

Chapter 308: Self-Employment

Vermont Division of Vocational Rehabilitation
Policy and Procedures Manual

Revision Date:

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Section 1: Definitions

- A) **Competitive Integrated Employment** ~~is~~ is: performed on a full-time or part-time basis (including self-employment) and for which an individual is compensated at a rate that—
- Is not less than the higher of the rate specified in section 6(a)(1) of the Fair Labor Standards Act of 1938 (29 U.S.C. 206(a)(1)) or the rate required under the applicable State or local minimum wage law for the place of employment;
 - Is not less than the customary rate paid by the employer for the same or similar work performed by other employees who are not individuals with disabilities and who are similarly situated in similar occupations by the same employer and who have similar training, experience, and skills; and
 - In the case of an individual who is self-employed, yields an income that is comparable to the income received by other individuals who are not individuals with disabilities and who are self-employed in similar occupations or on similar tasks and who have similar training, experience, and skills; and
 - Is eligible for the level of benefits provided to other employees; and is at a location— typically found in the community; and
 - Where the employee with a disability interacts for the purpose of performing the duties of the position with other employees within the particular work unit and the entire work site, and, as appropriate to the work performed, other persons (e.g., customers and vendors), who are not individuals with disabilities (not including supervisory personnel or individuals who are providing services to such employee) to the same extent that employees who are not individuals with disabilities and who are in comparable positions interact with these persons; and
 - (iii) Presents, as appropriate, opportunities for advancement that are similar to those for other employees who are not individuals with disabilities and who have similar positions.
- B) **“Business Plan”** means a formal written document that fully describes the proposed business and covers such topics as a market analysis and marketing plan, start-up and continuing costs, and how the business will operate.
- C) **“Start-up costs”** are expenses such as initial stock and supplies, equipment, rent and utilities for up to four months, insurance, site renovations, and licenses needed to open a business.

Commented [SB1]: The WIOA uses and emphasizes the term "integrated" as a key element of services provided PWD. RSA and WIOA do not support segregated employment for PWD that other states still have. See 34 CFR Sec. 361.4 (9).

Commented [SB2]: I really like the bulleting out of the elements it makes the info more accessible. That said, I recommend that you use numbers (1) or a letter (a) for each of these because they need to be included in any citation of the document. This makes the policy consistent with the regs. and law.

Commented [SB3]: I deleted this text because it is not part of the definition in the regs and you already have it referenced in the text which is how it reads in the regs.

Section 2: Process

- A) The self-employment process is a step by step process and requires a team effort between the participant, the DVR counselor, and outside consultants. Each member of the team has certain responsibilities with participant commitment and involvement key ingredients in this process. DVR is developing extensive guidance and tools on how to support participants in self-employment. These resources will be available on the DVR Share Point Site.

Reviewing Expectations

- B) It is important that the participant understands at the very beginning of the self-employment process that they are expected to be actively engaged in all the steps. The VR counselor will provide support and assistance in this process. The level of support may vary considerably from person to person and might need to be built into the business plan.
- C) Finances should be discussed early in the process. DVR will not commit to financially supporting a self-employment plan until that plan has been approved and determined to be feasible by DVR.
- D) Self-employment is the right path for some people, but not for everyone. Sometimes it is the right path, but the timing is wrong, or the participant needs more training or technical skills development before launching a business. The counselor and the participant should discuss some of the advantages and disadvantages of self-employment identified by those who have become self-employed.

The Assessment Phase

- E) DVR will provide extensive guidance and training tools on the Share Point Site, on how to work with a participant to determine the feasibility of a particular business idea. When a participant does not have a specific idea, they want to pursue, a more formal assessment may be helpful. These assessments are more in line with determining the consumer's interests so they can explore various business options that would be in line with those interests. Examples of various assessment tools will be provided on the Share Point Site.

The Business Plan

- F) It is important that the participant and team members, if necessary, are actively involved in developing the business plan, including working closely with the resource person of the organization doing the actual writing. The Plan serves as the roadmap for the participant as well as a marketing tool to help secure any needed financial resources. DVR will provide extensive guidance on the Share Point site on how to develop a business plan, and tools and resources counselors can use.

