

1301.00 Self-Employment Policy

(July 1988)

Table of Contents

- Description
- Philosophy
- Types of Business
- Outline of Responsibilities
 - ACCES-VR Responsibilities
 - Consumer Responsibilities
- Details of Responsibilities
 - ACCES-VR
 - Consumer
- Small Business Administration Regional Offices

Description

Establishing or maintaining a consumer in self-employment as a rehabilitation outcome allows the consumer to be productive and become financially independent and to contribute to the State's economic growth. Self-employment rehabilitations also allow the ACCES-VR counselor to be creative in the rehabilitation process.

This policy defines the parameters of the ACCES-VR/consumer partnership needed to create a successful self-employment venture.

Philosophy

The goal of the ACCES-VR/consumer partnership to create a self-employment venture is to expand opportunities for a consumer to be productive and become financially independent.

To be successful, a ACCES-VR/consumer partnership to create a self-employment venture must show:

1. a significant commitment of consumer time and personal or family resources to the new venture,
2. a well thought out, realistic first-year business plan that includes the best possible estimate of revenues and expenses,
3. plan evaluation by an outside expert, when necessary, and
4. understanding by ACCES-VR personnel that extended time may be necessary to plan and implement a self-employment rehabilitation.

Within New York State, a self-employment rehabilitation can be an outcome for an eligible ACCES-VR consumer with any type of disability.

During business start-up, members of a consumer's family may be trained by ACCES-VR if family members will be helping the consumer in the self-employment venture. Family members include a consumer's spouse, parent, siblings, grandparents, step-parents, son, son-in-law, daughter, or daughter-in-law. Requests to train family members must be approved by the District Office Manager. Training a consumer's spouse in bookkeeping is one example of appropriate service to a family member.

Types of Business

Self-employment rehabilitations can be in small or large ventures. For example, in Buffalo a consumer achieved a self-employment rehabilitation through the purchase of a handcart that enabled him to move homeowners garbage cans to the curb on collection days. In other areas, consumers have established computer consulting firms that serve large corporations.

Businesses can be those that depend on a specific location (a store, a farm) or on a consumer's particular skill or occupation (accountant, artist). Self-employment ventures can also be partnerships or a business that is a franchise.

Help can also be provided to consumers who are already self-employed. Examples of when such help is appropriate are:

1. when a person who is self-employed is injured or develops a medical condition that requires a change in work environment or occupation,
2. when a person who has been selling a product or service part time decides to set up a full time business, or
3. when a person plans to buy into an existing partnership or franchise.

Any proposed change in a self-employment venture should, however, be carefully reviewed to avoid using ACCES-VR funds to make up for financial difficulties caused by poor planning or careless business operations, or as a substitute for funds a consumer can obtain from a lending institution.

Outline of Responsibilities

Because self-employment rehabilitations can be complex, listed below is an outline of the steps needed to achieve these rehabilitations. Details are in the next Section.

ACCES-VR Responsibilities

To achieve a self-employment rehabilitation a ACCES-VR counselor must:

1. Help the consumer decide what the self-employment goal is. This can be done by having the consumer complete the Self-Employment Planning Form (VES-70).
 - A. The counselor must ask for enough detail to get a comprehensive picture of the consumer's business plans.
 - B. If an independent evaluation (such as those done by SUNY Small Business Development Centers) provides a complete description of the proposed business, the Form does not have to be completed.

2. Decide whether a self-employment rehabilitation is feasible.
 - A. The counselor can decide based on review of the Self-Employment Planning Form and her/his own experience with self-employment rehabilitations, or after consultation with the supervising Senior Counselor or Associate Counselor, or
 - B. The counselor can ask for help from a District Office Self-Employment Team, if the Office has established one, or
 - C. The counselor can refer the consumer to an independent consultant for evaluation (See Responsibilities: Details)
3. If self-employment is feasible, prepare a ACCES-VR plan to complement the consumer's plan.
 - A. Calculate ACCES-VR funding, using this policy and established economic need criteria. (See ACCES-VR Responsibilities: Details)
 - B. Determine whether the first step is training for the consumer.
 - C. Monitor consumer progress.
 - D. Close the case at the appropriate time.

Consumer Responsibilities

To achieve a self-employment rehabilitation a consumer must:

1. Complete the Self-Employment Planning Form (VES-70), or go through an independent evaluation to help decide if he or she wants to do the work and assume the risks of a self-employment rehabilitation.
2. Contribute time, effort and financial resources as agreed upon in planning with the ACCES-VR counselor.
3. Sign leases, insurance policies or other documents necessary to establish the venture.
4. Accept training recommended by ACCES-VR.
5. Accept counseling from experts or consultants if recommended by ACCES-VR.
6. Return material purchased by ACCES-VR if the venture fails.

