

**RSM 2  
VR & IL POLICIES AND PROCEDURES MANUAL  
SECTION 1400**

## **SELF-EMPLOYMENT**

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### **1401 Overview of Self-Employment**

Consistent with DORS policy and procedures, services may be provided to individuals with an employment goal involving development and management of their own businesses. As specified in federal regulations, all approved employment goals, including self-employment and supported business enterprise goals, must involve work in an integrated, community setting. Individuals whose goal is to remain in a sheltered setting are, therefore, ineligible for DORS services, including self-employment services.

DORS may provide significant financial and technical support to consumers establishing or maintaining a small business consistent with agency policy. DORS does not have the resources to support informal, "hobby-type" businesses which are not designed to be a major source of support for the individual, and for supported self-employment not designed to result in a source of income.

Because of the demands, responsibility, and risk inherent in owning a small business, structured and extensive assessment and planning are required in order to provide the individual with information needed to make decisions which will lead to successful employment outcomes.

## 1401.01 RISE Program

Self-employment services are provided through the Reach Independence through Self-Employment (RISE) Program, which is designed to promote and facilitate self-employment for individuals for whom it is appropriate. RISE Program staff provide technical assistance to support the consumer in exploring market information, business funding resources and other pertinent information.

Requests to support self-employment services for a DORS consumer not involving support and consultation of the RISE Program require prior written approval of the OFS or OBVS Director.

Referrals to the RISE Program as indicated in this section require use of the [online referral form provided by Psychometric Solutions](#). DORS staff do not need to forward an authorization along with the referral. The costs of all RISE services are included in the DORS contract.

**Note regarding Interpretation:** DORS Counselors are to arrange Interpreters (ASL or foreign language) for any consumer who requires interpretation to participate in the courses. The usual procedures apply to scheduling Interpreters. Vocational Interpreters (VI) can be used for this service.

## 1401.02 Supported Business Enterprise

Supported Business Enterprise is a form of supported self-employment for individuals who require supports to perform the functions of and operate their businesses. This may include individuals with significant cognitive or psychiatric disabilities.

- a. Identification of and funding commitment from an extended service provider is a requirement of this program.
- b. The consumer must perform a core function of the supported business enterprise.
- c. The consumer is supported by a team to include the consumer, DORS counselor, job coach and RISE representative (when appropriate, as determined by OFS Technical Assistance Branch). The team may also include, as appropriate, a case manager, clinician or psychiatrist; family members; advocate; other involved State agency personnel; addictions counselor; and/or housing staff.
- d. In instances where this policy refers to the individual or eligible individual, for supported business enterprise this would be the individual and their support person(s).
- e. As stated in **Section 1401**, employment goals for supported business enterprise must be in an integrated, community work setting.
- f. While identification of a support person or entity is required (e.g., a community rehabilitation provider (CRP)), development of the business for the individual served must clearly delineate separate funding and financial management from the support entity (e.g., the CRP).
- g. The business plan for supported business enterprise will clearly establish the business functions to be performed by the individual and the supports in place to accomplish all required business activities. It will also describe financial arrangements that assure that the business is separate from the support entity.

Minor variances from procedures and policies in this section for individuals in supported business enterprise are noted. consumers who wish to pursue supported self-employment will not be served by psychometric solutions in the same manner/fashion as consumers pursuing standard self-employment. Consultation with the OFS Technical Assistance Branch is required to determine appropriate service provision.

### 1401.03 Application of Policy

Policies and procedures in this section apply to all DORS consumers with an employment goal of self-employment. This includes individuals who are requesting DORS assistance to begin a business or expand a very small business activity into an actual self-employment venture.

It also applies to those who have an established business who are requesting DORS assistance to enable them to maintain the business, as well as those proposing to purchase an existing business. An example of application of policy related to an established business is a self-employed farmer who requests modifications to the farming operation in order to continue farming. While attending self-employment classes may not be necessary for an individual with an established business, consultation with RISE to assess the business is required, including review (or development) of the business plan at least three years of the financial performance and current status of the business.

Exceptions to financial and purchase requirements, including any need for vehicle modifications or architectural modifications related to the business, will be considered on an individual basis and require administrative approval (see **RSM 3, Section 1005**). Exceptions to other policy/procedural requirements (e.g., the requirement to participate in self-employment courses) will be made in consultation with the RISE Program contractor.

