

Small Business Ownership by People with Disabilities

CHALLENGES AND OPPORTUNITIES

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Executive Summary

A significant portion (74 percent) of people with disabilities are outside the labor force. For multiple reasons, individuals with disabilities continue to turn to self-employment and small business development as a viable alternative that provides greater control, choice and flexibility in terms of work schedule, environment and economic advancement.

While entrepreneurship is an important employment option for people with disabilities, they are hindered by limited access to affordable start-up capital and a scarcity of supports, services and programs tailored to their unique needs and challenges.

On-the-ground research uncovered a lack of small business development skills and opportunities for growth through accessible and responsive training and technical assistance. [Our sources included Census Bureau survey data, entrepreneurs with disabilities, state Vocational Rehabilitation agency (SVRA) leaders and experts from organizations in the ecosystem of disability-owned business enterprises.]

This report sets out to document the challenges these individuals face — through using quantitative and qualitative data — and offer recommendations to help increase opportunities for business ownership and financial freedom for those with disabilities.

Numbers only tell part of the story

A higher percentage of self-employment in working-age people with disabilities is observed in all age groups, as compared to working-age people without disabilities.

- Lower labor force participation and higher self-employment rates among those who are working stem in part from barriers to the labor market.
- Barriers keep them from pursuing work and, when people with disabilities do pursue work, lack of accommodations and discrimination in the workplace may prompt them to launch their own enterprises. [This finding is supported by National Disability Institute's (NDI) survey of entrepreneurs with disabilities.]
- Entrepreneurs with disabilities expressed that they started their business to have a more flexible work schedule, because they had experienced a hostile work environment or a lack of advancement opportunity, or they were laid off and could not find a job in their field.

However, it's difficult to get a handle on just how many people with disabilities are self-employed.

- Disability status is not captured on large national efforts (e.g., Census Bureau) to collect information on businesses or the more detailed annual small business surveys conducted by the Federal Reserve System.
- These surveys have identified disparities in small businesses owned by women and underrepresented communities — leading to increased investment in these particular populations. However, disparities in small businesses owned by people with disabilities are not identified and result in limited, or no, targeted resources.
- As a result, the absence of disability data renders business owners with disabilities invisible. This creates an obstacle to building a case for developing targeted programs for this underserved and too often overlooked population.
- Small business owners who spoke with NDI also talked about the limitations of programs designed for other groups of people. Participants described how programs for disabled veterans, women and underrepresented communities do not address the specific challenges of entrepreneurs with disabilities.

Ableism poses a barrier for DOBEs

Drawing on interviews NDI conducted with disability-owned business enterprises (DOBEs), as well as findings from NDI's online survey, successful entrepreneurs with disabilities must overcome subtle and not-so-subtle attitudinal, technical and policy challenges.

- Each of the entrepreneurs interviewed told stories about ableism and how they were often required to overcome low expectations. Similar to racism and sexism, ableism is expressed in negative stereotypes and misconceptions that view an entire group of people as “less than.” A sampling of the verbatim comments illustrates this fact:

“ Just because our first product is for people with disabilities, it doesn't mean that all of our products will be disability-related. Just because I have a disability myself, doesn't mean that I'm a charity case.”

“ I'm very visibly disabled. Going into a new room, I can read the audience. I can tell immediately (that) their expectations drop. When I begin my presentation, I try to seize the room and give myself immediate credibility ... I'm incredibly, I wouldn't say, 'paranoid,' but 'cognizant' of others' perceptions.”

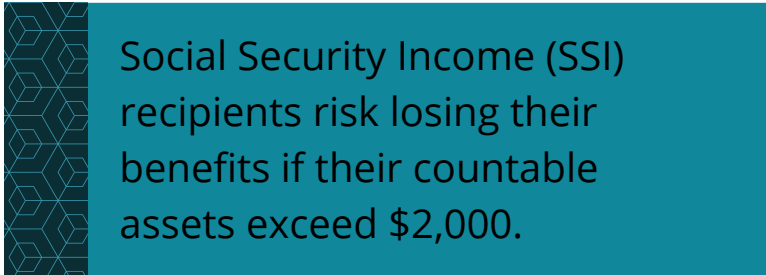
“ I'll hear large companies say to DOBEs: 'Now, you know, you're going to have to do the same as anyone else.' Or 'you know, we base it on performance.' When they say that, I want to walk in and say, 'Thank you for telling us because we planned on not performing.'”

- Survey results reinforced the opinions collected from DOBEs: 61percent of respondents agreed or strongly agreed with the statement: “I have to demonstrate superior knowledge to be taken seriously as a business owner with a disability.”

Smaller disability-owned businesses avoid traditional financing channels

Entrepreneurs with disabilities face unique barriers in starting and growing their businesses that need to be understood in order to design and deliver effective supports.

- Although several of the larger, more established DOBEs NDI interviewed had lines of credit with their banks, few of the smaller businesses used Small Business Administration (SBA) or bank loans to finance their start-up. The reasons for avoiding loans fell into four categories:
 - **Apprehension about providing personal guarantees and using personal assets as collateral:** Several interviewees said they did not want loans that require them to put up a personal guarantee because of their disability-related health issues.
 - **Will not qualify because of bad credit:** Several respondents spoke about the impact of their disability on their credit score.



Social Security Income (SSI) recipients risk losing their benefits if their countable assets exceed \$2,000.

- **Will not qualify because of lack of assets or benefit-related issues:** Social Security Income (SSI) recipients risk losing their benefits if their countable assets exceed \$2,000. Recipients of Medicaid risk losing their benefits if their countable assets exceed a low level that varies by state.
- **The loan process is difficult:** People who are Deaf and hard of hearing, for example, describe the process of taking out a loan as equating to reading legal jargon in a second language.

SBA, banks not addressing disability needs (as they do other segments)

The SBA partners with universities, state economic development agencies and private nonprofit groups to offer no-cost business development assistance and low-cost training to new and existing small businesses. Nationwide, there is a network of 1,000 Small Business Development Centers that offer training and technical assistance to entrepreneurs to support business creation and growth.

- Unfortunately, to date there has been little specific training of program staff or specific targeting of assistance to DOBEs.

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- In January 2021, the SBA announced funding of 20 new Women's Business Centers (WBCs) to add to the existing nationwide footprint of over 100 WBCs. These centers offer one-on-one counseling, technical assistance and mentoring to women entrepreneurs. The new centers will be hosted in rural and underserved markets in partnership with Historically Black Colleges and Universities.
- Yet, these centers have not received any technical assistance to improve their outreach and support to DOBEs.

Several SVRAs said they were aware of programs by banks to support women and underrepresented communities, but not anything that specifically addressed disability.

- There was general consensus that specializing in serving individuals with disabilities and making banking services and supports accessible was a missing piece.

Filling the needs niche for now: Disability:IN

Just as with women-owned or minority-owned businesses, there is a need to certify DOBEs. SBA's 8a certification of small businesses for minority and socially and economically vulnerable populations does not include DOBEs, however. This certification offers preferential treatment in federal government procurement opportunities that remains unavailable to DOBEs. It's worth noting that DOBE certification is being recognized in supplier diversity commitments being made by an increasing number of major corporations and by a few states and cities.

Disability:IN is the leading, independent certifier of DOBEs — including service-disabled veteran-owned business enterprises — promoting utilization and growth through three key activities:

- **Certification:** A rigorous and highly credible two-year national certification trusted by corporate America.
- **Education & Business Development:** Supplier educational programming and mentoring to expand knowledge, skills and business capacity to compete effectively.
- **Connections:** Access to networking and business matchmaking events uniting corporate/government leaders and decision-makers with suppliers to foster relationships and competitive bidding opportunities.

To be DOBE-certified by Disability:IN, each business must be 51 percent-owned, operated and managed by a person with a disability, and must not be substantially reliant on another business to operate.

- According to data provided by Disability:IN, the organization has certified over 300 DOBEs that generate annually over \$536 million in revenues.

RECOMMENDATIONS

Provide more access to capital

- Banks could design and implement a two-pronged strategy to respond to the capital needs of entrepreneurs and small business owners with disabilities.
 - On a competitive process, a bank or banks could fund five geographically disbursed CDFIs that can demonstrate a past record of experience in lending and providing other needed support services to small business owners with disabilities and/or other underrepresented communities defined by race, ethnicity and/or gender.
 - Each bank could expand their commitment to small business lending — to become more intentional and inclusive of entrepreneurs and small business owners with disabilities — with targeted funding goals.

Establish a regional infrastructure to meet unique population needs

- Banks could, through Community Reinvestment Act (CRA) investment, support four business incubators in different regions of the country managed by — and operated for — the exclusive benefit of individuals with disabilities. Business incubators offer entrepreneurs a range of essential resources and skills development programs.
- Each of the supported business incubators would offer participants with disabilities mentoring and peer support opportunities. The vast majority of incubators currently provide entrepreneurs and small business owners with marketing assistance, market research and analytics tools, access to legal advice and accounting professionals, assistance with loan and grant applications and networking opportunities.



Increase public and private certification of disability-owned businesses

- SBA should recognize DOBEs under their 8a certification program, which will offer new federal procurement opportunities that are now available to 8a-certified small businesses (e.g., women, minority).
- Disability:IN could utilize the other proposed bank investments in selected CDFIs and business incubators, as well as increased responsive and coordinated activities with the SBA and the Rehabilitation Services Administration (RSA), to create a pipeline and feeder system of disability-owned businesses conducive to increased certification numbers.

Invest CRA funds to support SVRAs to expand self-employment services

- Banks could make a CRA-qualified contribution of funds annually for three years to support the needs of SVRA to secure matching dollars that would draw down almost four federal dollars for each dollar contributed.
- The SVRA would be able to use these funds to increase their support of small business development, thus increasing the number of entrepreneurs with disabilities successfully pursuing self-employment ventures.

Banks and the financial community could support public policy recommendations that would:

- Increase access to business opportunities, capital and support services for DOBEs being recognized by the SBA for 8a certification.
- Improve the responsiveness and coordination of resources among federal agencies (SBA, RSA, Departments of Labor and Commerce) for small business development by people with disabilities.
- Improve the collection, analysis and dissemination of data about small businesses owned by people with disabilities and their economic impact.

Increase public and private data collection and reporting to track the growth and status of disability-owned businesses

- The financial community should push for federal agencies including, but not limited to, the Census Bureau and the Federal Reserve Board of Governors to collect, analyze and report disability data as part of their small business surveys and dissemination efforts.
- The financial community should also encourage private sector data collection (such as the small business surveys conducted by Salesforce and Guidant Financial) to include disability questions and report data disaggregated by disability status.

Drive integrated services to promote the financial stability and growth of DOBEs

- Banks could designate a lead individual to be a DOBE manager to identify, integrate and coordinate current and future investment, lending and service opportunities within all parts of a bank for DOBEs.
- Banks could contract with disability subject matter experts and community disability organizations to provide advice and continue to inform DOBE lending and service improvements.

CONCLUSION

- There is no single strategy that can respond to the historic economic inequality confronted by generations of individuals with disabilities.
- Despite significant attitudinal, technical and policy challenges, many entrepreneurs with disabilities have succeeded as small business owners. Stories are shared in the full report.
- Their experiences demonstrate that small business development is a viable way for people with disabilities to achieve employment, self-sufficiency and financial wellbeing, yet they face unique barriers that are unmet due to a lack of funding and professional support specifically targeted to this vulnerable population.
- Banks have the opportunity to lead the way toward the empowerment of entrepreneurs with disabilities that parallels the commitment these banks have made — and continue to make — to veterans, women and Black, Latino and Hispanic small business owners.

Background of Project

A pre-COVID-19 2019 report from the SBA indicated that 44 percent of U.S. economic activity can be attributed to small businesses and that “small businesses create two-thirds of net new jobs and drive U.S. innovation and competitiveness.”¹ Data collected by the federal government has helped identify disparities in the number and financial characteristics (e.g., size, profits) of small businesses owned by women and people of color, and the type of support needed to overcome these disparities, leading to investment in these communities. Unfortunately, these sources of data do not ask respondents whether or not they have disabilities and, consequently, little to no investment and programmatic efforts target entrepreneurs with disabilities who are likely to face multiple barriers to business development.

In April 2020, the impact of COVID-19 on the economy caused more than one in five — or 3.3 million — small businesses to close. Entrepreneurs of color were disproportionately hit with a 41 percent drop in Black businesses and a 32 percent drop in Latinx businesses.² Female-owned businesses were also disproportionately impacted with a 25 percent decrease.³ No statistic exists regarding small businesses owned by people with disabilities because surveys tracking the effect of COVID-19 on small businesses do not gather disability data. We do know, however, that between January and April of 2020, people of color with disabilities suffered the highest loss in employment: 44 percent of African Americans and 22 percent of Latinx with disabilities lost their jobs between February and April of 2020.⁴

At the end of the second quarter of 2021, job losses remained in the millions. Over one million small businesses have not reopened, and the financial recovery remains uneven with minority and vulnerable populations, including people with disabilities who are more impacted by economic inequality defined by income production and household wealth. Financial institutions have been proactive with financial commitments to support the restart and resilience of African American, Latinx and women-owned small businesses across market sectors and diverse geographic locations nationwide, but there has not been to date similar targeting of resources for small business owners with disabilities.

At the end of the second quarter of 2021, job losses remained in the millions.

