Workforce Development Efforts for People with Disabilities: Entrepreneurship, Tax Incentives and Procurement

The Council of State Governments and the National Conference of State Legislatures assembled a national task force to focus on workforce development efforts targeting people with disabilities in the states. This task force had four subcommittees composed of state policymakers along with non-voting stakeholders from the private sector and academia. The last in a four-part series that coincides with the subcommittee topics, this CSG policy brief highlights the recommendations from the Entrepreneurship, Tax Incentives and Procurement, or ETIP, subcommittee of the National Task Force on Workforce Development and Employability for People with Disabilities. This research brief builds on the work of the ETIP subcommittee by further exploring the role that states can play in supporting entrepreneurs with disabilities through education, training and technical assistance strategies.

Finding meaningful employment is an important aspect of life for everyone, including individuals with disabilities. Individuals with disabilities bring valuable skills and traits to the labor force but often are underutilized as willing and able contributors to the economy. According to the U.S. Bureau of Labor Statistics, the unemployment rate for individuals with disabilities was more than double that of their peers without disabilities in December 2016.1

There are different avenues to meaningful employment; some individuals may seek a position with a firm in the private or public sector. For more information about what states can do to promote the hiring and retention of individuals with disabilities in the workforce, see the CSG Capitol Research brief titled, “Workforce Development Efforts for People with Disabilities: Hiring, Retention and Reentry.”

Other people, however, choose self-employment or entrepreneurship as their economic path. Small businesses are a critical sector of the overall U.S. economy, and disability-owned businesses are a valuable component of that. In fact, individuals with disabilities are more likely to be self-employed or entrepreneurs than individuals without disabilities.2 Current data from the federal Bureau of Labor Statistics indicates 10 percent of individuals with disabilities in the labor force are engaged in self-employment efforts, a rate substantially higher than the 6.3 percent of individuals without disabilities who are self-employed.3

In Focus: The Entrepreneurship, Tax Incentives and Procurement Subcommittee

The subcommittee focused on how state government policies, programs, funding and initiatives can increase the number and diversity of self-employed individuals with disabilities and disability-owned businesses by examining entrepreneurship training strategies for individuals with disabilities, financial supports for established business owners with disabilities, and state procurement policies targeted to disability-owned businesses.

Self-employment is becoming a more common employment path for everyone, including individuals with disabilities, due to a shift in the economy toward contract work and work-from-home positions. Due to the increased demand for contracted labor, especially in fields such as customer service or technical support, there are more opportunities for individuals with disabilities to be self-employed and work from home.

States benefit from stronger economies when they emphasize and support self-employment and entrepreneurship as viable options for individuals with disabilities.4 “Entrepreneurship is both profit- and growth-oriented,” explained Kate Caldwell of the *Chicagoland Entrepreneurship Education for People with Disabilities, or CEED, Project*. Caldwell also served on the Entrepreneurship, Tax Incentives and Procurement Subcommittee.

“Entrepreneurship is intended to employ the individual through business creation as well as having the potential to employ others as the business grows,” Caldwell said. “For this reason, entrepreneurship is both an employment strategy and an anti-poverty strategy because it is not just creating one job, it is creating several.”5

There are features of self-employment and entrepreneurship that make them attractive options for individuals with disabilities. Self-employment can have the benefit of a greater level of customizability for individuals with disabilities.6 If self-employment provides individuals with disabilities an opportunity to work from home, it can help alleviate transportation barriers to employment that they may face if working outside of the home.7

Individuals with disabilities face unique challenges when beginning their entrepreneurship and self-employment efforts. Through research and work with entrepreneurs with disabilities, Caldwell and others at the CEED project have identified deficient training, education and technical skills as the most significant barriers that individuals with disabilities face to entrepreneurship and self-employment.8

All states support entrepreneurship among their citizens through a variety of strategies, including education and training resources that can be critical to acquire the skills and knowledge necessary for individuals to get their endeavors off the ground. States can tailor their current entrepreneurship supports to help overcome those challenges specifically faced by individuals with disabilities, including barriers to education, training or technical assistance.

Some states provide these services to small business owners through state departments of economic development. States also leverage federal-state partnerships or partnerships with multistate organizations to support entrepreneurship efforts. Examples of such partnerships include *Small Business Development Centers, or SBDCs*, which partner the U.S. Small Business Administration, with state economic development agencies and universities to provide resources for new business owners.

Although these institutions are great resources for entrepreneurs, they can sometimes overlook the needs of entrepreneurs with disabilities. Caldwell points out that this can be physical inaccessibility—such as inaccessible locations or lack of accessibly formatted materials—or it can be a lack of knowledge regarding disability-specific issues—such as navigating social security benefit requirements.