### 1402 Role of DORS

The role of DORS in assisting a consumer interested in self-employment is as follows:

#### a. DORS Counselor Role

1. Provide support and information throughout the assessment, planning and implementation process.
2. Conduct an initial assessment of the consumer and their suitability for self-employment (see **Section 1407.01**).
3. Assist with identification of community resources.
4. Clarify that DORS direct financial support for a business operation is limited since it may never be the primary funding source (see **Section 1403**).

b. **DORS Management Role** – Approve or disapprove business plans following consultation with the RISE Program contractor (see **Section 1407.07**).

c. **DORS Administrative & Fiscal Services (AFS) Role** – The AFS Director shall provide consultation regarding franchises/franchise agreements and shall approve/disapprove business plans involving franchises.

### 1403 Financial Standards

- a. **DORS will not be the primary funder of any business enterprise.** Principal funding will come from other sources, to include the individual, family members, bank loans, Workers' Compensation or insurance settlements, Social Security work incentives, and other private or public sources.
- b. As part of business plan development, all individuals will thoroughly explore and obtain multiple funding sources, will share in the risk of starting a business and will ultimately assume the risk of owning a business.

- c. If the implementation of an approved business plan will require cash contribution by the individual, those monies will be placed in escrow or expended for the specific purpose prior to DORS' expenditure of any funds for the business.
- d. Workers' Compensation claimants who are interested in self-employment will comply with all requirements of the Workers' Compensation Commission regarding consideration of development/funding of a small business prior to requesting DORS financial support.
- e. In situations where DORS financial support is necessary, financial support will be limited to assistance with purchase of specific goods and/or services according to an approved business plan and Individualized Plan for Employment (IPE). Financial assistance for goods and services related to the business typically will not exceed \$15,000 and will not be provided in the form of cash. DORS shall not provide funding for expenditures that have not been pre-approved in writing by a DORS official.

## 1404 Terminology

- a. **Self-employed persons** are those who work for profit or fees in their own business, profession or trade, or operate a farm. Self-employed persons, while interested in modest growth and supporting themselves through the proceeds of the business, are not necessarily interested in unlimited growth and expansion of the business.
- b. **Entrepreneurs** are self-employed individuals who identify an opportunity and create an organization to respond to it. Such individuals are often very interested in growth and expansion of their businesses.
- c. **Home-based businesses** are those enterprises based in and operated out of the entrepreneur's residence.

**Note:** "Home-based businesses" should not be confused with "home-based employment." If an individual's home is the location for performing job duties as an employee, such as telecommuting, and the individual is working for someone else, the person is not "self-employed."

DORS, through the RISE Program, works with individuals interested in self-employment or entrepreneurship, whether to be located at the individual's home or another site. DORS also works with individuals interested in home-based employment and telecommuting (see **RSM 2, Section 604.09**), but not through the RISE Program. DORS provides services to individuals with an employment goal of home-based employment in the same manner as individuals planning to work at an employer's site.

## 1405 Types of Businesses

A wide spectrum of business ventures may be considered for self-employment. Businesses supported by DORS must:

- a. Comply with all relevant State, federal and local laws and regulations.
- b. Involve majority ownership and management of the business by an eligible individual served by DORS.
- c. For supported self-employment, involve majority ownership and participation in a core business function by the individual served, with management of the business by an identified support person or persons.
- d. Be organized as "for profit."

- e. Be established in an integrated, community work setting.
- f. Not involve speculative activities (i.e., engagement in risky business deals on the chance of large, quick profits).
- g. Be designed to be the major source of income for the individual (i.e., not considered part-time, not a “hobby” business, not secondary employment when the consumer is currently employed in a full-time job). For supported self-employment, be designed as a source of income for the individual (i.e., the business must at least break even).
- h. Not involve multi-level marketing sales.

While a franchise may be considered, consultation with DORS AFS Director must be requested early in the planning process.

DORS reserves the right to deny approval and funding of a business determined by the DORS Director to be inconsistent with community standards. Such determination may be appealed (see **RSM 1, Section 304**). DORS staff concerned with the nature of a business being considered/developed by a consumer shall request management consultation.

## 1406 Business Plan

The Business Plan is a comprehensive document describing all relevant aspects of a business, whether in the proposal and development stage or fully operational. It is the foundation for planning activities and provides justification for undertaking the endeavor. The Business Plan shall include all goods and services required for establishment of the business. The Business Plan provides information upon which funding decisions are made by financial institutions.

