

## Chapter 308

### P&P Committee Feedback, March 2022

#### Section III: Process (Rocko)

Pg 7 section 2, point c. Is the IPE mentioned at this point in the process a self-employment plan or is it a traditional IPE and then a self-employment IPE is written at point g?

#### Section IV: Assessment (Emily)

1. Yes, DVR should "require Small Business training for all consumers, with certain exceptions." What is an example of an exception/who would not be required to attend and finish small business training?

2. Requiring small business training, depending on the training program, should address developing a business plan and a business feasibility study.

See p. 14:

C. The DVR does not require a specific format for the Business Plan. When a consumer's goal is to attain self-sufficiency, the plan must be a comprehensive document that fully explains to reviewers and lenders what the business goal is, what it will cost to start and run the business, and how start-up will be accomplished.

The Vermont Small Business Development Center uses this outline for Plan development:

- (1) Executive Summary
- (2) Business Description
- (3) Management Team
- (4) Market Analysis
- (5) Marketing Plan
- (6) Operational Plan
- (7) Financial Data
- (8) Supporting Documents

3. Sequencing: p. 11

(7) If the consumer's goal is self-employment leading to self-sufficiency, then they must also complete the Pre-Screen for Business Assessment. Seems like it would be best moved to #6, under (5) All consumers seeking income through self-employment must complete the Entrepreneurial Self-Assessment. Number six be changed to #7 for ease of reading/understanding.

4. I still support the idea that VCs have a handout to give to VR clients, as an attachment, with region specific small business development resources in order to "guide and support the consumer through the process and refer the consumer to community resources for additional guidance and other possible funding sources." (p. 8 Role of the DVR Counselor).

5. It's a dense chapter. If we're able to reduce redundancies and/or somehow streamline the information in the Assessment section, I think that would be very helpful. I do not have any other ideas about how to do that at this time.

## Section V: Business Plan (Cari)

Paragraph C: "The DVR does not require a specific format for the Business Plan." I understand that they provide an outline for Plan Development, but wanted to ask if there are actual examples provided? For a visual person, seeing an example could be very helpful, especially when using words like comprehensive, which can be overwhelming.

## Section VI: Self-Employment for Supplemental Income (Kristen)

### Section VII: Self-Employment for Self-Sustaining Income (Patti)

General note: Senior Corp of Retired Executives is a great resource for consideration as well as the incubators

B – concern about the order of events ie... if VR consumer goal is self-sufficiency, then the language should include on-going specialized training;

C -2.... 90 days is not nearly enough...

D1a Market analysis

D1d timeline needs to include review and amendments to biz plan

D1e Estimate should be specific & detailed

G6 – do we know what the guidance is yet re: impacts on SS, Medicaid etc... is there a way to protect those funds while becoming self-sufficient?

H2 – if the consumer is meeting quarterly with DVR counselor but consumer has to provide monthly updates; thought is meetings should be monthly.

I –1) personal opinion based on experience, business should be operational for a minimum of 12 months

I -4) Not sure how to bolster this & the requirements however it is critical to a new biz success that the numbers are reviewed in some part weekly, monthly & quarterly; my gut is telling me that DVR counselors, while knowledgeable, should be requiring external experts for the financial piece of all of this.

## Attachments (Rocko) (Cari)

Cari: I didn't find anything there that was a cause of concern. I found them to be very thorough and know that the VR Counselors know best on what questions to ask.

Rocko: Missing handout A?

Pg 23 Handout B, last bullet point under "The DVR Counselor's Role" -Sherrie's comment about VRC's role in determining what VR's financial contribution would be. Clarifying question: If not the VRC, whose role would it be?

Pg 26 handout D- "Month and Total Note: Unable to cut and paste grid." Is the note meant to be included or is that a formatting mistake? If it is meant to be included, what grid does it refer to?

Dwelling- Combine house payment and property tax house to be one item. For example it could read: Mortgage payment including taxes.

Transportation- Confused as to why License(s) is listed. Delete?

Utilities- add internet, cable, heat, and an "other" option.

Sources of income- add 3 more lines

# **SRC Policies & Procedures Committee**

## Summary of Chapter 308 Self-Employment Revisions

### ❖ **Introduction**

Revisions to Chapter 308 have been in progress for several years now and we are approaching the point of fine-tuning the details. This is where input from committee members can be very helpful. For those who have the interest and time, I encourage you to review the text of Chapter 308 to obtain a more comprehensive understanding of the revisions that have been made in this chapter. If you chose to do so, you will find unanswered questions in the sidebar that might trigger some questions or thoughts you want to share.

### ❖ **Highlights of Changes**

- Established clear differentiation between self-employment for purposes of creating supplemental income for the consumer and income leading to self-sufficiency;
- Clarification of what activities do not meet the definition of self-employment;
- Setting clear expectations of consumer throughout the process
- Clearly defining roles of DVR counselors, the consumer, other DVR related resources such as VABIR, job coaches, business consultants, and other professionals;
- Establishing comprehensive and multifaceted assessments to determine a consumer's ability to engage in their desired self-employment;
- More comprehensive analysis of the feasibility of the consumer's proposed business idea;
- Establishing a team of experts to make the feasibility determinations and ultimate funding recommendation for DVR;
- Increased funding for employment leading to self-sufficiency with a potential for \$10,000 in DVR funding and using a 1:1 match method of determining funding;
- Making clear that DVR funding is available only as a secondary source of funding for a consumer's proposed business; and
- Establishing a process for granting exceptions to funding guidelines.

