

**A REVIEW OF POLICIES AND PRACTICES  
IMPACTING SELF EMPLOYMENT OUTCOMES  
WITHIN THE FEDERAL/STATE  
VOCATIONAL REHABILITATION SYSTEM**

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## INTRODUCTION

An objective of the START-UP/USA project, funded by U.S. Department of Labor, The Office of Disability Employment Policy, is to study the extent to which the Federal/State Vocational Rehabilitation Program supports self-employment vocational alternatives for individuals with disabilities. The purpose of this report is to provide Part II of a two part analysis of self employment participation and outcomes by individuals with disabilities within the Federal/State Vocational Rehabilitation (VR) System. Part 1 of this report, submitted in January 2009 to the Offices of Disability and Employment Policy (ODEP), U.S. Department of Labor, focused on outcomes in self employment through a longitudinal analysis of closure data contained in the RSA 911 Closure Reports for the period covering Fiscal Years 2003-2007 (Revell, Smith, & Inge, 2009).<sup>1</sup> This current report focuses on lessons learned from a review of policies and practices that impact self employment outcomes achieved through the State/Federal Vocational Rehabilitation System. It describes a variety of initiatives being taken by State VR agencies to encourage and support self employment outcomes.

A brief review follows of summary data contained in Part I of this report to establish the context for a discussion regarding policies and practices of Vocational Rehabilitation Agencies. A summary of closure rates in self employment for Fiscal Years 2003-2007 is provided in Table 1. Overall during the recent Fiscal Years 2003-2007 time period, self employment nationally self declined noticeably as a employment outcome in the Vocational Rehabilitation system. The number of Status 26 closures in self employment for all General and Combined VR agencies dropped 20% from 4,067 in FY 2003 to 3,246 in FY 2007. In comparison, the overall number of

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<sup>1</sup> Revell, G., Smith, F., & Inge, K. (2009). An analysis of self employment outcomes within the federal/state vocational rehabilitation system. Journal of Vocational Rehabilitation, 33(1).

Status 26 closures dropped 5% from 206,764 in FY 2003 to 195,805 in FY 2007. The percent of Status 26 closures in self employment dropped from 2.0% in FY 2003 to 1.7% in FY 2007.

**Table 1: Status 26 Closure Rates in Self Employment Compared to All Status 26 Closures: Fiscal Years 2003-2007 for General/Combined VR Agencies**

<b>Fiscal Year</b>	<b># Closed in Self Employment</b>	<b># of Status 26 Closures</b>	<b>% of Status 26 Closures in Self Employment</b>
<b>FY 2003</b>	<b>4,067</b>	<b>206,764</b>	<b>2.0%</b>
<b>FY 2005</b>	<b>3,388</b>	<b>196,733</b>	<b>1.7%</b>
<b>FY 2007</b>	<b>3,246</b>	<b>195,805</b>	<b>1.7%</b>

There are a variety of examples nationally of self employment interests that have been pursued successfully through the Vocational Rehabilitation system by individuals with a disability. These examples are drawn from all across the United States. People experiencing a variety of disabilities are operating self employment ventures. There are persons with intellectual, psychiatric, neurological, sensory, and/or mobility based disabilities. They are being successful in self employment in a wide spectrum of business interests. Some identified examples of self employment outcomes where Vocational Rehabilitation played a key support role:

- A computer consulting business involving installation and maintenance of computer hardware and software systems in small businesses.
- A vending machine business involving the stocking and maintenance of a number of vending machines placed in public buildings.
- A kettle corn business involving the preparation, marketing, and sale of kettle corn at events such as fares, bazaars, and parties.
- Crafting and selling handmade, split-cane bamboo fly fishing rods and handmade fishing nets.

- Managing a music and event promotion company.
- Exercising and boarding horses.
- A wild-life photography business involving both photography and marketing.

These examples of successful self employment outcomes point attention to a number of State VR agencies where the percent of self employment closures were substantially higher than the national average. 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**

<b>State VR Agency: General/Combined Only</b>	<b>FY 2007: % of Status 26 Closures in Self Employment</b>	<b># of Status 26 Closures in Self Employment</b>
<b>1. Mississippi</b>	<b>12.6%</b>	<b>572</b>
<b>2. Wyoming</b>	<b>7.9%</b>	<b>55</b>
<b>3. Alaska</b>	<b>6.6%</b>	<b>35</b>
<b>4. Maine</b>	<b>6.0%</b>	<b>42</b>
<b>5. New Mexico</b>	<b>4.3%</b>	<b>74</b>
<b>5. Vermont</b>	<b>4.3%</b>	<b>63</b>
<b>6. Idaho</b>	<b>4.1%</b>	<b>86</b>
<b>7. North Dakota</b>	<b>4.0%</b>	<b>36</b>
<b>8. Iowa</b>	<b>3.6%</b>	<b>77</b>
<b>9. Ohio</b>	<b>3.2%</b>	<b>288</b>
<b>10. Montana</b>	<b>3.1%</b>	<b>28</b>
<b>National Summary</b>	<b>1.7%</b>	<b>3,246</b>

