

DEVELOPING A SUSTAINABLE FINANCIAL SUPPORT MODEL FOR BUSINESS OWNERSHIP Minnesota DEED – Vocational Rehabilitation Services

FIRST MILESTONE REPORT: GOAL I

Submitted: March 19, 2010

Pursuant to the RFP: “Research & recommend a model of sustainable financial support so the rate of self-employment through small business ownership for Minnesotans with disabilities reaches the same rate as that of all other employed adults in the state within 10 years”

GOAL I. Perform environmental scan of past, present, and future self-employment practices and opportunities, focusing on policy needs, financing strategies, over-arching concerns, vendorization, technical assistance needs, staff development, crucial partnerships, informed consumer choice, et al.

Activity A. Convene a one-day facilitated meeting in October 2009, with VR leadership, the State Rehabilitation Council, selected counselors, and others to review past progress and frame critical concerns for sustainable model development.

The project start date moved out during the award process and Activity A was completed December 3, 2009, with Griffin-Hammis Associates key staff, Cary Griffin, Bob Niemiec, Beth Keeton and David Hammis present to review past progress and frame critical concerns for sustainable model development.

Highlights of that meeting include:

Gaps in Current Infrastructure:

- Vendors and sole-source (supply chain purchases) not a major issue in MN VR?
- Vendorizing business plan writers (shortage outside urban areas)
- Less service/capacity in Rural communities
- Funding gap over \$7200 in VR funding (especially for businesses for \$35,000 to \$400,000 range
Lack of linkage /knowledge of all players/resources in communities across the state...dots are not connected.
- Only 40% of people served by VR receive SSA benefits
- 40% of VR referrals are Youth in transition
- IDAs not being used to support self employment
- Using/leveraging Medicaid Waiver programs for support of businesses

- ✚ Universal design of SE resources (one stop self employment resources for all employment seekers)
- ✚ Need to establish/access/expand loan funds/microlending, etc.
- ✚ Need knowledge of PESS and PASS and other work incentives (1619b etc.)
- ✚ One Stops without small business presence
- ✚ VR (RSA TA Circular): can co-sign on the principal of a commercial loan
- ✚ AT project resources and equipment loans
- ✚ IL linkages for SE support.
- ✚ Kiva.org and other micro lending models
- ✚ May need linkage to get legislative support/language for some of the financial approaches

What Information is Critical to Prospective Business Owners with disabilities regarding Self Employment?

- ✚ Success stories
- ✚ Information on the management/utilization of benefits
- ✚ Info on how to use the process
- ✚ Make the process as simple as possible
- ✚ ADA accessible materials and services
- ✚ Gender/Culture neutral
- ✚ Business/Financial literacy support
- ✚ Where to go to get started....how do we create “no wrong door” for SE services
- ✚ Youth entrepreneurship training and mentoring in schools

Activity B. Collect information from Stakeholder Town Hall meetings already jointly planned with the Minnesota Employment Policy Initiative (MEPI) and the Minnesota Employment Training Services and Technical Assistance Support Center (MNTAT). The MN Pathways to Employment (MIG) recently funded these projects and GHA operates MNTAT and is a collaborator with MEPI. Both projects are collecting employment information statewide and will produce specific information useful to creating sustainable financial models for MN VR. Scheduled for October, these inclusive meetings will gather advice and direction from CRPs,

families, consumers, school personnel, Independent Living Centers, One-Stops, advocacy groups, self-advocates, and others with an interest in the public employment arena.

Town Hall and related meeting information is ongoing, specifically with Community Action Teams through MNTAT, and currently being processed and organized by MEPI and MNTAT. Some of the state wide data has been published from the December 1-2, 2009 First Annual Disability and Employment Conference, and is available online at <http://mntat.org/docs/Final2009ConferenceProceedings.pdf> and as an appendix to this report in PDF format. One set of highlights from a diverse workgroup of participant at the conference are included below.

First Annual Disability and Employment Conference:
Session 2 – Self-Employment and Business Ownership

- Self-employment may be a good option in rural areas
- Recognizing the amount of resources out there
- MNTAT should provide Training and Technical Assistance to providers of families wanting to work through the process – grant could be used to build partnership with universities to set-up a business or start up programs with university students
- Identify possible candidates and use Discovery
- Need to be sure to assess personal qualities to make sure people are well-suited
- Give up the idea that we need to be the expert
- The support network for entrepreneurs needs to be different

Activity C. Conduct a series of phone and e-mail interviews with interested stakeholders unable to attend the face-to-face meetings.

The town hall and statewide meetings to date have provided a diverse base of initial information, with ongoing e-mail and phone communications across the state. Organization of that call and e-mail information is ongoing and will be included in the reports for Goals 2 and 3 of this effort.

Activity D. Perform resource mapping across Minnesota to identify potential partners in building a financially stable and technically competent self-employment system. Outreach will begin with the Small Business Development Centers, Association for Enterprise Opportunity (AEO) members, State Chamber of Commerce, local Community Development Financial Institutions (CDFI), Microlenders, Women's Entrepreneurship Centers, MN Assistive Technology Project loan

fund, MN Community Development Corporations (CDC), the Alliance for MN Microenterprise, Family Assets for Independence in MN, et al.

Resource mapping is in process and continues to identify resources and expand as this activity moves forward. A small partial sample list of a few resources is included below:

Minnesota Minneapolis Consortium of Community Developers

2308 Central Avenue, N.E.
Minneapolis, MN 55418-3710
Executive Director: Jim Roth
Microloan Contact: Jim Roth
E-mail: Jroth@cando.org
Phone: 612-789-7337 Fax: 612-789-8448
Service Area: Portions of the City of Minneapolis
Website: <http://www.mccdmn.org/>

Southern Minnesota Initiative Foundation

525 Florence Avenue
P.O. Box 695
Owatonna, MN 55060
Executive Director: Patrick T. Stallman
Microloan Contact: Patrick T. Stallman
E-mail: patrick@smifoundation.org
Phone: 507-455-3215 Fax: 507-455-2098
Service Area: Sibley, Nicollett, LeSueur, Rice, Wabasha, Brown, Watonwan, Blue Earth, Waseca, Dodge, Olmsted, Winona, Martin, Faribault, Freeborn, Mower, Fillmore, and Houston
Website: <http://www.smifoundation.org>

Southwest Minnesota Foundation

1390 HWY 15 South
P.O. Box 428
Hutchinson, MN 55350
Executive Director: Sherry Ristau
Microloan Contact: Bernadette Berger
E-mail: bernyb@swmnfoundation.com
Phone: 320-587-4848 Fax: 320-587-3838
Service Area: 18 counties of Southwest, MN (Big Stone, Chippewa, Cottonwood, Jackson, Kandiyohi, Lac qui Parle, Lincoln, Lyon, McLeod, Meeker, Murray, Nobles, Pipestone, Renville, Rock, Swift, and Yellow Medicine)
Website: <http://www.swifoundation.org>

Northeast Entrepreneur Fund, Inc.

820 Ninth Street North Suite 200
Virginia, MN 55792

Executive Director: Mary Mathews

Microloan Contact: Bob Voss

E-mail: info@entrepreneurfund.org

Phone: 218-749-4191, or 800-422-0374 Fax: 218-749-5213

Service Area: Aitkin, Carlton, Cook, Itasca, Koochiching, Lake, Cass, Pine and St. Louis counties

Website: www.entrepreneurfund.org

Northwest Minnesota Foundation

4225 Technology Drive, NW

Bemidji, MN 56601

Executive Director: John Osterm

Microloan Contact: Tim Wang

E-mail: Timw@nwmf.org

Phone: 218-759-2057 Fax: 218-759-2328

Service Area: Beltrami, Clearwater, Hubbard, Kittson, Lake of the Woods, Mahnommen, Marshall, Norman, Pennington, Polk, Red Lake, and Rousseau counties

Website: <http://www.nwmf.org>

WomenVenture

2324 University Avenue Suite 200

St. Paul, MN 55112

Executive Director: Tene Heidelberg

Microloan Contact: Jan Jordet

E-mail: sbaker@womenventure.org

Phone: 651-646-3808 Fax: 651-641-7223

Service Area: Cities of Minneapolis and St. Paul and, Anoka, Carver, Chisago, Dakota, Hennepin, Isanti, Ramsey, Scott, Washington, Steele, and Wright counties

Website: <http://www.womenventure.org>

Northwest MnSBDC

Bemidji State University

Jorge Prince

Regional Director

3801 Bemidji Ave North

Bemidji, MN 56601

Phone: 218-755-4255

Fax: 218-755-4903

Email: jprince@bemidjistate.edu

Web Site: <http://www.mnsbdc.com>

North Central MnSBDC

Central Lakes College

Greg Bergman

Regional Director

501 West College Drive
Brainerd, MN 56401
Phone: 218-855-8142
Fax: 218-855-8141
Email: gbergman@clcmn.edu
Web Site: <http://www.mnsbdc.com>

Northeast MnSBDC

University of Minnesota Duluth

Elaine Hansen
Regional Director
11 East Superior St., Ste. 210
Duluth, MN 55802 - View Map
Phone: 218-726-7298
Fax: 218-726-6338
Email: ehansen@umdcad.com
Web Site: <http://www.mnsbdc.com>

South Central MnSBDC

Region Nine Development Commission

Robert Klanderud
Regional Director
1961 Premier Dr., Suite 268
Mankato, MN 56001 - View Map
Phone: 507-389-8875
Fax: 507-389-8868
Email: robertk@rndc.mankato.mn.us
Web Site: <http://www.mnsbdc.com>

Southwest MnSBDC

Southwest Minnesota State University

Liz Struve
Regional Director
1501 State Street - ST 105
Marshall, MN 56258
Phone: 507-537-7386
Fax: 507-537-6094
Email: struve@southwest.msu.edu
Web Site: <http://www.mnsbdc.com>

Twin Cities Metro MnSBDC

University of St. Thomas

Michael Ryan
Regional Director

46 South 11th Street, Schulze Hall 103
Minneapolis, MN 55403 - View Map
Phone: 651-962-4500
Fax: 651-962-4508
Email: mpryan@stthomas.edu
Web Site: <http://www.mnsbdc.com>

