

# Chapter 308: Self-Employment

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Vermont Division of Vocational Rehabilitation  
Policy and Procedures Manual

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## Section 1. Definitions

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

## Section 2. Process

- A) The self-employment process is one that can be quite lengthy and requires a team effort between the participant, the counselor, and outside consultants. Each member of the team has certain responsibilities with participant commitment and involvement key elements of this process. DVR will provide extensive guidance and tools on how to support participants that have identified self-employment as an employment outcome.

- B) It is important that the participant understands at the very beginning of the self-employment process that they are expected to complete all assigned tasks. The counselor will provide support and assistance, but most of the work that needs to be done, from research to writing a business plan, will be the responsibility of the participant.
- C) Finances should be discussed early in the process. DVR will not commit to financially supporting a self-employment plan until that plan has been approved and determined to be feasible by DVR. Under most circumstances, DVR will provide no more than 50% of the start-up costs of the business. The participant must demonstrate their investment in the business. This can be accomplished through the participant's time and effort, use of participant owned equipment and/or space, family support or other means of support.
- D) Self-employment is the right path for some people, but not for everyone. Sometimes it is the right path, but the timing is wrong, or the participant needs more training or technical skills development before launching a business. It is important for the counselor and the participant to discuss the advantages and disadvantages of self-employment as identified by those who have become self-employed.

### Assessment and Feasibility Determination

- E) DVR will provide extensive guidance and training tools on how to work with a participant to determine if their business idea is a viable option for the participant. When a participant does not have a specific idea they want to pursue, a more formal assessment may be helpful. Such assessments are more in line with determining the participant's interests so they can explore various business options that would be in line with those interests.
- F) As part of the assessment process, the counselor must work with the participant to assess the business plan's feasibility. DVR will provide extensive guidance to counselors on resources and tools available to assess the feasibility of a business plan. This may include consultation with external consultants and organizations.
- G) The self-employment funding committee shall determine the feasibility of business plans where the participant seeks more than \$2,500 in DVR funding.

### Development of the Business Plan

- H) It is important that the participant has ownership of the business plan. Ownership only occurs if the participant writes the plan or works very closely with the resource person or organization doing the actual writing. The business plan serves as the roadmap for the participant and a marketing tool to help secure any needed financial resources. DVR will provide extensive guidance on how to develop a business plan, including tools and resources counselors and participants can use.
- I) The participant must have some documented ownership in the business and be involved in the day-to-day operation of the business.

- J) If applicable, the business name must be registered with the Vermont Secretary of State's Office. Registration allows ownership of the business name, gives a right to claim bad debts, and makes it possible to purchase business insurance. It also allows the participant a chance to establish a "track record" for future lending needs.
- K) Bookkeeping is a key element of running a small business. Every expenditure and receipt of income must be recorded, inventory records need to be maintained, tax and payroll forms need to be completed and filed, etc. A self-employed person must have a basic understanding of bookkeeping principles and either the skills to keep the necessary records or the resources to hire a bookkeeping service. DVR may need to support the participant to enroll in bookkeeping or other financial classes.

### Funding of Business Plans

- L) Small business development requires a commitment of participant resources and time. The participant is responsible for securing or providing most of the funds needed to start and maintain a business enterprise. DVR will work with the participant to help search out potential resources. DVR may provide funding to help leverage funds, pay for tools, inventory supplies, etc. for businesses. In limited situations, these spending guidelines may be waived with the approval of the DVR regional manager or director.
- M) The participant must demonstrate their investment in the business. This includes consideration of the time and effort of the participant, use of the participant's equipment, vehicles, or space, family support, grants, and other resources.
- N) Participants cannot be required to obtain loans or other investments that would need to be repaid later. Only equipment and services included in an approved business plan can be funded by DVR. DVR is not responsible for goods and services beyond those agreed to in the IPE.