# **Chapter 308: Self-Employment**

**Draft # 6**  
**[12/21/21 SB]**

Vermont Division of Vocational Rehabilitation  
Policy and Procedure Manual

Revision Date:

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## Section I: Definitions

**“Assessment”** is the process by which it is determined that the consumer has the skills, attributes, and resources to be a business owner and the business idea is evaluated to see if it is feasible.

**“Business Plan”** is a detailed outline that includes the business description, objectives, organizational structure and management, and the product and/or service of the business. It also includes a summary of the consumer’s qualifications, an analysis of the potential business environment and market, a financial plan (including start-up costs and long-term costs) and projected timelines for profit and sustainability of the business.

**“Competitive Integrated Employment”** for purposes of self-employment means work that is performed in an integrated setting on a full-time or part-time basis. The individual is earning income comparable to others without disabilities performing similar tasks and in similar occupations with similar training, experience, and skills.

**“Employment Goal”** is the vocational goal, i.e., the occupation as identified in the Individualized Plan for Employment (IPE).

**“Employment Outcome”** the employment setting, i.e., full-time, or part-time employment in an integrated setting; supported employment; or any other type such as self-employment, telecommuting, or business ownership.

**“Feasibility Study”** is a process to determine the viability of the consumer’s proposed business venture. Components of the study include, but are not limited to, a review of the business concept, consumer’s aptitude for self-employment, their management and technical skills, the market demand for the business’ product or service, and assessment of the financial resources necessary to start-up and maintain the business over time.

**“Feasible Business”** is a business which will generate adequate cash-flow and profits, withstand the risks it will encounter, remain viable in the long-term and meet the needs of the consumer. If a business does not generate enough income to meet expenses, including the owner’s time and efforts, there is usually no advantage to business ownership.

**“Marketing Analysis”** is a process for evaluating whether there is a market for the goods and/or services of a business and the potential challenges to the success of the business.

**“Marketing Plan”** is a plan that outlines the specific actions or steps the consumer intends to carryout to interest potential customers in the product and/or service the business offers.

**“Net Earnings”** are the gross earnings from the trade, profession, or business, minus allowable business deductions and depreciation.

**“Self-Employment”** Self-employment is considered competitive integrated employment. Self-employment includes a consumer-owned business, profession or trade that sells goods and/or services for the purpose of making a profit. A self-employed consumer works for themselves at least part-time for profit or fees, at home or another work site. Self-employment includes independent contractors, sole proprietorships, partnerships (51% consumer-owned), or corporations. The business must be registered with the Vermont Secretary of State and comply with all federal and state laws.

***Guidance - Activities Not Considered Self Employment***

DVR does not consider income-generating activities that are intermittent and result in less than minimum wage as self-employment. “Intermittent” is defined as working less than one day per week or ten days per month. For example:

Peter makes greeting cards and sells them at craft fairs during the holiday season and occasionally at other events. The income generated from these sales is not enough to help with the costs of basic living expenses. DVR would not find these activities to meet the definition of part-time self-employment.

Jennifer knits items to sell and brings in enough to pay for some living expenses to improve her quality of life. DVR may classify the activity as a business for the purposes of self-employment.

***End Guidance***

**“Self-Employment for Self-Sufficiency”** is defined as self-employment that allows a consumer to meet daily living expenses, including Federal and State taxes, without supplemental income from public sources such as Supplemental Security Income (SSI),

Social Security Disability Insurance (SSDI) or Reach-Up. Food Stamps (SNAP) and Medicaid for Working Disabled benefits are exempted. For DVR purposes self-employment must result in net earnings that exceed Substantial Gainful Activity (SGA) as defined by the Social Security Administration.

**“Self-Employment for Supplemental Income”** is defined as part-time self-employment that allows a consumer to improve their quality of life and continue to receive financial support from public sources such as SSI, SSDI, Reach Up, SNAP and Medicaid for Working Disabled benefits are exempted. For DVR purposes, supplemental self-employment results in net earnings that are less than Substantial Gainful Activity (SGA) as defined by the Social Security Administration.

**“Substantial Gainful Activity”** is the level of work and earnings that the Social Security Administration uses to determine whether a person is eligible or ineligible for disability benefits. The earnings amount is set annually. Multiple other factors are considered when the SSA makes its determination.

**“Start-Up Costs”** are expenses such as initial stock and supplies, equipment, rent and utilities for up to 6 months, insurance, site renovations, and licenses needed to open the business. Start-up costs do not include business management training, occupational training, consultation, or technical assistance for the development of the business plan, or assistive technology needed to accommodate a disability.