West Central MnSBDC

Minnesota State University Moorhead

Len Sliwoski
Regional Director
1104 7th Avenue South
Moorhead, MN 56563
Phone: 218-477-2289
Fax: 218-477-2280
Email: sliwoski@mnstate.edu
Web Site: <http://www.mnsbdc.com>

Southeast MnSBDC

Riverland Hall, 851 30th Aveue, SE Rochester Community & Technical College

Michelle Pyfferoen
Regional Director
1926 College View Rd., Heintz Center
Rochester, MN 55904
Phone: 507-285-7536
Fax: 507-280-5502
Email: michelle.pyfferoen@roch.edu
Web Site: <http://www.mnsbdc.com>

Central MnSBDC

St. Cloud State University

Barry Kirchoff
Regional Director
616 Roosevelt Rd, Suite 100
St. Cloud, MN 56301
Phone: 320-308-4842
Fax: 320-255-4957
Email: bkirchoff@stcloudstate.edu
Web Site: <http://www.mnsbdc.com>

Minnesota SBDC State Office

Minnesota Department of Employment and Economic Development
Michael Myhre
State Director

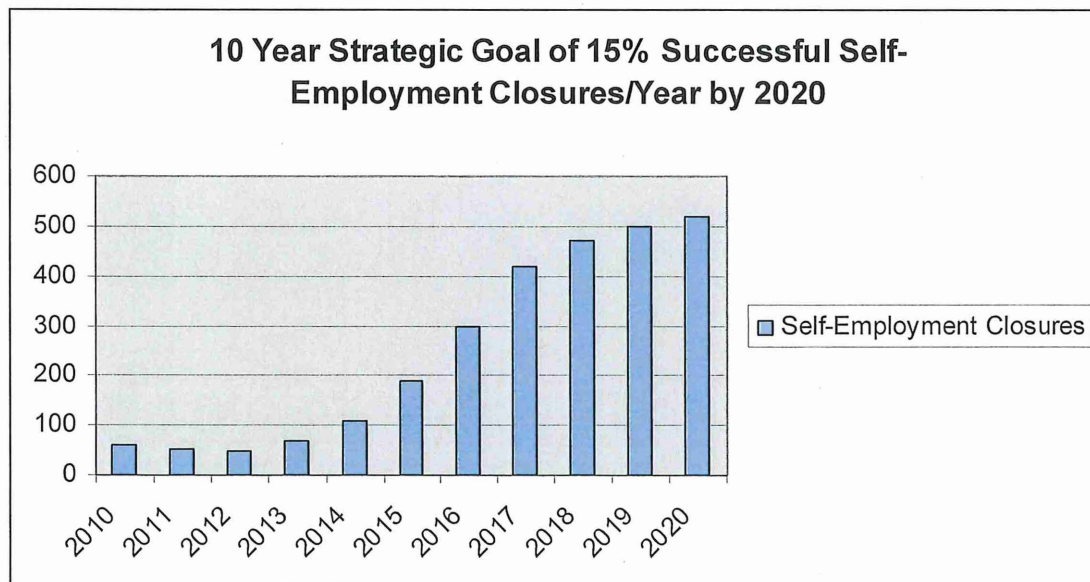
332 Minnesota St., Ste. E200
St. Paul, MN 55101 - [View Map](#)
Phone: 651-259-7423
Fax: 651-296-5287
Email: michael.myhre@state.mn.us
Web Site: <http://www.mnsbdc.com>

Activity E. Consolidate findings and report recommendations and next steps in the development process to VR leadership. Findings help refine and guide activities in Goal II.

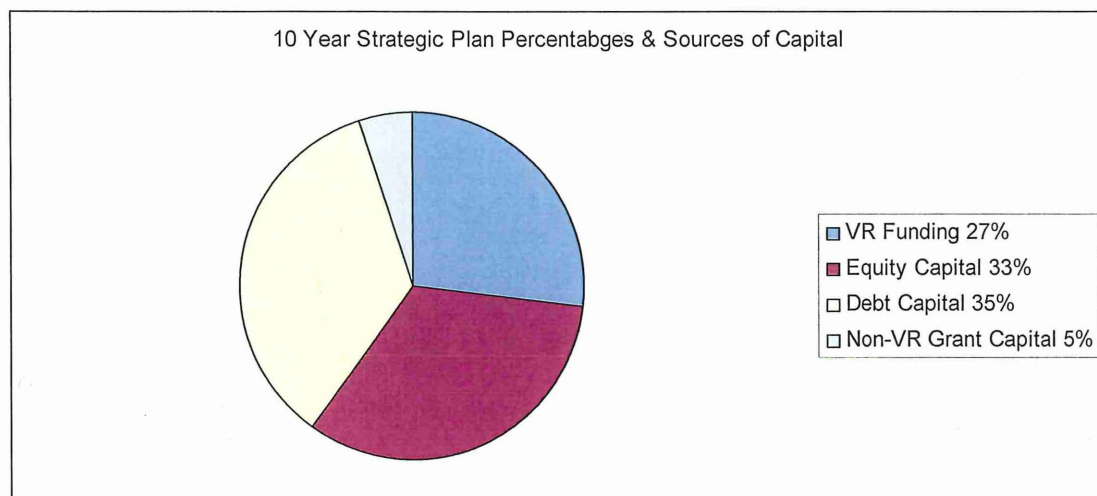
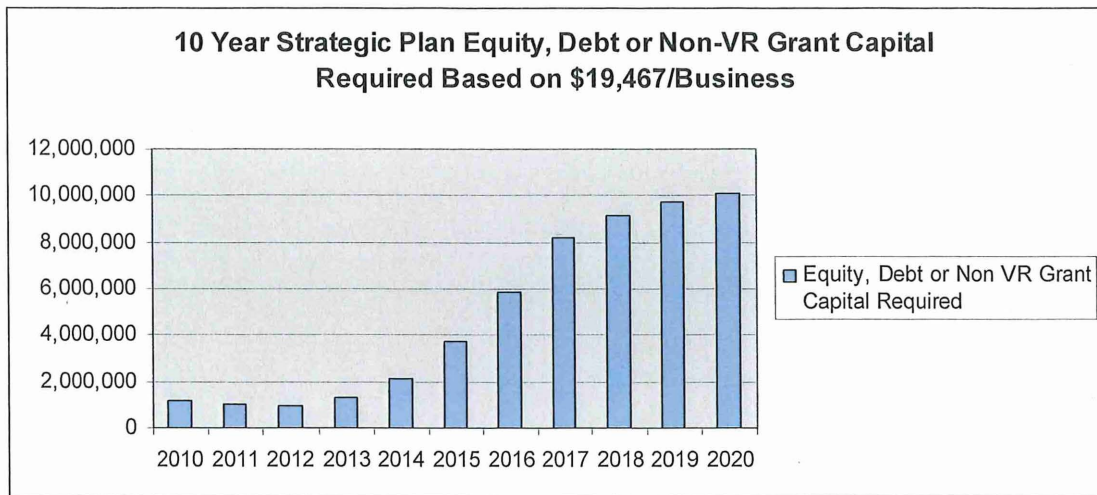
Consolidation of initial findings was informally discussed through a conference call with MN DEED/VR February 25, 2010 with the following information provided during the discussion, followed by a draft version of the following information and findings.

The rate of self-employment assumptions in reports referenced in the RFP varied from 10% to 12% and yet state and national level research indicates variances of 10% to 15% to 20%.

Based on 2008 reported MN self-employment closure ratios, and an average rate of 15% as the 10-year target, the goal works out to an average of 520 self-employment closures by 2020. Applying an early draft of a potential implementation learning curve results in the following graph:



An estimated \$10,000,000 in capital/year will be required beyond VR funding by 2020 to support 520 business startups/year. This early analysis is based on: 15% self-employment closures; an average micro-startup weighted to some degree for rural/urban ratios; data specific to VR; and SBA business turnover ratios (roughly for every business started one business ceases operations).



1: VR Funding 27%, 2020 Total: \$2,700,000

2: Equity Financing (Access to Equity Capital) 33% Goal, 2020 Total: \$3,300,000

- Individual Development Account (IDA)
- Social Security Plans for Achieving Self-Support (PASS)
- Micro Equity Non-Profit/City Partnerships (Buffalo, NY, Robert Grimm Micro Equity Program)
- 401K/Self-Directed IRA Equity Financing (unlikely and not advised, yet left as reference)
- Informal Family-Friends Equity Investment
- Partnership-Formal Business Partner(s) Investment

- ✚ Angel and Micro-Angel Fund Financing (i.e. Inception Micro-Angel Fund, LLC, North Carolina)
- ✚ Venture Capitalists or Accredited Investors (Oak Investment Partners, Minneapolis, MN)

3: Non-VR Grant Financing (Access to Grant Capital) 5% Goal, 2020 Total: \$500,000

- ✚ Small Business Innovation Research Grant (SBIR)
- ✚ Small Business Technology Transfer Grant (STTR)
- ✚ Developmental Disability Council Grants
- ✚ Non-Profit Grants
- ✚ Medicaid Financing

4: Debt Financing (Access to Debt Capital) 35% Goal, 2020 Total: \$3,500,000

- ✚ SBA Micro-Loan Guarantees
- ✚ Non-Profit Loan Guarantees
- ✚ Micro Finance Institutions (MFIs), Micro- Loans Non-Profits, i.e. ACCION, Kiva
- ✚ Bank Loans to Small Business (MN ranks 44 out of 51)
- ✚ Credit Union Loans
- ✚ Peer Loans (Internet)
- ✚ Lending Circles – Non Profit
- ✚ Informal Family Loans
- ✚ Personal - Family 401K Loans & Personal Credit Card Debt (not advised, yet occurs)

Next Steps: (Enhanced early recommendations for next steps complimenting the activities outlined in Goals II and III of the proposal work plan)

Individual Development Accounts (IDAs)

Minnesota scores well on IDAs in use from CFED's September 2009's scorecard, yet scored low overall due to a lack of IDA state level legislation. One early recommendation is to work with policy makers and advocates in MN to provide technical DEED/VRS research and support for comprehensive state legislative and financial support of IDAs which clearly support prospective business owners with disabilities. Current MN IDAs allow for \$40 per month maximum savings

for 24 months, with a 3 to one match (yielding a total IDA current potential of \$3,840 for a business startup as a form of matched equity capital) and are reasonably well distributed across the state's rural and urban areas.

