased by \$153 a month, his food stamps by \$35, and his rent subsidy by \$130. Although in the end he was only \$62 a month better off, to him, it seemed worthwhile because he felt more independent when working.

(Polak & Warner, 1996, p.272)

EIDP Personal Economies Study: Research Questions

- What are the sources & amounts of consumers' monthly cash income?
- What are the sources & amounts of consumers' monthly noncash income?
- What proportion of consumers had any assets & how much were they worth?
- What proportion of consumers receive income from their families?
- What is the ratio of income to expenses for EIDP participants?
- Does the ratio vary by consumers' employment status?
- Does the ratio vary by consumers' SSI/SSDI status?

What is the Personal Economy Survey?

- The Personal Economy Survey (PES) was a special one-time add-on survey to the Employment Intervention Demonstration Program (EIDP) to collect greater detail on the economic situation of consumers with psychiatric disabilities.

Employment Intervention Demonstration Study

- A multi-site study conducted in 8 states
- Consumers were randomly assigned to either an experimental or control supported employment condition
- The PES was a sub-study funded by the Social Security Administration, done at 6 sites: PA, MD, MA, SC, AZ, & TX
- 867 PES participants answered detailed questions about their past month's income & expenses, their assets, types of assistance & services received, & their SSI/SSDI beneficiary history

Income Sources (in past month)

<u>Type of Source</u>	<u>%</u>	<u>Avg. per recipient</u>
SSI	46%	\$423
SSDI	44%	\$591
Earnings	33%	\$579
Family	14%	\$90
Unreported \$	13%	\$179
SSA Retirement	7%	\$485
Social Welfare	6%	\$146
VA Benefits	2%	\$638
Tax Refund	2%	\$1391
Trust/Inheritance	2%	\$850

Average Monthly Expenses

<u>Expense</u>	<u>Amount</u>
Rent	\$275
Food	\$144
Transportation	\$78
Loans	\$42
Electricity	\$37
Cigarettes	\$33
Phone	\$26
Medications	\$10
Gas	\$4
Other (pets, furniture, credit cards)	\$27

Noncash Income (in past month)

<u>Source</u>	<u>%</u>	<u>Avg. per recipient</u>
Transportation subsidy	44%	\$19
Housing subsidy	23%	\$285
Food stamps	22%	\$99
Utility subsidy	3%	\$70
Medicaid	58%	
Medicare	34%	
Private health insurance	8%	
VA/Armed services	2%	
Dental care	42%	
Prescriptions	84%	

Proportion with Assets and Average Amount

- 73% had some form of assets
- The average value of assets was \$4125
- 50% of all consumers had assets valued at less than \$200
- Types of assets included bank accounts, cash on hand, credit union accounts, homes, property, cars, bicycles, jewelry, collectibles

Ratio of Income to Expenses

What is this Ratio?

The individual's income for a month
divided by his/her expenses for that month

Break-Even Point = 100%

if $< 100\%$ - expenses exceeded income

if $> 100\%$ - income exceeded expenses

if $= 100\%$ - income equaled expenses

Ratio of Income to Expenses

(break-even = 100%)

Typical month = 103%

Higher than
average month = 120%

Lower than
average month = 94%

Ratios of Income to Expenses for Employed vs. Unemployed (break-even = 100%)

EMPLOYED = 120%

NOT EMPLOYED = 80%

*significantly different at $p < .05$

Ratio of Income Expenses for those on SSI/SSDI by Employment Status (break-even point = 100%)

<u>Status</u>		<u>Ratio</u>	<u>N</u>
Employed + SSI/SSDI	=	190%	190
Employed no SSI/SSDI	=	160%	97
SSI/SSDI not Employed	=	130%	481
No SSI/SSDI not Employed	=	60%	55

*significantly different at $p < .05$

“Jackie”

49 year old, African American woman, living in the Southwest, a high school graduate with some college, sharing housing with children and a roommate

<u>Income</u>		<u>Expenses</u>	
SSI/SSDI	\$509	\$200	food
Housing subsidy	\$ 86	\$400	utilities
Transportation	\$ 27	\$100	student loan
subsidy		\$ 86	housing
		\$ 10	transportation
TOTAL	\$622	\$796	

Ratio of income to expenses = 78%

“Roger”

36 year old, single, unemployed, Caucasian man, living in the Northeast, a high school graduate, residing in supported housing

<u>Income</u>		<u>Expenses</u>	
Job	\$250	\$395	rent
SSI	\$494	\$175	utilities
Family	\$100	\$122	food
		\$100	cigarettes
		\$ 20	transportation
		\$ 30	entertainment
TOTAL	\$844	\$842	

Ratio of income to expenses = 100%

Ratio minus family contribution = 88%

Conclusions

- Consumers' monthly cash income is very low
- Consumers receive considerable monthly noncash income
- While just under three-quarters of consumers had assets, their \$ value was very low
- A noteworthy proportion of consumers received income from families
- In a typical month, the average ratio of income to expenses was barely $> 100\%$ (i.e., consumers barely break even)
- Employed consumers had significantly better ratios than nonemployed consumers
- Employed consumers receiving SSI/SSDI had the best ratios and those with no SSI/SSDI who were not employed the worst

Conclusions (cont.)

- Therefore...
 - Benefits planning and counseling is essential for consumers living so close to the break-even point; this service should be available to every consumer
 - Financial education is needed by consumers and their families in order to break the cycle of poverty perpetuated by both high unemployment & dependence on public disability income support

For further information

- Visit the EIDP website at

www.psych.uic.edu/eidp/

(for information about the Personal Economies Substudy)

- Visit our web link for the *National Endowment for Financial Education Project*

www.psych.uic.edu/mhsrp/nefe.htm

- Visit our main website at

www.psych.uic.edu/mhsrp/