Details of Responsibilities

ACCES-VR Responsibilities

1. Deciding if a Self-Employment Rehabilitation is Feasible.
 - A. Self-Employment Planning Form (VES-70)

A counselor can use experience with self-employment rehabilitations and/or a completed Self-Employment Planning Form (VES-70) to decide if a consumer can succeed in self-employment.

The counselor can ask a consumer to answer some, most or all questions on the Form depending on the size and complexity of the proposed business and the amount of ACCES-VR funds requested. In general, the consumer should provide more information for more complex and costly proposals. The counselor can use the List of Additional Questions or add others if more questions need to be asked. If the consumer has an independent evaluation of

the proposed business, such as those done by SUNY Small Business Development Centers, the Form does not have to be completed.

If ACCES-VR will contribute more than \$5,000 dollars in start-up costs, the consumer must work with a Small Business Development Center or other expert consultant to complete the Form.

The consumer should not be considered for self-employment if the questions are not answered or the answers are mostly guesses.

B. Self-Employment Evaluation Team

If, after having reviewed a Self-Employment Planning Form (VES-70) and consulting with supervising counselors, a counselor isn't sure about proceeding with a self-employment rehabilitation, he or she can consult a District Office Self-Employment Evaluation Team. This Team could be set up to pool Office expertise to evaluate self-employment proposals, although Team creation is optional and is not intended to substitute for expert advice if needed. The team could be small (3 to 5 persons) and be composed of counselors or seniors most experienced in doing self-employment, the District Office Manager or designee, the business manager, outside consultants, or whatever combination of personnel is most helpful to the District Office

The Team could create a Self-Employment Resource Book to list the permits that had to be obtained in previous self-employment ventures, contacts within different government offices or financial institutions, the names of helpful business people, and other useful information.

C. Independent Consultants

If the counselor or Self-Employment Evaluation Team feel a lack of expertise to evaluate a consumer proposal, they can seek advice from independent consultants. Consultants may be from Federal or State Agencies such as the Federal Small Business Administration or the State Office of Business Permits and Regulatory Assistance, or from local Chambers of Commerce, college or university business schools, or local business groups (See Training below).

Note that even though this review process can involve several different persons, the senior counselor is still responsible for approving the self-employment plan and overseeing service and closure.

2. Provision of Services with ACCES-VR Funds.

A. **What services can't be provided by ACCES-VR.**

Section 247.13 of State ACCES-VR Regulations notes that ACCES-VR may not fund the purchase of land or the purchase or construction of buildings for consumers.

B. What services may be provided by ACCES-VR.

- i. **Start-up costs.** Start-up costs are any costs that must be paid to enable a business to begin operating. Such costs include:

Accounting/bookkeeping

Advertising

Clothing/uniforms

Consultants (business consultants, lawyers)

Dues/licenses/permits

Insurance (fire, theft, liability, medical, Workers' Compensation, Unemployment, Social Security)

Purchase of services (garbage collection, pest extermination, etc.)

Renovations

Rent

Repairs and Maintenance

Subscriptions and publications

Supplies and equipment (new or used)

Security (alarm system, locks, or safes)

Telephone/postage

Transportation

Utilities (gas, heat, water, fuel, bottled gas).

To help a business become established, ACCES-VR funds can be used to pay start-up costs for up to a year after the opening day of the business.

Start-up costs that typically require long-term up front commitments include insurance, leasing, advertising, and utilities. Consumers should sign the forms or papers required to obtain these services.

When making commitments to pay long-term start-up costs with ACCES-VR funds, counselors should remember that businesses can take longer than a year to break even.

Nevertheless, the goal for ACCES-VR funded self-employment ventures is to succeed as soon as feasible after 90 days of operations (see *When to Close a Case*).

Consequently, care must be taken not to use ACCES-VR funds as to substitute for lack of profit caused by consumer failure to develop a market or clientele.

- ii. **Home modifications.** Modification of a portion of a home into a shop, or of a rental property to insure accessibility, is permitted.

However, since this improvement may be impossible to recover if the venture fails, counselors should carefully evaluate requests for modifications.

- iii. **Vehicles.** Current limits on ACCES-VR funding for vehicle use are described in Transportation Policy (Section 1355 of the VES Manual).