Sample Call Notes from Abby Cooper call: Washington State VR and IDAs- Summary

In WA, state VR decided to use SSA reimbursement money to fund IDAs. In order to make this work, WA VR had to partner with an IDA provider. Initially the IDA funding was for self-employment, but as it grew it expanded to virtually any type of IDA allowed expense (e.g., housing, assistive technology, etc.).

The initial rationale for using SSA funds to support IDAs was based on the fact that VR data demonstrated a self-employment recidivism problem. After VR launched businesses and cases closed, entrepreneurs would find themselves in need of more money on down the road (for a variety of reasons), and they would return to VR by default. It was therefore recommended that these IDAs be funded as a part of the long-term financial planning process and a method of supporting the sustainability of the self-employment plan.

One key component was working with RSA and VR policy to develop policy that supported the exclusion of IDA funds from the financial eligibility calculation.

Federal IDAs

One key recommendation for DEED/VRS would be to start by trying to partner with federal, not state, IDA providers. Given the nature of the economy and the extreme limits most states are dealing with in their budgets, now would be a particularly challenging time for most states to initiate launching any new IDAs.

Federal providers receiving Assets For Independence (AFI) funds, however, are required to have state match for their IDAs. (AFI will not allow them to use federal dollars as match.) Many of these providers are currently struggling to find partners as sources of state funding. As a result of the work done in Washington, AFI created a waiver that allows SSA reimbursement funds to count as state dollars and therefore meet the state match requirement. As a result, it is anticipated that these federal AFI providers (those running federal IDAs with AFI dollars) would be extremely interested in partnering with a state VR agency.

Currently there are two AFI providers listed in the state of Minnesota:

Lutheran Social Service of Minnesota

2485 Como Avenue St. Paul, MN 55108

Phone: (612) 871-0221

Fax: (651) 969-2360

Website: www.lssmn.org

West Central Minnesota Communities Action, Inc.

411 Industrial Park Blvd Elbow Lake, MN 56531

Phone: (218) 685-4486 x129

Fax: (218) 685-6741

A recommended first step would be to connect with these agencies to learn more about their programs and to explore possible opportunities to partner. Additionally, AFI is currently looking for 6 sites to be involved in projects that will target improve the options for individuals with disabilities to accumulate assets. Sites will be recruited on an invitation only basis. Abby Cooper, the consultant involved with that project, has offered to talk with and potentially recommend MN DEED/VRS as one of the pilot sites.

State IDAs

Also as a result of the work done in Washington, Steve Fear, at SSA national policy, has established that anything saved in a state IDA will not count against the individual's resource limit. This policy is in effect not just for WA, but nationwide, provided that the IDAs are essentially set-up as "custodial accounts", e.g.:

- ✚ The person has difficulty accessing the dollars in the account. This is not usually a problem as most IDA providers require 2 signatures for withdrawing funds, etc.
- ✚ Funds need to go directly to the vendor when purchases are made, not through the person. Again, she said this is typically not a problem, but it has to work this way in order for the funds to not count as a resource.

Currently there are no provisions in place to exclude either earned or unearned IDA income contributions from the calculation of countable income. Efforts to push for the exclusion of earned income contributions to IDAs are in progress, and those involved have expressed optimism that there may be some support for this change. SSA is considering giving some waivers for this, but nothing is officially in place yet. However, it is not foreseen that unearned income contributions will ever being excluded from the SSI income calculation.

Legislative Efforts

It took three times to get the legislation pushed through in Washington. One recommendation for MN DEED/VRS would be to start with the federal IDAs providers receiving AFI funds to get things going and to simultaneously work on building a strong coalition for promoting the development of state IDAs. Potential members for the coalition might include (but not be limited to), the following:

- ✚ Housing Authority
- ✚ Community Action Programs
- ✚ Local banks
- ✚ Realtors
- ✚ Construction organizations
- ✚ School System

It was noted that the school system could be a particularly powerful ally because the system tends to have clout with the legislators, and since IDAs can be used to support higher education, there is a natural interest on the part of the schools to push for this legislation.

In Utah, they were able to establish state legislation to support IDAs for assistive technology. In this case, it was the IDA provider who truly was responsible for getting the legislation through. Experience has shown that partnering with IDA providers can be a huge asset in pushing through legislation, since the providers frequently have very strong lobbyist.

Overview of General Recommendations:

- ✚ Start with federal IDAs... try to partner specifically with those receiving AFIA funds who need state match
- ✚ Use SSA reimbursement dollars to fund the match
- ✚ Build strong coalition interested in supporting development of state IDAs
- ✚ Research current AFI options (new grant coming out, pilot projects targeting asset development, etc.)
- ✚ Plan for support needs in managing IDAs (at individual level)... strategies for identifying individuals for whom this would be a good option
- ✚ Include component of teaching financial literacy to VR counselors

Sample Call Notes from Gary Shaheen, StartUp/NY, NY MIG, and Syracuse University:

StartUp/NY (SU/NY) IDA Development Process

The 2 year journey from “0” IDA’s used to provide capital for prospective business owners with disabilities in Syracuse, NY to 49 IDA’s individuals with disabilities used or are using now to for business startup equity capital

During Start-Up NY implementation, the program director, Gary Shaheen, connected with Syracuse Cooperative Federal, a Federal Credit Union. Syracuse Cooperative Federal had an IDA program with AFI funds, but most slots had gone towards housing. When the Start-Up NY team approached them, there were four slots left for entrepreneurial development. These had been set-aside for minorities and women, but four SU entrepreneurs applied and were accepted.

In the next year, the Start-Up NY group wrote a grant to the Kaufman Foundation to fund 12 additional IDA slots for entrepreneurs at \$1000/apiece. Funds were matched 1:1, so when the entrepreneurs saved \$1000, they were able to pull down the matching \$1000. These were not

AFI funds, but were provided through a private foundation, and then overseen (and administered) by Syracuse Cooperative Federal.

Last year, they wrote another grant to the Gifford Foundation for an additional \$35,000 to fund another 35 IDA slots. MIG money is being used to pay the credit union for the administration of these funds and then the credit union (Syracuse Cooperative Federal) will administer the program. For the Gifford grant, it was really someone at the Credit Union (Christine Sauve) was the one responsible for developing and pushing through the Kaufman Foundation grant, which reinforces what was previously said about the strength and lobbying power of the IDA providers.

Considerations

It is believed that a large part of what made the Start-Up program attractive as a partner was that they (SU) provided comprehensive business training, benefits planning, and financial literacy. As a result, SU participants did not have to participate in the equivalent credit union programs.

Because the grant funds were not AFI funds, there has been some concern over whether SSA could potentially count them as resources.

Access to private Equity Capital:

Minnesota ranks 44th in the country for private loans and private capital for small businesses. There is various competing research backed by strong views for and against legislation in MN that the issue is MN's lack of tax credits for Angel Investors, (MN allows no tax credits for high risk angel investors). As recent as February 10th, 2010, legislative hearings have debated this issue due to recent innovative startups again moving out of MN to Wisconsin and 28 other states where there are significant tax credits to encourage angel investors to invest in business startups.

Also, a relatively new innovation in the angel capital industry is emerging as "micro-angel capital" in North Carolina and is expected to continue to expand, specifically in rural areas of the country. At this point, however, MN continues to defeat Angel Capital Tax credits, so the introduction of micro-angel capital is not a factor yet could be anticipated to be in the next 10 years. One example of recent research based testimony to the MN legislature state:

"Since 2007, three biotech start-ups that spun off from the University of Wisconsin-Madison and received angel money fetched \$1 billion from outside buyers, a greater value than the 107 companies that the University of Minnesota spun off over the past 25 years."

"Angel capital fills an important funding "space" once occupied by venture capital. Venture capitalists used to invest in early-stage ventures but have shifted their investments toward more mature – and therefore less risky – businesses. In 1995, 38 percent venture capital investment was in seed and early-stage companies. But by 2005, companies at these stages received only 19

percent. Officials from the U.S. Department of Commerce and the European Commission have declared this a “fundamental market failure in early stage financing.”

Focusing on Rural Small Business development as a key 10 year development strategy.

Published state VR data and research to date clearly indicates that rural states lead the country in self-employment closures. Based on that data alone a strategy to focus MN VR resources and early efforts to effect systemic changes leading to improved access to capital in rural MN is recommended.

Below are a few excerpts from “Lessons Learned from a Review of Policies and Practices Impacting Self Employment Outcomes within the Federal/State Vocational Rehabilitation System, April, 2009 , Self-Employment Technical Assistance, Resources, and Training Center (START-UP/USA) Grant Revell, M.S., M.Ed. and Katherine Inge, Ph.D., O.T.R., Virginia Commonwealth University, Richmond, VA 23284-2011”.

The State VR General or Combined Agencies with the highest percentage of self employment closures in FY 2007 are presented in Table 2. The General/Combined VR agencies in Mississippi (12.6%), Wyoming (7.9%), Alaska (6.6%), and Maine (6.0%) had the highest percentage of self employment closures. With the exception of Ohio, all of the states presented in Table 2 would generally be considered to be more rural with limited, frequently dispersed populations.

Table 2: 11 VR Agencies (General/Combined Only) with Highest % of Status 26 Closures in Self Employment: FY 2007

State VR Agency: General/Combined Only	FY 2007: % of Status 26 Closures in Self Employment	# of Status 26 Closures in Self Employment
1. Mississippi	12.6%	572
2. Wyoming	7.9%	55
3. Alaska	6.6%	35
4. Maine	6.0%	42
5. New Mexico	4.3%	74
5. Vermont	4.3%	63
6. Idaho	4.1%	86
7. North Dakota	4.0%	36

State VR Agency: General/Combined Only	FY 2007: % of Status 26 Closures in Self Employment	# of Status 26 Closures in Self Employment
8. Iowa	3.6%	77
9. Ohio	3.2%	288
10. Montana	3.1%	28
National Summary	1.7%	3,246

A primary example of a state that does not have specific policies and practices that appear to be noticeably proactive towards self employment is the Combined VR Agency in the state of Mississippi. The Mississippi General VR agency consistently has a closure rate in self employment (12.7% in FY 2007) more than six times the national average of 1.7%, and 60% higher than the state with the next highest closure rate (Wyoming at 7.9%). Extensive interviews were held with agency staff in Mississippi, and the state policies and practices related to self employment were analyzed. The general position of State staff in Mississippi is that self employment is a primary cultural and economic strategy in that state. Its use by persons with disabilities was a response to a small town dominated economy with above average unemployment and cultural support and acceptance for self employment endeavors across populations. There are some states like Mississippi where specific policies and practices proactive towards self employment are not apparent. It just happens there frequently.

