



STATE OF CONNECTICUT

COUNCIL ON DEVELOPMENTAL DISABILITIES



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SUBMITTED TO THE COMMITTEE ON FINANCE, REVENUE AND BONDING
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Senator Fonfara, Representative Berger, and Members of the Committee: thank you for the opportunity to present testimony in support of **Raised Bill 7038, *An Act Concerning the Establishment of Tax-free Accounts to Provide for Disability Related Expenses pursuant to the Federal Achieving a Better Life Experience Act.***

My name is Shelagh McClure and I am the Chairperson of the Connecticut Council on Developmental Disabilities. Our membership, all appointed by the Governor, consists of individuals with developmental disabilities, family members and professionals, including representatives of State agencies, that serve our disabled citizens. Our mission is to promote full inclusion of individuals with disabilities into community life, and we believe the ABLE Act fits squarely within our mission. Therefore, we urge your favorable report.

The economic data regarding the lack of employment and poverty among our citizens with disabilities compels the attention of all public officials. According to the Bureau of Labor Statistics, in 2013, 17.6% of persons with a disability were employed-- vs. 64% of non-disabled Americans. Of individuals with a disability actively looking for work, the unemployment rate was 13.2% in 2013, nearly twice the rate for non-disabled job seekers.

29% of Americans living with a disability lived below the federal

poverty level, vs. 13% of non-disabled Americans. In Connecticut, the number is somewhat lower--23%--but this is still alarmingly high.

When you consider our citizens with intellectual disabilities, the numbers are equally concerning. According to a study conducted by Special Olympics in 2011-12, only 34% of individuals with I/DD are employed, and of those individuals, about one-half were competitively employed, with the remainder in sheltered workshops or other arrangements, usually part-time and often at sub-minimum wage.

These statistics demonstrate why the ABLE Act is so important. With federal Medicaid rules restricting an individual's ability to accumulate more than \$2,000 in assets without jeopardizing their eligibility for benefits, disabled individuals and their families have been unable to save for expenses that could help them get ahead, or simply make their lives easier or improve their ability to live independently. We know that over 50,000 people with disabilities in Connecticut receive federal SSI based upon their disability, including blindness, so under current law they are restricted from accumulating more than \$2,000 in assets.

These asset restrictions, while perhaps well-intended to protect the public's dollars, have enforced a life of poverty and dependency on many individuals with disabilities, as eligibility for many services depends upon their qualification for Medicaid.

Adding to this already difficult situation facing Connecticut's disabled citizens is the very real prospect of budget cuts. Support they receive for job training, medical care, personal assistance, or any of a long list of services may be reduced or eliminated entirely. In the face of this cruel uncertainty, we must offer families a means to save for qualified disability expenses, to provide the opportunity to help them help themselves.

And that is just what the ABLE Act does--allow tax-favored savings for

qualified disability expenses without jeopardizing eligibility for federal means tested benefits. Although contributions to an ABLE account, up to the federal gift tax limit (currently \$14,000 annually), are not exempt from federal income taxes, the investment earnings and withdrawals would be tax free. In addition, this bill allows an unlimited Connecticut state income tax deduction for contributions to ABLE accounts. By comparison, for the Connecticut Higher Education Trust (“CHET”), the Legislature authorized a state income tax deduction of up to \$5,000 for individuals making contributions and \$10,000 for those filing joint returns.

Using an ABLE account, disabled individuals and their families can save for educational expenses, assistive technology, job training, transportation expenses, and a variety of other qualified disability expenses yet to be defined by the federal government, that give individuals a chance at economic self-sufficiency.

For other families, their unexpected or uncovered medical costs can break the bank. The ability to save for medical expenses, in a tax-favored manner, is a humane approach to an enormous problem facing many families.

A great champion of Americans with disabilities, U.S. Senator Tom Harkin, who served a combined 40 years in the U.S. House and Senate, retired this past January. On the occasion of his retirement, he looked back on the many positive changes he had witnessed and helped advance for people with disabilities in this country, but he lamented unfinished business in two areas: independent living and economic self-sufficiency. The ABLE Act is a tool to advance independent living and economic self-sufficiency for people with disabilities. It is sound public policy and I urge your support.

Thank you for the opportunity to present testimony today.