



# Pathways to Success: Supporting Entrepreneurs and Employees with Disabilities

Testimony submitted by the American Association of People with Disabilities

Thank you for the opportunity to comment on the issue of disability employment and entrepreneurship. The American Association of People with Disabilities (AAPD) is a national disability-led and cross-disability rights organization. AAPD advocates for full civil rights for over 60 million Americans with disabilities. We do this by promoting equal opportunity, economic power, independent living, and political participation.

Although one in four American adults are people with disabilities, only around 7 million disabled adults are employed,<sup>1</sup> and the labor force participation rate of people with disabilities ages 16 and above is 21.3% (vs. 67.1% for nondisabled adults).<sup>2</sup> This gap is due to the systemic ableism and discrimination that people with disabilities face in the employment sector - from the hiring process to wages and salaries to having reasonable accommodations in the workplace. Disabled people also face persistent barriers and discrimination in education, healthcare, transportation, and housing - all of which contribute to their ability to participate in gainful employment and become successful entrepreneurs consistently. Improving the employment rate among people with disabilities, therefore, requires comprehensive policy solutions that not only incentivize increased employment opportunities for disabled people but ensure that they have the education, housing, community integration, healthcare, and transportation supports necessary to participate in the workforce.

AAPD urges Congress to support disabled entrepreneurs and employees with disabilities by encouraging competitive pay and integrated employment for disabled workers, providing more resources for disability-owned businesses, increasing access to assistive technology and broadband, improving public benefits, and protecting healthcare coverage. We urge Congress to enable disabled entrepreneurs to access more funds for their start-ups by increasing asset limits, providing more inclusive pathways to access capital, and encouraging banks to be more accessible and supportive.

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<sup>1</sup> Bureau of Labor Statistics (2023, February 23). *Persons with a Disability: Labor Force Characteristics* — 2022. BLS.gov. Retrieved January 23, 2024, from <https://www.bls.gov/news.release/pdf/disabl.pdf>

<sup>2</sup> Ibid



Despite decades of progress on disability rights, outdated societal stigma tied to disability persists that maintains that people with disabilities are inherently less productive. These stereotypes continue to influence the opportunities disabled people have because they are enshrined in policy. Although the Americans with Disabilities Act prohibits discrimination on the basis of disability employment and the Workforce Innovation and Opportunity Act prioritizes competitive employment for people with disabilities, it is still legal in most states to pay disabled employees below the federal minimum wage. This is due to Section 14c of the Fair Labor Standards Act of 1938, which authorizes employers to pay employees with disabilities less than the federal minimum wage after receiving a certificate from the Department of Labor. Half of the people employed under 14c certificates earned less than \$3.50 per hour.<sup>3</sup> Employers that use 14c certificates often place disabled workers in segregated sheltered workshops, where they separate them from other employees and provide less training and oversight. When initially created in 1938, Section 14c intended to prepare employees with disabilities to transition into competitive employment. However, studies have frequently shown that employment arrangements like sheltered workshops inhibit a disabled person's ability to advance in their careers or to get another job, as a Government Accountability Office audit revealed that only 5 percent of such workshop employees transitioned to outside jobs with standard pay.<sup>4</sup> The outdated practice of subminimum wage does not recognize the dignity and worth of disabled individuals, nor does it reflect society's changes in its view of people with disabilities and the laws passed in the decades since that protect the equal rights of people with disabilities to live, work, and thrive in their community. The US Department of Labor is currently conducting a comprehensive review of the 14c program, and we are optimistic about their planned rulemaking in the Fall of 2024. Congress also has an opportunity to address this almost century-old discrimination against employees with disabilities by passing the Transformation to Competitive Integration Act (TCIEA), H.R.1263/S.533. The TCIEA prohibits subminimum wage nationally and supports employers in transforming their businesses so that people with disabilities working under 14c certificates can remain employed and receive the competitive wages and support that they need to thrive.<sup>5</sup>

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<sup>3</sup> U.S. Government Accountability Office (2023, January 25). *Subminimum Wage Program: DOL Could Do More to Ensure Timely Oversight*. GAO. Retrieved January 23, 2024, from <https://www.gao.gov/products/gao-23-105116>