Youth and Self-Employment

“Nearly 80 percent of would-be entrepreneurs in the United States are between the ages of 18 and 34! A 2005 poll from Junior Achievement (JA) found that 68.6 percent of the teenagers interviewed wanted to become entrepreneurs, even though they knew that it would not be an easy path. In spite of this overwhelming interest, however, youth rarely receive any information about entrepreneurship as a career option. “

Unincorporated Business & IRS statistics:

Unincorporated businesses are more typical micro-and SME (Small to Medium) enterprises and currently exceed 38 million self-employed owner/workers reporting self-employment income of over \$945 billion total, who cannot report wages from their sole proprietorships or partnerships by IRS laws).

National IRS data of self-employment income generated in this country indicates self-employment income is a substantial: \$945 billion/year earned by 39.8 million self-employed owners-workers totaling 21% of the income of all wage and self-employed

workers. 39.8 million owners-workers producing \$945 billion in self-employment income each year is clearly a significant percentage of workers choosing self-employment.

IRS data published in the fall of 2008 indicates in 2006 there were a total of 22.1 million non-farm sole proprietorship owners and 17.7 million non-farm partners in partnerships, for a total of 39.8 million unincorporated business owners/workers who cannot report wage earnings from their unincorporated businesses since IRS law does not allow wages paid to the owners. 39.7 million unincorporated business owners compared to the roughly 150 million employees reporting wages is approximately 26% of the non-farm workers in this country earning a total in net profits as their income of \$945.7 billion, approximately 21.1% of the total wage employee's earnings of 4.5 trillion, who are not reporting wages to DOL from their unincorporated businesses, and not supported by WIA or DOL in starting their unincorporated businesses that are increasing in business entities by 2.8 % in sole proprietorships and 5.8% in partnerships each year.

To address the perception that people with disabilities are a "small sub-set" of the population served by One Stops through WIA, the recent, September 2009, report from the Center for Economic and Policy Research concludes that: ***"Half of All Working-Age Adults Experiencing Income Poverty Have a Disability."*** In 2005, about 54.4 million people (18.7 percent) in the civilian non-institutionalized population reported some level of disability. About two-thirds of these people (almost 35 million) had a disability that seriously interfered with everyday activities, made it difficult to remain employed, or rendered the person unable to perform or in need of assistance with various functional activities.

Starting in January of 2009, the Department of Labor has released unemployment and related labor force data for persons with disabilities on a monthly basis, just as it does for other demographic groups. In August 2009, the employment-population ratio for people with disabilities was about half of that for people with no disabilities—among men age 16 to 64, 30.6 percent of those with disabilities were employed compared to 75.9 of those with no disability; for women in the same age range, the ratios were 26.9 percent and 65.8 percent respectively. In August, 22.2 percent of persons age 16 and over with disabilities were in the labor force compared to 71.2 percent of those with no disability. "

WIA encouraging and supporting self employment as a legitimate employment goal and authorizing WIA support for entrepreneurial training, while simultaneously discouraging self-employment due to a lack of performance measures for self-employment non-wage outcomes is not working well. Currently WIA is producing only a "minute percentage" of self-employment outcomes due to WIA performance measure barriers, yet not due to actual worker choices or national self-employment realities. WIA needs to be altered in

a thoughtful and concise manner to clearly support individuals choosing to start unincorporated businesses.

MN VR Self-Employment Proposal – Interview and Written Response from Jim Huston, Venture Mentors, CPA

Interview and written response from Jim Huston, Venture Mentors, CPA, and Griffin-Hammis Associate with ongoing national active involvement with prospective business owners, PASS, SSI, business planning and VR development requests

Developing a plan for facilitating successful employment outcomes for persons with disabilities is a complex matter involving numerous components. This document is divided into sections which describe the major program components that have been used across the country. Different states have approached the matter in different ways. None of the states have a program which will be a perfect fit for Minnesota, but several states have elements which can be employed in the development of a program.

Identification of Candidates for Self-Employment and Initial Information Gathering Process

Most states do not have a formal process for identifying individuals who would be strong candidates for self-employment. Typically, a self-employment goal originates at the request of the consumer being served and may occur within any caseload across the state. Once the individual has expressed a desire to become self-employed, some states have well-defined processes which guide the VR counselor on next steps. The state of Washington is one such state and a copy of their VR agency self-employment policy is attached as an example in Appendix E. Kentucky has identified self-employment specialists among its VR counselors in each region of the state. Individuals who wish to be self-employed work primarily with these designated specialists. This allows the counselor to be more familiar with self-employment policy and possible funding sources and can be a more objective advocate for the consumer. Kentucky could significantly improve its program by identifying community partners and providing training to the self-employment specialists on business basics and the functions and capabilities of potential community partners.

Once a potential self-employment candidate has been identified, the VR counselor needs to collect information about the business concept and what the individual needs in terms of services and support to bring the concept to fruition. The best practice in this area would be utilization of a standard information gathering or self-employment intake form, although it is unclear whether any state actually uses this process. An example of this initial information gathering tool is found in Appendix A.

An initial "Proof of Concept" should be also be conducted at the time of initial intake. The Proof of Concept is used to determine if the person has done basic research on the viability of the business idea, has identified supports which will be necessary to complete the feasibility analysis, and has considered the next steps in planning for the business. The Proof of Concept

process has been formalized in some states and the form attached as Appendix B has been used in Kentucky and Washington. Neither of these states require this, or any other form, but the example provided has been used as a tool when dealing with self-employment in specific cases.

Feasibility Analysis

A feasibility analysis is an in depth review of the business concept including marketability and expected sales of a business. By doing a feasibility study as a first step, time and money can be saved on businesses which are not really viable. A few states allow limited funding for a feasibility study prior to the creation of a business plan. Most states will not provide any start-up funding for a business until a business plan has been created. Florida is one of the states which allows the use of limited funds for feasibility analysis. Based on initial information, it may be necessary to conduct surveys, build prototype products or pay for professional consultation to insure that the idea is viable in the marketplace. The feasibility analysis needs to be planned and the use of any funds justified as necessary to prove the feasibility of the business. This feasibility analysis provides the basis for the marketing information. Score, SBDC and university business schools can be useful partners in developing a feasibility study. This is a step that is often overlooked. A person with a background in business should participate in developing the feasibility study.

Business Plan Development

There is great diversity in the approaches of different states regarding the development of a business plan. On one end of the spectrum, states like Tennessee requires a completed business plan before they will consider approving a goal of self-employment goal. In these cases, the state VR agency does not provide any funding or assistance for the development of the business plan - the consumer is left to figure it out on their own. Another approach is a referral to SBDC, SCORE or other free service. Score and SBDC can provide some level of guidance in the creation of a business plan (provide examples, offer feedback, etc.) but they generally will not participate in actually writing the plan.

At the other end of the spectrum, states like Florida have implemented a system where the business plan is created by a trained professional employing a structured interview process. Washington requires the business plan to be written utilizing an approved vendor paid for by the State VR agency. Illinois and California require that an extensive structured form be filled out in addition to a business plan. Kentucky has had several state demonstration projects which employ a self-employment cooperative model, with one of the members of the cooperative assisting with the business plan. This cooperative model will be discussed further in the section on business supports. It is important that the consumer or the support people work on the business plan at a significant level. There needs to be a level of commitment from the consumer, but many consumers do require fairly significant assistance in writing the business plan. A significant issue in creating the business plan is the audience. If the consumer is a good PASS candidate the Social Security PASS requirements must be met. If the person will qualify

for a SBA micro-enterprise loan, the business plan must meet their specifications. The audience of the business plan should have been determined during the initial intake.

Approval of the Business Plan

There is great diversity in the mechanisms state VR agencies use for business plan approval. There is generally a tiered system which allows the counselor to approve small amounts from their caseload dollars with larger amounts require review from a supervisor, self-employment expert or self-employment committee. Kentucky currently requires review by the SBDC or an approved vendor. Approval is then requested from a self-employment committee. California and Ohio rely on reviews by specific outside agencies with which they have support contracts.

Training on Aspects of Business Plan Development or Operating a Business

Several states suggest or require the consumer (or member of the employment support team) to attend certain training sessions. This is most often training by the SBDC in their regular offerings, but can also be training at the local community college. This training is most often focused on marketing, business planning and basic small business accounting. Training may also be required for specialized software or other specialized business needs. This training is often undertaken before or during the development of the business plan. Many state Vocational Rehabilitation agencies will not fund training for support people, even in the training is necessary for the success of the business.

Business Supports

The most common way states deal with self-employment is to fund the business, then stand back and hope for the best. Unfortunately, this lack of follow-up significantly reduces the odds of the business succeeding over time. Most businesses struggle because of failure to understand or apply basic business practices. This is true of state VR agency clients with disabilities and is true of the general population of entrepreneurs. A few states have employed longer-term support systems. The following states are among those which have employed the longer term supports.

- Florida - Florida has implemented Certified Business Technical Assistance and Consultation (CBCAT) which is a training and support model. Individuals receive training to become a certified provider of services funded by the State VR agency. These individuals assist in many facets of the business planning and start-up. If feasibility analysis is required, a CBTAC provider will assist, and be compensated for the work. A CBTAC can develop a business plan based on a series of interviews with the beneficiary. A CBTAC can also provide ongoing support through implementation of the business plan and initial months of business activity.
- Washington - Washington identifies a Vocational Rehabilitation business services vendor who follows the business through the first months of operations and provides reporting

back to the State VR agency.