Vocational rehabilitation is an example of state-federal partnerships that tailor employment supports to individuals with disabilities. Vocational rehabilitation programs are funded about 80 percent by the federal government, while approximately 20 percent of funding comes from the states. However, they are administered at the state level, which allows each office to tailor the services to the specific industries and economic conditions of their area.

According to Kathleen West-Evans, director of business relations with the *Council of State Administrators of Vocational Rehabilitation* and committee member on the Career Readiness and Employability Subcommittee, “careers are a journey,” and vocational rehabilitation...
agencies can help guide that journey by matching individuals with disabilities with the job market that best suits their skills and ambitions.

The rate of entrepreneurship among individuals with disabilities can vary across the states, depending on the industry and economy of each state. Since vocational rehabilitation offices are administered at the state level, each state program is able to take advantage of the state’s specific economic condition. For example, New Hampshire has an economy that is heavily driven by small businesses; they were ranked as the fifth best state for entrepreneurship by the 2013 State Entrepreneurship Index. This means there is great opportunity for disability-owned businesses in that state, as well. The New Hampshire Vocational Rehabilitation program, or NHVR, is housed within the state Department of Education and strives toward the goal of increasing “quality self-determined employment outcomes” for individuals with disabilities. One of the program’s strategies involves providing “options and technical assistance … related to the development and implementation of small business and self-employment.”

West-Evans pointed out that small business failure is a fear of many prospective entrepreneurs, including those with disabilities. States can support the entrepreneurship efforts of individuals with disabilities by expanding current state procurement policies to include disability-owned businesses. Within this process, states can establish a Disability-Owned Business Enterprise, or DOBE, certification category. States may also choose to expand their Minority Business Enterprise category to include individuals with disabilities. Finally, states can use the existing U.S. Business Leadership Network, or USBLN, third-party certification process, Disability Supplier Diversity Program®, or DSDP.

The USBLN disability-owned business certification is popular among corporations looking to diversify their supply chains, and states are beginning to use this third-party tool as well. By accepting the same certification used by the private sector, states help break down barriers to entry for individuals with disabilities who are interested in entrepreneurship. It can also ease the administrative burden on state and local governments because they will not have to develop their own certification process. Brian Horn, USBLN chief of staff, explained that the DSDP certification process follows “industry best practices” of certification that have been used for women- and minority-owned businesses for decades. The primary criterion is that the business be at least 51 percent owned-operated by an individual with a disability.

Massachusetts and Pennsylvania currently recognize USBLN’s DOBE certification. These states each formalized their commitment to promoting entrepreneurship for individuals with disabilities through executive orders. Pennsylvania Executive Order 2015-11 was issued by Gov. Thomas Wolf and demonstrates the commonwealth’s prioritization of building the economy through diversity in state procurements. Massachusetts expanded their Supplier Diversity Program to include disability-owned businesses in Executive Order 565, issued by Gov. Charles Baker. Both states use an online database to secure contractors with the DSDP certification.

Another concern of individuals with disabilities who are interested in entrepreneurship is their access to medical coverage. Since there are income and asset limits on social security benefits and medical coverage, individuals with disabilities must navigate these technicalities as they relate to their employment and health
insurance coverage. This can be especially challenging for entrepreneurs or the self-employed. If they take a position with a large employer, individuals with disabilities are often able to get coverage through their employer because they become a part of an insurance pool. However, entrepreneurs may have more difficulty gaining access to a health exchange due to preexisting conditions and lack of an insurance pool.

West-Evans identified a critical state technical support mechanism for entrepreneurs with disabilities: Social Security benefits planners. These are social security experts who are employed by state agencies—vocational rehabilitation offices, Departments of Economic Development, etc.—to advise people on how to navigate their social security benefit options when they begin work, return to work, change careers, or begin a new business endeavor through entrepreneurship or self-employment.

Benefit planning is used by the state of Washington’s Division of Vocational Rehabilitation. Washington provides these services through its Plan to Work program, which “consists of a statewide call center and a network of specially trained community work incentive coordinators, who provide one-on-one benefits analysis and benefit planning,” according to their website. These experts help workers with disabilities understand the benefits and programs that are available to them, as well as the steps they can take to secure them.

Lack of technical or planning skills often present significant barriers to entrepreneurship, including for individuals with disabilities, but states can help by offering education, training and technical assistance strategies as part of their commitment to supporting entrepreneurs with disabilities. When individuals are able to create jobs for themselves and others, state economies thrive. To learn more about what states can do to support workforce development for individuals with disabilities, view the full Work Matters report.

RESOURCES
4 Ibid.
6 Whitehouse, p. 81.
10 Ibid.

Elizabeth Whitehouse, Director, CSG director of education and workforce development policy, ewwhitehouse@csg.org
Leah Byers, CSG Graduate Fellow

4 THE COUNCIL OF STATE GOVERNMENTS