The Business Plan **shall** include:

- a. Information about the business and owner
- b. Summary and mission statement
- c. Industry selected
- d. Company and its products
- e. Market research and analysis
- f. Marketing plan
- g. Operational plan
- h. Management
- i. Any related certification, licensure and/or regulatory requirements
- j. Critical risks and potential problems
- k. Community benefits
- l. Financial plan

The Business Plan **shall not** include:

- a. Goods and services that the individual would require if they were working for another person (that is, not pursuing self-employment) would not be included in the Business Plan and are not considered part of the \$15,000 guideline for business-related purchases.
- b. Disability-related needs are not included in the Business Plan; however, their implications shall be taken into account in business planning. (Disability-related needs are included in the IPE/IPE amendment.)

For example:

- An non-adapted computer and business software would be included in the Business Plan.

- An adapted computer meeting the disability needs of the consumer would not be included in the Business Plan, but related business software needed for the business would be included in the Business Plan.
- Job coaching would not be included in the Business Plan if the individual would need job coaching no matter what form of employment were to be pursued.

Consult with DORS management if there are questions about self-employment purchases to be include in the business plan and considered part of the \$15,000 guideline.

DORS may financially support business enterprises which are based on an approved Business Plan which has been reviewed by the RISE Business Plan Development Committee. The approved Business Plan will be the basis of the IPE or IPE amendment which includes specific goods and services required for the business. The IPE may reflect an incremental implementation of the approved Business Plan. (See **Section 1407.08, IPE Amendment/Service Provision.**)

## **1407 Self-Employment and the Rehabilitation Process**

### **1407.01 Intake/Assessment**

- a. **Consumers without an established business stating an interest in self-employment** – If an individual states an interest in self-employment or if this option appears feasible, the counselor will:
  1. Obtain information from the individual regarding particular business ventures being considered, previous business experience, related skills, and other relevant factors.
  2. Discuss characteristics needed for successful small business operation in terms of the strengths, resources, concerns, abilities, capabilities and interests of the individual. These include such traits as:
    - Well-developed interpersonal skills in order to develop and maintain a customer base, interact with the public, work with employees, suppliers, etc.
    - Initiative.
    - Flexibility and problem-solving skills.
    - Ability to prioritize and focus.
    - Ability to accept risks inherent in self-employment.
  3. As applicable, the DORS counselor will obtain information from providers (e.g., psychologists, physicians, counselors) currently or recently treating the individual in terms of viability of self-employment for the individual considering the characteristics required for success (see b. above). Referral for an assessment of feasibility of self-employment should be considered on an individual basis and include questions for the provider about specific traits required for self-employment.
  4. The DORS counselor and individual will discuss the individual's financial goals in order to define what would constitute a successful outcome. Such issues as termination of government benefits, supplementing family income, and earning sufficient funds to maintain competitive employment standards should be considered.
  5. From the outset, individuals interested in self-employment will be informed that DORS will not provide major financial support for business ventures. Only limited funding toward specific goods and/or services required according to an approved Business Plan and IPE will be considered. Such funding will typically not exceed \$15,000 and will not be provided in the form of cash (see **Section 1403**).

6. If the consumer is interested in starting a business to provide a service and does not already have training or skills in this industry, recommend an assessment of the consumer's potential for this field. This would be followed, as appropriate, by skills training and at least two years of work experience before consideration of self-employment would be advised.
7. The DORS counselor will provide the **Self-Employment Fact Sheet (RS-6k)** to individuals as appropriate.
8. Direct the consumer to the **VR Self-Employment Guide** website ([vrselfemploymentguide.org](http://vrselfemploymentguide.org)). Request the consumer read, complete the worksheets associated with Chapters 1-3, and provide copies of worksheets.

**Note:** The **VR Self Employment Guide** documents are also available on InDORS under **RISE Self-Employment Resources**.

9. Review completed **VR Self Employment Guide** worksheets with the consumer and complete **DORS Preliminary Self-Employment Assessment (RS-4q)**, as appropriate. Consider a referral to DORS contractor, Psychometric Solutions LLC, to initiate RISE services. Review **RSM 2, Attachment 1400-1** for required referral procedures, which includes **Administrative Approval (RS-9h)**. Any completed **VR Self-Employment Guide** worksheets should be provided to the Psychometric Solutions consultant.

**NOTE:** There is no DORS Authorization associated with this referral. Costs for an individual's participation will be captured by an Actual Service Record (ASR) entered by OFS Technical Assistance Branch.

- b. **Consumers with an established business stating an interest in self-employment** – If the individual has come to DORS to request assistance in order to maintain an established business, the comprehensive assessment (see **RSM 2, Section 600**) shall include consideration for a business assessment/consultation conducted by RISE program staff. DORS supervisory approval is required. The business assessment may include:
  - Review (or development) of the Business Plan.
  - Review of financial status of the business.
  - Exploration of options which address the individual's needs.