- Alaska - As part of Start-up USA, Alaska developed a virtual cooperative model. A team was created which held teleconferences with the consumers throughout the state. Marketing approaches and business issues were discussed. The businesses received the guidance necessary to improve success.
- Kentucky - Kentucky has launched demonstration projects to test the viability of a small business cooperative model. The last of these was launched in May 2007 and is now complete. A partnership between Vocational Rehabilitation, a local nonprofit and a supported employment provider was created. The small team of four people met regularly and make assignments for specific tasks. The nonprofit provided expertise in business plan development, marketing, web development, business acumen and accounting. They were written into the business plan on a fee for service basis. This nonprofit is essentially a micro-enterprise incubator and included professionals in marketing, finance and business development. The cost for the on-going support is greatly reduced because of they are dealing with several businesses rather than a single case. The services included marketing materials, accounting, assistance in developing purchasing, tax planning and assistance in all other general business needs. The supported employment provider provided oversight in the delivery of services in addition to any supported employment requirements.

By using the nonprofit for delivery of services, KY VR was able to have better information about the business success. The consumer got help with product development, advertising, distribution and accounting with the nonprofit reporting on the progress. Most of the support was delivered via email or telephone. Accounting was managed for all businesses and reports delivered to KY VR on a monthly basis. By providing on-going business supports, the level of success was greatly enhanced. Of the 6 businesses initially identified for this process, all are currently in business. Five of the businesses continue to use the supports available through the nonprofit entity. The nonprofit entity has the capability of soliciting charitable donations for long-term supports for the businesses beyond the six month scope normally associated with state VR funding of businesses.

Financing Business Start-Up

Funding self-employment is one of the major challenges to state VR agencies. There is no one-size-fits-all. The VR professionals need to be able to evaluate the consumer and identify what avenues are available. This evaluation should have taken place at the time of the initial intake. The following are some of the avenues for financing.

- Vocational Rehabilitation - There is a great diversity in the financial support provided by Vocational Rehabilitation. Some states require a consumer match of up to 50%. With

many Vocational Rehabilitation consumers this amount is prohibitive. Some states have a very structured financing schedule. The following is the schedule of business fees paid by Florida to the CBTAC professionals.

Initial Meeting	\$300.00
Module 1: Business Concept Development	\$1750.00
Module 2: Market Research & Benefits Analysis	\$600.00
Module 3: Marketing Plans & Business Financials	\$1750.00
Module 4: Business Plan Development	\$600
Completed Business Plan	\$2000.00
Business Plan Implementation	\$39/hour

- Missouri, Kentucky, Washington and Georgia, among others, have defined the acceptable limit for funding at \$10,000. Other states, such as South Carolina and West Virginia have set the limit at \$3,000 - \$4,000. A survey of some of the state's funding and limits can be found in Appendix C.
- Plan for Achieving Self-Support (PASS) - For those who qualify, PASS is a very good financing option and should be explored. PASS is available to certain Social Security disability beneficiaries. Determining if the PASS is viable requires the support of a Community Work Incentives Coordinator (CWIC), or other person knowledgeable in Social Security work incentives. Some states fund assistance in writing a PASS while others do not. Funding the development of PASS can reduce the amount of money that would be paid from Vocational Rehabilitation funds.
- Small Business Administration (SBA) loans -Small business loans are often overlooked as a potential source of financing. There are certain requirements which must be met to get the loan. Micro-enterprise loans follow a different course than regular SBA loans. They are funded through agencies rather than banks. Each agency has some latitude in the requirements. In Kentucky, a micro-enterprise loan is not available unless the applicant has been turned down by more than one bank. Many agencies that work with these loans require minimum credit scores or collateral. This excludes many of the Vocational Rehabilitation consumers. Regular involvement of SBA with Vocational Rehabilitation consumers should be encouraged when the consumer can qualify for financing. In Minnesota the SBA micro-enterprise loan agencies can be found in Appendix D.

- **Revolving Loan Programs** - Several states have loan programs available to State VR agency consumers. These loan programs have great diversity in how the program operates, who controls the money and how much money is available. The total amount of money in these programs varies greatly. Some are funded with as little as \$25,000 while others have hundreds of thousands of dollars. Management of these funds varies greatly as well. In Illinois the funds are managed and controlled by a state assistive technology agency with no direct tie to Vocational Rehabilitation. In Kentucky the funds are under the control of Vocational Rehabilitation but managed by a local community bank. These programs are generally funded with special funding approved by the state legislature. Some of the loan programs are a preferred method of funding businesses for state VR clients, while other loan programs are so restrictive there are few loans outstanding at any given time. The optimum is having the funds available for people who cannot qualify for SBA funding. At the same time, risk should be minimized so the funds are reapid and remain available to support other participants.
- **State Grants** - Some states, such as Ohio, have micro-enterprise grants to assist in the start-up of micro-enterprises. The grant is awarded to an individual for specific expenditures. The money is controlled by a third party for disbursement for the specific items approved. The Ohio grant is a maximum of \$5,000 and is used primarily for start-up expenses.
- **Medicaid Waiver** - Ohio has approved a very unique source of business funding. State Medicaid self-directed funds can be used to fund a business start-up. In one case the funding over a two year period exceeded \$50,000 from this source.
- **Nonprofit funding** - In the Kentucky model presented in the section on Business Supports, a nonprofit was used to provide services to people with disabilities. State VR funds can be used for a limited period of time. This nonprofit is essentially a micro-enterprise incubator and can be promoted as such. Properly promoted to the business community, the nonprofit can be a vehicle to provide grant or loan funding to certain state VR consumers. Supporting small businesses is something which could be attractive to a variety of businesses and civic organizations.
- **Individual Development Accounts (IDAs)** – Minnesota and has a state-wide IDA program. Funding a small business is one of the approved uses of an IDA. Some states, such as Mississippi, have IDA programs that are only available to individuals with disabilities.
- **The RSA** allows state VR agencies to guarantee loans to consumers. This may be a way of funding programs if a revolving loan program is not feasible or is under funded.

VR Agency Staff and Community Partner Training

Several levels of training are necessary for a successful self-employment program. Self-employment specialists should have a business background or receive training on basic business principles. Training should be available to VR self-employment specialists on:

- conducting feasibility analysis.

- reading a business plan and the factors which make a good business plan.
- services which are available from community partners and how their consumers access the services.

Relationships should be developed between staff and

- SBA micro-enterprise loan agencies
- SBDC offices
- university business schools
- SCORE offices

Training on state VR programs and services should be offered to all community partners.

Two other training options have been utilized. Florida provided training to the CBTAC professionals through a partnership with a university. This gave the state a more consistent service across the state. South Dakota offered a training (including CPE credits) to accountants who were interested in supporting businesses of people with disabilities. This training was conducted by an accountant and covered the basics of Social Security programs and the tax and accounting implications of self-employment for people receiving Social Security Disability and state VR self-employment consumers in general.

Appendix A

Self-Employment Initial Interview

Applicant Name _____	
Address	_____ _____ _____
Applicant Social Security Number - - _____	
Applicant Age _____	
General Information	
Has a Proof of Concept been completed? Yes/No	
What Agencies/Services does the applicant qualify for?	
Vocational Rehabilitation	<input type="checkbox"/>
One-Stop	<input type="checkbox"/>
Blind Services	<input type="checkbox"/>
Brain Injury Association	<input type="checkbox"/>
Veterans	<input type="checkbox"/>
Mental Health	<input type="checkbox"/>
MR/DD	<input type="checkbox"/>
Medicaid Waiver	<input type="checkbox"/>
	Notes
	_____ _____ _____
What other services does the applicant qualify for?	
CWIC	<input type="checkbox"/>
CIL	<input type="checkbox"/>
CRA	<input type="checkbox"/>

Will the applicant require on-going supports to be successful? Yes/No If so, who will provide the supports?	
Family	<input type="checkbox"/>
Med Waiver Provider	<input type="checkbox"/>
Business Partner	<input type="checkbox"/>
Supported Employment	<input type="checkbox"/>
Other(describe)	<input type="checkbox"/>
	_____ _____

Public Benefits/Financing

If on Public Benefits, does the applicant understand the effects of self-employment income on the Benefits? Yes/No

Has the applicant talked to a benefits specialist or agency about their benefits?

What options does the applicant have for financing?

Vocational Rehabilitation

☐

One-Stop

☐

SSA PASS

☐

Family

☐

Owner

☐

Loan

☐

Veterans

☐

Blind Services

☐

Brain Injury Association

☐

Other (describe)

☐

Business Planning

Will the applicant be able to do test marketing/survey/presales without support? Yes/No

If support is required, who will provide it?

Will the applicant and/or natural support system be able to write a business plan without support? Yes/No

If not, what level of support will be required?

Final review

☐

Compiling of final plan

☐

Section by section support

☐

Interview and writing

☐

Does the applicant and/or support need help choosing structure, Insurance, other basic business requirements? Yes/No

Does the applicant and/or support system need business training?

Starting Your Business

Developing a Business Plan

☐

Conducting a Marketing Analysis

☐

Analyze your Competition

☐

Targeting Your Market

☐

Maintaining an Agile Company

☐

Creating a Competitive Advantage

☐

Creating a Strategic Plan

☐

Determining Your Business Legal Structure

☐

Protecting Your Business with Patents, Copyrights, and Trademarks

☐

Managing Your Finances

Preparing a Cash Budget	<input type="checkbox"/>
Preparing a Balance Sheet	<input type="checkbox"/>
Managing Your Cash Flow	<input type="checkbox"/>
Running a Profitable Company	<input type="checkbox"/>
Creating a Profit and Loss Statement	<input type="checkbox"/>
Analyzing Your Financial Ratios	<input type="checkbox"/>
Protecting Your Business with Contracts	<input type="checkbox"/>
Assessing Your Company's Financial Needs	<input type="checkbox"/>
Partners and Investors	<input type="checkbox"/>
Valuing a Business	<input type="checkbox"/>
QuickBooks Basic	<input type="checkbox"/>
QuickBooks Intermediate	<input type="checkbox"/>

Foundations of Marketing

Pricing Products and Services	<input type="checkbox"/>
Building Your Brand	<input type="checkbox"/>
Promoting Your Business	<input type="checkbox"/>
Advertising Your Business	<input type="checkbox"/>
Building a Web Site	<input type="checkbox"/>
Personalization Strategies to Attract and Retain Customers	<input type="checkbox"/>
Identifying Your Sales Strategy	<input type="checkbox"/>

Other Training (please describe)

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Griffin-Hammis Associates, LLC:

Milestones			
Task	Start Date	End Date	Responsible Person or Agency

Griffin-Hammis Associates, LLC:

Appendix B

Business Proof of Concept

1. What do you plan to sell?
2. Who do you plan to sell it to?
3. Who is your competition?
4. Why will people want to buy from you instead of your competition?
5. Have you done any surveys or asked questions of potential customers?
6. What supplies and equipment will be necessary?
7. Where will the business be located?
8. What experience do you have?
9. How do you plan to finance start-up?
10. Is Vocational Rehabilitation involved?
11. Do you understand how self employment will affect your benefits?

