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10 Ideas to Support Untapped Entrepreneurs



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Takeaways

Individuals with disabilities, military spouses, justice-involved individuals, working mothers, and immigrants are just some of the “untapped entrepreneurs” in America. In this report, we outline 10 distinct policy ideas to make it easier for them to start and scale businesses.

Ideas include updating the Supplemental Security Income program to better support disabled entrepreneurs, expanding educational benefits for veteran spouses, establishing entrepreneurial reentry programs for formerly incarcerated individuals, facilitating entrepreneurial pathways for immigrants, and improving paid leave and child care accessibility for mothers.

Entrepreneurship is one of the strongest pathways to financial independence and economic empowerment. Yet millions of Americans with the potential to become business owners choose not to.

In this paper, we focus on these “untapped entrepreneurs”—individuals who could be successful business owners but for the distinct barriers that limit their opportunities. Communities we highlight include individuals with disabilities, military spouses, justice-involved individuals, working mothers, and immigrants. By identifying these barriers and examining how they limit entrepreneurial activity, the report highlights the need for 10 targeted policy interventions that can increase business ownership and foster entrepreneurship within communities that are often underestimated or overlooked.

Empowering Military Spouses

Make entrepreneurship training free for military spouses. Military spouses face an unemployment rate of 21%, nearly four times higher than the national average.¹ Frequent relocations and the demands of military life make stable employment difficult, which is why more are exhibiting a strong entrepreneurial drive.² However, the spouses of servicemembers often face challenges when launching a business.

One key obstacle is a lack of education and training. A quarter of military spouses identified a lack of experience in entrepreneurship and business as a top barrier to their entrepreneurial goals.³ The GI Bill allows servicemembers and veterans to use any fee-based offerings at the SBA’s Small

Business Development Centers at no cost. Unfortunately, the children and spouses of these military personnel do not receive the same benefit and must pay any fees incurred at the SBA.⁴

Congress should amend the Survivors' and Dependents Educational Assistance (DEA) Program, which provides educational benefits to dependents of veterans who are deceased or permanently disabled due to military service, to include entrepreneurial training as an eligible educational option. This would enable dependents of veterans to use their benefits for high quality entrepreneurship programs and for any permits and licenses required in entrepreneurship. Further, dedicated funding for the DEA program should be established to ensure that entrepreneurial training is consistently available to all eligible dependents. By creating a specific line item in the federal budget for DEA entrepreneurship training, Congress can guarantee the necessary resources are allocated to empower the families of America's servicemembers.

Last year, the Biden-Harris Administration announced a new business training program tailored to military spouses. The Military Spouse Pathway to Business Program will use SBA's district office and resource partner infrastructure to introduce military spouses to a range of entrepreneurial business courses, including accessing startup capital and earning contract opportunities.⁵ The initiative mirrors a bipartisan bill authored by Senators Klobuchar and Tillis that would direct the SBA to continue this work by developing a training program to help military spouses start, operate, and scale small businesses.⁶

Reintegrating Justice-Involved Individuals

Provide entrepreneurial training for the formerly incarcerated. Justice-involved citizens often struggle to adapt to the labor market—the formerly incarcerated have an unemployment rate of 27.3%.⁷ They also struggle to find the necessary social, technical, or financial support needed to begin a business. In fact, justice-involved individuals are 55% less likely to receive the capital they need to grow their businesses.⁸

Congress should take steps to establish an entrepreneurial development re-entry program to support the formerly incarcerated in building sustainable careers of their own. Such a program would offer business counseling and access to capital, empowering justice-involved individuals to pursue entrepreneurship. The *NEW START Act*, introduced by Senator Cardin, proposes a five-year pilot program at SBA that would award grants ranging from \$100,000 to \$500,000 to organizations providing these services.⁹ Eligible organizations must have strong connections to both the

financial and justice-impacted communities and be a Community Advantage (CA) lender, a Microloan intermediary, or a partner with lenders in the existing SBA Microloan or CA Program to provide microloans.

