

A stylized map of New York State is positioned behind the title text. The map is filled with a gradient of green, matching the background's color scheme.

New York **Makes Work Pay**

Developing a path to employment for New Yorkers with disabilities

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Medicaid Infrastructure Grant (MIG) Brief

Improving Self-Employment Outcomes for People with Disabilities

June 2010

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New York Makes Work Pay is a Comprehensive Employment System Medicaid Infrastructure Grant (#1QACMS030318) from the U.S. Department of Health and Human Services, Centers for Medicare and Medicaid Services (CMS) to the Office of Mental Health on behalf of New York State. It is a joint effort of the Burton Blatt Institute at Syracuse University and the Employment and Disability Institute at Cornell University with the collaborative support of the Employment Committee of the New York State Most Integrated Setting Coordinating Council (MISCC) to develop pathways and remove obstacles to employment for New Yorkers with disabilities.

To learn more go to <http://www.nymakesworkpay.org>

Background

Americans with disabilities represent an estimated 20 percent of the U.S. population, making this the nation's largest minority that crosses lines of age, ethnicity, gender, gender identity, race, sexual orientation and socioeconomic status. Recent data suggests that of the 21.5 million Americans with disabilities between the working ages of 21 - 64 the majority are also a member of an existing minority group¹. Today, as the national recession and tight job market continues, more Americans are turning to self-employment as their career option and over 10 million Americans are self-employed.² In New York State and nationally, people with disabilities are disproportionately unemployed, underemployed, and living in poverty. In 2006, the overall percentage of working-age people with disabilities ages 21-64 in New York State was 11.5%, representing a total of 1,295,000 people³. The same survey reported that the employment rate of working age people with disabilities was only 33.5%, compared to the employment rate of working-age people without disabilities, reported at 77.9%. Given such longstanding and dismal employment statistics, it only makes sense that people with disabilities should have the option to explore self-employment as a career option, but very few new Yorkers with disabilities have a chance to become successful small business owners.

A 2001 national study indicated limitations in quantifying the number of self-employed people with disabilities.⁴ However, since self-employment is established in the Rehabilitation Act as a valid employment outcome for people with disabilities we can make some observations from data on employment closures. For the 2006 reporting year, self-employment closures represented 1.85% of all Vocational Rehabilitation (VR) employment closures nationwide. In NYS, self-employment closures represented approximately .69% of all vocational closures reported by NYS VESID⁵ (Approximately 12,327 people were 'closed' with "competitive employment outcomes" in FY 2006).

Challenges

People with disabilities that choose to own their own business encounter the business-related challenges that any prospective entrepreneur must face like: "How do I get grants and loans?" "Who can help me write a business plan?" "Is my business idea feasible?" "Who can support me if I need to rely upon someone to help me operate my business if I am unable to do so?" Vocational counselors are not usually business experts and are often unprepared to help prospective entrepreneurs with disabilities answer questions like these. Small Business Development Centers (SBDCs) and Employment Assistance Programs (EAPs) as well as individual business planning consultants working under VR contract can help with business plan development or

1 National Council on Disability, Keeping Track: National Disability Status Program Performance Indicators, April 21, 2008, p. 28.

2 Upcoming Statistical Abstract of the United States: 2009, Table 585 <<http://www.census.gov/compendia/statab/>>

3 Rehabilitation Research and Training Center on Disability Demographics and Statistics (2007). Disability Status Report. Ithaca, NY: Cornell University

4 First National Study of People with Disabilities who are Self-Employed: Progress Report #8 (February 2001). Rural Disability and Rehabilitation Research

5 Source: 2007 Rehabilitation Services Administration 911 Data

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access to financing, but they may not be prepared to help prospective entrepreneurs with other complex issues like Social Security benefits advisement and developing support systems that help them address the impact of disability on their business. Consumers often have a business dream or idea that may seem far-fetched to counselors but they and their counselors often lack the tools needed to fully test the idea and accept or reject it on the basis of a solid feasibility plan.

Low self-employment rates can also be partially due to predominating myths and misperceptions. For example, most people cite the high failure rate among new small businesses as a reason why self-employment might be discouraged, however seven out of 10 new employer firms survive at least two years, and about half survive five years⁶. Yet, despite these challenges entrepreneurship may make sense for many more New Yorkers with disabilities than those presently self-employed. To increase the rate of self-employed people with disabilities, present policies must be examined, new partnerships must be developed and model practices must be implemented like that described below.

StartUP NY-A Successful Self-Employment Model for People with Disabilities

StartUP NY was one of three 3-year demonstration projects funded by the US Department of Labor/Office of Disability Employment Policy (ODEP) to test and demonstrate improved self-employment practices for people with disabilities. The NY project was led by Onondaga County and developed and managed by the Syracuse University Burton Blatt Institute (BBI) and its partners the SU Whitman School of Management/Falcone Center for Entrepreneurship and Emerging Enterprises, the Onondaga Small Business Development Center and other partners. For the first year, BBI and its partners convened community stakeholders and people with disabilities to better understand the barriers and facilitators to self-employment. It conducted an extensive community mapping process to identify gaps and needs and availability of resources that were or could be tapped to help people with disabilities become self-employed. It also interviewed representatives from VESID, CBVH, Department of Labor, business development and disability services sectors and others to develop a curriculum and program structure that reflected the economic, ethnic and cultural needs of the county. During year #2, BBI, the Whitman School and its partners developed a 4 Phase model of Inclusive Entrepreneurship that provides training and consultation to people with disabilities to help them understand their entrepreneurship aspirations, develop support systems, develop business feasibility and business plans, acquire financing and grow and sustain their businesses. The project has far exceeded its goals. To date, the project has trained over 188 people with diverse disabilities, over 60 businesses have been registered and 45 businesses are being operated. In 2009, funding was received through the US Small Business Administration grant and through a Center for Medicaid Services Medicaid

⁶ U.S. Small Business Administration Office of Advocacy, September 2009

Survival and Longevity in the Business Employment Dynamics Database, Monthly Labor Review, May 2005. Redefining Business Success: Distinguishing Between Closure and Failure, Small Business Economics, August 2003

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Infrastructure Grant (MIG) to continue to utilize the StartUP model to assist both entrepreneurs with disabilities but also other prospective entrepreneurs with low incomes that may not have a disability. A Primer on the model has been developed and state agency partners were convened in December 2009 to discuss challenges and facilitators to self-employment for people with disabilities and a report was published⁷.

