

Congress of the United States
U.S. House of Representatives
Committee on Small Business
2361 Rayburn House Office Building
Washington, DC 20515-6515

To: Members, Committee on Small Business
From: Committee Staff
Date: May 7, 2018
Re: Full Committee Hearing: “Ready, Willing, and Able to Work: How Small Businesses Empower People with Developmental Disabilities”

On Wednesday, May 9, 2018 at 11:00 a.m., the Committee on Small Business will meet in Room 2360 of the Rayburn House Office Building for a hearing titled, “Ready, Willing, and Able to Work: How Small Businesses Empower People with Developmental Disabilities.” The Committee will meet to examine the role small businesses have played in employing individuals with developmental disabilities.

I. Introduction

Small businesses are crucial to the American economy, as they are the driving force behind job growth. Small businesses represent about half of all private sector employment, and they are responsible for more than half of net new private sector jobs.¹ Small businesses also make up 99.7 percent of all United States employer firms.² In order to understand employment opportunities, it is crucial to examine the role small businesses play as employers.

One segment of American society that is often overlooked when discussing economic opportunities through new job growth is the special needs community. Obtaining meaningful and sustaining employment can be especially difficult for individuals with developmental disabilities who may experience a variety of individual, work-related, and societal barriers.³ A common strategy to reduce barriers to employment is to provide workplace accommodations, which may include: flexible schedule; mentoring and on the job training; personal care attendants; special equipment or modified work space; modified work duties; or transportation assistance.⁴ More than half of these accommodations are often provided free of charge, but the average cost of accommodations for the employer is \$500.⁵ In addition to traditional workplace accommodations,

¹ The United States Small Business Administration (SBA) Office of Advocacy defines small businesses as those with 500 employees or less. SBA OFFICE OF ADVOCACY, FREQUENTLY ASKED QUESTIONS 1 (2016), available at https://www.sba.gov/sites/default/files/advocacy/SB-FAQ-2016_WEB.pdf.

² *Id.*

³ Priyanka Anand and Purvi Sevak, The Role of Workplace Accommodations in the Employment of People With Disabilities, JOURNAL OF LABOR POLICY 9 (2017), available at <https://link.springer.com/article/10.1186/s40173-017-0090-4>.

⁴ *Id.*

⁵ A BETTER BOTTOM LINE: EMPLOYING PEOPLE WITH DISABILITIES: A BLUEPRINT FOR GOVERNORS, THE NATIONAL GOVERNORS ASSOCIATION 15 (2013) available at https://www.nga.org/files/live/sites/NGA/files/pdf/2013/NGA_2013BetterBottomLineWeb.pdf.

people with disabilities and their employers can utilize a variety of accessibility apps to mitigate challenges.

II. Employment Statistics

According to the March 2018 Bureau of Labor Statistics jobs report, the employment-to-population ratio for working-age people with disabilities was 31.7 percent, whereas the employment-to-population ratio for working-age people without disabilities was 73.6 percent.⁶ Labor force participation rates are similarly skewed, with only 34.8 percent participation of working age people with disabilities compared to 76.7 percent participation of working age people without disabilities.⁷