## **Section II: General Policy**

- A. DVR supports self-employment as a potential employment outcome equal to other forms of competitive, integrated employment. DVR encourages and supports consumers to consider self-employment. It can offer unique opportunities for individuals with disabilities to achieve an employment outcome that truly meets their unique strengths, needs, and interests.
- B. Self-employment must reflect the consumer’s career interest and informed choice to the extent that those factors are consistent with their unique strengths, resources, priorities, concerns, interests, abilities, and capabilities.
- C. Self-employment is an employment outcome not an employment goal. It is a placement strategy as determined through the IPE process.
- D. An IPE with an employment goal is required for all eligible consumers. Self-employment as the employment strategy to achieve the employment goal is not identified in the IPE until a business has been approved.



### **Guidance**

When a consumer is considering self-employment as an employment setting, it will be important for the DVR counselor to explore whether self-employment is appropriate for the consumer. Part of this process is reviewing with the consumer the positives and potential negatives of self-employment. Such as -

#### **Self-employment may be appropriate for a consumer when-**

- They have experience operating a business.
- They require a work setting or schedule under their control.
- The consumer has a marketable business idea with sound prospects for success; or
- The competitive labor market is tight, and placement is otherwise unlikely.

#### **Some of the advantages of self-employment are:**

- Independence—control the work setting and schedule
- Employment when other opportunities are few
- Being the boss
- Interacting with customers, suppliers, and others
- Doing enjoyable work
- Sense of achievement/satisfaction if the business succeeds
- Control over business decisions
- Better standard of living
- Feeling part of the community
- Entry into new networks in your community

#### **Some of the disadvantages of self-employment are:**

- Pleasing the customer (the REAL boss)
- Long, hard hours with little free time
- Fluctuating income
- Unrelenting responsibility
- Possibility of business failure
- Stress on family and resources
- Possible exacerbation of health problems/disability.

- Might miss out on social supports of a traditional job
- E. DVR distinguishes between self-employment for supplemental income and self-employment for self-sufficiency. Because self-employment for self-sufficiency involves substantially greater challenges and risks for the consumer, DVR guidelines for IPE development, service provision, and funding are more rigorous and are described in Section VII of this chapter.
- F. DVR may participate in partially funding a small business start-up or the retention of an existing business as approved by DVR.
- G. DVR may not place an absolute dollar limit on specific service categories or total services provided. However, DVR may set spending guidelines to ensure reasonable costs to the program. The guidelines may not be so low as to deny the consumer a necessary service.

The DVR counselor may make an exception to the spending guidelines with the DVR Regional Manager's approval.
- H. When considering exceptions to the spending guidelines, the DVR Regional Manager must consider the consumer's ability to contribute to their services. The consumer contribution must be:
  - (1) Reasonable,
  - (2) Based on the consumer's financial need, and
  - (3) Not so high as to effectively deny the consumer a necessary services.
- I. Consumers who receive SSDI/SSI benefits cannot be asked to contribute to the costs of their services. They must, however, look for comparable sources of funding.
- J. Consultation with a benefits counselor is required for those consumers who are SSI/SSDI beneficiaries.
- K. DVR funds are not a grant. The IPE must identify the specific goods or services to be purchased with DVR funds.

### **Section III: Process**

#### **A. Overview**

- (1) The process leading to DVR funding of a consumer's goal to earn supplemental income through self-employment or income leading to self-sufficiency through self-employment requires a team effort between the DVR counselor, the consumer, outside consultants, and other resources.
- (2) Once the consumer has identified an employment (occupational) goal, there are multiple steps to be completed and factors to be considered before DVR funding of a self-employment plan is determined. These include but are not limited to:
  - (a) Reviewing expectations, roles, and responsibilities,
  - (b) Assessment,
  - (c) Development of the IPE,
  - (d) Development of the business plan,
  - (e) Review of the business feasibility,
  - (f) Determination of DVR funding contribution,
  - (g) Modification of IPE to reflect DVR funding and employment strategy/outcome, as appropriate,
  - (h) Monitoring business plan implementation, and
  - (i) Case closure.

The expectations at each step in the process will differ depending on whether the consumer is looking at self-employment for the purpose of obtaining supplemental income or income leading to self-sufficiency.

- (3) The self-employment process used by DVR is designed to ensure that those who complete the process have an excellent chance to launch a successful business. To ensure that we do all that we can to help a consumer succeed, **DVR requires the successful completion of each step/activity before proceeding.**

## B. Identifying the Employment Goal

The first step in the process is to identify the profession or trade that is the basis of the consumer's interest in self-employment. This is the employment goal used in the consumer's IPE. Some consumers will have a clear idea of what that profession or trade might be. Others may not be as clear. The DVR counselor can help the consumer explore their interests using a variety of activities such as:

- (a) Career inventories,
- (b) Job shadows, or
- (c) Work experiences.

Once the employment goal is identified and the consumer has indicated an interest in self-employment, the DVR counselor will proceed to a discussion of consumer and DVR roles and responsibilities going forward.

### C. Reviewing Roles and Expectations

It is very important that the consumer fully understands the process that DVR uses when it considers whether to contribute funds toward self-employment for the purpose of obtaining supplemental income or income leading to self-sufficiency. It is important for consumers to understand at the beginning that **DVR is considered a secondary source of funding for initial business start-up**. Consumers must identify other sources of funding their self-employment or small business endeavors.

