

Outline of Self Employment Chapter

Section I. Definitions

- WIOA definition of a self-employment outcome
- Vermont definition of self-employment intended to provide supplemental income
 - Must meet WIOA definition
 - Business is not expected to result in SGA level earnings
- Vermont definition of self-employment intended to provide self-supporting income
 - Must meet WIOA definition
 - Business must result in SGA level earnings or greater
 - Business must be registered with Secretary of State's Office
- Vermont definition of activities that generate earnings but cannot be considered employment
 - Activities that are highly infrequent (less than 12 revenue generating activities per year)
 - Activities that are highly seasonal (less than 12 weeks per year)
 - Activities result in net revenue of less than \$2,500 per year

Section II. Introduction

Vermont DVR encourages and supports consumers to consider self-employment. Self-employment can offer unique opportunities for people with disabilities to achieve an employment outcome that truly meets their needs and interests.

In this chapter DVR distinguishes between supplemental self-employment and self-sustaining self-employment. Because self-sustaining employment involves substantially greater challenges and risk for the consumer DVR guidelines for IPE development and service provision are more rigorous.

The Self Employment Funding Committee

Because DVR policy allows substantial funding for a self-sustaining self-employment plan, the agency director will designate a Self-Employment Funding Committee to review all funding requests.

Prohibition Against Funding Activities That Cannot be Considered Employment

DVR will not support activities that generate earnings but cannot be considered employment. These activities as defined do not meet the definition of competitive integrated employment.

Section III. Assessment

Successful self-employment requires a specific set of interests and skills. It also requires the individual to be strongly self-directed. Therefore, it is important to conduct a comprehensive assessment with the consumer to determine if self-employment is the right goal for them.

If the potential goal is self-sustaining self-employment then the following assessments must be completed:

- Entrepreneurial Self-Assessment

- Pre-Screening for Business Assessment

It is also recommended that the counselor and consumer consider the following assessment activities prior to the development of the IPE:

- An informational interview with a small business owner
- Exploration of potential financing availability
- A market research analysis
- If the individual is and SSI/SSDI beneficiary a consultation with a benefits counselor

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

If information collected during the assessment process suggests that the potential self-employment goal is not viable the counselor should reengage the consumer and explore the information together. Ideally, the counselor and consumer will decide together if self-employment is viable. However, if a counselor does not believe self-employment is viable they should not move forward with a self-employment plan.

Section IV. Process for Supplemental Self Employment IPE

Because a supplemental SE plan entails less risk to the consumer the IPE development process and service provision is no different than a non-SE case.

- VR process follows standard process for IPE development
- The IPE must include development of a business plan
- The IPE must include benefits counseling for SSI/SSDI beneficiaries
- DVR does not require matching funds from the DVR consumer. However, if the plan is not viable without other sources of funding the counselor can make accessing such funding a contingent on receiving VR funds
- The spending guideline is \$1,000 with the standard exceptions with supervisory approval
- DVR funds are not a grant, the IPE must identify the specific goods or services to be purchased with DVR funds.

Special Guidance Regarding Supported Self Employment

DVR supports self-employment as a viable option for consumers served through supported employment. In considering whether to support an IPE for supported self-employment the DVR counselor must consider:

- Does the employment goal meet the WIOA definition of competitive integrated self-employment? This assessment must include:
 - Does consumer own/control business in a meaningful way or do agency staff or family members direct the business
 - Does the business offer genuine opportunities interaction with vendors, customers and other professionals without disabilities?
 - Is the consumer paid at a rate similar to business owners in similar fields (e.g. if the business is lawn care are the rates similar to other vendors)?

Section IV. Process for Self-Sustaining Self Employment IPE

As noted, the DVR process for supporting self-sustaining employment 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:

Initial IPE

The intent of the initial IPE will be to establish the conditions for successful completion of the self-employment plan. Required elements must include:

- The employment goal must include an earnings goal that exceeds SGA
- The development of a comprehensive business plan including:
 - A market analysis
 - A staffing plan
 - A timeline including significant benchmarks
 - An estimate of the capital needed
 - Necessary insurance coverage
 - State and federal requirements for proposed business (e.g. licensure,
- The identification of existing and potential sources of start up capital and financing for the business

In addition to the above the plan may include activities that develop the consumers skills (such as small business training) or identify other supports the consumer may need to run a successful business (such as assistive technology, financial software and business consulting).

Spending guidelines for initial IPE: The counselor may authorize up to \$1,000 to support the above activities.

Review by the Self Employment Review Committee

After the activities of the initial IPE are complete, the counselor must submit the comprehensive business plan to the Self Employment Review Committee. The Committee will review and approve/disapprove the following:

- The viability of the Business Plan
- That the plan will result in self-sustaining employment
- The request for VR funding

The Self Employment Funding Committee will make one of the following determinations:

- The plan is accepted without modification and the funding is approved
- The plan is accepted with some required modifications and the funding is approved
- The Committee rejects the business plan with recommendations for improvement and resubmission
- The Committee rejects the business plan and does not recommend resubmission

Spending guidelines: DVR will provide up to \$10,000 in support of a self-sustaining employment plan if approved by the Self Employment Review Committee. DVR funding support will be contingent on the following:

- *The consumer must have obtained one to one equivalent funding for the self-employment plan from other sources including but not limited to business loans, family or personal contributions, grants and SSA PASS.*
- *That the total funds requested are necessary for the successful launch of the business and do not exceed what is required*

The Amended IPE

Once the counselor has approval from the Self Employment Review Committee, the counselor must amend the IPE to include:

- The DVR funding commitment and the specific goods are services to be purchased (DVR funds are not a grant)
- The other sources of funding for the business
- Key benchmarks and timelines for the business (e.g. targeted opening date, targeted number of customers within first six months)
- Specific revenue and earnings goal

Section V. Follow Up for a Self-Employment Plan

Follow up for Supplemental Self Employment

- The VR counselor and customer should meet quarterly to review the customer's self-employment progress, address any problems that may occur, and assure that start-up operations proceed as planned.
- The customer must provide monthly financial reports, such as profit and loss statements, a computer printout from an accounting software package or an accountant's report to compare to the original financial profile of the self-employment venture during the first six months of operation.

Follow up for Self-Sustaining Self Employment

- The VR counselor and customer should meet monthly to review the customer's self-employment progress, address any problems that may occur, and assure that start-up operations proceed as planned.
- The customer must provide monthly financial reports, such as profit and loss statements, a computer printout from an accounting software package or an accountant's report to compare to the original financial profile of the self-employment venture during the first six months of operation. This report shall include total monthly revenues and expenses, including the dollar

amount of goods or services sold, receivables, categorical listing of operating expenses, customer salary or draw, and net income or loss.

Section VI. Closure in Self Employment

Conditions for Closure:

Supplemental Self Employment

- The business has been in operation for a minimum of 6 months
- The individual has net income from the business at or above minimum wage

Self-Sustaining Self Employment

- The business has been in operation for a minimum of 6 months
- The business made a net profit or demonstrated significant gross income.
- The equity in the business increased. Although unable to show a profit as mentioned above, an individual may have increased the business equity, indicating growth and stability.