

**Department of Human Services  
Division of Rehabilitation Services  
Division of Service to the Blind and Visually Impaired**

**Program Guide  
DRS/DSBVI 2008-02  
October 24, 2008**

**TO:** ALL DRS/SBVI Staff

**FROM:** Gaye Mattke, SBVI Director  
Grady Kickul, DRS Director

**SUBJECT:** Policy on Self-Employment

**This Program Guide replaces DRS/DSBVI 00-02 on July 10, 2000 and is effective immediately and provides policy and clarification on self-employment for the Division of Rehabilitation Services (DRS) and Service to the Blind and Visually Impaired (SBVI).** Self-employment is an acceptable employment outcome for vocational rehabilitation agencies under federal law (See Section 103 "Vocational Rehabilitation Services for Individuals" in the Rehabilitation Act Amendments of 1998). There are various issues associated with the concept of self-employment, however the research demonstrates that self-employment can be a viable vocational objective. The U.S. Small Business Administration reports an 80 percent success rate for home-based and small business enterprise. People may choose self-employment for a variety of reasons.

Consideration of self-employment as an employment objective will usually occur early in the rehabilitation process. Both benefits and drawbacks of self-employment should be discussed in detail by the consumer and the rehabilitation counselor. It is essential that the consumer understand that part of being successful in business is independently establishing the business and securing funding as an essential step.

**DEFINITION:**

Self-employment is defined as follows: The consumer owns, manages and operates a business selling goods or services for the purpose of making a profit. Self-employment ranges from sole proprietorships and independent contractors to multi-employee companies and independent franchise operations.

**POLICY STATEMENT:**

South Dakota DRS and SBVI value and promote self-employment as an achievable vocational goal in rehabilitation planning for those consumers for whom an employment outcome in self-employment is consistent with the unique strengths, resources, priorities, concerns, abilities, capabilities, interests and informed choice of the individual. The primary role of the rehabilitation counselor is to provide technical assistance and resource identification. During the comprehensive assessment, development of the Individualized Plan for Employment, and services implementation, rehabilitation counselors can provide guidance or assistance with:

- 1) assessment of business potential,
- 2) small business plan technical assistance,
- 3) identification of physical resources for writing a business plan and submitting a business plan,
- 4) training for the consumer,
- 5) limited financial assistance in business start-up, and
- 6) follow-up once business plan is approved for a small business loan.

DRS and SBVI may participate in partially funding small business start-up, but does not have a capital or loan program for the establishment of businesses. These investment resources must come from other sources. Vocational rehabilitation's purpose for involvement is to assure that the consumer has the same opportunity to start a business that an individual without a disability with the same unique characteristics would have.

### **PUBLIC VR's FINANCIAL PARTICIPATION IN SELF-EMPLOYMENT:**

When the vocational rehabilitation counselor approves self-employment for the Individualized Plan for Employment, VR can provide financial assistance for a consumer's small business for assessments, training expenses, partial start-up expenses, support services, and other disability related expenses.

DRS/SBVI may also fund disability related expenses and services that the consumer may need to be successful in small business. These disability related expenses can also include assistive technology devices and services as defined in Section 7 of the Rehabilitation Act Amendments of 1998. Most Disability related expenses can be provided as a service in a small business plan without regard to financial need, however some disability related services such as assistive technology devices does require financial need requirements to be met. The counselor should review the financial needs policy prior to purchasing the items.

This policy does allow for partial financial assistance by DRS and SBVI in the start-up costs for a new business. The following guidelines are to be used in determining the financial participation by DRS/SBVI with self-employment plans:

1. The DRS/SBVI consumer must meet financial need requirements.
2. DRS/SBVI defines small business as any approved business plan under \$100,000.
3. Only items necessary to start and operate the business are to be considered in the overall business plan. A salary paid to the consumer will not be considered in the overall calculation of expenses. Initial supplies are limited to more than 3 months supply of raw materials. VR funds cannot be used for inventory that is resold through the business.
4. VR Counselor can approve VR financial assistance for self-employment plans of \$5,000 or less. Prior to approving funds, the state office needs to be consulted with the self-employment plan.
5. Business plans exceeding \$5,000 can receive financial assistance from DRS/SBVI based on 100% of \$5,000 plus an additional 10% of the approved plan costs. Financial assistance is contingent upon approval of the business plan and the consumer obtaining the remaining funds for the business.
6. All self-employment plans requesting DRS/SBVI financial participation per this policy in excess of \$14,500 require state office approval.