#### (1) Role of Consumer

The consumer's role is to take the lead in determining the business concept and development of the business plan. DVR will provide support and assistance, but most of the work needs to be done by the consumer. This includes but is not limited to:

- (a) research,
- (b) writing the business plan,
- (c) securing funding sources for the business, and
- (d) identifying record keeping and monitoring systems for the business.

#### (2) Role of DVR Counselor

The DVR counselor's role is to:

- (a) Explain the DVR's and the consumer's responsibilities,
- (b) Assess the consumer's individual potential for self-employment,
- (c) Guide and support the consumer through the process and refer the consumer to community resources for additional guidance and other possible funding sources.

The DVR counselor will consult DVR staff and others with expertise, as needed.

#### (3) Role of the Business Consultant

The business consultant's role is to guide the consumer through the business plan process. The consultant does not write the business plan. The consultant can recommend potential funding sources and help assemble a funding package. The consultant can help the consumer prepare for meetings with potential funders, suggest

marketing strategies, assist with the feasibility study, and make recommendations on the feasibility of the proposed business.

(4) **Role of Other Professionals**

There may be a need to involve other professionals to provide guidance as the consumer moves through the process leading to self-employment such as:

- (a) Benefits Counselors,
- (b) VABIR Staff,
- (c) Job Coach,
- (d) Assistive Technology Professionals,
- (e) Web Developers,
- (f) Marketing Consultants,
- (g) Accountants. or
- (h) Attorneys.

(5) **Role of DVR Self-Employment Review Committee**

DVR policy offers the potential for substantial funding for self-employment plans designed to achieve income leading to self-sufficiency for the consumer. All business plans developed for this purpose are evaluated by a Self-Employment Review Committee designated by the Division Director.

The role of the Self-Employment Review Committee is to:

- (a) Review the business plan,
- (b) Make recommendations for changes, as appropriate, and
- (c) Approve or disapprove the business plan.

**Section IV: Assessment**

A. Assessment is multi-faceted. When considering self-employment as the employment outcome for a consumer, both the consumer's skills, interests, and abilities as well as the business idea and plan must be assessed.

B. **Consumer Assessment**

- (1) Successful self-employment requires specific knowledge, skills, and abilities. It also requires the consumer to be strongly self-directed. Therefore, it is important to conduct an assessment with the consumer to determine if self-employment is the right employment goal and outcome for them.

- (2) The level of assessment will differ if self-employment is intended to provide supplemental income or income leading to self-sufficiency for consumer. The following describes expectations when the intent of self-employment is to achieve self-sufficiency. Expectations for self-employment intended for supplemental income is found in Section 6 of this chapter.
- (3) The focus of the consumer assessment is to determine whether the consumer has the skills and personality traits needed to successfully start and/or maintain a business.
- (4) Assessments can be informal or formal. Areas of focus for all consumers include but are not limited to the consumer's:
  - (a) Education and employment background,
  - (b) Experience in chosen field of interest,
  - (c) Business insight and judgment,
  - (d) Financial situation,
  - (e) Interests, likes, and dislikes,
  - (f) Ability to complete basic functions of the job, and
  - (g) Need for additional education or training.
- (5) All consumers seeking income through self-employment must complete the Entrepreneurial Self-Assessment.
- (6) If the consumer does not have a specific type of self-employment they want to pursue, a more formal assessment is required. These assessments are intended to determine the consumer's interests, abilities, and capabilities. They allow consumers to explore various professions or trades that could be the basis of self-employment. The DVR counselor will select one or more DVR approved assessments, as appropriate, for the consumer.
- (7) If the consumer's goal is self-employment leading to self-sufficiency, then they must also complete the Pre-Screen for Business Assessment.
- (8) It is also recommended that the DVR counselor and consumer consider the following assessment activities prior to the development of the IPE:
  - (a) An informational interview with a small business owner,
  - (b) Job shadows in the profession of interest,
  - (c) Work experiences in the profession of interest, and/or
  - (d) Small business development training.
- (9) Referral to a business consultant for market research analysis and exploration of potential financing availability.

- (10) Once all assessments are complete, the DVR counselor shall review and discuss the assessment results with the consumer and the feasibility of self-employment for the consumer. Ideally, the consumer and DVR counselor will agree on the feasibility of self-employment.
- (11) If the DVR counselor believes, after consultation with the consumer, that self-employment is not feasible for the consumer, they must consult with their regional manager before making this determination. If a decision is made not to go forward with a self-employment plan, the DVR counselor must provide the consumer with written notice of the decision and appeal information consistent with the requirements in Chapter 105.