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- G) Business Plans must be reviewed and approved by the VR counselor before there is any commitment of funds to the implementation of the Business Plan. Business Plans leading towards self-supporting self-employment must be reviewed and approved by the local Regional Manager
- H) Other Requirements
 - I) The participant must have some documented ownership in the business and be involved in the day-to-day operation of the business.
 - J) If applicable, the business name must be registered with the Vermont Secretary of State's Office. Registration allows ownership of the business name, gives a right to claim bad debts, and makes it possible to purchase business insurance. It also allows the consumer a chance to establish a "track record" for future lending needs.
 - K) 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.

Section 3: Funding a Business Plan

- A) 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 DVR counselor may make an exception to the spending guidelines with the DVR regional manager's approval. When considering exceptions to the spending guidelines, the DVR regional manager must consider the participant's ability to contribute to their services. The participant's contribution must be:
 - 1) Reasonable,
 - 2) Based on financial need, and
 - 3) Not so high as to effectively deny the participant a necessary service.
- B) DVR cannot require consumers who are SSI or SSDI beneficiaries to provide funding towards their services, including self-employment. This does not prevent the counselor and participant from seeking comparable benefits such as small business grants. However, DVR cannot require beneficiaries to incur loans in support of the business.
- C) Small business development requires a commitment of participant resources as well as time. The participant is generally responsible for securing or providing most funds needed to start and maintain a business enterprise. DVR will work with the consumer to help search out potential resources and may provide up to **\$10,000** to help leverage funds, pay for tools, inventory supplies, etc. for businesses expected to lead to self-sufficiency. (DVR can provide up to **\$2,500** for business ventures intended to

supplement other income but not lead to self-sufficiency.) In limited situations, these funding levels may be waived with the approval of the DVR regional manager or director.

Guidance: – Self-sufficient vs. supplemental business ventures.

As used in this Section, “self-sufficiency” means “livable income” defined as the income needed to meet a family’s basic needs plus all Federal and State taxes. “Business ventures intended to supplement other income...” are generally those done on a part-time basis or those not expected to provide a “livable income.” Self-employment ventures for those on SSI or SSDI who want to limit their income to maintain benefits would be considered “supplemental,” rather than “self-sufficient” ventures.

End Guidance.

- D) DVR funding is not an automatic “grant.”. The IPE must outline what the DVR funds will be specifically used for example to purchase equipment and inventory, booking keeping or advertising.
- E) DVR funds are to supplement the participant’s resources and funding they have secured from other funding sources. The participant’s resources could include such things as cash contributions, tools or equipment to be used in the business, the value of space provided by the consumer, a portion of the value of a vehicle to be used in the business, etc.
- F) Evaluation costs, consultant costs, and disability-related accommodations are not included in the spending guideline under this policy. Additional costs after business start-up must be outlined as business expenses in the Business Plan and be part of the overall funding requirement.
- G) The amount of DVR funding support should be reflected in the Individualized Plan for Employment (IPE) once the Business Plan is developed and approved(?). The amount of support provided will be dependent on the financial information provided in the Business Plan and the availability of support from other sources.
- H) As the Business 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.

Section 4: Follow-Up and Closure

- A) Once the Business Plan is implemented, DVR follow-up is critical. The DVR counselor and consumer must write a follow-up schedule into the evaluation section of the IPE. At a minimum, the counselor 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 business books by either the DVR counselor or a business consultant.

- B) 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.
- C) There must be a clear understanding at the time the IPE is written of the criteria to be used for determining success. The criteria 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 participant must be informed of the additional support available through post-employment services.

Guidance: – Evaluating success of self-employment business.

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.

Section 5: Social Security Benefits and PASS Plans

Social Security Benefits

- A) Participants receiving Supplemental Security Income (SSI), or Social Security Disability Insurance (SSDI) must be informed that self-employment may impact their Social Security benefits. This is particularly true for participants receiving both SSI and SSDI because SSI and SSDI treat self-employment differently. If the participant is an SSI/SSDI beneficiary, the DVR counselor must refer to a Certified Work Incentive Counselor (CWIC) **prior to plan development**. There are many potential issues that can arise for SSI/SSDI beneficiaries related to self-employment and the support of a CWIC is essential.

Plan to Achieve Self-Support (PASS)

- B) For SSI recipients with income in addition to their SSI benefit and for some SSDI beneficiaries, the PASS may be an option for establishing a self-employment enterprise. A PASS must be considered carefully as it creates another set of requirements and reporting responsibilities for the participant. VR counselors can utilize the local CWIC in evaluating the feasibility of a PASS for a consumer’s self-employment.

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