

## **These simple but crucial policy updates could be game-changers for entrepreneurs with disabilities**

In the United States, individuals with disabilities face a grim picture of economic hardship.

They face persistently high rates of unemployment and entrenched poverty relative to other Americans. According to the Bureau of Labor Statistics, the unemployment rate for people with a disability was 7.2% in 2023 — about twice that of those with no disability. Despite historic strides in disability rights, disabled individuals continue to lag behind their peers in the labor market.

Entrepreneurs with disabilities face a poverty trap stemming from the cap on income and assets, as they risk losing crucial benefits like Medicaid and Medicare. Due to the federally mandated limits, many people choose to keep their businesses small so they can get the health care they need. But entrepreneurship is hard enough without having to intentionally restrict your own business's growth. And people of color with disabilities often face even greater obstacles.

These individuals may want to gravitate towards entrepreneurship, allowing them to use the ingenuity and determination with which they navigate the world each day. This path also enables them to work on their own terms, free of the stereotypical workplace biases they might face as employees.

Unfortunately, current policies provide inadequate support for disabled individuals considering entrepreneurship and can even create obstacles. However, some

simple policy reforms can help disabled individuals attain economic self-sufficiency and personal actualization as entrepreneurs.

## **Where the federal government falls short**

Very few government programs uniquely support people with disabilities who want to start their own businesses. The Small Business Administration's (SBA) procurement goals do not define such ventures owned by people with disabilities as "socially and economically disadvantaged small businesses." The only technical assistance grant programs tailored for people with disabilities are reserved for veterans with service-connected disabilities. Moreover, the SBA's programs often fail to recognize the importance of both assistive and mainstream technology to these entrepreneurs.

Further, a 2013 report by the Department of Labor's Office of Disability Employment Policy noted that self-employment for those exiting the Rehabilitative Services Administration's (RSA) vocational rehabilitation programs was very low — a pattern that continues today.

## **The changes founders with disabilities need**

SBA and vocational rehabilitation programs should be modified to support entrepreneurship and small business ownership. SBA technical assistance grants — modeled after the Service-Disabled Veteran Entrepreneurship Training Program's current awards but focused on community nonprofits led by individuals with

disabilities — should be implemented. RSA-funded vocational rehabilitation programs should enhance access to proven entrepreneur incubators and accelerators. A specified portion of the RSA's budget should be set aside to provide training to individuals with disabilities pursuing self-employment.

In addition, entrepreneurs with disabilities often face a poverty trap because income and asset caps threaten their government benefits. Those caps should be significantly increased.

Fortunately, some policymakers put forth proposals to expand relevant opportunities.

The Work Without Worry Act, which won bipartisan support from senators across the political spectrum, would remove a Social Security work disincentive for Americans with disabilities. The SSI Savings Penalty Elimination Act would update the Supplemental Security Income (SSI) program's asset limit, unchanged since 1989, and reduce penalties for saving and working.

The Supporting Disabled Entrepreneurs Act would direct the SBA to establish a point of contact for disabled entrepreneurs and gather data, which respondents can self-report voluntarily, about applicable founders participating in SBA programs.

Two provisions relating to Achieving a Better Life Experience (ABLE) tax-preferred savings accounts allow people with disabilities to maintain essential support while

pursuing self-employment. One provision allows owners who work and earn income to contribute above the annual ABLE contribution limit; the other enables individuals aged 26 to 45 to contribute to ABLE accounts. Unfortunately, both provisions are scheduled to expire at the end of 2025, and should thus be made permanent.

While we need additional and consistent efforts and policy upgrades to allow disabled individuals to work to their full potential, these bills are a start in the right direction. Lawmakers should enact comprehensive reforms that remove work and saving disincentives, as well as facilitate entrepreneurship, for individuals with disabilities. These reforms are essential in paving the way for a more inclusive and equitable society.

“From the standpoints of worker shortages and economic dynamism, we literally do not have a single person to waste,” said Brent Orrell, an American Enterprise Institute senior fellow, before a special Senate committee focusing on disabled individuals. “To do well economically, we must also do good morally, paying special attention to those like older and disabled workers, who might otherwise find themselves left behind in the race of life.”

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