

## SELF-EMPLOYMENT SERVICES

### POLICY

**Authority - CFR 361.48; CFR 361.50**

1. Self-employment services may be provided in accordance with the following guidelines for eligible individuals who want to operate and/or expand a for-profit small business for the purpose of manufacturing a product or providing a service for public sale.
2. Self-employment services is defined as the purchase of goods, services and apparatus necessary for an individual to start or expand a small business based on a business plan approved by VR and the cost of goods, services and apparatus approved by VR.
3. Self-employment services do not include monetary payments; the purchase of vehicles, land, manufacturing equipment or franchises; the construction of buildings; or interior or exterior building improvements.
4. An assessment of the individual requesting self-employment services and of the proposed business must be conducted to determine if self-employment is the best employment objective for the individual and that the proposed business will result in a successful employment outcome for VR. An assessment includes but is not limited to:
  - a. The individual's experiences, learned skills and abilities to perform the major tasks needed to operate the proposed business.
  - b. The individual's capability of performing the majority of work required to operate the proposed business, including production of a product or provision of a service and sales.
  - c. The number of hours required to operate a similar businesses operated by individuals who do not have disabilities.
  - d. The expected gross annual income appropriate for the type of business and that is located within the individual's business service area or, as may be appropriate within the state of TN, that is equal to or greater than the income of similar businesses operated by individuals who do not have disabilities.
  - e. Document the assessment in the ENA Summary self-employment section.
5. If self-employment is determined to be the best employment objective, the individual must present VR with a completed business plan within 60 days of notification to proceed with developing a business plan, unless VR approves an extended period of time.
6. If the assessment determines that self-employment is not the best employment objective for the individual and/or the proposed business will more than likely not result in a successful employment outcome, VR will conduct an employment needs assessment to develop a more appropriate employment objective other than self-employment that will lead to competitive integrated employment consistent with the individual's strengths, resources, priorities, concerns, abilities, capabilities, interests, and informed choice.
7. A business plan must adequately explain:

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- a. The viability of the business;
  - b. How the individual will personally operate or expand the business;
  - c. The specific operations of the business;
  - d. A marketing plan that includes various marketing strategies;
  - e. A means for keeping track of and documenting inventory, sales and receipts (standard bookkeeping practices);
  - f. An itemized list of proposed goods, services and apparatus necessary to start or expand a business with the lowest possible cost for each item; and
  - g. A proposed cash flow that meets the businesses expected gross annual income (as determined in 3d).
8. Approved goods may include inventory and supplies. Approved services may include licensing, bookkeeping, marketing and business consulting services. Approved apparatus may include electronic and non-powered or powered tools.
9. Costs paid by VR to purchase goods, services and apparatus approved by VR to start or expand a small business cannot exceed \$10,000 without approval of the Director of Operations.
10. The purchase of approved goods, services and apparatus is subject to:
- a. Participation of the individual in cost based on a financial need assessment conducted by VR;
  - b. VR purchasing policy and procedures;
  - c. Appropriate VR approvals; and
  - d. The maximum cost and time periods allowed by VR.
11. VR will not purchase goods, services or apparatus different in type, specification, quantity or use from what is approved by VR in the business plan.
12. Prior to purchasing goods, services and apparatus, a determination must be made by VR as to the availability of comparable services and benefits and the extent to which the comparable services or benefits can be utilized to provide or pay for the goods, services and apparatus. Comparable services and benefits may include SSA PASS plan, Veteran's benefits, etc.
13. All goods, services and apparatus approved and purchased by VR must be included in the individual's IPE. The individual must coordinate with VR for the purchase and delivery of all goods, services and apparatus.
14. Within 5 business days following the purchase of goods, services or apparatus, the individual must provide VR with receipts from the purchases and a VR Equipment Receipt must be completed.
15. A business may be located in the individual's home, in rented space or may be mobile.
16. Pre-owned apparatuses that can be used in the business operation must be included in the business plan. VR will not purchase a replacement apparatus unless an authorized service technician has certified the equipment in need of repair or inoperable.

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17. The individual must seek assistance from a Small Business Development Center; the Service Corps of Retired Executives; Chamber of Commerce; similar business owner; or other recognized community resources to research and develop a business plan.
18. A business plan review team consisting of VR/DSH staff or area professionals as determined appropriate based on the type and complexity of the business will review the business plan and make a recommendation for approval and for developing an IPE for self-employment.
19. After the individual's business plan is approved, changes cannot be made without approval of the VR Regional Supervisor.
20. An individual approved to develop a business plan must sign the Self-employment IPE Attachment that explains VR policy for self-employment services and the individual's responsibilities for operation of the business.
21. If the individual's business plan is not approved, the individual may make changes to the business plan based on identified deficiencies and re-submit the plan for approval one time. If the business plan is not approved a second time, VR may consider other types of proposed businesses consistent with the individual's strengths, resources, priorities, concerns, abilities, capabilities, interests, and informed choice or conduct an employment needs assessment to develop a more appropriate employment objective. Other proposed businesses must be assessed to determine if the business will result in a successful employment outcome for VR.
22. Individuals with no experience in the proposed business who request training to acquire skills to operate the business must be assessed by VR to determine if self-employment is the best employment objective and if the proposed business will result in a successful employment outcome for VR prior to consideration of VR sponsorship for the training. VR may assess the individual for aptitudes, abilities and capabilities to participate in the training and following completion of training may determine if appropriate skills were acquired.
23. The case may be placed in VR status 22 the date the business begins operation. Work pay and hours must be equal to or greater than the gross annual income and work hours for similar businesses operated by individuals who do not have disabilities (as determined in 4c and 4d).
24. Once a case has been placed in VR status 22, the individual must use income from the business to purchase additional goods, services and apparatus.
25. Based on circumstances not in control of the individual and approved by the VR Regional Supervisor and/or VR State Office, VR may assist with the purchase of additional goods, services and apparatus in accordance with what has been approved in the business plan for up to 3 months after business operation begins provided the purchase cost does not exceed the maximum VR funding limit.
26. A successful business outcome must generate a gross annual income that is comparable to the income of other individuals who are not individuals with disabilities and who are self-employed in similar businesses (as determined in 4d). The individual must provide evidence of gross income for the business using standard bookkeeping methods and documentation every 3 months until the case is closed successfully.

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27. The case may be closed successfully after 90 days of successful operation and the business's documented gross income meets the requirement (as determined in 4d).
28. If after 90 days of business operation the documented gross income does not meet the requirement (as determined in 4d), VR will review the business's income as provided by the individual every 3 months to determine when the business's income meets the requirement.
29. If after 18 months the business's gross annual income has not reached the requirement (as determined in 4d), VR will conduct an employment needs assessment to develop a more appropriate employment objective other than self-employment that will lead to competitive integrated employment consistent with the individual's strengths, resources, priorities, concerns, abilities, capabilities, interests, and informed choice.
30. If the individual is unable to continue with the business operation and apparatus purchased by VR will no longer be used for its intended purpose, the client may be requested to return the apparatus to VR for use by other clients.
31. Post-employment services require approval of the VR Regional Supervisor.

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