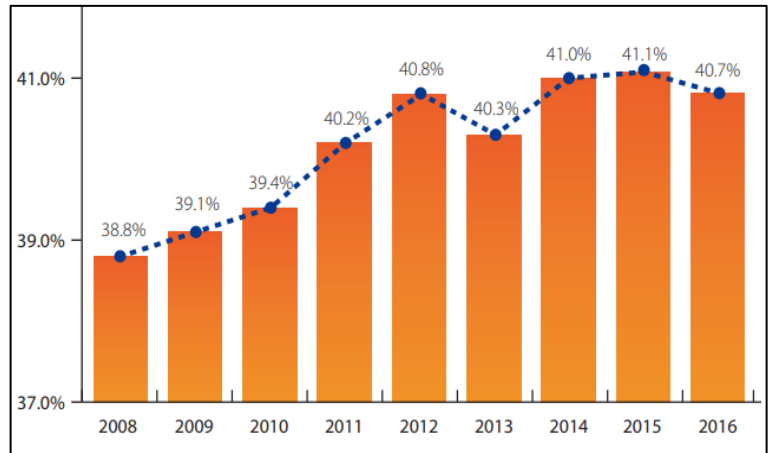


Chart 1: Employment Gap among those with and without disability, 2008-2016

People with disabilities have made significant employment gains in the past year. Employment-to-population ratio increased 10.8 percent, and the labor force participation rate increased 7.7 percent.⁸ Of the total employed people with disabilities, 31.7 percent are in management, 21.3 percent are in services, 23.0 percent are in sales, 9.5 percent are in construction and maintenance, and 14.6 percent are in production and transportation.⁹

Median earnings for people with and without disabilities have surpassed pre-recession levels, but the earnings gap has persisted; people with disabilities earn about two-thirds of what people without disabilities make.¹⁰

Microsoft, HP, and Walgreens have pioneered inclusive hiring systems, but successful accommodation programs are not limited to large businesses. Given the innovation, flexibility, and diversity of small businesses, they can offer inclusive

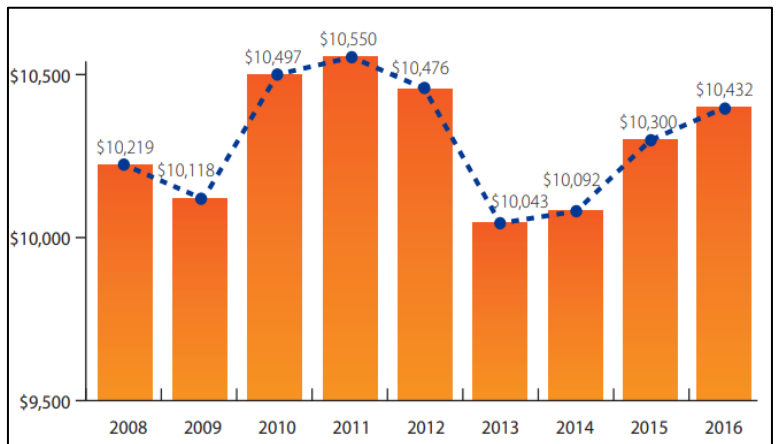


Chart 2: Median Earnings Gap Among People with and without Disabilities, 2008-2016

⁶ Laura Viglione, *Kessler Foundation and University of New Hampshire release nTIDE Report – Monthly Update*, KESSLER FOUNDATION (April 2018), available at <https://kesslerfoundation.org/content/ntide-march-2018-jobs-report-job-growth-americans-disabilities-reaches-two-year-milestone>.

⁷ *Id.*

⁸ *Id.*

⁹ U.S. DEPT. OF LABOR, BUREAU OF LABOR STATISTICS, PERSONS WITH A DISABILITY: LABOR FORCE CHARACTERISTICS 2016 (June 21, 2016), available at <https://www.bls.gov/news.release/pdf/disabl.pdf>

¹⁰ L. Kraus, et. al., 2017 DISABILITY STATISTICS ANNUAL REPORT 19 (Jan. 2018), available at https://disabilitycompendium.org/sites/default/files/user-uploads/AnnualReport_2017_FINAL.pdf.

environments for employees with developmental disabilities.

III. Resources

There are a variety of resources available to small businesses that would like to employ people with disabilities.

A. Federal

Within the federal government, the Office of Disability Employment Policy (ODEP) is the only non-regulatory agency that coordinates with employers and government entities to increase workforce participation for people with disabilities.¹¹ Located within the Department of Labor, it was created in 2001 to “develop and influence policies and practices that increase the number and quality of employment opportunities for people with disabilities.”¹² Resources include:

1. Employer Assistance and Resource Network on Disability Inclusion (EARN);
2. Job Accommodation Network (JAN);
3. Leadership for Employment and Economic Advancement for Individuals with Disabilities (LEAD Center);
4. National Collaborative on Workforce and Disability for Youth (NCWD/Youth); and
5. Partnership on Employment & Accessible Technology (PEAT).¹³