<sup>4</sup> The 19th (2021, December 13). *Many people with disabilities are paid just pennies. Build Back Better could help end that*. Retrieved January 29, 2024, from <https://19thnews.org/2021/12/subminimum-wage-people-with-disabilities/>

<sup>5</sup> Library of Congress (2023, February 27). *S.533 - Transformation to Competitive Integrated Employment Act*. Congress.gov. Retrieved January 29, 2024, from <https://www.congress.gov/bill/118th-congress/senate-bill/533?s=1&r=25#:~:text=The%20bill%20directs%20Labor's%20Office.employment%20for%20people%20with%20disabilities.>



Companies that are leaders in disability inclusion have shown increased revenue and economic profit.<sup>6</sup> Yet, due to the persisting stereotypes that people with disabilities are incapable of work, cannot be relied upon, and that any accommodations would be too difficult to make, the unemployment rate for disabled adults is twice that of nondisabled adults.<sup>7</sup> In order to overcome the barriers of the job market while pursuing their passions and accommodating their needs, many disabled workers turn to entrepreneurship and self-employment. According to a National Disability Institute (NDI) report, “Entrepreneurs with disabilities expressed that they started their business to have a more flexible work schedule, because they experienced a hostile work environment or lack of advancement opportunity, or they were laid off and could not find a job in their field.”<sup>8</sup> For many, owning your own business means you can work from home if needed, have an asynchronous schedule, and hire other disabled employees, providing them with any necessary accommodations. Having the autonomy and freedom to create work environments, cultures, and protocols that work best for them makes owning their own business an incredibly appealing option for many people with disabilities.

However, entrepreneurs with disabilities also face their own set of barriers and difficulties. Like disabled employees, they face ableism and the inherent low expectations that many in the market have of disabled workers. They must work harder to be taken as seriously as others and overcome misconceptions.<sup>9</sup> Networking and making connections are significant parts of building a business, but that can be challenging with a disability. A lack of community integration, inclusion, social skills, and more can lead to limited social networks and impact the connections needed to start a business. Disabled entrepreneurs have to take extra considerations into account in a fast-paced world - while a non-disabled entrepreneur may be able to quickly decide to attend a local event, a disabled entrepreneur might have to coordinate paratransit in advance, research whether the venue and information are accessible, and arrange for their own accommodations such as a sign language interpreter or direct support professional.

Another challenge is the high cost of assistive technology and accommodations needed for business tasks, which is, on average, 68 to 124 percent greater for self-employed persons than

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<sup>6</sup> Accenture, Disability:IN, and AAPD (2023, November 27). *The Disability Inclusion Imperative*. Accenture. Retrieved January 23, 2024, from

<https://www.accenture.com/content/dam/accenture/final/accenture-com/document-2/Disability-Inclusion-Report-Business-Imperative.pdf>

<sup>7</sup> Bureau of Labor Statistics (2023, February 23). *Persons with a Disability: Labor Force Characteristics — 2022*. BLS.gov. Retrieved January 23, 2024, from <https://www.bls.gov/news.release/pdf/disabl.pdf>

<sup>8</sup> National Disability Institute (2022). *Small Business Ownership by People with Disabilities: Challenges and Opportunities*. Nationaldisabilityinstitute.org. Retrieved January 23, 2024, from <https://www.nationaldisabilityinstitute.org/wp-content/uploads/2022/07/ndi-small-business-research-report.pdf>

<sup>9</sup> National Disability Institute (2022). *Small Business Ownership by People with Disabilities: Challenges and Opportunities*. Nationaldisabilityinstitute.org. Retrieved January 23, 2024, from <https://www.nationaldisabilityinstitute.org/wp-content/uploads/2022/07/ndi-small-business-research-report.pdf>



for individuals in other areas of employment.<sup>10</sup> Also, it is becoming increasingly difficult to make any sort of career or economic advancement without broadband connection, and people with disabilities are less likely to have equitable Internet access - 62% of adults with a disability say they own a desktop or laptop computer, compared with 81% of those without a disability.<sup>11</sup> AAPD recommends that this Subcommittee work with the Federal Communications Commission to support funding expenses in assistive technology. AAPD also strongly supports increased and sustained funding for the Affordable Connectivity Program. Twenty-three million Americans, many of them people with disabilities, already rely on the ACP to maintain their connection to the internet. Sustained funding for the ACP would allow this vital program to reach the 52 million people eligible for enrollment and enable disability-owned businesses to flourish.