### C. Business Assessment

#### ***Feasibility Study***

- (1) In addition to assessing the skills and abilities of the consumer, an assessment of the proposed business idea must also occur. This is called a “feasibility study.” Most consumers will benefit from the services of a business consultant to guide them through this process. Each DVR office maintains a list of consultants that can help the consumer conduct the feasibility study.
- (2) Assessing the feasibility of a business idea involves research and analysis. Elements of the feasibility study include, but are not limited to:
- (a) Conducting a marketing analysis;
  - (b) Conducting a financial analysis;
  - (c) Developing a business plan;
  - (d) Determining whether the consumer will require training in a specific trade, profession, and/or in business management; and
  - (e) Determining what expertise and support is needed and available to help the consumer during the planning and implementation stages as well as on an on-going basis.
- (3) At the end of this chapter are some tools to help the consumer begin this process. specifically:
- **Attachment A**                      **Roles and Responsibilities**
  - **Attachment B**                      **Beginning to Develop Your Business Plan, and**
  - **Attachment C**                      **Monthly Personal and Living Expenses.**

Attachments B and C must be completed by the consumer and discussed with the DVR counselor. It is important that the consumer be as specific as possible when answering the questions in Attachment B. For example, the questions, “Where are your customers located?” cannot be adequately answered by saying, “Burlington” or “Windham County.”

### **Market Analysis**

- (4) A market analysis is a critical element in determining the feasibility of the consumer’s business idea. **The market analysis must include answers to the following questions:**
- (a) Who is most likely to buy the product or service?
  - (b) Where do potential buyers reside?
  - (c) How many potential buyers are there?
  - (d) How many products or services will each person buy and how often?
  - (e) **Are there competitors selling the same or similar products or services in the area?**
- (5) Many business ideas fail due to inadequate funding. So, it is important for the consumer to carefully and fully evaluate funding resources available to establish and maintain their proposed business as part of the marketing analysis. This includes:
- (a) Identifying the operational costs for establishing and maintaining the business
  - (b) Considering the consumer’s existing financial obligations;
  - (c) Determining what resources, the consumer can contribute to establishing and maintaining the business, including in-kind contributions such as equipment, vehicles, or business space;
  - (f) Identifying whether there are family resources available to help establish or maintain the business; and
  - (g) Assessing the consumer’s ability to secure funding from financial institutions including funding barriers such as current debt, bad credit, bankruptcy, or a criminal background.

### **Guidance**

#### ***Assessing feasibility of self-employment.***

Attachment C will provide a complete picture of the consumer’s personal financial status. It can be used to help determine the financial contribution the consumer can personally make to the business. The DVR counselor



shall review and discuss with the consumer the responses to make sure all questions have been answered accurately and that there is agreement between the DVR counselor and the consumer about expenses and resources impacting self-employment.



How the consumer handles the assignment of completing Attachments B and C can help determine how ready the consumer is to pursue the self-employment option. If the consumer is enthusiastic about the idea of self-employment and determined to succeed, they are more likely to complete the assignments in a timely manner. If the answers on Attachment B are not specific and comprehensive, it may point to the need for more DVR counselor support or the need for additional training for the consumer before proceeding with the business idea. It is important to remember that going from the concept of self-employment to actual start-up of a business will probably not be a straight-line process for most people. There will be a need for reassessments along the way or a need to gain a skill or experience before moving ahead. There may even be setbacks related to the consumer's disability. The DVR counselor and the DVR program must be supportive and understanding of the process. DVR will provide the supports and services needed to determine if the consumer has the skills and traits to be successfully self-employed, and that the business idea is feasible. When those determinations have been made, the consumer is ready to develop the Business Plan.

### ***End Guidance***

#### **Section V: Business Plan**

- A. It is important that the consumer have ownership of the Business Plan. Ownership only occurs if the consumer writes the Plan or works very closely with a resource person or organization doing the actual writing. The Plan serves as the roadmap for the consumer as well as a marketing tool to help secure any needed financial resources. At first sight, the development of a Business Plan may seem like a daunting task. However, it is only an extension of the feasibility study already completed so it should be a manageable task. Also, there are local and regional resources available to the consumer.
- B. As with the assessment and feasibility study discussed in Section IV, the level of detail for a business plan intended to provide supplemental income and income leading to self-sufficiency differ. The following is focused on developing a business

plan leading to self-sufficiency. A business plan designed to provide supplemental income for the consumer is discussed in Section VI of this chapter.

- C. The DVR does not require a specific format for the Business Plan. When a consumer's goal is to attain self-sufficiency, the plan must be a comprehensive document that fully explains to reviewers and lenders what the business goal is, what it will cost to start and run the business, and how start-up will be accomplished.

The Vermont Small Business Development Center uses this outline for Plan development:

- (1) Executive Summary
- (2) Business Description
- (3) Management Team
- (4) Market Analysis
- (5) Marketing Plan
- (6) Operational Plan
- (7) Financial Data
- (8) Supporting Documents

- D. Each DVR district office maintains a general list of appropriate local and regional resources that can assist in doing self-assessments, writing feasibility and business plans, and researching potential funding sources. The DVR counselor will share these resources with each consumer investigating self-employment as their employment goal.

## **Section VI: Self-Employment for Supplemental Income**

- A. DVR supports consumers increasing their income to improve their quality of life through part-time self-employment. Because a self-employment plan designed to provide supplemental income entails less risk to the consumer, the requirements for developing a plan are less rigorous than required for consumers with a goal of self-sufficiency through self-employment. The process is as follows.

### **B. Assessment**

DVR does not require consumers complete any specific assessment prior to committing to a supplemental self-employment plan. However, any of the assessment tools outlined in this chapter might be helpful to the consumer. It is recommended that a consumer who is considering supplemental self-employment

conduct a self-assessment to determine if self-employment is a good option for them.