This has to change. Small business ownership offers people with disabilities flexibility, self-direction and opportunity for innovation and wealth creation, and the positive impact goes beyond just the business owner. Entrepreneurs with disabilities use their disability experience to identify needs in the market that those without disabilities may not see, creating products and services for people with disabilities and the larger market. They are more likely to hire employees with disabilities. They have the power to bring disability into the diversity discussion and to demonstrate that disability is a natural part of the human experience that does not

1 U.S. Small Business Administration, Office of Advocacy (2019). Small Businesses Generate 44 Percent of U.S. Economic Activity. Release No. 19-1 ADV. <https://advocacy.sba.gov/2018/12/19/advocacy-releases-small-business-gdp-1998-2014/>

2 Fairlie, R. (2020). COVID-19, Small Business Owners, and Racial Inequality. National Bureau of Economic Research Reporter: No. 4. <https://www.nber.org/reporter/2020number4/covid-19-small-business-owners-and-racial-inequality>

4 National Disability Institute (2020), Race, Ethnicity and Disability: The Financial Impact of Systemic Inequality and Intersectionality. <https://www.nationaldisabilityinstitute.org/wp-content/uploads/2020/08/race-ethnicity-and-disability-financial-impact.pdf>

diminish a person's ability to fully participate in and contribute to society.

The lack of knowledge about the state of small businesses owned by people with disabilities, and the likelihood that this community needs urgent and tailored support, is at the genesis for this research. The goal is to provide a more comprehensive understanding of small business ownership and development by people with disabilities, their unique needs and challenges and how they have been impacted by the pandemic. This report provides answers to three research questions:

- 1. How many people with disabilities own small businesses? What is the size of the market for credit and other supports to facilitate and promote small business ownership by people with disabilities?**
- 2. How do the challenges faced by people with disabilities differ from the chal-**

lenges faced by other underrepresented groups? How do these differences affect how supports should be structured?

- 3. What current support services exist and how well do they facilitate small business development among people with disabilities?**

In answering these questions, we describe what we learned from the review and analysis of multiple public data sets, interviews and focus group discussions with financial service institutions, public agencies responsible for employment and small business development, business incubators, disability-owned business certifiers and small business owners with disabilities. The report concludes with findings and recommendations to strengthen the financial and support infrastructure to increase the development and growth of small businesses owned by people with disabilities.

Methodology

The research consisted of the following four components:

1. Analysis of existing data sources:

NDI analyzed data from the 2019 American Community Survey⁵ (ACS) and two years (2019 and 2020) of the Current Population Survey (CPS)⁶. The ACS proved to be the most valuable because, with its more than three million respondents, it provided robust estimates of the number and characteristics of small business owners with disabilities (in comparison, the CPS's sample is 60,000).

We explored the possibility of analyzing additional governmental and non-governmental data (e.g., Participant Individual Record Layout data from the Department of Labor, American Business Survey, Federal Reserve Small Business surveys and data from the RSA) sources, but found they were either unavailable or did not include questions that enabled us to identify people with disabilities in the data.

2. Interviews with 12 entrepreneurs with disabilities:

We conducted interviews with 12 DOBEs and entrepreneurs with disabilities. A DOBE is a for-profit business that is at least 51 percent owned, managed and controlled by a person with a disability, regardless of whether or not that business owner employs person(s) with a disability. The interviewees were recommended by two organizations. Disability:IN⁷, a nonprofit that certifies DOBEs, recommended five DOBEs, and 2Gether-International⁸, a Washington, D.C.-based business incubator for entrepreneurs with disabilities, recommended seven entrepreneurs. The businesses we interviewed varied dramatically in

their type, stage of development and characteristics of the business owners.

All interviews were conducted by an experienced interviewer from NDI who has worked in the workforce development arena for over 25 years. Interviews were directed by an interview guide developed by the research team. The interviewer asked broad open-ended questions designed to allow the entrepreneurs to tell their story. The entrepreneurs were also asked more specific questions to identify the facilitators and barriers to developing their small business, including what support services were available to them and what additional supports are needed to help grow and sustain disability-owned small businesses. The interviews were audio recorded and transcribed. Another member of the research team analyzed the transcribed interviews using NVivo qualitative analysis software and identified and summarized the main overall ideas or themes expressed by the entrepreneurs with disabilities.

These entrepreneurs shared stories that were compelling, heartbreaking and funny (often simultaneously). They revealed a level of creativity and tenacity that humbled the researchers. We provide quotes from the interviews throughout this document, some of which have been edited for length and clarity. A second researcher reviewed each quote to ensure the edits did not change the meaning or intent of the original comment. We provide an overview of each story in the Appendix.

3. Online survey:

Based on a review of existing surveys and the themes

5 U.S. Census Bureau. (2021). About the American Community Survey. <https://www.census.gov/programs-surveys/acs/about.html>

6 U.S. Census Bureau. (u.d.) Current Population Survey (CPS). <https://www.census.gov/programs-surveys/cps.html>

7 Disability:IN (u.d.) Website: Who we are. <https://disabilityin.org/>

8 2gether International (u.d). Flipping the Disability Narrative. <https://2gether-international.org/>

identified in the interviews of the 12 entrepreneurs with disabilities, we developed an online survey. We used questions from the existing surveys: Small and Media Business Trends conducted by Salesforce⁹, the Small Business Credit Survey conducted by the Federal Reserve,¹⁰ the State of Small Business conducted by Guidant Financial¹¹ and the JPMorgan Chase & Co. Women on the Move Quantitative Survey.¹² Including several questions from these surveys allowed us to roughly compare our findings with entrepreneurs with disabilities to what is known about those without disabilities. In addition, our online survey included questions tailored to the experiences of entrepreneurs with disabilities that may not be found in existing surveys.

More than half of the respondents were either born with their disability or acquired it during childhood.

Our survey used a convenience sample of small businesses owners with disability. We sent out links to the survey through multiple channels that serve DO-BEs including 2Gether-International, Disability:IN, vocational rehabilitation agencies in several states and Griffin-Hammis Associates¹³, a consulting firm in the field of customized employment services for people with disabilities. This yielded 42 respondents. Compared to the broader population of entrepreneurs with disabilities (based on the ACS data), the survey respondents were younger, had higher levels of education, were more likely to be women and more likely to be people of color with more than one-quarter of respondents identifying as African-American. More than half of the respondents were either born with

their disability or acquired it during childhood. The sample included people with a wide range of disabilities and functional impairments.

Focus groups of Vocational Rehabilitation

Agencies: Every state and territory has a vocational rehabilitation agency that assist individuals with disabilities to prepare for, obtain, maintain or regain employment. State vocational rehabilitation systems recognize self-employment as an “employment outcome” and counselors are authorized to provide financial and in-kind support to help a client start a business. However, anecdotal data prior to this study indicated that the extent to which such agencies help clients pursue self-employment goals varies dramatically. Facilitated by a vocational rehabilitation expert, we conducted two focus groups with a total of 16 such agencies who were actively working on issues surrounding self-employment. The focus groups were designed to identify the services and supports provided by these agencies to assist entrepreneurs with disabilities and to identify gaps in services and challenges these agencies face in supporting people with disabilities through the business development process and to understand why there is substantial variation among states.

4 Interviews with key experts, including:

- Representatives from three CDFIs. We contacted the first two CDFIs because they had received Disability Funds-Financial Assistance (DF-FA) from the CDFI Fund administered by the U.S. Department of Treasury and their websites indicated they provide small business loans. The third CDFI was recommended by a colleague because they are considering expanding into the disability space.

9 Salesforce Research (2020). Small & Medium Business Trends Report Insights from 2,000+ business owners and leaders worldwide. <https://www.salesforce.com/resources/research-reports/smb-trends/>

10 Federal Reserve Bank of New York (2019) Report on Non-Employer Firms: Small Business Credit Survey. <https://www.newyorkfed.org/medialibrary/fedsmallbusiness/files/2019/sbcs-Nonemployer-firms-report-19.pdf>

11 Guidant Financial (2018). The State of Small Business: 2018 Business Trends and Statistics. <http://www.guidantfinancial.com/resources/2018-small-business-trends/>

12 JPMorgan Chase & Co. surveyed 1,000 Small Business Owners in 2020 to inform the development of the Women on the Move Program. The survey and the results are proprietary.

13 Griffin Hammis Associates. (u.d). Website Homepage. <https://www.griffinhammis.com/>

- Galen Gandolfi, Sr. Loan Counselor and Chief Communications Office, Justine Peterson Great Rivers Capital, St Louis, MO
- Linda McFarlane, Executive Director, Community Loan Fund of the Capital Region, Albany, NY
- Peder Wiegner, VP of Strategic Expansion, Finata-Community First Fund, Philadelphia, PA
- Two representatives from Griffin-Hammis Associates with a long history in providing self-employment support for individuals with disabilities
 - Cary Griffin, President and CEO
 - Beth Keeton, Executive Director, Georgia
- Zina B. Sutch, Assistant Administrator for the Office of Diversity, Inclusion and Civil Rights, SBA
- Philip DeVlieghe, Vice President, Supplier Diversity, Disability:In, Alexandria, VA
- Diego Mariscal, CEO and Chief Disabled Person, 2Gether-International, Washington, D.C.
- Representatives from JPMorgan Chase & Co. programs for veteran-, women- and minority-owned businesses
- Representative from National Center for Disability Entrepreneurship

RESEARCH QUESTION 1

How many people with disabilities own small businesses? What is the size of the market for credit and other supports to facilitate and promote small business ownership among people disabilities?

Number and Characteristics of Entrepreneurs/Small Business Owners with Disabilities

According to the American Community Survey (ACS), about 15 percent of the adult population in the United States has a disability, or about 40 million people. The ACS reports that 1.8 million of them own small businesses, which is about twice as high as the estimates from the Current Population Survey (CPS). Even the ACS estimate, however, is most likely an undercount as the Internal Revenue Service claims there are about 30 million small business owners (with and without disabilities) while the ACS estimates there are 18 million self-employed individuals and the CPS estimates 16 million. The discrepancies between these sources stem from how each source defines a small business.

Before examining the relationship between disability and business ownership, it is important to clarify exactly what is meant by disability and how surveys identify it.

What is disability and how do we measure it in data?

The term “disability” describes a diverse group of individuals, in terms of the type and degree of disability, the cause and the date of onset. A person’s disability can be related to vision, hearing, movement, communication, cognition and/or psychosocial issues, and can range from mild to severe and be constant or episodic. A disability can occur at birth, old age or anytime in between. It can be congenital or can arise because of chronic illness,

injury, malnutrition or aging. It can be visible such as mobility limitation or may be invisible such as a chronic condition, pain or mental health disability. The likelihood of having a disability increases with age: 6 percent of young adults age 18-20 have a disability, compared with 22 percent of adults near retirement age (61-65) and 35 percent of adults over age 65. Chronic medical conditions, such as diabetes, high blood pressure, back pain, anxiety or depression, can lead to functional limitations over time. In addition, the cumulative effects of inadequate nutrition and health care, stressful or unsafe working conditions and other factors increase the risk of disability over the lifespan.

Doris: When I meet potential clients, I’m not just explaining what it means to be a woman of color, but also a person with disabilities, especially as someone who doesn’t look like they have disabilities. I had a bad fall and hit my head. As a result, I have cognitive disabilities from traumatic brain injury which also messes with my mobility. It also presents in chronic back pain and sometimes I can’t walk for six weeks. But that’s not what people see. So, I am really pushing the boundaries of what it means to be disabled, what disability looks like and to remove the shame of using the word disability. The word has such a negative connotation and people have such a visceral reaction to it. We believe in normalizing it by talking about it.

This diversity within the disability population has significant implications for developing strategies that promote self-employment and financial inclusion more broadly. For example, a wheelchair user faces different issues accessing financial services than someone who is blind. An individual born with a disability may have very different employment and financial needs than one who acquires their disability later in life after they have been educated, gained experience in the workforce and accumulated assets. People with invisible disabilities may have different issues than those with visible disabilities. In addition, low-income individuals may need a different suite of services than those with higher incomes. Individuals of color with disabilities may face negative stereotypes based upon their disability, minority status or both.

Many of the large U.S. national surveys include six questions about functional limitations to identify people with disabilities. These questions do not include the term “disability” because of the stigma attached to it and because the term is interpreted very differently by different people. They focus on the difficulties that people have doing various basic activities, not on the presence of particular impairments or medical conditions. Only six questions are used because of limited space on surveys and it is acknowledged that, while most people with disabilities are identified by them, gaps still exist. This is particularly true for people with psychosocial disabilities.

Six Disability Questions¹⁴

1. Are you Deaf, or do you have serious difficulty hearing?
2. Are you blind, or do you have serious difficulty seeing, even when wearing glasses?
3. Because of a physical, mental, or emotional condition, do you have serious difficulty concentrating, remembering, or making decisions? (5 years old or older)

4. Do you have serious difficulty walking or climbing stairs? (5 years old or older)
5. Do you have difficulty dressing or bathing? (5 years old or older)
6. Because of a physical, mental, or emotional condition, do you have difficulty doing errands alone such as visiting a doctor's office or shopping? (15 years old or older)



Number and Characteristics of Entrepreneurs/Small Business Owners with Disabilities

As demonstrated in the table below, people with disabilities are less likely to be in the labor force; only 26 percent of adults with disabilities are in the labor force, significantly less than the 81 percent of those without disabilities. People with disabilities are also less likely to be small business owners, having a self-employment rate of four percent which is only half of those without disabilities. However, among people who participate in the labor force, those with disabilities are more likely to be self-employed rather than work for wages. Almost 17 percent of employed people with disabilities are self-employed compared with 11 percent of those without disabilities.