RISE staff shall make recommendations regarding whether the **Business Plan Development Education** class and/or other business-related courses (see **Self-Employment Fact Sheet (RS-6k)** for course list) would be of value to the individual.

**NOTE:** There is no DORS Authorization associated with this referral. Costs for an individual's participation will be captured by an Actual Service Record (ASR) entered by OFS Technical Assistance Branch.

- c. **Purchases to Maintain an Established Business** – For a business that is already being operated by a consumer, DORS will consider assistance with purchases which directly enable the consumer to continue to operate the business, but not purchases which upgrade the business. All purchases must be consistent with DORS and State procurement policy and regulation.

For an established business, consideration may be given to assistance in purchasing the following items:

1. Adaptive or assistive technology equipment or devices required for the individual to continue operating the business; or

2. Non-adapted equipment and devices not typically used in a particular business but required because of the disability.

Consistent with **Section 1407.06**, the individual's Business Plan shall be forwarded to the Business Plan Advisory Committee.

### 1407.02 Initial Self-Employment IPE

- a. DORS counselors will discuss with individuals who have completed **Exploring Self-Employment** and those requesting assistance with established businesses who may not have taken **Exploring Self-Employment** whether they wish to continue to pursue self-employment.

If they do, the individual will be requested to develop an IPE or IPE amendment, as appropriate (see **RSM 2, Section 600**), with a plan type of "self-employment." One of the services would be the course **Business Plan Development Education**. The IPE should also include disability-related services required by the individual.

- b. **Business Plan Development Education** is a one-day course addressing market information, industry selection, funding sources and financial requirements, and will include follow-along consultation and services. The goal of the course is to assist consumers with drafting a business proposal, which will serve as the foundation of a viable business plan to be presented to the RISE Program Advisory Committee for review. The business plan will include the following elements:

- cover sheet (identifying information about the business and owner)
- executive summary
- mission statement
- industry
- company and its products
- market research and analysis
- marketing plan
- operational plan
- management
- critical risks and potential problems
- community benefits
- financial plan
- proposed offerings

Referral for **Business Plan Development Education** does not require an authorization to be issued. Costs are included in the DORS contract and will be captured by an Actual Service Record in AWARE™.

- c. The IPE or IPE amendment specific to creation of a business is not completed until a Business Plan has been reviewed and approved by the Business Plan Development Committee and approved by DORS. In most instances this will not be the initial IPE, but will be an amended IPE later in the process.

### 1407.03 Exception to Course Requirements

Exceptions to the requirement to attend the **Exploring Self-Employment** and **Business Plan Development Education** courses may be made in limited circumstances including the following:

- a. The individual has previous business experience, currently operates a business, and/or has developed a Business Plan and the RISE Program director agrees course participation is not necessary.



- b. Courses cannot be scheduled within a time frame and at a location accessible to the individual.

The DORS counselor shall consult with the RISE Program consultant regarding recommendations for alternate support, which may include one-on-one assistance provided by RISE staff, and/or identification of similar support available in the community.

Requests to support self-employment services for a DORS consumer not involving support and consultation of the RISE Program require prior written approval of the OFS or OBVS Director.

#### **1407.04 Other Rehabilitation Services**

Throughout the time required for exploring self-employment as an option, and developing and implementing a Business Plan, the DORS counselor will continue to identify and coordinate other VR services which may be required by the individual.

#### **1407.05 Decision Points**

Individuals may decide during or after required courses that they wish to pursue another type of employment outcome. If this occurs, the DORS counselor shall meet with the individual, consider other employment options, and amend the IPE, as appropriate.

#### **1407.06 Business Plan Assessment**

- a. In cooperation with the RISE staff, the DORS counselor will:
  - 1. Review business plans to be sure all of the required elements are included (see **Section 1406, Business Plan**).
  - 2. Forward Business Plans that include all required elements to the regional/program director.
- b. The DORS counselor or consumer will submit a copy of the completed Business Plan to the RISE program contractor (Psychometric Solutions) who will:
  - 1. Conduct an analysis of the plan to confirm that required elements are included in sufficient detail and provide preliminary feedback to the DORS counselor and consumer.
  - 2. Forward business plans ready for review to members of the RISE Business Plan Development Committee.

The consumer (and their DORS counselor) will present the Business Plan to members of the Business Plan Development Committee. The Committee will forward comments and recommendations to the RISE Program contractor (Psychometric Solutions) who will prepare written recommendations for the DORS counselor.