Although ODEP is tasked with coordinating efforts to improve employment opportunities for people with disabilities, the federal system of services is fragmented and potentially duplicative. In 2012, the Government Accountability Office (GAO) identified 45 programs administered by nine federal agencies that supported employment for people with disabilities.¹⁴ The complex web of programs made it difficult to estimate federal funding, number of individuals served, and quality of outcomes.¹⁵ GAO did not make any recommendations for executive action.¹⁶

In addition to federally funded programs, private sector businesses that make specific accommodations, such as structural adaptations, for employees or customers with disabilities may qualify for tax incentives.¹⁷ These incentives include:

1. Work Opportunity Tax Credit: Employers submit a written request to their state’s workforce agency to certify an employee as a member of a target group.¹⁸

¹¹ U.S. DEPT. OF LABOR, OFFICE OF DISABILITY EMPLOYMENT POLICY, ABOUT ODEP (2018), available at <https://www.dol.gov/odep/about/>.

¹² *Id.*

¹³ U.S. DEPT. OF LABOR, OFFICE OF DISABILITY EMPLOYMENT POLICY, RESOURCES (2018), available at <https://www.dol.gov/odep/resources/>

¹⁴ GAO, EMPLOYMENT FOR PEOPLE WITH DISABILITIES: LITTLE IS KNOWN ABOUT THE EFFECTIVENESS OF FRAGMENTED AND OVERLAPPING PROGRAMS (GAO-12-677) (Jun. 2012), available at <https://www.gao.gov/assets/600/592074.pdf>

¹⁵ *Id.*

¹⁶ *Id.*

¹⁷ U.S. DEPT. OF LABOR, OFFICE OF DISABILITY EMPLOYMENT POLICY, TAX INCENTIVES FOR EMPLOYERS (2018), available at <https://www.dol.gov/odep/topics/TaxIncentivesForEmployers.htm>

¹⁸ In this case, the employee is a Vocational Rehabilitation (VR) Referred Individual, which means the individual has completed, or is completing, rehabilitative services provided by a state-certified agency, or an Employment Network

2. **Disabled Access Credit:** This provides a non-refundable credit of up to \$5,000 for small businesses that incur expenditures to provide access to persons with disabilities. A small business is eligible if it has earned \$1 million or less or had no more than 30 full time employees in the previous year. The business may take the credit each and every year it incurs access expenditures.¹⁹
3. **Architectural/Transportation Tax Deduction (IRS Code Section 190, Barrier Removal):** Business of all sizes can take an annual deduction of up to \$15,000 for expenses including creating accessible parking; installing ramps and curb cuts; making telephones, water fountains, and restrooms accessible; widening walkways; and vehicle adaptation. Small businesses may use both the Disabled Access Credit and the Architectural/Transportation Tax Deduction if the incurred expenses qualify.²⁰

B. State

The Rehabilitation Act of 1973, as amended, authorizes the United States Department of Education to authorize grants for State Vocational Rehabilitation Services (VR) programs, which provide individuals with disabilities the services they need to find employment “consistent with their unique strengths, priorities, concerns, abilities, capabilities, interests, and informed choice.”²¹ The Workforce Innovation and Opportunity Act, signed in 2014, strengthened VR programs by integrating them into one-stop state and federal job centers.²² Now integrated into the state workforce system, individuals with disabilities can access a larger network of resources in addition to VR services. VR agencies coordinate with community stakeholders to develop holistic employment programs, and provide training and technical assistance to employers hiring people with disabilities.²³

C. Private Sector

Non-governmental organizations are playing a leading role in working with small businesses to create and expand employment opportunities. The National Down Syndrome Society,²⁴ for example, created #DSWORKS, an employment initiative with the goal to “educate the general public about how individuals with Down syndrome are employable individuals and should be included in all aspects of the work force; to encourage corporations and businesses to invest in hiring people with Down syndrome; and to increase the number of opportunities for individuals with Down syndrome to work in meaningful and competitive employment settings.”²⁵

under the Ticket to Work program, or the U.S. Department of Veteran Affairs. U.S. DEPT. OF LABOR, EMPLOYMENT AND TRAINING ADMINISTRATION, Work Opportunity Tax Credit (Jan. 18, 2017), *available at* <https://www.doleta.gov/business/incentives/opptax/eligible.cfm#VRR>

¹⁹ *Supra* note 17.