14 HHS Implementation Guidance on Data Collection Standards for Race, Ethnicity, Sex, Primary Language, and Disability Status | ASPE

Self-Employed as a Percentage of the Population and Labor Force by Disability Status, Age 18 and over, 2019

	Disability	No Disability
Self-Employed as Percentage of Population	4 percent	8 percent
Self-Employed as Percentage of Labor Force	17 percent	11 percent
Labor Force Participation Rate	26 percent	72 percent

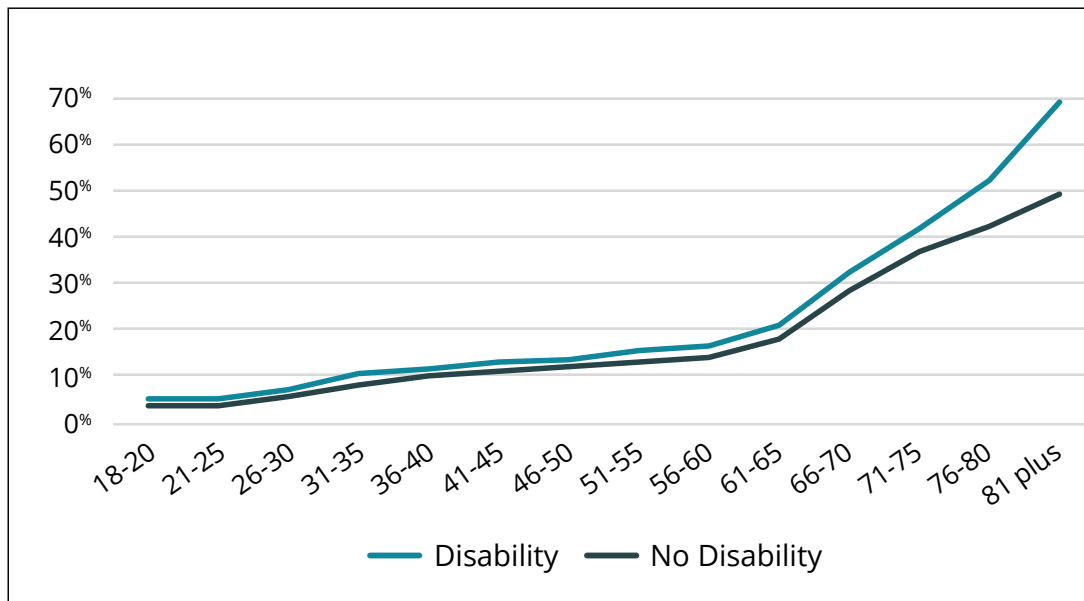
The higher percentage of self-employment in working people with disabilities is observed in all age groups, as illustrated in the graph below.

Both of these facts — lower labor force participation and higher self-employment rates among those who are working — may stem in part from a common source, namely barriers to the labor market. Barriers keep them from pursuing work and, when people with disabilities do pursue work, lack of accommodations and discrimination in the workplace may prompt them to launch their own enterprises. This theory is borne out by our survey of entrepreneurs with disabilities. When comparing our results to those of entrepreneurs without disabilities (Salesforce survey) to the same question,

we found that although the most-cited reason for starting a business was to bring their passion to the market, entrepreneurs with disabilities were more likely to say they started their business to have a more flexible work schedule, because they had experienced a hostile work environment or a lack of advancement opportunity or they were laid off and could not find a job in their field.

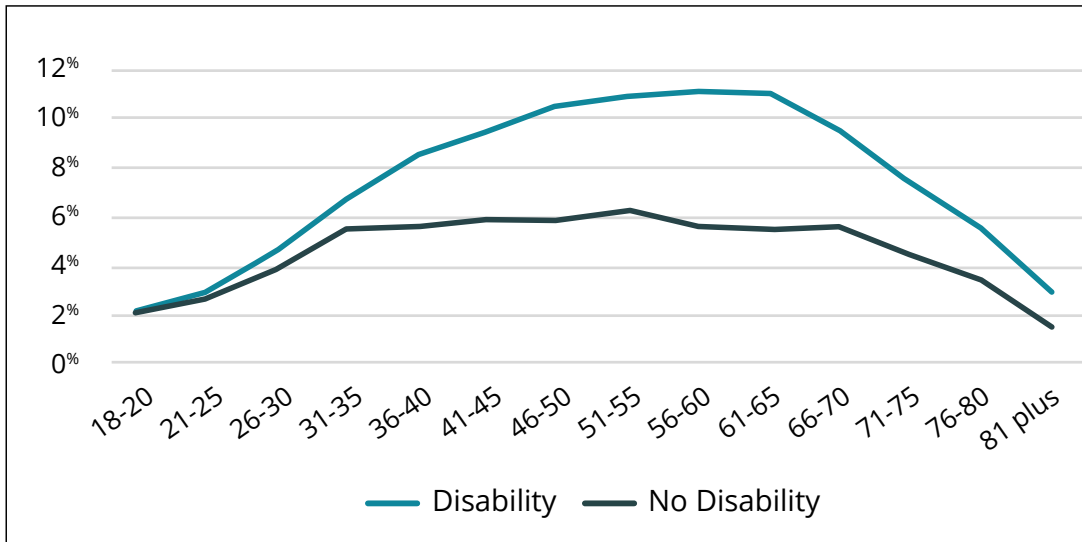
These data highlight the potential of self-employment as a viable option for people with disabilities. Nevertheless, when we consider the total population (not just those who are employed), we find that people with disabilities are less likely to be self-employed than those without disabilities in every age group. This finding is related to the low labor force participa-

Self-Employed as a Percentage of Labor Force, by Age and Disability, 2019



Source: NDI analysis of American Community Survey 2019 microdata downloaded from IPUMS USA, University of Minnesota, www.ipums.org.

Self-Employed as a Percentage of Population, by Age and Disability, 2019



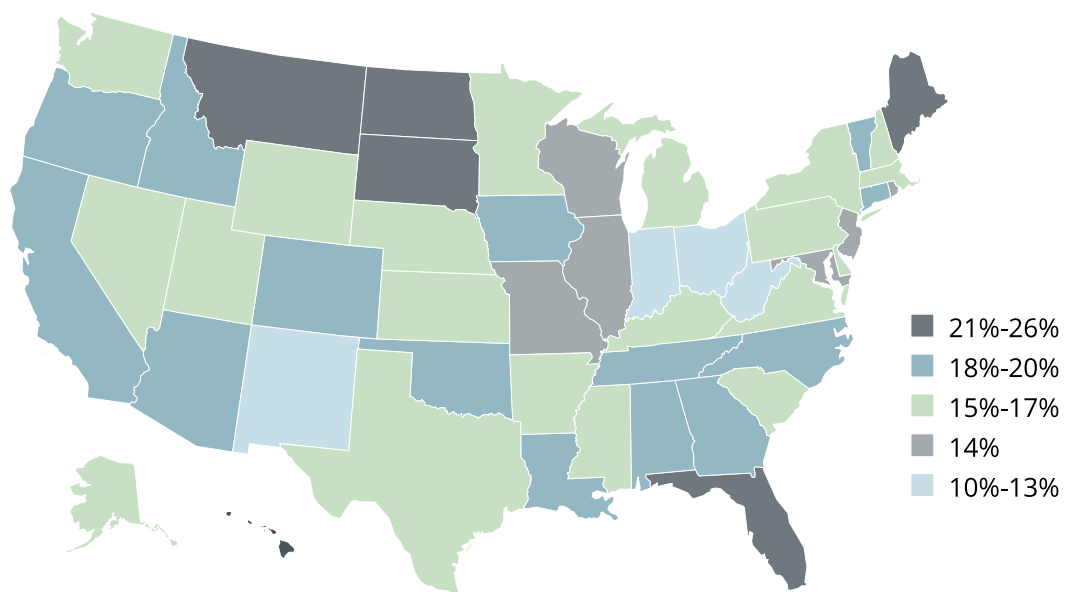
Source: NDI analysis of American Community Survey 2019 microdata downloaded from IPUMS USA, University of Minnesota, www.ipums.org.

tion among people with disabilities coupled with the myriad barriers they face in developing small businesses.

In addition, as shown in the map below, the prevalence of self-employment among people with disabilities in the labor force varies dramatically

across the country ranging from a low of 10 percent in the District of Columbia to a high of 25 percent in North Dakota. Although it is beyond the scope of this project to identify the causes of these variations, the diverse self-employment rates among people with disabilities mirror differences among people without disabilities.

Self-Employment Among Labor Force Participants with Disability, by State



Source: Data from NDI analysis of American Community Survey 2019 microdata downloaded from IPUMS USA, University of Minnesota, www.ipums.org. Map developed using ArcGIS by ESRI.

The industries of small business owners with disabilities are similar to people without disabilities. The most common industry for small business owners with disabilities is professional and business services, which accounts for 21 percent of DOBEs, followed by 16 percent construction; 13 percent other services; 10 percent wholesale and retail trade; with financial activities, leisure and hospitality, transportation and utilities and agriculture each making up between six and seven percent total.

Why we know less about business ownership among people with disabilities than we do among other underrepresented groups

Unfortunately, while several questions about business ownership are included on surveys that include the six disability questions such as the ACS and the CPS, disability status is not captured on large national efforts to collect information on businesses such as the Annual Business Survey (ABS) and the Non-Employer Statistics collected by the Census Bureau or the more detailed annual small business surveys conducted by the Federal Reserve System. By not collecting disability data, these surveys fail to fully fulfill their stated objectives. For instance, according to the [Census website](#),

“Statistics from the ABS will be used by government program officials, industry organization leaders, economic and social analysts, business entrepreneurs, and domestic and foreign researchers in academia, business and government. Estimates produced on owner demographic data may be used to assess business assistance needs, allocate available program resources, and create a framework for planning, directing and assessing programs that promote the activities of disadvantaged groups; to assess minority-owned businesses by industry and area and to educate industry associations, corporations, and government entities; to analyze business operations in comparison to similar firms, compute market share, and assess business growth and future prospects.”

Together, these surveys have identified disparities in small businesses owned by women and people of color that have driven investment in these populations. However, without collecting data on disability status, these surveys cannot identify disparities in those owned by people with disabilities, fomenting a lack of awareness and understanding of the tremendous need for investing, both in the form of funding and professional support, in this underserved and too often overlooked population. Ultimately, the absence of disability data renders people with disability invisible and creates an obstacle to building a case for developing targeted programs.

RESEARCH QUESTION 2

How do the challenges faced by people with disabilities differ from the challenges faced by other underrepresented groups? How do these differences affect how supports should be structured?

Entrepreneurs with disabilities face unique barriers in starting and growing their businesses that need to be understood in order to design and deliver effective supports. This section draws on the interviews with DOBEs supplemented by findings from the on-line survey to highlight the subtle and not-so-subtle attitudinal, technical and policy challenges successful entrepreneurs with disabilities must overcome.

In this section, we first provide a summary table of the barriers and facilitators to small business ownership identified by survey respondents. Next, we integrate these findings with the reports given by the entrepreneurs we interviewed.

Barriers and Facilitators to Small Business Ownership: Perception of Survey Respondents with Disabilities

	Percentage of Respondents Who "Agree" or "Strongly Agree"
I have to demonstrate superior knowledge to be taken seriously as a business owner with a disability	61 percent
I am concerned about how income from my business will affect my access to disability benefits or services	61 percent
I have used my disability experience to help me develop and design products and services that others haven't thought of	58 percent
I am uncomfortable taking out a loan because of my disability	45 percent
People believe that because I have a disability, I won't have enough energy to run my business	39 percent
Networking with business owners without disabilities is challenging because they treat me like I do not belong	29 percent
Potential customers don't think I can compete on equal footing with business owners without disabilities	26 percent
I have lost customers because they prefer to work with a business owner without a disability	16 percent

Low Expectations

Each of the 12 entrepreneurs we interviewed told stories about ableism and how they were often required to overcome low expectations. Ableism refers to the discrimination of and social prejudice against people with disabilities based on the belief that “typical” abilities (i.e., societally constructed ideas of normalcy) are superior. Similar to racism and sexism, ableism is expressed in negative stereotypes and misconceptions that view an entire group of people as “less than.” Respondents said they felt investors and potential clients thought of them as “charity cases” or “lacking the energy” or “incapable.” Although the entrepreneurs have developed coping strategies to address these preconceptions, many expressed their frustrations and appreciated the support of others experiencing the same attitudes.

Some stories were particularly powerful. After one entrepreneur won several tech challenges, a start-up investment group recommended that she become a social enterprise rather than a for-profit company. She explained to us: “We’re not a social enterprise. Yeah, we want to do good. But this is a for-profit company. Just because our first product is for people with disabilities, it doesn’t mean that all of our products will be disability-related. Just because I have a disability myself, doesn’t mean that I’m a charity case.”