Recommendations to the State Rehabilitation Council on Improving Self-Employment Outcomes for New Yorkers with Disabilities

A number of recommendations are provided for consideration by the State Rehabilitation Council to increase the self-employment rate among people with disabilities, as below:

1. Address Policy Issues

The language in the Rehabilitation Act Amendments of 1998 regarding self-employment, telecommuting, and establishing a small business makes it clear that Congress intends these employment outcomes to be available in assisting individuals with disabilities to obtain employment opportunities consistent with their strengths, resources, priorities, concerns, abilities, capabilities, interests, and informed choice. These inclusions also make it explicit that Congress intends self-employment, telecommuting, and establishing a small business to be viable employment outcomes, and that the State VR Services Program is to have the authority and ability to provide the services necessary to support those outcomes when they are “described in an individualized plan for employment necessary to assist an individual with a disability in preparing for, securing, retaining, or regaining an employment outcome that is consistent with the strengths, resources, priorities, concerns, abilities, capabilities, interests, and informed choice of the individual.” (§103(a)). State Rehabilitation Self-Employment policies should be examined to ensure that:

- Language and interpretation promotes widespread availability of self-employment services through all VR Offices and accessible by all people with disabilities throughout the state;
- Policies promote the use of Unified Services Contracts that incorporate language promoting and supporting self-employment services as an allowable service cost consistent with the intent of the Rehabilitation Act. and;
- Research current utilization of the State’s Minority and Women Owned Business (MWBE) set-aside by people with disabilities and recommend improvements if necessary to increase use of MWBE contracting as a source of income for small businesses owned by people with disabilities.

⁷ “Primer on the StartUP NY 4 Phase Model” and “The Entrepreneurship Partners Dialogue Meeting Report” (2009) available by download from www.NYMakesWorkPay.org

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2. Address Partnership Issues

Improving self-employment outcomes cannot be the job of the VR system alone. Other partners are necessary including State disability services agencies, SBDCs, EAPs, One-Stop Centers and others to provide the full range of services needed by prospective entrepreneurs with disabilities. The State Rehabilitation Council should consider:

- Supporting the creation of an Interagency Workgroup on Entrepreneurship for People with Disabilities charged with identifying barriers and facilitators to self-employment at the policy and program levels across agencies and recommending improvements;
- Strengthening interagency support for self-employment. Review the attached Entrepreneurship Dialogue Report and Recommendations to improve interagency support for self-employment. This is timely as state agencies, particularly OMH and OMRDD are interested in entrepreneurship as a method for transforming their sheltered workshops and;
- Exploring blended and braided funding mechanisms for business start up and expansion funding. This could include modifying existing state disability agency contract mechanisms to support self-employment, working with One-Stops, EAPs and SBDCs to leverage resources for business planning and training, and; exploring matching funds for Individual Development Accounts (IDAs) for self-employment. Currently over 50 StartUP entrepreneurs are enrolled in IDAs in Onondaga County. When they deposit \$1000 to their credit union account, their investment is matched 1:1 to support business expenses

3. Improve Self-Employment Practices

Improved self-employment outcomes relate directly to incorporating improved practices. This means examining and adopting what has proven to work and providing counselors and disability services providers with training needed to incorporate self-employment best practices that can include the following:

- Providing VR counselor staff training on the essentials of self-employment. The MIG could be a source for training lead self-employment specialists across the state and/or replicate the Florida VR Counselor Self-Employment Certification program in NYS;
- Replicating what works, building upon existing service systems. Review the attached Primer on the StartUP NY model and consider which elements could be replicated using existing funding systems. Review the report of the State Developmental Disability Planning Council's demonstration project on self-employment to determine best practices piloted through that project that could be adopted;
- Addressing self-employment work incentives and benefits planning. Benefits advisors, including those that are funded through VESID Unified Services Contracts and the MIG should be trained in self-employment related work incentives, especially Property essential to self-Support (PESS) and Plan for

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Achieving Self-Support (PASS) as well as financial literacy. StartUP NY incorporates these elements, and;

- Improving self-employment outcomes for particular target populations adversely affected by disability and economic circumstances. Self-employment can be a viable option for Veterans with disabilities as evidenced by the success of the SU-developed Entrepreneurship Bootcamp for Veterans with Disabilities and for other groups that have traditionally high rates of unemployment like people with psychiatric disabilities.

Summary

Self-employment is not for everybody. However, we are certain that many more people can become successfully self-employed if given the hope, the opportunity, the training and the support. As more people in the general population consider self-employment during these challenging economic times, it is only appropriate that people with disabilities that remain largely unemployed have the chance to become small business owners as well. The State Rehabilitation Council has an opportunity to take the lead in New York State on promoting and supporting entrepreneurship and to set an example for other states as well on ways to improve policies, partnerships and practices that lead to increased self-employment outcomes among people with disabilities.

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Partnering Organizations

New York State Office of Mental Health
Employment and Disability Institute (Cornell University)

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