- c. The DORS counselor and consumer will meet to discuss the recommendations of the RISE Business Plan Development Committee and to consider whether the plan is viable in light of the individual's needs and definition of "success."
- d. If the consumer decides not to pursue self-employment, other employment options will be considered and the IPE amended, as appropriate.

#### **1407.07 DORS Approval**

Subsequent to review and recommendations by the RISE Business Plan Development Committee, Business Plans will be forwarded to DORS regional management for review. The review will include consideration of:

- a. The recommendations of the Business Plan Development Committee.
- b. Implications of disability factors.
- c. Specific goods/services requiring administrative approval and completion of the **Administrative Approval (RS-9h)** form as appropriate.
- d. The recommendation of the DORS AFS Director for businesses involving a franchise agreement.

#### **1407.08 IPE Amendment/Service Provision**

If the Business Plan is approved, the DORS counselor will:

- a. Advise the individual and work with the individual to prepare the IPE or IPE amendment as indicated in **Section 1407.08** and **RSM 2, Section 600**.
- b. Seek DORS management assistance in procurement of business goods as approved in the Business Plan.
- c. Upon completion and approval of the IPE or IPE amendment, initiate/implement services in a timely manner.
- d. Inform the consumer they must participate in the **Financial Literacy** course offered by the RISE Program contractor.
- e. Inform the consumer they must maintain at least bi-weekly contact with the RISE Program consultant, to keep the consultant informed as to progress of purchasing services/goods for the approved Business Plan.
- f. Continue to work cooperatively with the RISE Program contractor to assist the consumer with the Business Plan implementation.

#### **1407.09 Establishment of the Business**

The business is considered to have been established when the individual is ready to serve customers or render services and DORS has provided the services designated in the IPE. An employment record shall be entered in AWARE™ at that time (see **RSM 2, Section 907**).

#### **1407.10 Closure of the Record of Services**

Usual closure standards apply (see **RSM 2, Section 1000**). Closure will be considered on an individual basis and requires the approval of the DORS supervisor. Because of the nature of self-employment, it is likely that a period longer than 90 days will be needed before closure of the record would be appropriate.

DORS defines "competitive rehabilitated" closure in self-employment/supported business enterprise as "the point at which revenue meets or exceeds the minimum wage." For a sole proprietor, "revenue" is defined as "net self-employment income minus one-half of the self-employment tax." For Corporations, S-Corporations and Limited Liability Corporations (LLCs), "revenue" is defined as "gross wages plus any income distributions from the entities." The DORS counselor may request tax records of the individual/business to document self-employment earnings.

If all closure standards except the income standard described above have been met by an individual in self-employment, the record shall be closed as "rehabilitated, non-competitive."

If there are questions about whether income standards have been met for individuals who have successfully initiated self-employment, RISE Program staff should be consulted.

**Note:** "Work Status at closure" will be "self-employment."

## **1408 Financial and Purchase Procedures**

The following procedures relate to financing self-employment enterprises. Exceptions will be considered on an individual basis and require administrative approval (see **RSM 3, Section 1005**).

### **1408.01 Expenditure of DORS Funds**

Purchases involving expenditure of DORS funds:

- a. Must be included in the Business Plan and IPE/IPE amendment.
- b. Will be made in accordance with purchase approval requirements (**RSM 3, Section 1000**).
- c. Will be made in accordance with State procurement regulations.

### **1408.02 DORS Purchasing Limitations**

DORS **will not**:

- a. Refinance or repay business debts.
- b. Fund construction or purchase of real estate.
- c. Participate in the purchase of vehicles which require a license to operate (leasing or other options may be considered consistent with the approved Business Plan).
- d. Reimburse consumers for prior expenditures made without pre-approval of a DORS official.

### **1408.03 Authorizations**

Authorizations will be prepared consistent with established procedures (**RSM 3, Section 1100**).

### **1408.04 Business Computer Needs**

Computer software and hardware required as business equipment and specified in the approved Business Plan and in the IPE may be purchased consistent with DORS policy regarding purchase of:

- Adapted computers (**RSM 2, Section 1602**).
- Non-adapted computers (**RSM 2, Section 708**).

### **1408.05 Professional Services**

Business-related professional services, such as accounting services or legal consultation, may be purchased if required and specified in the approved Business Plan and IPE. Fees for such services will not exceed the usual and customary charge which will be determined in consultation with RISE Program staff. Such purchases may require the initiation of service or consultant agreements consistent with State procurement regulations.