Although another entrepreneur just sent a payload into space, he is acutely aware that he must work against the low expectations others have of him because of his visible disability. He said, “I recognize that when I go into a room, I’m perceived a specific way. I use a wheelchair. My hands are kind of messed up. I’m very visibly disabled. Going into a new room, I can read the audience. I can tell immediately their expectations drop. When I begin my presentation, I try to seize the room and give myself immediate credibility by speaking towards competency, anticipating their questions, and not giving them the opportunity to have a negative first impression. I’m incredibly, I wouldn’t say, ‘paranoid,’ but ‘cognizant’ of other’s perceptions.”

Another created a for-profit company working to get individuals with disabilities into competitive

employment in the IT field, work for which she earned the President’s Award from President Clinton in 1999. Yet, she still has to face veiled negative expectations about entrepreneurs with disabilities. As she recounted, “I’ll hear large companies say to DOBEs: ‘Now, you know, you’re going to have to do the same as anyone else.’ Or ‘you know, we base it on performance.’ When they say that, I want to walk in and say, ‘Thank you for telling us because we planned on not performing.’ I mean, why would you say that to people?”

Another has an Integration Services business that includes the development, design, testing and training of already established and custom software to meet the needs of industry. He spoke of how he has lost several contracts at the point of signing as everything was done over the phone, but then he had to go to a meeting to sign the final contract and everything changed. He has put himself in the place of the buyer of his services and understands how it is hard for someone to put a million dollars in the hands of a person who, like himself, cannot stand, walk or see. However, he stressed that doing his work does not require him to talk and wishes that people would see he gets things done, as when during Y2K he managed an organization of over 2,000 people.

An older gentleman whose physical disability has progressed over his lifetime recounted that, “If I were building the company now, I probably would not get the kind of business that I currently have because customers and banks would see me as too incapacitated to actually do the work. Sorry to scare you.” He explained that, although over the course of his career he has turned around hundreds of failing companies, others still assume that he is not capable to the point of asking his assistant, “Oh, can he have ice cream or something?” And her response is, “Well, why don’t you ask him?” As he says, “There are so many more levels of concern that a bank would have with somebody like me if I’m alone. I’ve got 40 people to back me up.”

These stories were reinforced by the results of the survey: 61 percent of respondents agreed or strongly agreed with the statement, “I have to demonstrate

superior knowledge to be taken seriously as a business owner with a disability.” In a similar vein, respondents also reported, “People believe that because I have a disability, I won’t have enough energy to run my business” (39 percent), “Potential customers don’t think I can compete on equal footing with business owners without disabilities” (26 percent) and “I have lost customers because they prefer to work with a business owner without a disability” (16 percent). Despite facing low expectations, 58 percent of respondents indicated, “I have used my disability experience to help me develop and design products and services that others haven’t thought of.”

Desire for Disability Space

When designing support for people with disabilities, there is always a tension between developing a specialized program tailored specifically to this population or requiring existing programs designed for other populations to be fully inclusive of people

with disabilities. This research shows that providing training and support for entrepreneurs with disabilities is no exception. For example, the SBA representative we interviewed said, “We have programs for women and programs for entrepreneurs of color, (and) people with disabilities fall into these categories.” But, do support programs designed for other groups of people fully meet the needs of entrepreneurs with disabilities? Are there types of support needed by these entrepreneurs that are only addressed through programs designed from the start with them in mind? We asked interviewees to talk about this tradeoff.

Some of our interviewees participate in peer-to-peer support and coaching groups organized by Diego Mariscal at 2Gether-International. Although these entrepreneurs’ type of disabilities and range of companies varies dramatically, they highlighted the value of having a dedicated disability space and spoke of the mutual understanding these groups offer that they don’t feel in other programs.

“We get to feed off of each other’s energy, we got to commiserate with each other, support each other and help each other out with ideas.”

“... being able to have these conversations with other entrepreneurs with disabilities, who get what you’re going through, because they’re going through the same exact thing.”

“When you know that there’s people like you that are just very striving, hard-working warm-hearted people. They will understand you, what you’re challenged with and they might be challenged with something else, but they will understand ... we strive to do the best we can. And it’s just, I guess, for me, I feel more real, in a way, like not anxious to be in such environment.”

“You can go at your own pace and you’re not going to be judged.”

“I don’t have to stand out among others.”

“When I went to Diego’s group I just fell in love. These are people with disabilities looking beyond their challenges. They’re going through the same struggles I’m dealing with and they’re building their own technology or they’re building satellites. They’re building drone technology. They’re creating head technology. They’re writing books. I mean, there’s just all sorts of things. It is a safe place to be disabled and share our entrepreneur desires, hungers and dreams.”

Interviewees also talked about the limitations of programs designed for other groups of people. Several of the white male entrepreneurs with disabilities said there are programs for disabled veterans, women and people of color but, because they do not fit into any of those categories, it is difficult to find support.

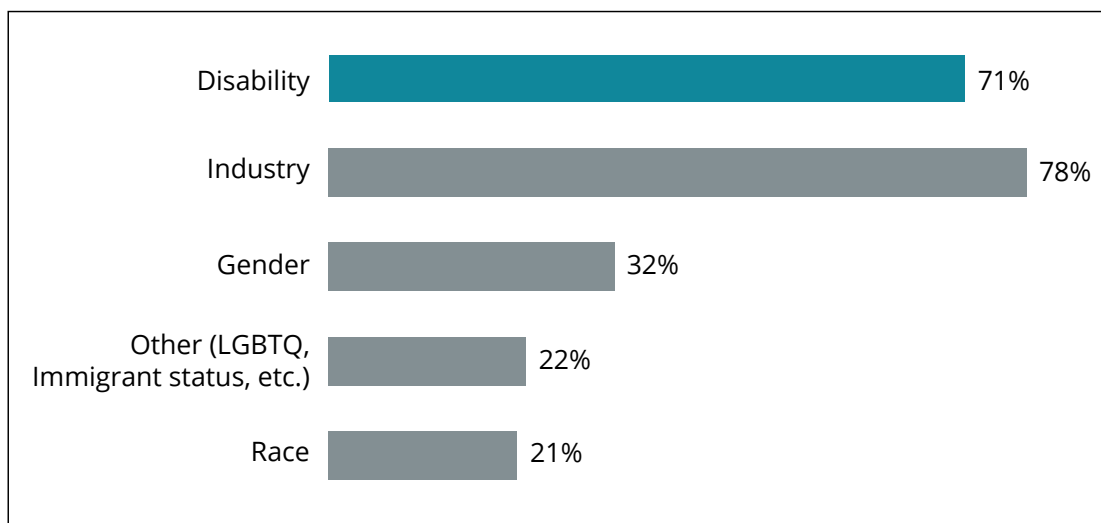
Doris identified another challenge in non-disability spaces. She had been rejected from multiple competitive fellowship programs and noted, “They want to invest in companies that are going to be successful based on what success looks like in their eyes ... which is already biased.”

Survey respondents echoed these reports. When asked, “If you already belong to an organization that helps you with your business or would consider joining one, what features would be important to you?,” respondents indicated that being part of a community of people with disabilities is more important to them than communities based on other demographic characteristics such as race or gender. They are also more interested in connecting with others working in the same industry. In addition, 29 percent of respondents reported that, “Networking with business owners without disabilities is challenging because they treat me like I do not belong.”

At the same time, the entrepreneurs we spoke with also underscored their desire to network with and learn from fellow entrepreneurs who are not disabled. Sofia, a Deaf woman who provides business coaching and has developed a community of Deaf entrepreneurs, explained that her community appreciates having a Deaf-only group. In it, they can easily communicate through signing and are supported by others who are Deaf. However, to build their business to the next level, they also want and need to be part of the learning, networking and financing available in the hearing world.

It is important to understand that Diego and Sofia have created spaces by and for people with disabilities. One interviewee noted, “Most disability support is still kind of stuck in the service paradigm. Diego is disrupting that.” It is this “disruptive” approach, based on unabashed confidence that persons with disability are able to succeed in business, that our interviewees spoke so highly of. As the 2Gether-International website puts it: “From the moment disabled people wake up, they have to figure out how to get dressed, how to drive, how to communicate, how to live in a world that is not build to fit their needs. The mindset of disabled people is innately: collaborative and communicative, oriented towards problem solving, good at

Interest in Joining Various Types of Communities



working with limited resources and used to overcoming daily challenges.”¹⁵

Need for Accommodations and Specific Services

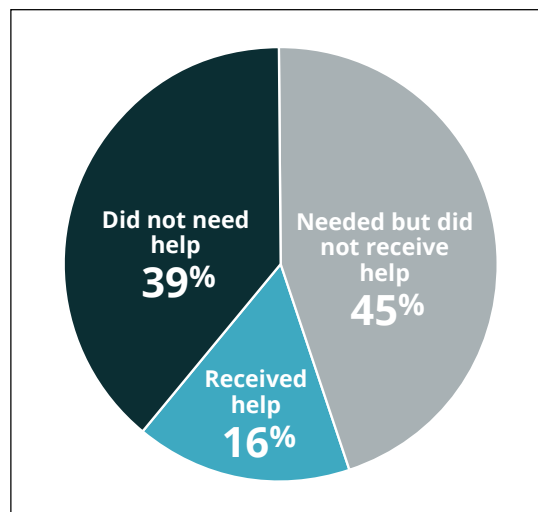
Entrepreneurs spoke of specific needs and challenges related to their disabilities:

Language: Deaf entrepreneurs need sign language interpretation in order to fully participate in educational or workshop activities. Diego, at 2Gether-International, pointed out that, for small organizations such as his group, the cost of sign interpreters needs to be built into the budget. Sofia explained that for many Deaf people, American Sign Language (ASL) is their first language and English is a second language. As a result, writing a business or marketing plan in English can be a challenge. Some of her members need to hire bilingual interpreters (ASL and English) to translate and transcribe. This process is costly and creates a significant barrier to Deaf entrepreneurship.

Assistive Technology: The entrepreneurs we spoke with used a wide variety of assistive technology (AT) to accomplish their business tasks. Assistive technology is used to increase, maintain or improve the functional capabilities of people with disabilities (e.g., a screen reading software used by persons who are blind). The entrepreneurs highlighted the challenge of needing to keep abreast of the newest assistive technologies and finding resources to cover their high cost. For instance, after losing her vision, Tiffani found that access to technology was the key to keeping up with the demands of her digital marketing firm, but the cost of technology put a strain on the budget that could not be offset with support for entrepreneurs with disabilities. As she explained, “Apple gives discounts to student and discounts to nonprofits, but we pay top dollar.”

Indeed, the survey indicated there is a significant unmet need to help entrepreneurs with disabilities

Need for Assistance Evaluating and Choosing Technology



evaluate and choose the technology that can support their ability to run a business. Forty-five percent of respondents indicated that, although they needed assistance for evaluating and choosing technology, they did not receive help. Only 16 percent of those that needed this assistance actually obtained it.

Role of Public Benefits

Almost two-thirds (65 percent) of working-age adults with disabilities receive benefits from at least one of 15 major public income, food, health insurance and housing support programs.¹⁶ This is so, even as Supplemental Security Income, Temporary Assistance to Needy Families (TANF), Medicaid and Supplemental Nutrition Assistance Program (SNAP) have strict eligibility requirements. Although these programs provide critical benefits, some have rules that limit income and the ability to accumulate assets.

The largest cash assistance programs for people with disabilities are SSI and Social Security Disability Insurance. Thirteen million adults with disabilities who have been deemed unable to engage in any “substantial gainful activity by reason of a medically

¹⁵ 2Gether-International. (u.d.) Disability Start-up Network. <https://2gether-international.org/>

¹⁶ Houtenville AJ, Brucker DL (2013) Participation in safety net programs and the utilization of employment services among working-age persons with disabilities. *Journal of Disability Policy Studies.*

determinable physical or mental impairment”¹⁷ receive assistance through these programs. SSDI provides benefits to people with disabilities who have worked and made contributions to the Federal Insurance Contribution Act (known as FICA or Social Security taxes) for a sufficient amount of time. SSDI benefits are not means-tested and benefit levels are calculated based on participants’ prior wages. Beneficiaries may have a working spouse, a home and significant financial resources.



In contrast, SSI — which provides monthly cash assistance to people who are disabled or elderly and have little income and few assets — limits recipients to \$2,000 in assets for individuals and \$3,000 in assets for couples, with certain exceptions. Because they typically have no other source of income, more than half of recipients receive the basic monthly SSI benefit, which in 2021 is \$794 for an individual and \$1,191 for a couple. Children with disabilities living in low-income families may also qualify for cash assistance. At the same time, people with disabilities have additional expenses associated with living with a disability such as out-of-pocket costs for personal assistance services, building a wheelchair ramp or acquiring and maintaining a service animal. The impact of these extra expenses is considerable; a household containing an adult with a disability that limits their ability to

work requires, on average, 28 percent more income (or an additional \$17,690 a year) to obtain the same standard of living as a similar household without a member with a disability¹⁸. Yet, SSI and other means-tested public programs do not consider the additional cost of living with a disability when determining asset limits.

One interviewee referred to SSI and TANF as creating an “economic holding pattern.” She started her business in part because she couldn’t find a full-time job that paid enough to offset the loss of public benefits she receives for herself and her son with a disability. It made more sense to work independently on a part-time basis. She shared, “I continue to get economically stronger. It is a path out of poverty. But it is not a quick path, because you can actually trigger a lot of issues if you haven’t yet broken \$100,000 and can’t afford the daily living expenditures and all the accommodations, medical services and complementary services that are subsidized with public benefits [which you lose if you earn just a little too much].”