Who will provide initial functions?

Function	Who will do it?	What is the cost?	Who is Paying?
General Management			
Market Research			
Business Planning			

Griffin-Hammis Associates, LLC:

Start-up Coordination			
Legal Advice			
Benefits Planning			

Appendix C

State	Match Required	Match Amount	Funding Max	Financial Policy
Florida	No	None	No funding ceiling is established.	
Georgia	Yes	25% of start-up costs	<p>2 levels:</p> <ul style="list-style-type: none"> Up to \$3000 in funding: requires a brief business plan \$3001-\$10,000: requires full business plan <p>Regional director can approve expenditures beyond either of these levels.</p>	<p>414.1.08 The VR Program may support two levels of self-employment businesses, one level with support up to \$3000 and the second level with support over \$3000 and up to \$10,000. The regional director may approve expenditures considered as appropriate and reasonable beyond either of the established levels. This approval shall be documented in the case file.</p> <p>414.1.11 The client shall be responsible for contributing a minimum of 25% of the start-up cost of the business. This contribution shall be either in-kind or financial through provision of actual funding.</p> <p>414.1.21 Disallowed Self-Employment Services</p> <p>B.2 Payment of deposits and continuation of payments for any utilities associated with the self-employment venture</p>

				such as electricity, gas, telephone, Internet service, water, waste collection, etc.
Indiana	Yes	<ul style="list-style-type: none"> 25% of individual's establishment and start-up expenses. VRS will fund up to a \$30,000 max in Y1 and a \$15,000 max for each subsequent year. Individual must fund anything in excess of these limits (even if it takes the contribution over 25%) 	<p>Either:</p> <ul style="list-style-type: none"> 75% of the individual's share (if more than one owner), or \$30,000 in first-year costs plus \$15,000 per each additional 12 months of the start-up period 	<p>PPM 550.40</p> <p>Financing Requirements and Limitations: Multiple Source Financing Requirement</p> <p>"VRS will not be the sole source of financing for the establishment and start-up costs of any small business enterprise"</p> <p>550.41 LIMITATIONS OF VOCATIONAL REHABILITATION ASSISTANCE</p> <p>(1) Establishment and initial start-up costs of a small business enterprise funded by vocational rehabilitation will typically not exceed the lesser of either:</p> <p>(A) 75 percent of the individual's share of the establishment and initial start-up costs of the enterprise, the individual's share of the establishment and initial start-up costs being his or her percentage of ownership in the business; or</p> <p>(B) \$30,000 in first-year costs, plus \$15,000 per each</p>

				additional 12 months of the initial start-up period.
Maryland	Yes	<p>No specified amount.</p> <p>Policy clearly states that DORS will not be the primary funder and that all individuals in self-employment are required to share in the risk, even if they otherwise have \$0 in financial participation.</p>	\$15,000	<p>1403 Financial Standards.</p> <p>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...Social Security work incentives, and other private or public sources.</p> <p>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. This includes individuals with \$0.00 financial participation as determined through the Financial Need Policy, RSM 3, Section 1400.</p> <p>e. In situations where Division 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 IPE. Financial assistance</p>

				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 reimburse consumers for expenditures that have not been pre-approved by a DORS official.
Missouri	Match required for any funding in excess of \$5000.	<p>VRS can fund:</p> <ul style="list-style-type: none"> ▪ up to 100% of initial \$5000 costs. ▪ Up to 50% of all costs between \$5001- \$10,000 (customer contributes other 50%) ▪ Up to 25% of all costs in between \$10,001 - \$20,000 (customer contributes other 	<p>Calculations imply maximum funding of \$10,000:</p> <p>\$5000 (initial) + \$2500 (50% of next \$5k) + <u>\$2500</u> (25% of next \$10k) = \$10,000</p> <p>Policy states that all self-employment plans which exceed DVRs total contribution of \$10,000 must be reviewed and approved by the Self-Employment Review Team.</p>	<p>5 CSR 90-5.470 Self-Employment</p> <p>(4) DVR may only contribute in purchasing of required business equipment, supplies, rent (up to six (6) months) or other start-up costs identified in an approved business plan for self-employment.</p> <p>(A) The client should contribute toward the cost of the planned services to the maximum of their abilities. The client must make application for all available comparable services, such as micro enterprise grants, Small Business Administration assistance and Rural Missouri Incorporated assistance.</p> <p>(B) The percentage of DVR's contribution will depend upon comparable services or client contributions toward the self-employment plan as well as the overall cost of the planned</p>

		75%)		<p>services. DVR may contribute as follows:</p> <p>1. Identified start-up costs from one dollar to five thousand dollars (\$1 to \$5,000) up to one hundred percent (100%) DVR's contribution;</p> <p>2. Identified start-up costs from five thousand one dollars to ten thousand dollars (\$5,001 to \$10,000) up to an additional fifty percent (50%) beyond DVR's initial contribution of five thousand dollars (\$5,000);</p> <p>3. Identified start-up costs from ten thousand one dollars to twenty thousand dollars (\$10,001 to \$20,000) up to an additional twenty-five percent (25%) of twenty thousand dollars (\$20,000) beyond DVR's contribution listed above; and/or</p> <p>4. All self-employment plans which exceed DVR's total</p>
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				contribution of ten thousand dollars (\$10,000) must be reviewed and approved by the Self Employment Review Team.
North Dakota				<p>Policy has information on a revolving loan fund administered by the Lewis and Clark Regional Development Council (L&CRDC). Fund appears to be specifically designed for VR customers and involves a contract or cooperative agreement between ND Rehabilitation & Counseling Services (RCS) and L&CRDC.</p> <p>Maximum loan is \$5000. Client is required to match 10% in cash.</p> <p>Policy is unclear as to whether additional funding could be available directly from RCS. No provisions stating funding is available were found... nor did policy explicitly prohibit it.</p>
Texas	No	None	Area manager must approve funding in excess of \$3000; Regional director must approve funds exceeding \$10,000.	Self-employment cost means the cost of starting and maintaining the business. Self-employment costs do not include: the cost of training, business plan development, rehabilitation technology, and disability-related modifications to the job site or a vehicle.

Griffin-Hammis Associates, LLC:

Wisconsin	No	None	<p>\$4000</p> <ul style="list-style-type: none">▪ Up to \$1000 for initial stocks and supplies▪ Up to \$3000 for occupational tools and equipment <p>Requests exceeding this fee schedule require approval through the exception process</p>	<p>Policy states:</p> <p><i>The consumer must complete a thorough and well-researched business plan on self-employment or the operation of a small business. The plan must address all aspects of start-up costs, sources of funding, sufficient resources to leverage start-up capital, ongoing operation costs and likelihood of profitability within a reasonable timeframe.</i></p> <p>However, no specific match requirements are listed.</p>

Iowa: State Sample of Funding Sources for VR Customers

Iowa Department of Economic Development- Targeted Small Business Assistance Program

<http://www.iowalifechanging.com/business/tsb.aspx>

- Administered through IA Dept of Economic Development
- Supports the creation and expansion of specified businesses

- Business must be certified as “Targeted Small Business” by Iowa Department of Inspection and Appeals
 - Operating for a profit
 - Gross sales of less than 4 million
 - At least 51% owned, operated, and actively managed by women, minorities, or persons with a disability
- Offers: loans of up to \$50,000 at 0-5% interest to be paid over 5 years, loan guarantees for lines of credit up to \$50,000 (can cover up to 80% of loan from other conventional lender), and/or equity grants of up to \$50,000 (grants must be used to leverage resources from another lender)
- Requires applicant cash investment of 10% of the total project cost
- Credit checks but no FICO score

Accessibility: State VR reports one client received funds through TSB several years ago and another is currently in the process of applying for a loan. Overall minimal access by VR customers. 10% match requirement identified as a barrier.

Iowa Community Capital

<http://www.iowacommunitycapital.org/>

- Administered by the Institute for Social and Economic Development (ISED)
- Microloan fund, one micro-loan product
- Maximum amount \$10,000 for up to 5 years
- Targets low- to moderate-income microenterprise (employing 5 or fewer employees) business owners, aspiring entrepreneurs, and Des Moines business owners in distressed neighborhoods

Accessibility: State VR does not report that any customers have accessed this fund.

Northeast Iowa Business Accelerator

<http://www.BusAccel.org>

- BusAccel provides linkage to angel investors to assist with raising of private equity
- Comprehensive business development and advisory services available to entrepreneurs as well
- Formed by Northeast Iowa Community College in partnership with Clarke College, Dubuque Area Chamber of Commerce, City of Dubuque, East Central Intergovernmental Association, Greater Dubuque Development Corporation, Iowa Department of Economic Development, Iowa Workforce Development, Loras College, Small Business Development Center, University of Dubuque and leading northeast Iowa businesses.
- Working with local cities and economic development entities to develop entrepreneurial neighborhoods across the state

Griffin-Hammis Associates, LLC:

Accessibility: State VR does not report any customers that have accessed funds through this organization.

Trickle-Up

www.trickleup.com

- Administered by ISED

Accessibility: State VR does not report any customers that have accessed funds through this organization.

Statewide Microloan Fund

www.iowamicroloan.com

Accessibility: One VRS client did access and receive \$25,000 funding from this source

Appendix D (Included in Resource Mapping)

Appendix E

Self-Employed Policy

Approved Self-Employment Outcomes

Traditional employment does not have to be ruled-out before considering self-employment as a vocational option. For purposes of DVR, self-employment or [supported self-employment](#) is an employment outcome in which an individual works for profit in his or her own business, profession or trade. The DVR customer must participate substantially in day-to-day core business functions. Self-employment is usually a sole proprietorship, but may include partnerships, corporations or a limited liability company (LLC) if the DVR customer manages and holds controlling interest (51% or more). For purposes of DVR, self-employment does not include hobbies or ventures that are not income producing or that only generate enough income to break even. Work performed at home, while being paid as an employee for an employer (through telecommuting) is not self-employment.