### C. IPE Development

When developing an IPE designed to provide supplemental income through self-employment, DVR's standard process for developing IPEs applies with the following additions:

- (1) The IPE must also include a business plan, and
- (2) Benefits counseling for SSI/SSDI beneficiaries must be completed.



### Business Plan

Business plans for self-employment to provide supplemental income do not require the level of specificity as that leading to self-employment leading to self-sufficiency. However, all business plans must include:

- (1) Business goal; what type of business,
- (2) Name & address of the business,
- (3) Marketing and sales plan,
- (4) Non-DVR sources of funding,
- (5) Funding sought from DVR,
- (6) Identification of other parties in the business including family, friends or third-party companies, and
- (7) Expected monthly and annual income

### D. Feasibility Determination

- (1) There is no prescribed requirement to conduct a feasibility study prior to approval of a self-employment plan for supplemental income. However, if the counselor is unsure of the viability of a plan they could consult with their supervisor and/or regional manager before proceeding.

### E. Funding

0.

- (1) DVR does not require matching funds from the DVR consumer **when the goal is supplemental income**. However, if the plan is not viable without other sources of funding the DVR counselor can make accessing such funding contingent on receiving DVR funds.

- (2) The spending guideline for business plans designed to provide supplemental income is \$1,500. Exceptions are permissible as specified in Section II G of this chapter.

#### F. Supported Self-Employment

- (1) DVR supports self-employment as a viable option for consumers served through supported employment programs for adults with developmental disabilities or psychiatric disabilities. In considering whether to support an IPE for supported self-employment, the DVR counselor must consider:
- Does the self-employment goal meet the definition of “competitive integrated employment?”
  - Does the consumer own/control the business in a meaningful way or do agency staff or family members direct the business?
  - Does the business offer genuine opportunities for interaction with vendors, customers, and other professionals without disabilities?
  - Is the consumer paid at a rate like other vendors?

#### G. Monitoring of Supplemental Self Employment

- (1) The DVR counselor and consumer **must** meet quarterly to review the consumer’s progress, address any problems that may occur, and ensure that start-up operations proceed as planned.
- (2) The consumer must provide monthly financial reports, such as profit and loss statements, a computer printout from an accounting software product, or an accountant’s report to compare the original financial profile of the self-employment venture during the first six (6) months of operation.

##### **Guidance:**

Bookkeeping is a key element of running a small business. Every expenditure and receipt of income must be recorded, inventory records need to be maintained, tax and payroll forms need to be completed and filed, etc. A self-employed person must have a basic understanding of bookkeeping principles and either the skills to keep the necessary records or the resources to hire a bookkeeping service.

##### **End Guidance**

#### H. Conditions for Closure of Self-Employment for Supplemental Income Cases

- (1) The business has been operational for a minimum of 6 months.

- (2) The business is generating revenue at the level projected in their business plan and the consumer is being compensated for goods and services at the market rate for the community they reside. For example; if the consumer's business is childcare their rates are similar to other childcare facilities.

### **Section VII: Self-Employment Leading to Self-Sufficiency**

- A. As noted, the DVR process for supporting self-employment plans leading to self-sufficiency is more rigorous because of the risks for the consumer. In all cases, the IPE will have at least one amendment. The process will be as follows:

#### **B. Development of Initial IPE**

The intent of the initial IPE is to establish the conditions for successful completion of the self-employment plan. The IPE may also include activities that develop the consumer's skills (e.g., small business training, specialized courses related to a profession or trade, or financial counseling). The IPE must also include other supports the consumer may need to run a successful business such as assistive technology, financial software, business consultation..

#### **C. Training and Education**

(1) Additional training or education may be required before, or in conjunction with, the implementation of a business plan. Failure to complete required training or education will result in suspension or discontinuation of the self-employment plan. Anyone seriously considering self-employment should consider participation in business development training such as that conducted at a local Small Business Development Center (SBDC) or by the Micro-Business Development Program (MBDP). DVR expenditures for training and education are considered part of the evaluation costs and not considered "start-up" costs.

(2) Because some of these activities might extend beyond the 90-day timeline for IPE development, the DVR counselor and consumer should consider an extension to allow full exploration.

#### **D. Development of Business Plan**

(1) Business plans designed to result in self-sustaining income for the consumer must be comprehensive and tied to a goal of earnings above the SGA level set by the Social Security Administration. Required elements include:

- (a) A marketing analysis,
- (b) A marketing plan,
- (c) A staffing plan,
- (d) A timeline for monitoring the plan's implementation, including significant benchmarks,
- (e) An estimate of capital needed,
- (f) Necessary insurance coverage,
- (g) State and federal requirements for the proposed business (e.g., licensure) and
- (h) The identification of existing and potential sources of start-up capital and financing for business.

#### E. Feasibility Determination

- (1) After the activities in the initial IPE are completed, the DVR counselor and consumer must submit the comprehensive business plan to the Self-Employment Review Committee. The Committee will review whether:
- (a) The business plan is viable,
  - (b) The business plan will result in self-sustaining employment,
  - (c) The funding requested is sufficient, and
  - (d) DVR funding is committed.