SSI and SSDI have “work incentives” to mitigate the risk of losing benefits and ending up worse off as a consequence of working. For example, beneficiaries can deduct Impairment-Related Work Expenses (IRWE) or accumulate assets using a Plan to Achieve Self Support (PASS) or Property Essential to Self-Support (PESS). However, these earnings and savings vehicles remain not well understood and underutilized with few beneficiaries participating in them. The Achieving a Better Life Experience (ABLE) Act of 2014 provides an opportunity for beneficiaries, whose disability began prior to age 26, to accumulate assets beyond what is typically allowed under SSI and Medicaid rules without jeopardizing eligibility for the programs. However, this option is also underutilized. As of December 2020, only 90,000 of the nearly eight million eligible adults with disabilities had opened accounts.

Not surprisingly, several of the interviewees said their family or friends told them to forgo employ-

¹⁷ Social Security Administration (u.d.) Disability Evaluation Under Social Security. <https://www.ssa.gov/disability/professionals/bluebook/general-info.htm>

¹⁸ Goodman, N., Morris, M., Morris, Z., & McGarity, S. (2020). The extra cost of living with a disability in the U.S.- Resetting the policy table. National Disability Institute, University of Tennessee at Knoxville, Stony Brook University. <https://www.nationaldisabilityinstitute.org/reports/extra-costs-living-with-disability/>

ment and get on disability benefits. Often this advice is well-meaning. Disability benefits offer a stable, albeit inadequate, source of income. Sixty-one percent of the survey respondents indicated, “I am concerned about how income from my business will affect my access to disability benefits or services.” However, one entrepreneur had found a way for self-employment to facilitate her ability to access benefits. Because her business is incorporated, the revenue and profit belong to the company. She can pay herself a small amount and remain eligible for Medicaid, which provides her with the personal assistance services that enable her to live independently rather than in an institution. Without the ability to do that, she believes there is no way she could earn enough to cover the cost of her personal assistance services.

Intersectionality

Several of the entrepreneurs with disabilities we interviewed — who are also persons of color — spoke about the intersectionality of their multiple identities. One said, “We have to interject that ability is as important as race is as important as class is as important as gender. Because those same oppressions meet people with disabilities, but they are almost excused. We explain it away. Why do we discriminate against people with disabilities, and expect less — and offer less?”

Another, whose parents are immigrants from El Salvador, explained: “We’re shamed into not talking about problems at work. You should feel lucky. You have a job, and it’s in an office, and it’s not cleaning or manual labor, so we shouldn’t complain. When I’m out here, negotiating rent contracts, people expect me to charge them less, because I’m a Latina. And I’m like, pay me what you would pay a white man to do this work. Knowing your worth, in spite of your disability is really important. I didn’t understand that until I started doing this work and understanding intersectionality.”

Challenges with Bank Financing

Eric: “It’s easier to build a satellite and send it to space than is to raise money.”

The DOBEs we interviewed used a variety of methods to fund their start-up and operations.

Three sought equity investment, one received funding from vocational rehabilitation and several received funding through tech competitions and crowdfunding. However, the most common source of funding was bootstrapping. The business owners used their own money and money from family and friends. They also bartered services with others and then reinvested their revenues into the business. One entrepreneur, in a creative effort to raise funds for a lighted cane for blind users to avoid being hit by cars, ended up a Tik Tok sensation as “The Deaf-Blind Potter”¹⁹(see story in Appendix).

Although several of the larger, more established DOBEs we interviewed had lines of credit with their banks, few of the smaller businesses used SBA or bank loans to finance their start-up. The reasons for eschewing loans fell into four categories, which are similar to the barriers to personal credit that NDI describes in its policy brief [Access to Credit for Adults with Disabilities](#):²⁰

Apprehension about providing personal guarantees and using personal assets as collateral:

Several of the interviewees did not want loans that require them to put up a personal guarantee because of their health issues. One said, “With all the health issues, the last thing I need to worry about is debt.” Another echoed a similar sentiment, “I have not wanted to give a personal guarantee in the event that something would happen to me.”

Will not qualify because of bad credit: Several respondents spoke about the impact of their

19 Deaf Blind Potter TikTok https://www.tiktok.com/@Deafblindpotter/video/6941952019544558854?lang=en&is_copy_url=1&is_from_webapp=v1

20 Goodman, N. & Morris, M. (2018) Access to Credit for Adults with Disabilities. Information Brief. National Disability Institute. <https://www.nationaldisabilityinstitute.org/wp-content/uploads/2018/12/access-credit-brief.pdf>

disability on their credit score. One interviewee explained, “I have two medical bankruptcies in my background because I was struggling with my health. I’m just not that somebody who is irresponsible with their money. I manage my credit very well. We need to provide some sort of supported credit repair for people and there needs to be some ability to look at credit scores in a different way.” Another interviewee explained that he and his wife have always lived a “debt-free life.” He believes he would not qualify for a loan because he is credit invisible or may have a low credit score.

Will not qualify because of lack of assets or benefit-related issues: As mentioned above, SSI and Medicaid recipients risk losing their benefits if their countable assets exceed \$2,000 per month. Adriana expressed frustration with this constraint: “What’s the point of putting all this effort into trying to get a loan when I know they’ll reject it? I don’t have anything. I don’t have assets. Someone with a disability can’t even have assets. So, again, screwed again.” One interviewee expressed concern about how a bank would react to someone receiving disability benefits, “When people are on disability, they can only work so many hours. They are not going to be able to go to a bank and get a loan for a business when in theory, they’re not supposed to be working.”

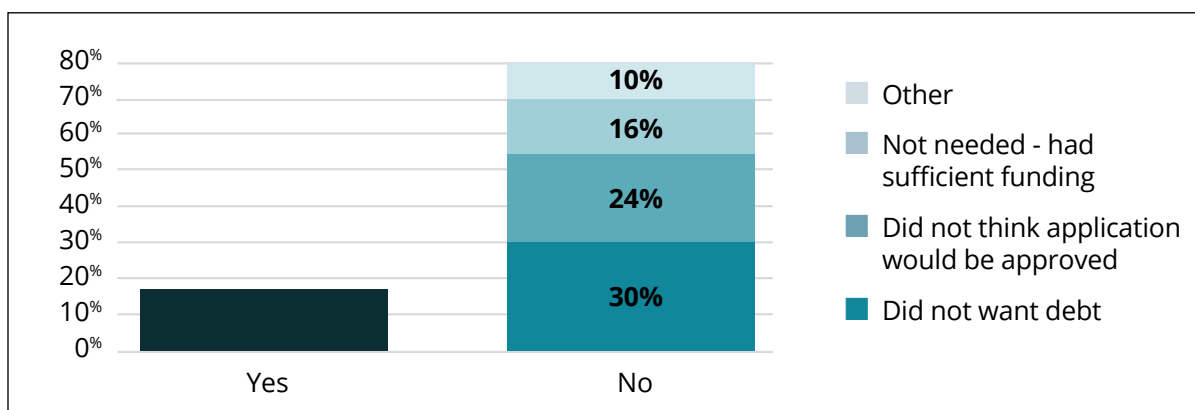
The loan process is difficult: Doris, who has a traumatic brain injury, explained: “I had to ask the accountant and the lawyer what it meant to have personal liability. They had to explain it to me three

times. It takes time for me to process something very new and different than anything I’ve ever done in my life. We have to ask a lot of questions. We have to find our own ways of doing things. We have to find someone who can help in a nonjudgmental way.” Ultimately, after a bad experience with one credit union, she found a bank who provided this kind of guidance and she took out a \$40,000 SBA loan. NDI has heard similar stories from people who are Deaf and hard of hearing who describe the process of taking out a loan as being required to read legal jargon in a second language.

The survey indicated that these concerns are widespread. Two-thirds of survey respondents said they would want a loan if they had the “opportunity to qualify for a loan with a reasonable interest rate that did not rely on your own credit score and you do not have to put up personal collateral.” And 45 percent stated that, “I am uncomfortable taking out a loan because of my disability.”

As shown in the chart below, 17 percent of survey respondents had a bank loan, 30 percent did not want debt and 24 percent did not think their application for financing would be approved. Among those who did not think their application would be approved, 67 percent believed this was because of a low credit score, 22 percent because of insufficient credit history and 22 percent because of insufficient collateral. Only 11 percent thought it was because of weak business performance (not shown on the chart).

Applied for Financing from Bank, Credit Union or Community-Based Organization?



Impact of COVID-19


Like other small businesses in America, many DOBEs were hit hard by COVID-19 and needed to pivot their activities while others thrived depending, in large part, on the type of service they were providing.

Anastasia had to shut down completely because she was providing in-person programs and workshops for children with disabilities. When we spoke with her, she was trying to pivot to online programming. She acknowledged, “It’s been challenging to let go of something that we’ve been creating and putting so much effort into, but we realized that in the long run, it will always open new doors and new opportunities.” Lynn, who has an accessibility consulting firm, where professionals with disabilities design and deliver accessibility services as the primary subject matter experts, reported that many of her clients have put projects on hold, so her income has stalled. Another saw a sharp decline in demand for his custom software and his production was reduced by about 50 percent.

On the other hand, 2020 was a good year for businesses that provided market research services using artificial intelligence. There was increased demand since companies could not implement traditional market research strategies that involved convening focus groups or travelling. Doris lost a lot of contracts at the beginning of the pandemic and pivoted to creating vegan cheese. However, the demand for her racial justice consulting skyrocketed in the wake of the Black Lives Matter

protests, which brought a “lot of money really fast for a very small organization.”

The negative impact of COVID-19 on entrepreneurs with disabilities was supported by the survey results. Sixty-five percent of companies reported they either closed or reduced their operations during the pandemic. However, the programs set up to support struggling small business only par-



On the other hand, 2020 was a good year for businesses that provides market research services using artificial intelligence.

tially reached DOBEs. Half of survey respondents received support from the Paycheck Protection Program (PPP), Economic Injury Disaster Loan or grant, the Main Street Lending Program or loans or grants by state/local governments or nonprofit organizations. Only 20 percent received PPP loans. Among those who did not receive the loans, 38 percent believed their business would not qualify for the loan or loan forgiveness, 28 percent thought the program/process was too confusing and another 16 percent were unaware of the program. Only one respondent said they could not find a lender to accept their application.

RESEARCH QUESTION 3

What current support services exist and how well do they facilitate small business development among people with disabilities?

Mentors

Mentorship has been cited as a key ingredient to successful small business development with research suggesting that the type and quantity of the mentorship affects outcomes.²¹ A business mentor, someone with entrepreneurial experience, may serve as a trusted confidante over an extended period or be brought in for a specific issue. Most mentors are formal volunteers or act informally to support the emerging entrepreneur. For example, the SBA's SCORE program has 10,000 volunteers providing business mentoring and education in more than 250 chapters across 1,500 communities nationwide.²²

Entrepreneurs with disabilities face unique challenges in finding appropriate mentors. Lynn, who hires people with disabilities to test the accessibility of websites and documents and consult on solutions, exemplifies this burden with her experience, "I was assigned a mentor by the SBA. I will never forget the first time he walked in. He looked at me and said, 'How does it feel to work in a company of people who live with disabilities when you don't live with one?' I said, 'How do you know I don't live with one?' He just turned white as a sheet. Then he looked at my business model and said, 'This doesn't make sense. This can't be possible.'" Eventually she found a mentor who understood disability enough to see the value in her business and accepted the role that Lynn's own disability played in her business development.

In the survey, 40 percent of respondents reported that they had a mentor. Of these, 40 percent found a mentor by asking family/friends/acquaintances and over half said mentoring was part of a program they participated in (e.g., Vocational Rehabilitation, Business Incubator). One had found a mentor online and none had found a mentor through their lending institution.

Small Business Administration

The SBA partners with universities, state economic development agencies and private nonprofit groups to offer no-cost business development assistance and low-cost training to new and existing small businesses. Nationwide, there is a network of 1,000 Small Business Development Centers that offer training and technical assistance to entrepreneurs to support business creation and growth. In 2020, the SBA celebrated its 40th year of funding the centers. Unfortunately, to this date there has been no specific training of program staff or specific targeting of assistance to DOBEs. In January 2021, the SBA announced funding of 20 new Women's Business Centers (WBCs) to add to the existing nationwide footprint of over 100 WBCs. These centers offer one-on-one counseling, technical assistance and mentoring to women entrepreneurs. The new centers will be hosted in rural and underserved markets in partnership with Historically Black Colleges and Universities (HBCUs). These centers have

21 U.S. Small Business Administration (2013) Impact Study of Entrepreneurial Dynamics: Office of Entrepreneurial Development Resource Partners' Face-to-Face Counseling. [https://www.sba.gov/sites/default/files/2020-11/Impact Study of Entrepreneurial Development Resources 2013_09.pdf](https://www.sba.gov/sites/default/files/2020-11/Impact%20Study%20of%20Entrepreneurial%20Development%20Resources%202013%2009.pdf)

22 Score (u.d.). Volunteer with Score.

https://www.score.org/volunteer?gclid=CjwKCAjwkN6EBhBNEiwADVfyasOXUX3F0kTsM7kH0W4qKsP-VrUI7-TGEQL3RLYsrBQa3MZ9DtchoC64UQUAvD_BwE

not received any technical assistance to improve their outreach and support to DOBEs.