### Spending Guidelines

- O) DVR may not place an absolute dollar limit on specific service categories or total services provided. However, DVR may set spending guidelines to ensure reasonable costs to the program. The counselor may make an exception to the spending guidelines with the regional manager's approval. When considering exceptions to the spending guidelines, the regional manager must consider the participant's ability to contribute to their services. The participant's contribution must be:
  - 1) Reasonable,
  - 2) Based on financial need, and
  - 3) Not so high as to effectively deny the participant a necessary service.
- P) DVR cannot require participants who are SSI or SSDI beneficiaries to provide funding towards their services, including self-employment.

- Q) For participant businesses ventures intended to provide supplemental income, the DVR guideline is \$2,500. Counselors may approve this level of funding in consultation with the regional self-employment consultant.
- R) For participant business ventures expected to lead to self-sufficiency, the DVR guideline is \$10,000. Self-employment funding requests of more than \$2,500 must be reviewed and approved by a self-employment funding committee appointed by the DVR Director or designee.
- S) Exceptions to the spending guidelines will be considered consistent with the provisions in paragraph O) of this section.

**Guidance: Self-sufficient vs. supplemental income business ventures.**

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

**End Guidance.**

- T) DVR funding is not an automatic “grant.” The Individualized Plan for Employment (IPE) must outline how the DVR funds will be specifically used, for example to purchase equipment and inventory, booking keeping or advertising.
- U) DVR funds are to supplement the participant’s resources and funding they have secured from other funding sources. Participant resources would include such things as cash contributions, tools, or equipment to be used in the business, the value of space provided by the participant, a portion of the value of a vehicle to be used in the business, etc.
- V) Evaluation costs, consultant costs, and disability-related accommodations are not included in the spending guidelines of this Section. Additional costs after business start-up should be outlined as business expenses in the business plan and be part of the overall funding requirement.
- W) The amount of DVR funding support should be reflected in the IPE once the business plan is developed. The amount of support provided will be dependent on the financial information provided in the business plan and the availability of support from other sources.
- X) As the plan is implemented and the business develops, unexpected expenses may arise beyond what was outlined in the IPE and the business plan. Some of these expenses may be best addressed through an amendment to the IPE.

### Section 3. Follow-Up and Closure

- A) Once the business plan is implemented, DVR follow-up is critical. The counselor and participant must include a follow-up schedule in the evaluation section of the IPE. At a minimum, the counselor will make monthly visits to the business during the first three (3) months of operation. More frequent visits may occur if judged appropriate by the counselor. In most cases, after three months of operation, visits will fade to one (1) every two (2) months until the case is closed. Evaluation procedures shall include periodic reviews of tax records and the business's books by either the counselor or a business consultant.
- B) Once the business is operational, additional DVR funds may be used, at the discretion of the counselor, for continued education and training, if needed.
- C) There must be a clear understanding at the time the IPE is written of the criteria to be used for determining success. This determination must be made on an individual basis. It may be as simple as "income equals outgo." When the IPE has been completed, the participant will be informed of the additional support available through post-employment services. See Chapter 205, Section III, C.

### Section 4. Social Security Benefits and PASS Plans

#### Social Security Benefits

- A) Participants receiving Supplemental Security Income (SSI) or Social Security Disability Insurance (SSDI) must be informed that self-employment may impact their Social Security benefits. This is particularly true for individuals receiving both SSI and SSDI because each treats self-employment differently. If the participant is an SSI/SSDI beneficiary, the counselor must make a referral to a Certified Work Incentive Counselor (CWIC) early in the planning process and no later than the feasibility determination step. There are many potential issues that can arise for SSI/SSDI beneficiaries related to self-employment and the support of a CWIC is essential.

#### Plan to Achieve Self-Support (PASS)

- B) For participants who are SSI recipients with income in addition to their SSI and for some SSDI beneficiaries, the PASS may be an option for establishing a self-employment enterprise. A PASS must be considered carefully as it creates another set of requirements and reporting responsibilities for the participant. Counselors can utilize the local CWIC in evaluating the feasibility of a PASS for a participant's self-employment plan. However, DVR cannot require a participant to develop a PASS for items that are deemed essential for the business and part of the business plan beyond what was approved.