#### **Guidance**

Review panels bring expertise not normally found within our own staff resources. We must, however, be cautious to ensure that there are no conflict-of-interest issues between a panel member representing an existing business and the proposed business. In some instances, we will be dealing with small communities and customers well known in those communities. When we get authorizations from the consumer to release information to panel members, the consumer must be given an opportunity to ask for the removal of one or more panel members who the consumer feels cannot or will not objectively review the proposal because of personal history with the consumer or their family.

#### **Guidance**

- (2) Upon completion of its review, the Self-Employment Review Committee will make one of the following determinations:
- (a) The business plan is accepted without modification and the funding is approved.

- (b) The business plan is accepted with some required modifications and the funding is approved.
- (c) The business plan is rejected with recommendations for improvement and resubmission.
- (d) The business plan is rejected, and resubmission is not recommended.

#### F. Amendment of the IPE

- (1) Once the Self-Employment Review Committee has approved the consumer's business plan and DVR has committed funding, the DVR counselor must amend the IPE to include:
- (a) The amount of funding DVR agreed to contribute for the business and the specific goods and services to be purchased with the DVR funds,
  - (b) The other sources of funding for the business,
  - (c) Key benchmarks and timelines for the business (e.g., targeted opening date, targeted number of customers within the first 6 months, and
  - (d) Specific revenue and earning goals.



#### **Guidance**

There should be a clear understanding at the time the amended IPE is written of the criterion to be used for determining success. The criterion will have to be set on an individual basis and may be as simple as "income equals outgo." When the IPE has been completed, the person should be informed of the additional support available through post-employment services.

#### **End Guidance**



- (2) DVR will not dispense any funds until the IPE has been properly amended.

#### G. Funding

- (a) Small business development requires a commitment of consumer resources as well as time. The **consumer** is generally responsible for securing or providing most funds needed to start and maintain a business. It is important for the consumer to remember that DVR can only serve as a secondary source of funding to start or maintain a business. DVR will work with the consumer to help search out potential resources.

In limited situations, these funding levels may be waived with the approval of the Regional Manager or the Division Director.

- (1) The DVR counselor may authorize \$1,000 to support the activities detailed in the initial IPE.
- (2) DVR may provide \$10,000 in support of a self-employment plan leading to self-sufficiency once approved by the Self-Employment Review Committee

**Guidance**

The amount of support DVR provides provided will be dependent on the financial information provided in the Business Plan and the availability of support from other sources. As the Plan is implemented and the business develops, unanticipated expenses may arise beyond what was outlined in the IPE and the Business Plan. Some of these expenses may be best addressed through an amendment to the IPE or as Post Employment Services.

**End Guidance**

- (3) The consumer **must** have obtained one-to-one equivalent funding for the self-employment plan from other sources including but not limited:
  - (a) Business loans,
  - (b) Grants,
  - (c) Family resources,
  - (d) Personal financial contributions, or
  - (e) In kind contributions (e.g., space provided by the consumer, equipment, tools, a portion of the value of a vehicle to be used in the business, etc.)
- (4) The total funds requested are necessary for the successful launch of the business and do not exceed what is required.
- (5) The business intended to lead to self-sufficiency must meet the following requirements before funding may be dispensed. Specifically, the business must be:
  - (a) Registered with the Secretary of State,
  - (b) In compliance with all Federal and State laws, and
  - (c) Insured.

**Guidance**



Registration allows ownership of the business name, gives a right to claim bad debts, and makes it possible to purchase business insurance. It allows the consumer a chance to establish a track record for future lending needs.

***End Guidance***

- (6) For consumers who receive public benefits such as Social Security, Medicaid, Food Stamps (SNAP), it is necessary to evaluate how self-employment can impact the consumer's benefits. DVR counselors will refer the consumer to benefits counselors for assistance determining the impact of self-employment on their benefits.

H. Monitoring of Self-Sustaining Self-Employment

- (1) The DVR counselor and consumer **must** meet quarterly to review the consumer's progress, address any problems that may occur, and ensure that start-up operations proceed as planned.
- (2) The consumer must provide monthly financial reports, such as profit and loss statements, a computer printout from an accounting software product, or an accountant's report to compare the original financial profile of the self-employment venture during the first six (6) months of operation. This report shall **[must]** contain detailed accounting of monthly revenues and expenses, including:
  - (a) The dollar amount for goods or services sold,
  - (b) The dollar amount of unpaid accounts,
  - (c) A categorical listing of operating expenses,
  - (d) The consumer salary or draw, and
  - (e) Net income or loss.

I. Conditions for Closure Self-Sustaining Self-Employment

- (1) The business has been operational for a minimum of six (6) months.
- (2) The business made a net profit or demonstrated significant gross income.
- (3) The equity in the business has increased. Although unable to show a profit as mentioned above, a consumer may have increase equity, indicating growth and stability.

***Guidance***

When determining "success," we need to look at more than just profits. It is likely that the business owner will have to reinvest any

“income over outgo” in the business for some period. This reinvestment must be considered when evaluating the success of the business. For example, the *consumer* may say that *they are* not making any money from the business. Yet, a review of the books will show that \$1,000 a month of income has been put back into the business. We would count this \$1,000 as income when evaluating the business.