One of the biggest obstacles to entrepreneurial success stems from the difficulties disabled entrepreneurs face when financing their businesses. Disabled people are more likely to come from low-income families and have limited or no financial resources. They are less likely to apply for or receive bank loans because of their hesitancy in providing personal guarantees and using assets as collateral, having a low credit score, not qualifying because of the lack of assets, or because the loan process is complicated and inaccessible.<sup>12</sup> This lack of access to capital blocks yet another pathway out of poverty and perpetuates family poverty cycles among people with disabilities. Additionally, the Small Business Administration does not consider disability-owned businesses as minority-owned businesses, leaving a substantial group unable to access special training and development programs, funding sources, as well as federal contracting and business development programs.<sup>13</sup> We urge the Small Business Administration to recognize people with disabilities as a historically marginalized minority group and how this marginalization has caused disabled entrepreneurs to lack access to wealth or business opportunities. Such a designation by the SBA would allow disabled entrepreneurs to access the special programs intended to help minority-owned businesses start, grow, and prosper.

Entrepreneurs and employees with disabilities must contend with public benefits programs' restrictive asset limits. Supplemental Security Income (SSI) is a vital program that many people

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<sup>10</sup> University of Illinois Urbana Champaign (2004, March 15). *High cost of assistive technologies keeping some people from work, study says*. Retrieved January 29, 2024, from [https://news.illinois.edu/view/6367/207673#:~:text=In%20the%20study%2C%20%22the%20majority.grou ps%20was%20more%20than%20\\$2%2C000](https://news.illinois.edu/view/6367/207673#:~:text=In%20the%20study%2C%20%22the%20majority.grou ps%20was%20more%20than%20$2%2C000)

<sup>11</sup> Pew Research Center (2021, September 10). *Americans with disabilities less likely than those without to own some digital devices*. Retrieved January 29, 2024, from <https://www.pewresearch.org/short-reads/2021/09/10/americans-with-disabilities-less-likely-than-those-without-to-own-some-digital-devices/>

<sup>12</sup> National Disability Institute (2022). *Small Business Ownership by People with Disabilities: Challenges and Opportunities*. Nationaldisabilityinstitute.org. Retrieved January 23, 2024, from <https://www.nationaldisabilityinstitute.org/wp-content/uploads/2022/07/ndi-small-business-research-report.pdf>

<sup>13</sup> U.S. Small Business Administration (2023). Accessed January 29, 2024 <https://www.sba.gov/business-guide/grow-your-business/minority-owned-businesses>



with disabilities rely on. However, SSI has very stringent asset and income limitations for recipients, which have not been adjusted in over four decades. Currently, SSI only allows individuals to have \$2,000 in assets, or \$3,000 for a couple, to be eligible for benefits. In many cases, receiving SSI benefits also entitles you to Medicaid coverage, which, for many people with disabilities is how they access healthcare and home- and community-based services. Many would-be successful disabled entrepreneurs are concerned that should they continue to work, they will lose their SSI and Medicaid benefits. However, if they do not work, they may not have enough money to cover additional expenses, such as out-of-pocket costs related to custom mobility devices or expensive medical treatments. As NDI states, “a household containing an adult with a disability that limits their ability to work requires, on average, 28% more income (or an additional \$17,690 per year).”<sup>14</sup> In the 1980s, when the current SSI asset limits were last updated, \$2,000 was more than enough to pay the security deposit and first month’s rent on an apartment or purchase a reliable used car. Today, these outdated asset limits condemn people with disabilities to a life of poverty and discourage them from working, advancing in their careers, and saving money. Congress can take action to increase the asset limits for SSI by passing the SSI Savings Penalty Elimination Act (H.R. 5408/S.2767). The SSI Savings Penalty Elimination Act has bi-cameral, bi-partisan support and is widely supported by disability advocates and businesses.

In addition to the general lack of employment opportunities that people with disabilities encounter, those who do work face significant occupational segregation. According to the Bureau of Labor Statistics, people with disabilities are more likely to be employed part-time (30%) compared to those without disabilities (16%),<sup>15</sup> which often leaves them without access to employer-provided health coverage. The lack of employer-based health insurance causes people receiving SSI fear when considering transitioning into the workforce, whether through traditional employment or entrepreneurship. Programs like SSI and Medicaid are necessary, and increasing the asset limit for SSI may lead to more significant economic advancement and enable people with disabilities to live and work independently in their own homes and communities.