Self-employment involving payment for invention registration, legal services, patents, trademarks, or franchise fees require an exception to policy approved by the VR Supervisor.

DVR is prohibited from using DVR funds to pay for insurance.

DVR does not support non-profit organizations, 501(C)(3), because an individual cannot “own” a non-profit and does not have any legal standing with the organization. Purchases of goods and services must be made on behalf of a customer or family member receiving VR services, not a non-profit organization. DVR also does not support businesses that are illegal in the state of Washington.

Counselors and customers need to exercise caution if considering advertised self-employment ventures to ensure the employment is legitimate and offers a realistic profit-making opportunity. Questionable self-employment ideas or concepts need to be researched with a self-employment consultant, the Washington State Attorney General’s office, [Better Business Bureau](#), Internet scam searches, or another source. A reference to this research is documented in the case service record.

Self-employment Consultant

Consultation with a self-employment consultant from feasibility through start-up greatly improves the likelihood that the self-employment venture is successful. List of [Self-employment Consultants](#) VR Counselors must use the services of a self-employment consultant at key points in the self-employment process:

1. Feasibility analysis
2. Business plan
3. Monitoring monthly income and expense statements
4. Consultation and technical assistance to resolve issues and support the customer

- a. Prior to closing the case
- b. At closure, and
- c. After closure for an agreed upon period

Vocational Assessment for Self-Employment

If an individual expresses interest in self-employment, the VR Counselor begins exploring the suitability of this option with the customer early in the assessment phase. As in all cases, a comprehensive assessment is conducted. In the case of self-employment, the vocational assessment focuses on gathering information to assess both (1) the individual's skills and experience in the desired field or type of work, and (2) the individual's skills in managing a business.

In conducting a comprehensive assessment to select the vocational goal, the VR Counselor and customer gather information to assess the individual's skills and experience, temperament, training, transferable skills and other characteristics needed to be self-employed. The comprehensive assessment needs to consider disability issues, including interpersonal skills that could impact ongoing, successful management and operation of self-employment. There are assessment tools available on the DVR Intranet under Rehab Resources to help guide the VR Counselor and customer in this discussion and assessment.

If the results of initial assessment by the VR Counselor indicate self-employment may be a viable option, the VR Counselor proceeds with additional assessments, if needed. The counselor may use trial work experience, community based assessment or vocational evaluation to gather additional information.

Demands, Risks and Responsibilities

The VR Counselor and customer discuss the demands, risks, and responsibilities of self-employment in the desired field, disability-related issues or concerns, as well as the individual's motivation, strengths, interpersonal skills, resources, long-term supports for supported employment and income needs. The VR Counselor also considers the individual's barriers to employment and how those barriers would be addressed through self-employment.

Financial Resources, Credit History, Unpaid Debts, Legal Issues

The individual's financial resources, credit history and money management skills must also be considered. Bankruptcy or other legal proceedings, overdue child support, tax and/or debt issues must be resolved before proceeding with the development of a self-employment plan.

See Also:

[Form- Self-Employment Income Report, DSHS 07-042B](#)

Benefits Planning

As part of the comprehensive assessment for individuals who receive SSI, SSDI, Medicaid, COPES or DSHS Income Assistance, benefits planning is required to determine how income or earnings from self-employment may impact all benefits. Consideration is also given to Social Security work incentives or other resources.

Additional Training and Consultation

If training or one-on-one consultation is available in the local area, the VR counselor may authorize training/consultation for the individual to gain more knowledge and understanding about being self-employed.

Self-Employment IPE

For individuals pursuing self-employment, the IPE is developed in phases. Amendments are completed and approved only as major steps are accomplished that support moving to the next phase of self-employment planning and implementation. Major IPE steps include:

IPE Phase 1 - Feasibility Analysis

The first step of a self-employment IPE is a feasibility analysis conducted by a DVR-approved self-employment consultant or another comparable resource. If a VR Counselor is uncertain about the results of a feasibility analysis, the VR Counselor may authorize and pay for a review of the feasibility analysis by a DVR-approved self-employment consultant.

The feasibility analysis provides an in-depth analysis of the business concept, the market, the financial investment and income potential. In addition, the feasibility analysis considers:

- Financial resources, skills and history of the customer as it relates to successfully operating a small business
- The need for customer training
- The availability of a strong support network for long-term business success
- The need for a comprehensive business plan

The feasibility analysis offers the VR Counselor and customer a comprehensive, objective evaluation of the strength of the proposed self-employment venture. The VR Counselor and customer use the results of the feasibility analysis, together with the results of the comprehensive vocational assessment, to determine whether to proceed to Phase 2 or to consider another vocational direction.

If the results of the comprehensive assessment and feasibility analysis indicate self-employment appears viable, the VR Counselor amends the IPE to add Phase 2 – Comprehensive Business Plan development.

Self-Employment without a Comprehensive Business Plan

A comprehensive business plan is not required if a feasibility analysis report indicates the business concept represents a (1) low cost (under \$3,000), (2) low risk and (3) low complexity. Examples of self-employment ventures that may not require a comprehensive business plan include:

- An individual is already self-employed and has demonstrated the skills and abilities to successfully manage the business, and VR services are needed to retain employment due to a disability-related condition
- The individual has previous experience being self-employed in the same or a similar field and start-up needs are minimal
- The individual has skills and experience in a trade and needs minimal training and services for start-up, such as, lawn care, pressure washing, window washing, bookkeeping
- An individual has experience or training in a trade and will lease space in an existing business and pay their own taxes, i.e., massage therapist, manicurist, cosmetologist, real estate agent.

If a comprehensive business plan is not completed and costs subsequently reach the \$3,000 threshold during implementation or the concept increases in complexity, a comprehensive business plan is initiated.

IPE Phase 2 – Comprehensive Business Plan Development

A comprehensive business plan is required when IPE start-up costs exceed \$3,000 or if the business concept is complex or otherwise represents a risk, for example:

- The business will rely on an investment of financial resources from one or more sources other than DVR.
- The business will require paid staff other than the customer.
- The business concept involves the sales and marketing of a new or unusual product or service.
- The business will be established as a partnership or corporation.

A comprehensive business plan is a thoroughly researched and documented description of the proposed business venture. It provides a long-term vision and a comprehensive plan for the venture's initial start up and long-term success. Development of the business plan must be facilitated by a DVR-approved self-employment consultant with active involvement of the DVR customer, or another comparable self-employment consultant. When a business plan is provided by the customer a review by a self-employment consultant is required. If the VR Counselor is concerned about the viability of a comprehensive business plan, the VR Counselor can authorize and pay for a review of the plan by a DVR-approved self-employment consultant. The comprehensive business plan will address all of the components on the Primary [Elements of a Business Plan](#), including, but not limited to the following elements:

1. Definition of the product or service
2. Supporting market research
3. Realistic financial projections, including projected income and expenses for the first three years of operation, projected monthly and annualized revenue, operating expenses and break-even analysis
4. Start-up costs, including resources available and resource needs and details for the costs of all equipment and services and who is paying (if other funding sources are involved) and total costs and additional resource needs
5. Ongoing/long-term business operational and financial supports needed and available
6. Business licensing, insurance and other requirements required or recommended for the business

7. Time-line for business development that identifies major steps and measurable progress criteria needed to implement and successfully establish the business so that a target level of income/business activity is achieved.

The development of a comprehensive business plan provides the VR Counselor and customer with greater assurance that the customer is capable and prepared for the demands of self-employment and has the skills, tools and resources to be successful. Approval of a comprehensive business plan is required prior to a commitment by DVR to proceed with business start-up or operation.

During Phase 2, the customer and/or Self-Employment Consultant can identify vendors and obtain any required bids needed for business start-up. Coordinating with the VR Counselor to establish those vendors in the DVR payment system early will expedite the start-up process in Phase 3. Training related to business start up and management may also be approved and completed by the customer during Phase 2.

IPE Phase 3 - Start-Up and Self-Employment Consulting Services

The Counselor meets with the VR Supervisor to review the Business Plan prior to amending the IPE to add Phase 3 – start-up services. Upon VR Supervisor approval, the VR Counselor amends the IPE to add agreed-upon start-up and self-employment consulting services. The VR Counselor and customer follow procedures for considering the availability of comparable services and benefits and completing the financial statement.

Start-up services are determined based on the business plan and include costs related to operating the business. Typical start-up costs that DVR can support include but are not limited to:

- Licenses
- 60-day initial stock of goods for inventory
- Tools, equipment, or other supplies
- Marketing costs
- Financial record-keeping systems, software or services
- Deposits and/or initial lease costs (DVR should not be mentioned on the lease)
- Travel expenses required for start-up

Note: All tools/equipment purchased for the customer remain the property of DVR until successful case closure. If the business is set up as a partnership, the customer and partners must understand and agree that items are loaned to the customer as part the customer's Individualized Plan for Employment and items do not belong to the business or any partner with interest in the business. An [agreement](#) signed by the customer and partner(s) is attached to the [Loan Agreement for Tools, Equipment form, DSHS 19-074](#).

Costs such as training in self-employment management, business plan development and rehabilitation technology needed to perform work are not considered "start-up." DVR may provide training to family members or others in business start-up or operation if the individual(s) will have a role in supporting the customer's self-employment.

A VR Counselor may not authorize the following expenditures using DVR funds:

- Payment of salaries, cash or any other form of direct payment to a customer
- Leases, purchase of property/real estate or insurance
- Religious education, training, supplies or materials
- Firearms, alcohol or tobacco
- Refinancing existing business or personal debt, costs related to bankruptcies or co-signature of loans

IPE Start-up/Retention Funding Guidelines

DVR supports self-employment services on an IPE up to \$10,000 if the income from self-employment is intended to be the customer's primary source of income.

DVR supports self-employment services on an IPE up to \$3,000 if the income from self-employment is not intended to be the primary source of income, but will supplement income from SSI/SSDI or another primary source of income.

Costs that exceed these guidelines require an exception to policy from the VR Supervisor documented in the case service record.

Purchases for Start-up

To increase the likelihood of positive self employment outcomes, start-up services should be delivered in as timely a manner as possible. DVR customers often can immediately begin earning income once they have obtained start-up services, or they have developed opportunities through the business plan development process that will be jeopardized by delays in business start up.