To help provide a level playing field for small businesses owned by socially and economically disadvantaged people defined by race or ethnicity, the federal government limits competition for certain contracts to 8a-certified small businesses. The federal government's goal is to award at least five percent of all federal contracting dollars to small disadvantaged businesses each year. In FY 2019, 8a small businesses were awarded over \$13 billion in federal contracts. The SBA and the U.S. Department of Commerce offer technical assistance to small disadvantaged businesses to help them become 8a certified and participate in government procurement competitions. The federal 8a regulations provide SBA discretionary authority to recognize additional groups or individuals as "socially disadvantaged." Despite past efforts from the disability community, the SBA has not expanded the "socially disadvantaged group" to include individuals with disabilities.

The SBA has a variety of other programs that assist small businesses with access to capital and equity investment opportunities that complement business start-up and development, training and assistance with government contracting opportunities. From NDI's discussions with the SBA, there is no lead staff person to address financial and other types of challenges of DOBEs in development and growth. The proposed lead staff person could coordinate access for individuals with disabilities across SBA programs and improve cross federal agency collaboration. As Congress considers, in 2021, reauthorization of the Small Business Act, there is a timely opportunity to address these identified challenges.

Incubators

Based on the idea that the vast majority of business start-ups lack the experience and networks required in order to grow, business incubators and accelerators seek to offer entrepreneurs a range of

essential resources and skills development programs. Every business incubator or accelerator is different, but the vast majority provide companies with marketing assistance, market research and analytics tools, access to accounting professionals, access to loan facilities or grant programs and legal advice. Some are located in an actual physical space meant to foster networking among entrepreneurs and their coaches. Others operate on a virtual basis. Some are industry-specific; others are population-specific. Many have an affiliation with area colleges and universities. It is difficult to identify exactly how many business incubators exist but, as some indication, the National Business Incubation Association has more than 1,400 members in the



United States.²³ Several of the entrepreneurs we interviewed searched online for appropriate incubators or networking and space. Although they found multiple programs for disabled veterans, they found only one focused on the broader population of people with disabilities.

Diego Mariscal, an entrepreneur with disability, founded 2Gether-International in 2012 because he recognized that, "People with disabilities have spent their lives navigating a complex world with limitations most people could never begin to imagine. Whether they know it or not, they have an innate entrepreneurial spirit waiting to be realized. Once realized, the nar-

23 INBIA (u.d.) A global network of incubators, accelerators and other entrepreneurship centers. <https://inbia.org>

rative they have built around their disability changes from a liability to their greatest asset.”

He further explains, “Our accelerator program is built on the understanding that disabled people are naturally entrepreneurial. We harness the innate entrepreneurship skills of disabled people to help reimagine the way they view their disability. Armed with this newfound realization, our graduates have a higher likelihood of succeeding in today’s competitive business environment because they now understand how to turn a perceived societal ‘weakness’ into their greatest asset. Furthermore, this new internalized perspective serves as an example to change the way society at large perceives disability.”

The 2Gether-International accelerator program²⁴ provides the following trainings, activities and supports designed to build on the strengths of each entrepreneur, address disability challenges, facilitate networking and develop business skills:

- 1. Identification of business ideas supported by the individual strengths and interests of the entrepreneur.** Diego interviews each participant to identify their individual ideas and goals focusing on a strength-based approach to allow each person to tap into their own set of skills and interests to create a business idea that recognizes disability as a competitive advantage.
- 2. Three-month online training in essential areas of business highlighting the intersection between business and disability advocacy.** From the moment people with disabilities wake up they have to solve problems: “How do I get dressed, drive or communicate?” The accelerator program uses this problem-solving framework as the basis to provide training on topics such as financial planning, market analysis, communications strategy and product development. These training sessions

are available weekly or on-demand in order to best respond to participant needs.

- 3. Executive Leadership Coaching.** In addition to the online training, each participant is paired one-on-one with an executive leadership coach who supports the entrepreneur’s personal growth journey and achievement of personalized targets.
- 4. Virtual peer-mentoring from other project participants.** On a weekly basis, virtual peer meetings occur for individual participants to discuss progress, work through challenges and support each other’s goals and ideas.
- 5. Free legal assistance.** All participants have access to free legal assistance provided pro bono from area law firms.
- 6. Benefits counseling.** All participants have access to benefits counseling to ensure adequate healthcare coverage and adequate understanding of work incentives and tax provisions for people with disabilities.
- 7. Guidance on access to capital.** All participants are paired with a mentor, specifically to discuss and navigate opportunities to access capital through loans and grants from public and private sector sources.

The design of this program is directly informed by the knowledge, experience and expertise of disabled individuals, including 2Gether-International’s founder, mentors and past participants.

Supplier Diversity, Small Business Set-asides and DOBE Certification

One approach to supporting small business, especially disadvantaged small business, is to provide access to markets. Federal and state governments

²⁴ <https://2gether-international.org/pages/disability-start-up-network/>

commit to this practice of “leveling the playing field” through small business set-asides such as the SBA’s 8a program.²⁵ Many states have similar programs.

In the private sector, many large businesses have instituted supplier diversity programs to ensure a reliable supplier base in the procurement of goods and services for any business or organization. Supplier diversity refers to a supply chain that incorporates businesses owned by diverse individuals or groups that are a part of a traditionally underserved or underrepresented group.


Typically, supplier diversity programs include minority-owned business enterprises (MBEs), women-owned business enterprises (WBEs), service-disabled veteran owned small business (SD-VOSB) or veteran-owned small business (VOSB). More recently, some companies have added DOBEs. In each case, the suppliers are certified through third-party certification agencies.

Disability:IN is the leading independent certifier of DOBEs, including service-disabled veteran-owned business enterprises, promoting utilization and growth through three key activities:

- **Certification:** A rigorous and highly credible two-year national certification trusted by corporate America, including the Billion Dollar Roundtable²⁶.
- **Education & Business Development:** Supplier educational programming and mentoring to expand knowledge, skills and business capacity to compete effectively.
- **Connections:** Access to networking and business matchmaking events uniting corporate/government leaders and decision-makers with suppliers to foster relationships and competitive bidding opportunities.

To be DOBE-certified by Disability:IN, each business must be 51 percent owned, operated and managed by a person with a disability, and must not be

substantially reliant on another business to operate. The certification is now recognized by a growing number of states, which have extended procurement preferences to DOBEs (e.g., Connecticut, Illinois, Ohio and Massachusetts), the City of Philadelphia and the Billion Dollar Roundtable. Facebook relies on this DOBE certification to qualify for its reduced cost factoring program available to disadvantaged businesses in the Facebook supply chain.



In the private sector, many large businesses have instituted MBEs supplier diversity programs to ensure a reliable supplier base in the procurement of goods and services for any business or organization.

According to data provided for this report by Disability:IN, the organization has certified more than 300 DOBEs that generate annually over \$536 million in revenues. DOBEs range in size from one to more than 100 employees, with nine percent having over 50 employees and another 19 percent having between 11 and 50 employees. DOBEs employ nearly 5,000 people and employ people with disabilities at six to seven times the rate of their non-DOBE supplier peers.

Community Development Financial Institutions (CDFIs)

In 2020, the CDFI Fund awarded \$4.0 million to 17 CDFIs to “enhance their capacity to address the challenges of individuals with disabilities, such as: asset development; affordable, accessible and safe

²⁵ U.S. Small Business Administration (u.d.). Types of contracts. <https://www.sba.gov/federal-contracting/contracting-guide/types-contracts#:~:text=Joint%20ventures-,Set%2Daside%20contracts%20for%20small%20businesses,for%20and%20win%20federal%20contracts.>

²⁶ <https://www.billiondollarroundtable.org/>

housing; employment opportunities; or access to assistive products and services that support health and community living.” Although only a small subset of these CDFIs focus on small business lending, they are well positioned to address the credit gaps for entrepreneurs with disabilities, though few seem to be intentionally serving the population. Our discussion with three CDFIs indicated they need training on disability as well as support and incentives to build outreach and services for entrepreneurs with disabilities.

CDFIs are designed for high-risk lending and have income streams to facilitate this. Banks receive Community Reinvestment Act (CRA) credit for loans to CDFI. The CDFI lends to risky consumers and pays back the bank regardless of whether consumer defaults. The difference is made up from grants and government funding streams like the CDFI Fund. Increasingly CDFIs are receiving debt capital from social impact investors.

CDFIs tend to provide a hybrid of social work, business development and banking. Support and technical assistance are core to their business model. Justine Peterson/Great Rivers Capital (JP), a CDFI based in St. Louis, MO, described themselves as a hybrid of social work and banking. They focus on developing a personal relationship between lender and borrower and provide the budgeting and business development support the client needs to succeed. They require no collateral for loans under \$3,000, use alternative approaches to determine credit worthiness and are hesitant to send people to a collection agency right away. Yet, despite their unique structure and commitment to providing capital and support to underserved populations, most CDFIs lending to small businesses do not intentionally serve people with disabilities.

Only one CDFI, Justine Peterson/Great Rivers Capital, had developed a special product, “The ABLE Fund,” for entrepreneurs with disabilities. The actual

loan product mirrors their existing microloan products. However, having the disability-targeted fund allows this CDFI “to ramp up marketing and outreach and to better serve a demographic that didn’t know if we were going to be just like any other bank.” A second CDFI has an internal champion trying to expand into the disability space, but he needs to do the following: increase staff capacity; get a disability advisory board; and make sure their website, physical space and telephone are accessible. Unfortunately, given the competing demands for time and money, this is not a priority for senior leadership.

The three CDFIs we spoke with recognize that, even without a tailored product, they serve clients on the disability spectrum. But, like other lenders, CDFIs do not tend to collect data about the disability status of their clients so they do not know how many people with disabilities they serve. Without an intentional focus on disability, they are likely not providing the specific supports needed by entrepreneurs with disabilities — something a CDFI representative alluded to when saying, “We don’t discriminate against anybody. But there are so many things we have in place that discriminate on our behalf.”

Vocational Rehabilitation - Rehabilitation Services Administration (RSA)

The RSA, a component of the U.S. Department of Education, provided \$3.26 billion in funding to state vocational rehabilitation agency grants in FY 2019. States contributed an additional \$924 million using non-federal funds.²⁷ Out of a total of 78 vocational rehabilitation agencies across the states and territories, 34 states have “combined” agencies serving individuals with all disability types; 22 states have two agencies for a total of 44 (with 22 of them being agencies serving individuals who are blind or have visual impairments); and 22 “general” agencies that serve individuals with all other types of disabilities.

²⁷ U.S. Department of Education, Rehabilitation Services Administration (2021). Grant Award Details. https://rsa.ed.gov/fiscal/grant-awards?field_program_for_award_target_id=568&field_fy_value=1

Number of individuals with disabilities enrolled in vocational rehabilitation services with self-employment goal: From July 1, 2018 to June 30, 2020, these agencies served a total number of 872,862 individuals with disabilities. Of those, 280,592 exited the program during program year 2019. Of them, 51.3 percent, or 144,938, were employed at six months after they exited the agency program. Unfortunately, publicly available data from the Rehabilitation Services Administration does not allow us to distinguish between wage employment and self-employment outcomes. However, studies and other data sources suggest the self-employment rate is between 2 percent and 3.5 percent of all employment outcomes.²⁸ Thus, vocational rehabilitation agencies are supporting between 2,900 and 5,000 new businesses owned by individuals with disabilities receiving their services.



Range of services available through vocational rehabilitation for entrepreneurs: Once determined eligible for vocational evaluation services, individuals are evaluated to determine their strengths, aptitude and abilities toward their chosen occupation. This evaluation drives much of the support that vocational rehabilitation agencies will provide. Services provided are highly individualized and based on what each consumer needs. Assistance with business planning, feasibility studies,

marketing and other business-related training is provided as needed through partnerships.

If a consumer's small business plan is approved by vocational rehabilitation systems, the agency is authorized to provide start-up funding, but the amount varies greatly from state to state and can range from \$5,000 to upwards of \$40,000. Most agencies require a percentage match by the consumer. This match can be funds or in-kind contribution. Funds are primarily used for education needed to run the business, marketing and accommodations.

However, as the focus groups' participants explained, vocational rehabilitation counselors are not experts in small business development and struggle to identify whether a business idea is viable and whether the individual has the vocational skills and aptitude to learn how to run a business — and are thus hesitant to spend funds. Several of the agencies have hired small business consultants or created external advisory committees or panel reviews to help make the decisions. One has instituted a Shark Tank strategy where an entrepreneur “sells” their business idea. However, several agencies admitted that their processes and policies around supporting self-employment ventures are unnecessarily cumbersome and need to be streamlined.

Many of the state vocational rehabilitation agencies we interviewed are reviewing their policies on how to decide whether or not to approve a consumer's goal of self-employment through small business development. Through their revisions, these agencies want to ensure they make the appropriate tradeoff between encouraging self-employment and using policies and processes to erect roadblocks to limit the number of approved plans. Several states are also working on outreach so clients know that self-employment is an option.