C. Limitations and restrictions on funding.

- i. **Economic need.** Self-employment ventures are subject to economic need regulations. Specific items contingent on need that are listed in regulations (Section 247.11) include limited stocks and supplies for self-employment, occupation and business licenses, training, and maintenance during training and restoration.
- ii. **Ownership of material.** All materiel provided to a consumer for a self-employment venture remains ACCES-VR property until the case is closed. An inventory of this material should be part of the case record. If the consumer withdraws from the venture, it fails, or ACCES-VR terminates involvement because of fraud, abuse, or serious problems, the counselor must retrieve whatever materiel is left. If the consumer fails to cooperate, the counselor should contact the Education Department Office of Counsel about possible legal action against the consumer. Materiel can either be stored within the Office for possible use by another consumer, sent to other Offices (after notification by memo that the materiel is available), or declared surplus according to Education Department procedures. This rule also applies to partnerships and franchises. Form VES-69, Ownership of Material, is used to notify the consumer that ACCES-VR retains possession of materiel while a case is active and to transfer materiel to a consumer after the case is closed.
- iii. **Section 504 Requirements.** A self-employment venture supported with ACCES-VR funds is a Federally funded enterprise subject to the requirements of Section 504 of the Rehabilitation Act of 1973 as amended.

D. Level of Funding

- i. ACCES-VR may fund up to \$11,000 of start-up costs. The cost of training for self-employment, or of site or vehicle modifications, is not included within this \$11,000 limit. Applicable limits on the costs of site modification or vehicle modification are described in Sections 1340 and 1350 of the ACCES-VR Manual.
- ii. A consumer's economic need contribution, if one is required, can be applied toward start-up costs or to the cost of training, business consultation, or vehicle modification, or to the consumer's equity contribution (see item c. below).
- iii. In cases where ACCES-VR will contribute more than \$5,000 in start-up costs, consumers must have equity (cash or materiel) in the self-employment venture equal to at least 10 percent of the value of start-up costs to be funded by ACCES-VR. For example, if the total of start-up costs to be funded by ACCES-VR is \$5,500, the consumer must contribute at least an additional \$550 in either money or materiel, for a total investment in the business of \$6,050. Similarly, if ACCES-VR is to contribute \$11,000 in start-up costs, the consumer must contribute at least an additional \$1,100 in money or materiel for a total investment in the business of \$12,100.

District Office managers must approve any request to substitute in-kind labor for a money or material equity contribution.

If a consumer must make an economic need-determined contribution to the venture, that contribution can be used to satisfy part or all of the equity requirement.

3. Training

- A. Training for self-employment can be paid for by ACCES-VR; the cost of such training is subject to a determination of economic need (see Section 247.11 and Section 247.13e of Regulations).
- B. Consumers can also receive training or assistance from other Federal, State or local programs.
- C. Federal programs include those funded by the Small Business Administration, the Job Training Partnership Act (JTPA), and the Social Security system. These are briefly described below.
 - i. **Small Business Administration**
 - a. Small Business Institutes (SBI's) and Small Business Development Centers (SBDC's) provide on site management counseling and practical training at colleges and universities for small business owners. There are at least 17 SBDC's in New York State.
 - b. Pre-Business Workshops, cosponsored by the SBA and local agencies, provide information on finance, marketing, site selection and business organization.
 - c. The Service Corps of Retired Executives (SCORE) and the Active Corps of Executives (ACE) provide one-on-one counseling to business operators.
A list of Small Business Administration regional offices is on page 13.
 - ii. **Job Training Partnership Act.** On the job and classroom training are available, although training is often short term and focused on existing businesses. A potential benefit is that, in New York State, a youth with a disability or adult applying for JTPA is considered to be a family of one for eligibility purposes, if total family income does not meet eligibility criteria.
 - iii. **Self-Support Plans for SSI recipients.** Self support plans allow disabled persons to set aside excess income or resources from being counted by SSI and thus may allow persons who would not ordinarily qualify to receive SSI payments, or current recipients to receive higher SSI payments.

At the State level, information is available from the State Department of Economic Development (formerly the Commerce Department). The Office of Business Permits and Regulatory Assistance (toll free phone: 800/342-3464) provides comprehensive information on over 1,100 State permits and licenses.

At the local level, training and counseling are available from BOCES, local Chambers of Commerce, college or university business schools, or interested local business persons. Consulting fees can be paid at any time until the case is closed. Note that some consultants recommend that training should be provided at the same time as the consumer begins his or her business, to link training with real life experience.

4. Monitoring

To monitor a self-employment venture, a counselor (and/or a representative of the Self-Employment Team, if desired) should:

- A. Visit the new venture as often as feasible during the start-up period to see how things are going.
- B. If the business is faltering, decide whether the consumer can be helped by training or counseling or if ACCES-VR support should be withdrawn. The Self-Employment Evaluation Team or an independent consultant can be asked to help with this decision.
- C. If the business ceases operations before the case has been formally closed, insure that ACCES-VR-purchased material is recovered to the maximum extent feasible.