**End Guidance**

- (4) Once the Business Plan is implemented, DVR follow-up is critical. The DVR counselor and the consumer **should** write a follow-up schedule into the evaluation section of the IPE. **At a minimum, VR staff will make monthly visits to the business during the first three months of operation. More frequent visits may occur if appropriate in the judgment of the VR counselor. In most cases, after three months of operation visits will fade to one every two months until the case is closed. Contacts will include periodic reviews of tax records and the business's books by either the counselor or a business consultant.**

Once the business is operational, additional DVR funds may be used, at the discretion of the DVR counselor, for continued education and training, if needed.

## **Self-Employment Handout B**

### **Roles and Responsibilities**

#### **The Customer's Role:**

The potential business owner is responsible for:

- Deciding what business to pursue
- Conducting a feasibility study
- Developing a business plan after the feasibility study has been approved
- Obtaining necessary permits, licenses, and insurances
- Enlisting support from family and friends
- Securing business start-up funds
- Developing customers
- Locating supplies
- Starting the business

#### **The DVR Counselor's Role:**

In addition to the counseling relationship, the counselor's role includes:

- Explaining the role of DVR, the consumer, and any other organizations involved in the self-employment process
- Clearly communicating the self-employment process that will be followed including how agency decisions will be made for pursuing self-employment.
- Communicating whether and how the agency will help with training, developing a business plan, and DVR funding of the business
- Helping the consumer decide which business to pursue
- Deciding which assessments, if any, will be used
- Guiding the feasibility study, interpreting feasibility study, and assessment results to determine whether to proceed
- Supporting the consumer and being the liaison between the consumer and consultants
- Reviewing the final business plan and determining VR's contribution if any

#### **The Business Consultant's Role:**

- Guides the consumer through the business plan process, but does not write the plan
- Recommends potential funding sources

- May help assemble a funding package
- Prepares the consumer for meeting potential funders
- Suggests marketing strategies
- May make recommendations on the viability of the feasibility study and the proposed business

DRAFT

## Self-Employment Handout C

### Beginning to Develop Your Business Plan

Answer the following questions in writing for review with your DVR counselor. For some questions, you may need to talk to business owners or do some research at the library. Your answers will help both you and your DVR counselor clarify your business idea. Your answers are the beginning of your Business Plan and may help your DVR counselor determine whether you and Vocational Rehabilitation should work together toward the goal of self-employment.

1. What business would you like to start?
2. Who will use your service and/or buy your product(s)?
3. Where are your customers located?
4. How many customers do you think you will have during the first year? During the second year? What assumptions did you use to develop these estimates?
5. How much money do you think you will make during the first year? During the second year? Show the items and amounts used to calculate these amounts.
6. How will you tell potential customers about your business?
7. Is there another business like the one you want to open operating in the area you want to serve? Is it successful? Why or why not?
8. Why do you want to start this type of business?
9. What qualifications do you already have for running this business?
10. What will you need to learn to be able to operate this business?
11. Will you hire employees? What skills should they have? How much will you pay them?
12. If you were a potential customer, why would you use this business?
13. If you were a customer, what features would keep you coming back?
14. Who will do the ordering, customer contact, and bookkeeping for your business?
15. What hours and days will you operate?
16. Where will your business be located?
17. What equipment will you need? Do you need it right away? If not, when will you need it? Do you need to own it, or can you rent it?
18. Will your disability pose any barriers to your operating this business? If yes, what are they? What are your ideas for overcoming these barriers?
19. How much money will you need to start the business? How much money can you contribute? Who can loan you money? What do you think are likely sources of money for starting your business?

**Self-Employment Handout D.****Monthly Personal and Living Expenses**

Enter actual expenses for the past 4 months from your records and keep track of expenses for this and the next month. Label the months in the spaces provided at the top of the table.

Month and Total Note: Unable to cut and paste grid.

**Dwelling:**

Rent Payment

House Payment

Property Tax House

Repair

Miscellaneous Expenses (lawn mowing, cleaning, snow shoveling)

Homeowner's Association Dues

Insurance

Furniture/Appliance Payments

**Transportation**

Car payment(s)

Other Vehicle Payment(s)

Insurance

Fuel

License(s)

Public Transportation

**Utilities**

Telephone

Gas

Water

Trash

**Personal**

Groceries

Dining Out

Entertainment

Tobacco Products

Medical/Dental/Vision Insurance

Clothing

- Laundry/Dry Cleaning
- Med./Dental/Vision Hospital Expenses
- Prescriptions
- Credit Card Payments
- Loan Payments
- Pets
- Education
- Dues & Subscriptions
- Gifts
- Donations
- Travel
- Cable TV
- Hobbies/Crafts
- Music
- Personal Assistant
- Assistive technology Purchase, payments & maintenance
- Internet Access
- Other:

**Totals** \_\_\_\_\_

Average Expenses per Month (Total / 6 months) \$ \_\_\_\_\_

Sources of Income:

Source	Amount per Month
_____	_____
_____	_____
_____	_____