Existing Partnerships: Effective partnerships are limited for many of the vocational rehabilitation agencies participating in the focus groups. Some do use outside consultants to advise and support con-

28 Ipsen, C., & Swicegood, G. (2017) Rural and urban vocational rehabilitation self-employment outcomes. *Journal of Vocational Rehabilitation*. 46(1): 97-105.

sumers looking to start businesses and some have partnered with the Small Business Development Centers. While most believe that bank partnerships would be valuable, only a small number of them have partnered with banks. A couple of agencies have collaborated with business incubators and other nonprofit agencies working to support entrepreneurs with disabilities.

All agencies felt there was a need to seek experts and business mentors outside of the agency to support the success of their consumers looking to start businesses. One agency partnered with their economic development agency and found it valuable. Some stated that they have used other programs through community colleges, but that most were grant funded and had only been available for a limited time.

Several agencies felt they were effective at supporting the pre-business operations and then to the point of start-up, but ultimately failed to support ongoing operation and expansion. They felt additional partnerships — that could provide longer term ongoing support, training, mentoring and expansion funding — were necessary. There was

mention that the Small Business Development Centers also failed to provide longer-term support and were only available at the onset of the process.

Recognized gaps in services that could possibly be provided by banks/financial institution:

Several vocational rehabilitation agencies said they were aware of programs by banks to support women and people of color, but not any that specifically addressed disability. There was general consensus that specializing in serving individuals with disabilities and making banking services and supports accessible was a missing piece. These agencies felt that banks could provide assistance with training their counselors on how to work with their consumers to support small business development through greater understanding of how banks evaluate viable businesses, how to write a business plan, financing and loan options, business marketing and other criteria for supporting business ventures. Additionally, banks could provide workshops to persons with disabilities on similar topics, support them through mentorship and provide ongoing support for operations and expansion beyond the point of start-up.

RECOMMENDATIONS

Starting a small business to respond to local market needs has been a meaningful choice to advance economic inclusion and security for immigrants and other economically vulnerable groups defined by race, ethnicity and/or gender. However, in the case of people with disabilities, support for developing small businesses remains a sorely underutilized strategy —despite the fact that only one in four of people with disabilities participates in the labor force. From our review and analysis of both new and existing quantitative and qualitative data, it became obvious that there is an opportunity to make strategic investments in scalable and sustainable programs and activities to accelerate development and growth of small business by individuals with disabilities. Banks have a unique opportunity today to be a leader in this effort by being responsive to and proactive in supporting individuals with disabilities at various stages of development and throughout the growth of a small business. The opportunities to promote disability-owned businesses can be divided into five complementary areas:

- 1. Infusion of capital and access to credit**
- 2. Establishment of infrastructure regionally to provide accessible and comprehensive development services to increase small business start-up and growth**
- 3. Expansion of disability-owned businesses that complete public and/or private certification as DOBEs to compete effectively for market share of public and private sector supplier diversity opportunities**
- 4. Support for vocational rehabilitation to expand services to entrepreneurs with disabilities**
- 5. Commitment to public policy development that:**
 - Authorizes small business owners with disabilities to be included in federal 8A set-aside contract opportunities
 - Expands ABLE Act eligibility for individuals with disabilities with age of onset of disability up to age 46
 - Increases CDFI funds targeted to small business lending for DOBEs
 - Requires increased commitment by the SBA and RSA to provide responsive services and supports to advance small business creation, development and growth by individuals with disabilities
 - Reform SSI and SSDI to remove disincentives to working and starting a business
- 6. Increased public and private data collection and reporting to track small business growth by people with disabilities**
- 7. Development of an integrated solution**

Recommendation 1: Access to Capital

While some banks have set aside funds to support the needs and challenges of Black, women and veteran small business owners, entrepreneurs and small business owners with disabilities have both similar and unique needs and challenges in accessing capital to start and grow small businesses. Yet their needs are not being met.

The recommendation is to design and implement a two-pronged strategy to respond to the capital needs of entrepreneurs and small business owners with disabilities. On a competitive process, a bank or banks would fund five geographically disbursed CDFIs that can demonstrate a past record of experience in lending and providing other needed support services to small business owners with disabilities and/or other disadvantaged groups defined by race, ethnicity and/or gender. Each of the five CDFIs would be funded at a level of \$500,000 annually for five years to support infrastructure costs. Each CDFI selected will have a feasible plan for sustaining their activities beyond the grant period and will commit to documenting impacts and outcomes with quantitative and qualitative data including economic measurement and metrics. In addition, a large bank/financial institution could set aside \$50 million targeting small business owners with disabilities in need of grants and/or loans to bring their business back from COVID-19 challenges.

Recommendation 2: Establishment of Regional Infrastructure and Meeting Unique Population Needs

Our research findings indicate that federally-funded support systems for current and future small business owners with disabilities were not generally responsive to the unique needs of individuals with disabilities. Challenges included, but were not limited to: website and materials not being available in accessible formats; a lack of understanding of the complex relationship between asset ownership and eligibility for public benefits that are means-tested; and poor customer experience. Small business developers and owners with disabilities indicated their positive evaluation of peer support within business development programs exclusively managed by and operated for individuals with disabilities. Similar reasons have led to the establishment and operation of small business development centers for women by the SBA, and of small business development boot camps managed for veterans and their family members by the Institute for Veterans and Military Families at Syracuse University and supported by JPMorgan Chase & Co.

The recommendation is to support four business incubators in different regions of the country managed by — and operated for — the exclusive benefit of individuals with disabilities. The incubators would follow the model established by Diego Mariscal of 2Gether-International²⁹ in the Washington, D.C. area and the National Center for Disability Entrepreneurship at the Viscardi Center in New York.

For example:

- 2Gether-International's disability small business start-up and accelerator program, established in 2012, holds virtual peer-to-peer support group meetings, workshops and career coaching while offering one-to-one mentoring opportunities and referral services to support entrepreneurs with disabilities.
- The National Center for Disability Entrepreneurship provides intensive individualized services and supports to a competitively selected cohort of emerging entrepreneurs with disabilities on an annual basis.

²⁹ <https://2gether-international.org/>

In addition to supporting these two programs, two other geographically diverse incubators would be selected on a competitive basis and receive technical assistance from 2Gether-International and/or the Viscardi Center to build capacity and replication of their models. Proposed funding level would be \$500,000 annually for three years. With this investment, we foresee that the D.C.-based incubator would be able to grow their existing entrepreneur pipeline network from 350 individuals to over 3,000 entrepreneurs with disabilities at the end of three years. With additional funds, the National Center for Disability Entrepreneurship would be able to substantially expand the number of entrepreneurs with disabilities selected for intensive support and equity-free financial investment. Each of the incubators selected would have to demonstrate the need for their services in their community, as well as have the support of diverse public and private partner agencies and organizations. The selected incubators would be required to develop a feasible plan for sustaining their activities and an approach to target individuals with disabilities at the intersection of race, ethnicity and gender. Incubators will also commit to documenting their economic impact and outcomes.

In addition, because Deaf entrepreneurs face unique challenges, banks should fund the Gallaudet Innovation and Entrepreneurship Institute for two years to solidify and grow this unique small business development program. GIEI addresses entrepreneurship within the frame of Deaf culture and communicates with American Sign Language. This is critical because, for many people who are Deaf or hard of hearing, ASL is their first language and English is their second. At GIEI, Deaf faculty provide instruction and Deaf small business owners mentor student entrepreneurs on business start-up and development. Gallaudet draws a student population from across the country making it an ideal location for Deaf entrepreneurship training.

Recommendation 3: Increase Public and Private Certification of Disability-Owned Businesses

The diversity supplier opportunities in the public and private sectors can be a critical lifeline to grow and sustain viable small businesses as contractors. Fortune 500 companies and others of smaller size are committed to increasing market share by minority contractors defined by race, ethnicity, gender and/or veteran status. Similarly, at a federal, state and municipal level, small business set-asides identifying prime contract and subcontract opportunities for minority contractors represent an exceptional opportunity to grow and sustain a small business focused on product manufacturing and/or services. Multiple corporations and a growing group of states and cities have added to their small business set-asides for procurement of products and services from small businesses owned by people with disabilities who meet certain standards of performance defined by public and/or private certification programs.

The Disability:IN DOBE certification program³⁰ has a growing cadre of certified small businesses that have completed a training and program evaluation. The DOBE certification has become an accepted standard for participation in a diversity supplier bidding for corporations and selected state and local governments. To build the capacity and accelerate certification opportunity for small business owners with disabilities, this recommendation is for a bank or banks to invest \$2 million a year over the next five years to increase the number of certified DOBEs by 300 a year — or 1,500 over the next five years. The funding would increase education and outreach capacity of other support activities and design and implement a DOBE digital marketplace to connect certified suppliers with industry-specific product and service needs.

Disability:IN would utilize the other proposed bank investments in selected CDFIs and business incubators, as well as increased responsive and coordinated activities with the SBA and RSA, to create a pipeline and

³⁰ <https://disabilityin.org/what-we-do/supplier-diversity/get-certified/>

feeder system of disability-owned businesses conducive to increased certification numbers. Disability:IN would design a plan to sustain the increased number of certifications and to track economic outcomes and impact. This accelerator program would greatly benefit from advice and guidance from the leaders of supplier diversity programs (SDPs) at major Fortune 500 companies, in addition to banks. Based on the current DOBE economic impact (estimated at \$536 million), there is the potential to drive an increased economic impact of over \$7.5 billion over five years. The number of people with disabilities employed by the larger, certified DOBE community is projected to be more than 6,000 workers.

Recommendation 4: Encourage Banks to Invest CRA Funds to Support State Vocational Rehabilitation Agencies to Expand Self-employment Services

State vocational rehabilitation agencies could benefit from CRA investment of funds by banks to expand their support of entrepreneurs with disabilities. Under guidance from the Office of the Comptroller of the Currency (OCC), a qualifying CRA activity for banks is to support workforce development funding that improves employment outcomes for individuals with disabilities. State vocational rehabilitation agencies have a mandate to help individuals with disabilities start small businesses as a means to economic advancement.

These agencies are the state partners in the state-federal program of rehabilitation services provided under the Rehabilitation Act of 1973, as amended. Engaging with nearly two million individuals with disabilities every year, the vocational rehabilitation agency program works in partnership with education, business and the workforce system to empower individuals with disabilities to achieve employment, economic self-sufficiency, independence, inclusion and integration into their communities. State vocational rehabilitation agencies are funded by federal grants administered through the U.S. Department of Education, Rehabilitation Services Administration. The federal grants are distributed based on a formula that takes into account a state's population and per capita income. Each state must provide 21.3 percent in matching funds to draw down its federal allotment.

A lack of adequate funding for vocational rehabilitation agencies has contributed to a reduced emphasis on supporting small business development. In 2020, COVID-19 adversely affected financial conditions for states: they had to expand funding to meet health challenges while experiencing a reduced flow to the state of business and individual and family tax income. In 2020, 18 state vocational rehabilitation agencies were not able to fully match the federal funds allotted to them. This number has doubled from 2018.

The recommendation is for a bank or banks to make a CRA investment of \$500,000 per year for three years to support one state vocational rehabilitation agency as a pilot project. The agency will be able to use these funds to draw down additional federal funds to allocate specifically for supporting small business development, thus increasing the number of consumers successfully pursuing self-employment ventures. This initial pilot will create a replicable framework for vocational rehabilitation agencies across the nation to expand and improve self-employment services, thereby increasing the number of individuals with disabilities owning and operating small businesses across the country.

Our research findings have demonstrated a need for:

- increased knowledge about supporting self-employment ventures for individuals with disabilities by the vocational rehabilitation agency staff;
- an increase in partnership development with the financial industry, the SBA and other stakeholders to promote the diversity, equity and inclusion of small business ownership; and

- increased financial investment to support individuals with disabilities in starting, running and maintaining their own business.

Our research findings have also proven that although individuals with disabilities are underrepresented in the labor market, of those who are employed, a greater proportion are self-employed (than those without disabilities). Additionally, through our focus groups with vocational rehabilitation agencies in over 16 states, we have learned that a lack of knowledge of small business feasibility, start-up and funding — in addition to a lack of partnerships to improve and expand small business development — contribute to a lack of support for individuals using these agencies' services who want to start their own business. While these agencies are adept at providing services for rehabilitation and return to the labor market, they're not adept in promoting development of self-employment ventures for those they serve.

More than 20 of these state agencies across the nation are already looking at ways to increase initiatives and services to support small business development for those they serve. NDI is establishing a Community of Practice (CoP) that will bring together vocational rehabilitation agencies across the nation to implement strategies for change to expand support of entrepreneurs with disabilities. NDI would assist a bank or banks with selection of the agency that would most meet the CRA criteria and priorities, coupled with the agency most in need of matching funds and serving a greater number of low- to moderate-income and racially diverse individuals. With an investment of funds that qualify for CRA credit, a bank could change the landscape of vocational rehabilitation agencies' supports and services targeted at small business and economic development.

Recommendation 5: Public Policy Development

Banks and the financial community could support a set of public policy recommendations that increases access to business opportunities, capital and support services for DOBEs; improves the responsiveness and coordination of resources available for small business development by people with disabilities; and improves the collection, analysis and dissemination of data about small businesses owned by people with disabilities and their economic impact.