If the consumer does not cooperate in returning materiel, contact the Education Department Office of Counsel for advice about legal action.

5. When to Close a Case.

Self-employment cases should not be closed unless the consumer's business has been open for at least 90 days. After that a case should be closed when revenues from the venture equal or exceed operating costs. To determine whether revenues equal expenses, a financial statement showing gross income, itemized expenses, and net income for the previous three months should be obtained from the consumer.

The financial statement review should show that the consumer is making enough money to cover long-term start-up costs without ACCES-VR support. If this is the case, ACCES-VR should no longer pay for long-term start-up costs, (insurance, leasing, utilities). Generally, the consumer should be asked to sign leases, take out insurance policies, or make other long-term commitments; the counselor should arrange for costs to be paid by ACCES-VR voucher, subject to the limits specified in this policy.

If the counselor is not sure about what the consumer's books reveal, an outside consultant, such as an accountant, can be hired.

If the business is the sole income source for the consumer, part of the review before a case is closed should be a determination that the consumer can meet both ordinary daily living expenses and business costs.

Cases with a self-employment goal should not be kept open for more than one year after the venture has opened. An exception can be made if the Self-Employment Teams finds a compelling reason (such as evidence of steady income growth with

expectation of break-even point within a few weeks) to do so.

An exception can also be made if the vocational goal has been changed from self-employment and there is an expectation of a successful rehabilitation closure with a different vocational goal.

Consumer Responsibilities

1. Self-Employment Planning Form

A completed Planning Form will help both consumer and counselor, working together, decide whether a consumer wants to be self-employed, and the type of business the consumer wishes to establish.

Providing more detail on the Form becomes more important as the proposed business becomes more complex.

Consequently, the consumer must provide accurate information on the Form. For example, estimates of rental costs or of telephone installation and service costs should be based on calls to landlords and the telephone company, not on guesswork. Consumers must consult experts (SBA advisors, accountants, etc.) to complete the Form if ACCES-VR is expected to contribute more than \$5,000 in start-up costs. Consumers must also provide any additional information needed by the ACCES-VR counselor or professional advisor.

2. Finance

The consumer must commit time, effort, and money (when required) to the self-employment venture. The consumer must also sign leases, insurance policies, or other long-term commitments. If a consumer seems reluctant to do so, then the self-employment venture should not be authorized. If a consumer's plans are not realistic, as determined by the counselor, Self-Employment Evaluation Team, or independent consultant, self-employment should not be approved. If a consumer does not keep commitments, ACCES-VR's involvement in the self-employment venture should be ended as quickly as practicable.

3. Training

As noted earlier, training can be funded by ACCES-VR or obtained from other sources. Training is especially important for consumers with no business experience or source of expertise they can turn to. Consumers must also accept ACCES-VR-recommended training, even if this means delaying the start of a self-employment venture.

As noted above, some consultants recommend that training be provided simultaneously with actual business operation.

4. Counseling

Formal business training is not a substitute for practical business experience. Even if a consumer has had business training he or she may still need advice about day-to-day business operations, especially if the new business cannot meet revenue goals. Consumers must therefore allow the ACCES-VR counselor or an independent expert to access the business books at any time while the case is active. The consumer should be informed of this requirement in writing. While the case is active, the consumer must also accept any counseling recommended by the ACCES-VR counselor.

5. Material

The consumer must sign Form VES-69, indicating that ACCES-VR legally owns supplies and equipment, before the self-employment venture begins. In the case of a partnership or franchise, the consumer must obtain legal review of the partnership or franchise agreement to insure that ACCES-VR retains title to the property if the consumer withdraws from the business while the case is still active. If the venture succeeds, Form VES-69 must again be signed as part of the case closure procedure, to transfer title to supplies and equipment to the consumer. If the venture fails, the consumer must cooperate with the counselor to return unused equipment to ACCES-VR, or be subject to legal action by the State to recover material.

Small Business Administration Regional Offices

Office	Address	Room #	Telephone #
Syracuse	100 South Clinton St.	Rm. 1071	(315) 423-5371
Rochester	100 State St.	Rm. 601	(716) 263-6700
Buffalo	111 West Huron St.	Rm. 1311	(716) 846-4301
Elmira	333 East Water St.	Rm. 412	(607) 734-6618
Albany	445 Broadway	Rm. 236-B	(518) 472-6300
New York	26 Federal Plaza	Rm. 29-118	(212) 264-7755
Melville	35 Pinelaw Road	Rm. 102-E	(516) 454-0764