Invest in business counseling services for the currently incarcerated. The Department of Justice (DOJ) is not only responsible for programs that help reintegrate formerly incarcerated individuals into society but also for the educational programming available to inmates who are currently confined. One program, the Improving Re-entry Education and Employment Opportunities (IREEO) program, is designed to enhance the resources available to individuals during incarceration and throughout their period of re-entry. Nearly 450,000 individuals were released from state and federal prisons in 2022.¹⁰ Congress can help these individuals take a step toward financial security by investing in resources prior to their release that help them overcome barriers related to entrepreneurial education, capital access, and occupational licensing. These are all substantial obstacles that often prevent this community from achieving business ownership.¹¹ To better support their transition, Congress should ensure funding for entrepreneurial training and invest in business counseling services as part of the IREEO Program.

Supporting Entrepreneurs with Disabilities

Protect benefits for disabled business owners. The Supplemental Security Income (SSI) program provides monthly cash benefits to elderly individuals, those with permanent disabilities, and people with little to no income.¹² The program imposes strict resource limits: \$2,000 for single adults and \$3,000 for couples. If a recipient's total assets—including cash, bank savings, stocks, and personal property—exceed these limits in any month, they lose eligibility for SSI benefits. In fact, 2.9% of SSI recipients earn income—some of which could be from self-employment—yet, these restrictions discourage savings and work, trapping beneficiaries in a cycle of poverty.¹³

Congress should take action to increase the Supplemental Security Income (SSI) program's resource limits, which has remained unchanged since 1989.¹⁴ Raising the SSI caps and indexing them to inflation would allow older and disabled Americans to save for the future without being penalized. People would have the flexibility to explore alternative income streams, such as entrepreneurship, without risking their benefits. The *SSI Savings Penalty Elimination Act*, introduced by Senators Sherrod Brown (D-OH) and Bill Cassidy (R-LA), proposes to increase the resource limits from \$2,000 to \$10,000 for individuals and from \$3,000 to \$20,000 for married couples. If passed, this would mark the first significant reform to the SSI program in 40 years.¹⁵

Allow savings to go toward business expenses. Supplementary Security Income recipients who do find themselves ineligible due to excess income have an opportunity to contribute money to a tax-advantaged savings account through the Achieving a Better Life Experience (ABLE) Program. ABLE Accounts are designed to ease financial challenges faced by individuals with disabilities by allowing

monetary contributions to accrue and be disbursed tax-free when covering qualified disability expenses. These expenses—such as education, housing, transportation, and employment training—must help improve health, independence, or quality of life. Congress can help potential entrepreneurs on SSI tap into more capital by allowing ABLE Accounts to cover the costs associated with establishing a business. Startup costs like advertising, office furniture, and computer equipment could all be interpreted as employment and support expenses that help an individual start a business that would improve their independence and quality of life.¹⁶ The ABLE program allows beneficiaries to contribute up to \$18,000 annually. To support disabled business owners who may be at risk of losing SSI benefits, Congress could also raise the ABLE contribution limit for individuals that are self-employed, as it already does for working ABLE beneficiaries who wish to save for retirement.¹⁷

Expand the definition of disadvantaged. Due to a recent court ruling, the Small Business Administration (SBA) now requires participants in its federal contracting program—known as the 8(a) Business Development Program—to submit a social disadvantage narrative establishing the chronic and substantial discrimination faced by the applicant. Previously, the SBA would have presumed that certain racial or ethnic groups were socially disadvantaged. Individuals with disabilities were not recognized as a distinct disadvantaged group. The end of the disadvantage presumption creates an opportunity for the SBA to expand access to its programs to marginalized firms of all backgrounds. Businesses that are independently certified as disabled-owned business enterprises (DOBEs) should be able to apply to the 8(a) program and establish their social disadvantage just as certified women-owned businesses, HUBzone, and service-disabled veteran businesses can. Inclusion in the program would give DOBEs preference in bids for federal contracts, potentially opening the community to billions in government contracts.

