

## An Examination of Entrepreneurship Among Americans with Disabilities: Demographic and Economic Outcomes Amid the COVID-19 Pandemic

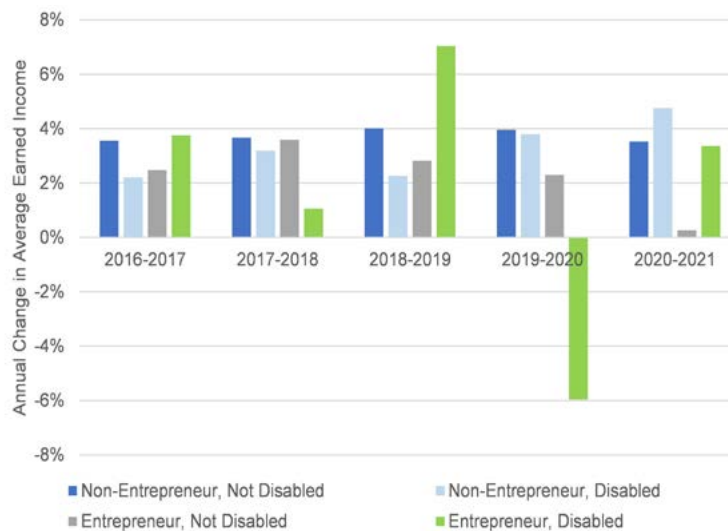
By Premier Quantitative Consulting, Inc., Orlando, FL. 2 pages.  
 Under contract number 73351022P0033.

April 2, 2024

No. 463

Entrepreneurship empowers people with disabilities and provides a unique opportunity for them to create an accommodating work environment specific to their needs. However, during the COVID-19 pandemic (from 2019 to 2020) entrepreneurs with disabilities experienced a decrease in income. In contrast, entrepreneurs without disabilities, wage workers with disabilities, and wage workers without disabilities all experienced income gains (Figure 1). This research seeks clarity and aims to better understand the reasons for the discrepancy.

**Figure 1. Annual Change in Average Income by Entrepreneurship and Disability Status**



Source: U.S. Census Bureau, 2016 -2021 American Community Survey, 1-year PUMS

This report was prepared for the Office of Advocacy by Premier Quantitative Consulting, Inc., under contract number 73351022P0033.

### Key Findings

While a valuable path for those with disabilities, entrepreneurship was challenging as the economy wavered from the impacts of COVID-19.

- For 2022, the U.S. Bureau of Labor Statistics (BLS) reported that 12 percent of the population had a disability. Those with a disability were more likely to be self-employed (unincorporated) (9.5 percent of workers with disabilities vs. 6.1 percent of the population without disabilities).
- Not only was the COVID-19 pandemic a difficult time economically, but it was also a mass disabling event that led to an increase in nearly 1.2 million individuals with disabilities.

*This document is a summary of the report identified above, developed under contract for the Small Business Administration, Office of Advocacy. As stated in the report, the final conclusions of the full report do not necessarily reflect the views of the Office of Advocacy. This summary may contain additional information, analysis, and policy recommendations from the Office of Advocacy.*

- Of people with disabilities, entrepreneurs tend to earn more income than wage workers. Entrepreneurs with disabilities had 14 percent higher incomes than their wage worker counterparts.
- Individuals with disabilities become entrepreneurs at a higher rate than their non-disabled counterparts.
- Whether an entrepreneur or wage worker, individuals with disabilities are more than twice as likely to continue to work past age 65 than those without disabilities.
- Reduced time spent on business among entrepreneurs with disabilities contributed to the observed decline in income from 2019 to 2020.
- Entrepreneurs with disabilities were more likely to operate in service industries which experienced a disproportionately high COVID-19 impact.
- When models were used to control for observed demographic and economic variables including race, gender, geographic location, industry and household characteristics, disability status was still a significant factor in income decrease around COVID-19.
- The share of entrepreneurs with disabilities that were Veterans decreased from 14 percent in 2011 to 11 percent in 2021. This follows the declining veteran labor force participation among both entrepreneurs and non-entrepreneurs.

## Policy Implications

As entrepreneurs with disabilities have higher incomes than their wage working counterparts, policymakers should promote entrepreneurship among individuals with disabilities for future success. Additionally, policymakers should consider addressing increased incomes for wage workers with disabilities.

As for the pandemic's disruption to the economy, without external factors being a major factor in income declines for entrepreneurs with disabilities, policies to address supporting entrepreneurs with disabilities when the economy is in flux should be developed. These policies should address reducing the impact of the disability (or disabilities) on the owner's capacity

to run a business so they can work the hours required to maintain and grow their ventures.

## Data and Methodology

The study uses the U.S. Census Bureau's annual population survey, the American Community Survey (ACS) as a basis for analysis. Specifically, ACS Public Use Microdata Sample (PUMS) data files for the years 2016 through 2021 were used.

Using a labor classification variable in the data, class of worker, entrepreneurs are individuals whose primary employment activity is self-employment (either in an incorporated business or an unincorporated business). The data also contains a variable where Census determines disability status based on individuals self-identifying as having difficulties with self-care, hearing, etc.

Along with summary statistics, multivariate regression models were developed to determine the relationship between disability status, entrepreneurship, and the observed decline in average income for disabled business owners around the COVID-19 pandemic.

This report was peer reviewed consistent with Advocacy's data quality guidelines. More information on this process can be obtained by contacting the director of economic research at [advocacy@sba.gov](mailto:advocacy@sba.gov) or (202) 205-6533.



This report is available online at <https://advocacy.sba.gov>.

To stay informed about Advocacy's latest research updates, please see Advocacy's contact information at <https://advocacy.sba.gov/about/contact-us/>.