These public policy recommendations would:

Make DOBEs eligible for federal contracting preference programs: For over 30 years, DOBEs have been proposed for eligibility for the SBA 8a program that affords federal contracting preferences for minority-owned small businesses defined by race, ethnicity, gender and/or veteran status. In fiscal year 2019, the federal government exceeded its set targeted goals and awarded over \$13 billion to small businesses with 8A preferred status. Unfortunately, DOBEs have been denied inclusion for preferred contractor or subcontractor status. Inclusion as a preferred minority contractor would open up billions of dollars in contracting opportunities for DOBEs to grow and sustain business development. Participation in the 8a program would also open up opportunities for certification as an 8a contractor with training and technical assistance available from the SBA.

Expand eligibility for ABLE accounts: Entrepreneurs with disabilities can utilize ABLE accounts to set aside funds that grow tax-free to cover qualified disability expenses related to small business start-up and development such as purchase of technology, transportation and other business-related equipment. Those entrepreneurs who receive means-tested benefits can grow assets in ABLE accounts without fear of losing benefits. Having an ABLE account can reduce the amount of capital needed for small business start-up and growth. Unfortunately, the number of entrepreneurs who can take advantage of this strategy is great-

ly curtailed by the fact that persons who became disabled later than age 26 are not eligible to open ABLÉ accounts. Support of pending legislation is needed to expand eligibility by changing the requirement to age 46. Expanded eligibility to open and grow an ABLÉ account could impact six million adults with disabilities.

Increase Congressional appropriations for the CDFI Fund at the U.S. Department of the Treasury earmarked for providing affordable loans for DOBEs: This policy would provide access to affordable loans for small business development by DOBEs. In the past three years, Congress has targeted funds to be allocated to CDFIs on a competitive basis to support lending for individuals with disabilities for home mortgages, small business development and purchase of assistive technology. The funding requests far exceeded the \$3 million made available. With support and advocacy from the financial community, the amount of funds designated for DOBEs could be raised to \$10 million. This would complement the funding proposed to be set aside by banks to help DOBEs recover from COVID-19 economic challenges.

Increase commitment by the SBA and RSA to provide responsive services and supports to disability-owned small businesses: To further support the development of viable small businesses by individuals with disabilities, reauthorization of the Small Business Act, which is pending in 2021, should include the above suggested amendment of the 8a program to define eligibility inclusive of DOBEs. Additional amendments should mandate:

- increased coordination of programs and services by SBA and RSA and their authority to support small business development by individuals with disabilities; and
- the designation of a lead individual to be a liaison across the SBA programs to improve responsiveness to people with disabilities

Reform eligibility criteria for SSI and SSDI: Some potential entrepreneurs with disabilities fear the impact of entrepreneurship on their access to critical cash benefits and health care. The Social Security Act should be amended to reduce or end the perverse consequences of asset and income limits for over 12.9 million individuals with disabilities who rely on SSI and SSDI benefits for income support and complementary eligibility for health care benefits through Medicaid and Medicare.

Eligibility for both programs is based on the individual's inability to earn above "Substantial Gainful Activity," currently \$1,310 per month. This de facto income limit creates unreasonable incentives around work and traps people in poverty. The result of the \$2,000 asset limit, which has not been increased since 1984, for individuals to remain eligible for SSI cash benefits depresses the opportunity for beneficiaries to save. Small business ownership is a potential pathway out of poverty and an opportunity for hiring more employees with disabilities to advance their economic stability. Expansion of a public and privately supported ecosystem of assistance to entrepreneurs and small business owners with disabilities should be complemented by needed federal Social Security policy reforms.

Recommendation 6: Increase Public and Private Data Collection and Reporting to Track the Growth and Status of Disability-owned Businesses

A critical finding of this research is the need for additional and ongoing collection of data that defines the size and scope of DOBEs and their impact on the economy.

Multiple public and private surveys collect data on small businesses and their owners. These data provide critical information on type and size of businesses, access to credit, use and efficacy of mentoring programs, impact of COVID, confidence in the economy and political climate and other issues. They identify the dif-

ferential experiences of women and people of color and provide critical information to support advocacy and policy. However, most of these surveys do not include questions to identify the disability status and, as a result, findings cannot be disaggregated by disability status. The absence of robust data on the experiences of entrepreneurs with disabilities creates a challenge in advocating for and designing effective policies. The financial community should push for the U.S. Census Bureau and the Federal Reserve Board of Governors to collect, analyze and report disability data as part of their small business surveys and dissemination efforts. The financial community should also encourage private sector data collection (such as the small business surveys conducted by Salesforce and Guidant Financial) to include disability questions and report data disaggregated by disability status. This is critical to increasing attention and responsiveness to this economically vulnerable population and to expand their representation in the small business community.

Recommendation 7: Integrated Solutions

To implement the above recommendations in a coordinated way, a DOBE manager should be established to identify and integrate current, proposed and future solutions within all parts of a bank. Support could be provided to the DOBE manager by contract with an external intermediary organization such as NDI, which has knowledge, expertise and relationships in the disability and financial communities. Recognized in both the financial and disability communities for its record in developing insightful research, training and program and policy development, NDI has driven change within organizations, agencies, financial institutions and government entities nationwide to promote the financial health of people with disabilities.

Conclusion

There is no single strategy that can respond to the historic economic inequality confronted by generations of individuals with disabilities. Despite significant attitudinal, technical and policy challenges, many entrepreneurs with disabilities — like the ones whose stories we have shared in this report — have succeeded as small business owners. Their experiences demonstrate that small business development is a viable way for people with disabilities to achieve employment, self-sufficiency and financial wellbeing, yet they face unique barriers that are unmet due to a lack of funding and professional support specifically targeted to this vulnerable population. Banks have the opportunity to lead the way toward the empowerment of entrepreneurs with disabilities, in cooperation with federal, state and local small business and economic development agencies, that parallels the commitment that banks nationwide have made — and continue to make — to veterans, women, Black, Latino and Hispanic small business owners.

Appendix

Stories from Business Owners with Disabilities:

NDI interviewers spoke with each entrepreneur for an hour and heard compelling stories that showed great ingenuity, commitment and often a sense of humor. This appendix provides brief descriptions of

each of their experiences. The entrepreneurs have reviewed and given NDI the approval to share the following stories.

Kelvin: Kelvin is both Deaf and blind, and realized that he needed to create his own opportunities to make his world better and make things happen for accessibility issues. He worked for a university providing guidance for professors on how to make their classroom accessible. He also worked for a state vocational rehabilitation agency placing individuals into employment. Kelvin recognized quickly that the individuals he was helping needed greater tech skills to use adaptive technology. He created a curriculum for this and taught tech skills to blind individuals. Through his agency work and his experience with his own vision loss, he recognized the need for other adaptations and wanted to start his own business. As he began to develop his plan, he thought of the fact that he himself had been hit by a car three times in his life and knew that the statistics show that one in three visually impaired people get hit by cars. So, he began to develop the "See Me Cane." Kelvin is in process of finalizing the design and is raising money for production to go to market by the end of 2021. Kelvin shared that, if you look at the statistics, 87 million individ-

uals worldwide or seven million in the U.S. alone get struck by cars. When Kelvin began considering how to raise money, his friend's daughter suggested that he should share his pottery talent by creating a pot on TikTok. His friend's daughter created a video of him on TikTok. She posted it that evening and, by the next morning, it had 400,000 views and 10,000 followers. In response, they did a thank you video, told Kelvin's story and offered to make some more pottery. In two weeks alone, one of his videos hit 1.4 million views and 100,000 followers. He now has a good problem: demand for his pottery. Having started a store and selling out of his pottery in five days, Kelvin began thinking of how to make money on his pottery to fund his See Me Cane. He is also looking at how to build out his manufacturing of the pottery. He is scaling as fast as he can. Watch Kelvin's TikTok video: <https://www.tiktok.com/@deafblindpotter>. Also, Kelvin was just featured on [Good Morning America Brightly](#). Website for his pottery company: www.Deafblindpotter.com and his smart cane: <http://www.smartguiderinc.com>.

Anastasia: Anastasia started a nonprofit in 2016 with the vision to work with people with disabilities, including children, to offer adaptive fitness classes. It evolved into programs within the school system so she now goes to schools to teach movement. From there a need evolved for social skills development, so Anastasia began creating social skills and life skills camps. She also wanted to celebrate talents that children with disabilities have — to show their strengths, rather than deficits — so she started a talent show program. Also for adults, she developed a yoga and mindfulness program to assist with stress reduction. COVID-19 impacted the business greatly, as in-person programs and classes were no longer viable, so she has attempted to move to online offerings. She wants to expand post-COVID to focus on children for adaptive fitness, learning skill events, social interaction events, talent shows, etc. (based on the economy and the needs of their community). As a person with a disability herself, Anastasia has — through her own experience — benefited from mind/body practices and found how therapeutic they can be, so she wants to bring that experience to others. Currently, she is working with Cornell University and launching virtual classes. To learn more about Anastasia’s company, visit her website: <https://niwcr.org/>.

Tiffani has a degree in entrepreneurship and had an internship in digital marketing in college, which spurred her interest in technology. Tiffani began losing her vision, but maintained her ability and autonomy to do her job through technology. So she began her own company, offering digital marketing, media design and development focused on customer engagement, acquisition and retention. Tiffani believes that individuals with disabilities are often put into the box of low expectations — that they should survive on their disability benefits — so they lack the resources and support to start their own business. She believes the ability is there, but the support is lacking, even more so for those dealing with intersectionality between gender and ethnicity. For more information on Tiffani’s business, visit: <http://jancynco.com/>.

Lynn lives with, and grew up in, a family where she and her four sisters were born with both physical and cognitive disabilities, including epilepsy and mental illness. In a rural small town setting, this meant that the taboo nature of their disabilities made attending school uncomfortable for Lynn and her sisters at times. Lynn graduated from college with a degree in communications and creative writing. Eventually, she found herself diverted from a career as a federal program coordinator to create an accessible reporting website for her state agency's Americans with Disabilities Act Transition Plan. Understanding that the website needed to be accessible, but not fully grasping what that meant, she met with the ADA Plan's Advisory Board members, all of whom lived with various disabilities, in their homes. Watching how they accessed websites, Lynn learned how to make the

agency's ADA Transition Plan reporting website accessible for them. Through that experience, she witnessed firsthand the power that accessible websites have in enabling people with disabilities to have equal access to information, services, jobs and social contact. She also saw an emerging industry in digital accessibility consulting that wasn't including or compensating people with disabilities, or even asking them for their input. Lynn created an accessibility consulting firm where professionals with disabilities designed, and delivered, accessibility services as the primary subject matter experts. It's called WeCo Accessibility Services. Ten years later, WeCo is engaged by state governments, Fortune 500 companies and businesses and nonprofits across the U.S. and throughout the world. For more information about WeCo Accessibility Services, visit: <https://theweco.com/>.

Alvaro is a native of Chile and came to the United States as a result of winning a scholarship for his Master's degree to the University of California, Berkeley. His ambition, as a person with a disability and a wheelchair user, was to find ways to innovate in the disability space and identify solutions to problems people with disabilities face every day. Alvaro explored several opportunities including developing high-tech equipment, power wheelchairs and other tech-driven solutions. However, his entrepreneurial journey started by accident. Alvaro loves to travel, but often his disability restricted where he could go and limited his desire to

explore the world. A trip he wanted to take with friends was the catalyst to his launching a travel business that offers accessible travel experiences to several destinations of the world, including places previously inaccessible. Alvaro has opened the world to places such as Machu Picchu in Peru and Patagonia in Chile for individuals with disabilities. COVID-19 has hurt his business with the travel restrictions, but he has big plans for 2021 with more new and exciting adventures. For more information on how to access Alvaro's accessible tours visit: <https://gowheeltheworld.com/>.

Doris created a company to build a connection, community and support for individuals with disabilities and people of color. She suffered a brain injury from an accident where she was not taken to the hospital or helped even though she was clearly injured. Doris suffered some cognitive changes and mobility issues that led to her losing her job, so she started a business to help others understand their rights and responsibilities in the workplace, provided training on how to prevent toxic workplaces and education on cultural sensitivity. Doris also started making her Salvadorian grandmother's cheese recipe into a plant-based version

and found that the demand was great for a good vegan cheese. Her small business started to explode with orders. Armed with a business plan, she needed to rewrite it as she underestimated the demand. For example, she has nonstop requests from restaurants for samples and needs a larger commercial kitchen and she also needs to hire people and scale up more quickly than she ever expected. To learn more about Doris's business for an equitable workplace visit: <https://www.themelanincollective.org>. To learn more about Daughters of Izote, plant-based Salvadoran foods, visit: <https://daughtersofizote.com>.

Chioma started a consultancy in 2017 during a personal challenge of her children being diagnosed with autism and her own personal health issues. She had been working in the Mayor's office hoping to influence the political space for individuals with disabilities but, due to failing systems of care for her children, she lost her job, became unemployed and had a great deal of stress. As a result, Chioma made the decision to start her own business to support other parents and positively impact the provider system. She did not want any

other parent or family to go through what she had without an anchor of support. She wanted to help others be powerful in their advocacy for their children and promote resources for others. Chioma holds a PhD, is well educated and yet still suffered racial inequity and disability discrimination. She is doing parent coaching, systems consultation, family advocacy and is able to have her own authority through her own story. For more information on Chioma's businesses, visit: <http://drchibornfree.com/> and <http://fixpat.org/aboutus/>.

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