Incentivize lenders to build disabled-owned business strategies. The Community Reinvestment Act (CRA) requires federal regulators to encourage banks to make credit available in the low- and moderate-income neighborhoods in which they operate. Regulators rate banks based on how well they meet certain performance standards in lending, investment, and service activities. Higher ratings can qualify institutions for a more favorable relationship with federal regulators. For example, banks who are applying for new charters or preparing for a merger may be better positioned for expedited action and less frequent examinations if their scores are satisfactory.¹⁸

CRA has been shown to increase lending to small businesses and can be a strategic tool to increase activity in areas with great need.¹⁹ Unfortunately, there are no specific examples of activities within the CRA framework that explicitly address the needs of individuals with disabilities.²⁰ Banks could perform a number of activities, including creating dedicated loan programs or offering financial literacy workshops, specifically designed to assist disabled entrepreneurs in starting or expanding their businesses. The CRA should clearly state that

qualifying activities include providing small business loans and support for entrepreneurs with disabilities.

Assisting New Arrivals

Create a clear pathway for immigrants to start businesses in the United States. Immigrants are nearly twice as likely as native-born citizens to start a business but often struggle with navigating complex visa and citizenship processes.²¹ Around one-in-five new businesses in the United States are founded by immigrants, the lack of a clear pathway for entrepreneurial visas and uncertainty around legal status can hinder the ability to fully focus on growing a business.²²

Congress should promote policies that encourage high-skilled immigrants to develop their ventures in the United States, providing new pathways for innovation and job creation. A solution like the *Let Immigrants Kickstart Employment (LIKE) Act*, originally introduced by Rep. Zoe Lofgren (D-CA), would establish a new temporary visa for immigrant innovators who have an ownership interest in a start-up, play a central role in the business, and demonstrate the potential for growth. The *LIKE Act* incentivizes start-up founders to establish their businesses in the United States by offering a pathway to citizenship if specific criteria are met. Founders would have the opportunity to extend their temporary status for up to five years if their businesses meet certain benchmarks, such as securing at least \$500,000 in investments, creating at least five jobs, or achieving an annual revenue of \$500,000 with 20% annual growth.²³ If these criteria are met within three years, the founder can apply for permanent residence status, providing a viable visa option that currently does not exist.²⁴

Helping Working Mothers

Provide paid leave. Almost 50% of working mothers, especially those from marginalized communities, expressed a strong desire to start a business.²⁵ Yet, numerous challenges make entrepreneurship a difficult path despite their strong interest. To help, Congress should create a paid leave program that provides workers, including those who are self-employed, with access to paid leave. Paid leave ensures that entrepreneurs can take the necessary time to handle family responsibilities without sacrificing their businesses or financial stability. For small business owners, having access to paid leave can mean the difference between maintaining their livelihood and facing economic hardship.

Make child care more accessible and affordable. To address the growing need for more affordable and accessible child care, Congress should also focus on increasing the supply of child care providers and making child care more affordable for families. Many child care facility owners are women who face challenges in operating a small business with narrow revenue margins. One effective approach is the *Child Care Availability and Affordability Act*, introduced by Senators Tim Kaine (D-VA) and Katie

Britt (R-AL).²⁶ This bill strengthens existing tax credits, increases the Child and Dependent Care Tax Credit, boosts the Dependent Care Assistance Program, and raises the Employer-Provided Child Care Tax Credit for small business owners. Additionally, a bill from Senator Jacky Rosen (D-NV), the *Small Business Child Care Investment Act*, would ensure certain nonprofit childcare providers have access to Small Business Administration loan programs, such as the 7(a) loan program, improving their ability to expand and enhance child care services. Together, these measures will help make child care more affordable, benefiting both working families and child care providers.

Conclusion

Supporting the entrepreneurial aspirations of untapped entrepreneurs—those with disabilities, veteran spouses, justice-involved individuals, new immigrants, and working mothers—requires tailored policy solutions. To address these needs, we recommend several key actions: updating the Supplemental Security Income program to better support disabled entrepreneurs, expanding educational benefits for veteran spouses to include entrepreneurial training, establishing entrepreneurial reentry programs for formerly incarcerated individuals, facilitating entrepreneurial pathways for immigrants, and improving paid leave and child care accessibility for mothers. Furthermore, to better address the needs of these diverse groups, the Small Business Administration should prioritize enhancing data collection on their experiences. By gaining a more nuanced understanding of their challenges and successes, we can develop better policy solutions that are guided by the specific needs of these communities. These steps will create a more inclusive entrepreneurial landscape, unlocking exciting new small businesses and entrepreneurial ventures.

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