To achieve timely delivery of start-up services, the goal is for AFPs for all purchases to be completed within 15 working days after the addition of Phase 3 to the IPE.

The timely delivery of start-up services is frequently complicated by the need to purchase tools, equipment, and supplies – often from new vendors. The following recommendations will help expedite this process:

1. In Phase 2 (business planning process), customer and/or Self-Employment Consultant identify needed vendors and obtain any required bids anticipated for business start-up. Coordinating with the VR Counselor to establish those vendors in the DVR payment system early will expedite the start-up process in Phase 3.
2. Establish customer-centered process for purchasing. Define who customer or Self-Employment Consultant should contact with vendor questions and whom to send quote documentation (VR Counselor or Rehab Tech).
3. Provide purchasing guideline information to customer and Self-Employment Consultant so that dollar limit and documentation of quotes requirements are understood.
 - a. Determine if customer or Self-Employment Consultant can assist with obtaining necessary purchasing documentation (3 telephone quotes for purchases that cost \$1,000- \$3,499, or 3 written quotes for purchases that cost \$3,500 or more).

b. The [Request for Quote, DSHS 17-153](#) (or similar document) is used to document purchases that cost \$3,500 or more. Basically, the form is completed once, and copies of the form are sent to 3 vendors.

c. If the customer or Self-Employment Consultant is assisting with 3 phone quotes the following information is provided to the VR Counselor:

- Name, mailing address or e-mail address, telephone number or website address
- Date of contact
- Quote
- The VR Counselor documents in the case narrative a comparison of the quotes, and the rationale for the award decision.

4. If new vendor relationships are needed, explain process of establishing new vendors and determine if customer or Self-Employment Consultant can assist with this process.

a. If a specific start-up service cannot be purchased through the DSHS vendor system (e.g., provider is not willing to become State vendor but product or service is essential) the VR Counselor documents in the case narrative that an exception is needed to make the purchase with the office credit card or reimburse the customer.

5. Schedule any AT or IT reviews required.

Start-up Monitoring and Support

Upon business start-up, the VR Counselor authorizes a self-employment consultant to follow up with the customer monthly, or more often if necessary, to review financial statements and overall business operations. Proactive steps are taken to ensure the business makes adequate progress toward become self-sustaining. The self-employment consultant reports progress to the VR Counselor monthly or at anytime concerns arise.

If the business fails to demonstrate progress toward becoming self-sustaining, the VR Counselor, customer and self-employment consultant review IPE progress criteria and conditions for continuation of the IPE. If the self-employment consultant recommends specific actions targeted at improving business activity and earnings, the VR Counselor may keep the IPE intact for an agreed-upon period of time. However, if the interventions are not effective after the agreed-upon time period, the VR Counselor discontinues self-employment services and considers other employment goals with the customer. If the customer is unwilling to consider other options, the case is closed- other than rehabilitated.

IPE Terms and Conditions

The amendment adding start-up costs and services must include:

- Compliance with all federal, state and local requirements for owning and operating a business, such as obtaining a business license and paying insurance and taxes
- Clear, measurable progress criteria based on the projections in the business plan related to income and expenditure targets

- Specific time-lines for monitoring progress and becoming self-sustaining
- Monthly financial reporting requirements by the customer to the VRC upon business start-up including monthly income and expense statements, and documentation that shows reporting and payment of any applicable business taxes (e.g., city, county, state, federal)
- Agreed-upon steps to be taken if measurable progress cannot be made, including conditions that would result in discontinuing the self-employment venture if it is not making adequate progress
- Provisions for how the VR Counselor and customer will handle unforeseen expenses that arise after the IPE is signed
- Closure criteria, including the agreed-upon income level consistent with the projections outlined in the business plan

Determining an Employment Outcome

To determine an employment outcome and close a case in self-employment, the following conditions must be met:

- The business has been operating independently of DVR funding (except self-employment consulting for monitoring and follow-up) for at least 90 days after start-up
- The business is generating sufficient income to break even and the projected revenue established in the business plan has been attained
- The case service record contains financial statements demonstrating the business is self-sustaining
- The VR Counselor, self-employment consultant and customer have discussed closure and agree that the closure criteria have been met and the customer has the skills needed to operate the business
- The business is receiving business support from a business mentor or is otherwise connected to an organization for ongoing follow up and business support, such as a Small Business Development Center

Determining Wages at Closure

The traditional way of dividing wages by hours does not always reflect the success of self-employment accurately. The wages entered in STARS should reflect that the individual is earning at least the minimum wage.

Recovering Loaned Items

If the case is closed – Other Than Rehabilitated, the VR Counselor is responsible to recover tools and equipment loaned to a customer and follows procedures as noted in (link) [Recovery of Equipment](#)

Post-Employment Services

Post-employment services may be provided if a business needs short-term assistance or support to regain stability. Individuals requesting PES to retain self-employment need to provide current financial statements, including profit and loss for examination by the VR Counselor.

If the business is not self-sustaining and in jeopardy of failing, an approved DVR self-employment consultant is used to assess the financial health and overall viability of continuing the business and identifying an effective intervention plan before additional DVR services are invested in the venture.

Supported Self-Employment

All the requirements for self-employment apply to supported self-employment. [Self-employment](#)

Overview of Supported Self-Employment

Much like traditional Supported Employment, “Supported Self-Employment” is an employment outcome where the individual requires on-going support and supervision to maintain employment, usually due to cognitive and/or behavioral barriers. DVR does allow for supported self-employment just as it does for traditional supported employment. Supported self-employment should not be confused with self-employment where disability-related accommodations or job site modifications are required.

There are a number of approaches to supported self-employment. These include Resource Ownership, Partnerships, and Sole Proprietorships. To read more on each, follow this link to a [publication on Supported Self-Employment](#): The most common and easiest to develop form of supported self-employment is a sole-proprietorship.

Best Vocational Option

Prior to developing an IPE for supported self-employment, there must be evidence that:

- Supported self-employment is the best vocational option for the customer.
- The customer is choosing this option based on informed choice and the results of vocational assessments and feasibility analysis or business plan.
- The customer has the skills and abilities to make a measurable contribution to the supported self-employment venture. Person-centered business planning efforts and trial work experiences may be required to determine the reasonableness of this goal.

Role of Business Owner

It is important to acknowledge that this strategy toward self-employment departs from traditional views of entrepreneurship and the role of the business owner, and therefore requires flexibility and creativity. These are often individuals who might not be considered likely self-employment candidates.

Supported self-employment has been used successfully with people diagnosed with mild, moderate, severe, or profound developmental disabilities; severe and chronic mental illness; severe brain injuries; and multiple severe disabilities.

Type of Supports

Due to the nature of a disability, a customer may need assistance in managing and operating a business to ensure its success. This assistance may be provided by family, friends, advocates or anyone the customer or his/her legal guardian chooses as a support system. The customer is not required to be able to independently operate all aspects of the business in order to receive DVR support for the venture. Examples of supports that may be needed include help with marketing, record-keeping, and accounting (if needed).

CRP Intensive Training Services may be required during the business start-up period to provide needed job stabilization and training until Extended Services begin. CRP services are not considered "start-up costs."

Feasibility of Business

To consider a supported self-employment business as feasible:

- The business must be defined as "for profit" and customer owned
- Have a professional feasibility analysis report that indicates the business is (1) low cost, (2) low risk (under \$3,000) and (3) low complexity, or a comprehensive business plan when IPE start up costs exceed \$3,000 or if the business is complex or otherwise represents a risk (link) to Self-Employment
- Is commensurate with the customer's interests, skills and abilities

Additional factors that must be addressed

When considering supported self-employment these additional factors must be addressed:

- Is the customer making a measurable contribution to the work setting? Are they performing actual work that has been tailored to maximize their abilities? This will often involve job carving and may require adaptive technology and worksite accommodations. DVR does not require that the person independently operate all aspects of the business, however the individual must play some significant role in the business that maximizes their skills and abilities.
- Does their work contribute to the profitability of the business?
- Are the necessary long-term supports available and in place? Will they exist indefinitely if that is what is required? Who will assist as a safety net if the supports fall through? Supported self-employment requires pre-identification of supports just as in traditional supported employment.
- It is recommended that everyone playing a role in the business is involved in the feasibility analysis process. Person-centered business planning efforts and trial work experiences may be beneficial.
- Is the self-employment outcome competitive employment versus a non-competitive hobby? If the venture is not income producing or is not being designed as a true job for the customer it should not be considered competitive employment.
- In addition to being competitive employment, does the work offer contact with individuals who are not disabled?

Extended Services (Long-Term Supports)

Extended services are support services provided once the customer is stabilized on the job and DVR services are no longer needed to maintain satisfactory on-the-job performance. Extended services consist of specific services needed to maintain the customer in supported employment. Resources for extended services include, but not limited to:

- County Developmental Disabilities funding;
- Mental Health agency funding;
- Social Security work incentives;
- Co-worker natural support systems;

- Family members, friends; and
- Individual Development Accounts (IDA's).

Extended Services Partners

The chances of success are increased when long-term supports are identified early in the process and there is a clear understanding about the roles other agencies and service providers will play in supporting the customer. For best results there must be good communication with the "team" assisting the individual, particularly at key points, including:

- When self-employment is selected as the vocational goal
- Upon completion of the feasibility analysis
- In determining the nature and extent of extended services that will be needed after DVR services are completed
- Upon completion of the comprehensive business plan
- In determining the individual has achieved job stabilization and transitioning to extended services

Benefits Planning

As part of the comprehensive assessment for individuals who receive SSI, SSDI, Medicaid, COPES or DSHS Income Assistance, benefits planning is required to determine how income or earnings from supported self-employment may impact all benefits. Consideration is also given to Social Security work incentives or other resources.

Qualified Self-employment Consultant

Supported self-employment cases typically require a very creative approach. Most counselors will find it helpful to work with business professionals and vendors experienced in supported self-employment. As with traditional self-employment, a DVR-approved self-employment consultant conducts the feasibility analysis and facilitates development of the comprehensive business plan. [List of DVR-approved Self-Employment Consultants](#)

CRP Intensive Training Services may be required during the business start-up period to provide needed job stabilization and training until Extended Services are initiated.