²⁰ *Id.*

²¹ U.S. DEPT. OF ED., OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES, REHABILITATION SERVICES ADMINISTRATION, TECHNICAL ASSISTANCE CIRCULAR RSA-TAC-15-02 (Aug. 17, 2015), *available at* <https://www2.ed.gov/policy/speced/guid/rsa/subregulatory/tac-15-02.pdf>

²² *Id.* at 3.

²³ *Id.* at 4.

²⁴ Down syndrome is a genetic condition that occurs when an individual has a full or partial extra copy of a chromosome. Some of the physical traits of Down syndrome include low muscle tone and small stature and most people with Down syndrome have cognitive delays. For more information, see <http://www.ndss.org/Down-Syndrome/What-Is-Down-Syndrome/>.

²⁵ <http://www.ndss.org/DSWORKS/>.

Autism Speaks (AS), an advocacy group for individuals with autism spectrum disorders,²⁶ created a small business initiative in 2013.²⁷ With an estimated 500,000 teens and young adults with autism entering adulthood over the next decade, and seeing the unemployment rate for adults with autism as high as 90 percent, AS looked to expand ways small businesses can provide employment opportunities.²⁸ The initiative focused on “the innovation and flexibility unique to small businesses and entrepreneurs that allows them to sustainably employ individuals with autism.”²⁹ The small business initiative was organized around four areas:

1. Learning from small businesses who have been able to provide employment opportunities for adults with autism;
2. Hosting town halls across the country to highlight the opportunities small businesses can have in their local areas;
3. Convening a two-day small business and entrepreneurship conference where businesses could gather to share their business models; and
4. Disseminating the findings so that anyone interested in this area would be able to access the resources needed learn from previous success stories.³⁰

The Disability Employment and Inclusion Funder Collaborative was founded in 2013 to seed, accelerate and support disability inclusion initiatives for employers.³¹ The collaboration’s website, Workplace Initiative, provides guidance to businesses through case studies, a tool kit, and a DIY Guide for establishing a disability employment and inclusion program.³² For employers concerned about return on investment, the collaboration lists reported benefits including: reduced turnover, reduced recruiting costs, increased productivity and workplace safety, and access to a new customer base.³³

IV. Conclusion

Small businesses play a crucial role in our nation’s economy, but just as important is the role small businesses play in the community. This hearing will allow Members of the Committee to hear from employers and organizations who have been pioneers in providing job opportunities to individuals who all too often can be overlooked. Committee Members will have the chance to hear their stories and learn from their experiences.

²⁶ Autism (or autism spectrum disorder) refers to a range of conditions characterized, in varying degrees, by communication difficulties, social and behavioral challenges, and repetitive behaviors that are caused by a combination of genetic and environmental influences. An estimated 1 in 68 children in the U.S. are on the autism spectrum. For more information, see <https://www.autismspeaks.org/what-autism>.

²⁷ See <https://www.autismspeaks.org/family-services/adult-services/autism-and-employment/small-business-town-halls>.

²⁸ *Summary Report, Advancing the Role and Impact of Small Businesses in Employing Adults with Autism* (on file with Committee).

²⁹ *Id.*

³⁰ *Id.*

³¹ WORKPLACE INITIATIVE, FUNDER COLLABORATIVE, available at <https://workplaceinitiative.org/about/funder-collaborative> (last visited May 3, 2018).

³² *Id.*

³³ WORKPLACE INITIATIVE, BUILD YOUR BUSINESS CASE, available at <https://workplaceinitiative.org/guide/step-1-build-your-business-case/> (last visited May 3, 2018).