DRS/SBVI start-up assistance will be detailed in the IPE and plan information will be shared with the approving lending institution. Start-up assistance will detail the monetary amounts and can be used for occupational licenses, tools, equipment, and initial stocks and supplies.

Funding assistance for an approved business plan which exceeds the DRS/SBVI above financial participation guidelines must be derived from other sources. It is the role of vocational rehabilitation to assist in identifying resources but it is the consumer's responsibility to obtain the funding.

If DRS/SBVI is providing financial assistance, the repossession policy and completion of the agreement is required. Because financial institutions require collateral on approved loans, the title of any equipment cost shared by DRS/SBVI may be turned over to the individual at the time of the business start up.

DRS/SBVI acknowledges that certain individuals may require on-going supports or on-going services for a business plan to be successful. The VR counselor will assist the individual in identifying and securing these support services. Public VR cannot be responsible for funding these supports following successful employment outcomes.

There is little federal guidance concerning successful employment outcomes in self-employment. Closure in an integrated setting is required, however determination as to at or above minimum wage is sometimes difficult to demonstrate. Counselor judgement and central office technical assistance will be used to determine outcome success.

### **SELF-EMPLOYMENT IMPLEMENTATION:**

Some consumers may have a business idea early in the rehabilitation process, while self-employment as an employment goal may not have occurred to others. However, as a part of making an informed choice, self-employment is an option that is provided to consumers.

After the consumer and the counselor have discussed the benefits and drawbacks and the feasibility and commitment in detail and the consumer desires to pursue the possibility of self-employment, the following steps are advised:

1. As part of the comprehensive assessment, the counselor must determine unique strengths, resources, priorities, concerns, abilities, capabilities, interests, and informed choice of the consumer.
2. Assess the consumer's business concepts and potential. This can be best done by having the consumer complete the BAS prescreening tool. - Before discussing specific business ideas with the consumer, the consumer's potential to implement and sustain a successful business enterprise will be assessed. The Small Business Assessment Readiness Tool on the [WWW.SBA.Gov](http://WWW.SBA.Gov) is an excellent tool.
3. Research the business idea and explore its feasibility - A business feasibility study is a first look at and an evaluation of the business concept or idea.

4. Obtain technical assistance - The rehabilitation counselor will direct the consumer to resources with obtaining small business technical assistance. . Internet resources include: [WWW.SBA.GOV](http://WWW.SBA.GOV) or <http://www.usd.edu/sbdc/> or <http://www.score.org/index.html>.
5. Develop a business plan - The comprehensive business plan allows funding sources to evaluate the business and its chances for success. The Small Business Development Centers and SCORE and provide valuable assistance during the business plan development. The Small Business Development Center provides a Business Planning Guide on their web site which is an excellent resource.
6. The DRS/SBVI counselor will use the Business Assessment Scale (BAS) to assess the consumer's potential or areas to improve their business plan. It is recommended that two counselors complete the BAS before final approval or denial.
7. The level of financial assistance from DRS/SBVI is determined. Addition business funding options need to be obtained to meet the remaining portion of the business. There are a number of sources from which the consumer can apply for funding assistance.
8. Review and acceptance of the self-employment plan is completed. - Primary responsibility for this will rest with the rehabilitation counselor and the district supervisor however there will be instances that require input from other sources. If accepted, the Individualized Plan for Employment (IPE) is completed showing DRS/SBVI participation as well as comparable benefits. Financial assistance from DRS/SBVI is explored as a supplement to an approved business plan that includes outside financing. DRS and SBVI may assist with start-up expenses based on agency criteria.
9. Consumer obtains education or training - In order to implement and sustain a particular self-employment goal, the consumer may need to consider training (formal or informal) to reach their goal.
10. Follow-up - this includes job stability, successful case closure, semi-annual and annual reviews.

#### CLOSING:

As with all other rehabilitation services, the process will be individualized according to the consumer's unique circumstances. The Divisions understand that there is the possibility of individual circumstances regarding family, income, extenuating circumstances, etc. that may warrant special considerations. Properly documented justifications of these circumstances can be approved by State Office.