The Affordable Care Act (ACA) made historic progress in expanding coverage, ensuring everyone has access to health coverage via their employer, the health exchange marketplaces, or Medicaid, and increasing options for home- and community-based services (HCBS). As self-employed individuals, entrepreneurs cannot access employer-provided health insurance, making the ACA health insurance exchanges and Medicaid expansions vital to their well-being

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<sup>14</sup> National Disability Institute (2022). *Small Business Ownership by People with Disabilities: Challenges and Opportunities*. Nationaldisabilityinstitute.org. Retrieved January 23, 2024, from <https://www.nationaldisabilityinstitute.org/wp-content/uploads/2022/07/ndi-small-business-research-report.pdf>

<sup>15</sup> Bureau of Labor Statistics (2023). *Persons with a Disability-Labor Force Characteristics—2022*. Retrieved January 29, 2024 from <https://www.bls.gov/news.release/pdf/disabl.pdf>



and ability to work. While there have been consistent and ongoing efforts to repeal the ACA since its passage, it must be vigorously protected not only for the health of disabled people but for their economic needs as well. Repealing the ACA would mean a rollback on the anti-discrimination protections that exist for those with “pre-existing conditions,” which is inclusive of people with disabilities and those with chronic health conditions.

Additionally, Vocational Rehabilitation (VR) agencies are vital resources that provide disabled workers with the training and tools necessary to enter and succeed in the workforce. They are also a means for individuals with disabilities to start small businesses. However, as of 2021, less than one percent of VR case closures resulted in entrepreneurship or self-employment, despite people with disabilities engaging in entrepreneurship at higher rates than non-disabled people. Regarding the gap in VR counseling and entrepreneurship, Frain, Bishop, and Frain write that vocational rehabilitation “counselors are in a difficult position: They usually are not trained in business development, they face federal policies that are incongruent with best practices for developing a business, and closures come more slowly and are more costly than typical. They also share the concern of family members regarding the viability of new businesses and income potential.”<sup>16</sup> Because of this, VR counselors are not well suited to support clients in navigating starting their own businesses. We recommend that vocational rehabilitation agencies be provided more material and support for disabled individuals wanting to start their own businesses and that VR staff be trained better in assisting small business development.

Despite encountering numerous challenges, people with disabilities continue to prove themselves as skilled and successful entrepreneurs. And, if provided enough resources and support, disabled entrepreneurs and employees can grow even more. Ensuring that people with disabilities have sufficient funding and access to health care is critical. Public benefits and health insurance programs should incentivize, not discourage, work. The Department of Commerce and the Small Business Administration (SBA) should ensure access to credit and capital for disabled entrepreneurs, and efforts should be made to encourage banks to make their loan process more accessible and understandable. The SBA should also invest more in data collection for disability-owned businesses so that information is accurate and policymakers can create more targeted solutions.

Congress should pass the Supporting Disabled Entrepreneurs Act to address some of these concerns and have disability representation with the Small Business Administration.<sup>17</sup> While the passage of the Supporting Disabled Entrepreneurs Act will not by itself fix the systemic ableism

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<sup>16</sup> Frain, Michael, et al. Rehabilitation Counseling Bulletin (2022). “The Time is Ripe for Entrepreneurship in Vocational Rehabilitation: A Four-Pronged Approach” Retrieved Jan 29, 2024 <https://journals.sagepub.com/doi/10.1177/00343552221116051#bibr42-00343552221116051>

<sup>17</sup> Library of Congress (2023, December 14). S.3528 - *Supporting Disabled Entrepreneurs Act*. Congress.gov. Retrieved January 24, 2024, from <https://www.congress.gov/bill/118th-congress/senate-bill/3528/text>



that generations of disabled individuals have faced in starting their own businesses, it represents a significant step in recognizing the abilities and contributions that entrepreneurs with disabilities bring to the economy and to their communities. The strength of the American economy is found in the rich diversity of our nation's small business owners and employees, and that includes Americans with disabilities.

Thank you again for this opportunity to provide testimony on the challenges people with disabilities encounter in the employment sector, and we look forward to working with you to create more pathways to success.