To identify the policies and practices within a VR agency that appear to facilitate self employment outcomes, START-UP USA staff reviewed the state policy and procedure

information related to self employment for these states with above average closure rates in self employment. Interviews were also conducted with the VR Agency staff involved with self employment in these states, as well as partner agency staff, such as the Director of the Small Business Development Center in Ohio. It is important to note again that the states listed in Table 2, with the exception of Ohio, are states with smaller and more dispersed populations. There are cultural and economic influences impacting use of self employment that cannot be drawn from a specific set of policies and practices. It is reasonable to project that the small business, entrepreneurial spirit that is a strong economic influence in states like Alaska, Montana, Idaho, and Wyoming for the general population is also an influence towards self employment endeavors in these same states for individuals with a disability and their families. These cultural and economic influences cannot be drawn from policy statements.

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.

## Indicators of Proactive VR Self Employment Policies and Practices

There are a series of standard steps a Vocational Rehabilitation Counselor will follow in working with an individual with a goal of self-employment. These steps are:

1. Completion of a Feasibility Study
2. Completion of a Business Plan
3. Exploring Potential Use of Training to Develop Needed Skills
4. Networking with Partners/Resources
5. Identifying Needed Ongoing Supports

State VR agencies with higher participation rates in self employment have certain characteristics in the variety of supports provided. These indicators of support can be placed in three general categories:

- Individual/Family Directed Policies
- Service Coordinator/Manager Directed Policies
- Interagency/Partnership Directed Policies

Table 3 presents a catalog of proactive VR policies and practices that support each of these indicators. These policies and practices were drawn from the analysis of strategies used in states with the higher participation rates in self employment.

**Table 3: Catalogue of VR Policy/Practices that Support Self Employment**

<b>Individual/Family Directed Policies &amp; Practices</b>	<b>VR Service Coordinator Directed Policies &amp; Practices</b>	<b>Interagency/Partnership Directed Policies &amp; Practices</b>
Support for a Discovery process to explore potential areas of interest.	Proactive Guidance to Counselors on Self Employment	Certification of Community Rehabilitation Programs as Providers for Self Employment assistance, including support for the initial Discovery process.
Feasibility Guidelines for	Clear guidance on	Relationships with Work

<b>Individual/Family Directed Policies &amp; Practices</b>	<b>VR Service Coordinator Directed Policies &amp; Practices</b>	<b>Interagency/Partnership Directed Policies &amp; Practices</b>
Self Employment (Explicit and Implicit Policies/Practices)	Supported Self Employment	Incentives Planning and Assistance Resources (Importance of PASS Plans in Self Employment)
Emphasis on Work Incentives Planning and Assistance as an early step in planning.	State Self Employment Resource Personnel for TA to Counselors	One Stop Career Centers (Individual Training Accounts)
Support for Completion of Business Plan	Eligibility/IPE Requirements Clearly Stated	Individual Development Accounts
Certification/Training Requirements for Self Employment	Counselor as a Team Member for Self Employment	HCB Medicaid Waiver
Financial Support Guidelines for Self Employment	Counselor Directed Training Related to Self Employment	Small Business Development Centers
Access to Proactive Success Stories	Web Based Resources	.SCORE
Clearly Established Expectations for Earnings from Business; Timelines for Independence	Access to Certified Community Rehabilitation Programs as Providers for Self Employment Technical assistance	Ongoing support partnerships for supported self employment

There are a variety of representative examples of proactive State practices in each for each of these indicators.

### **Individual and Family Directed Policies**

There are a number of practices that VR agencies can put in place directly impacting applicants with disabilities potentially interested in a self employment outcomes. These practices range through a number of developmental steps from the initial exploration of the interest in self employment, the development steps of planning and packaging needed funding, and then to the actual implementation and sustaining of the business initiative. Initially, VR counselors focus on

assessing the self employment goal. Key considerations for the VR counselor and agency in the feasibility review are as follows.

- Examples of experience in the planned business area. Sometimes business ideas evolve from avocations and other interests; sometimes they are ventures based on related employment experience.
- Support of family and friends that can be helpful in business development, particularly in situations where a person with a disability has support needs in areas such as transportation, mobility, financial management, or certain activities of daily living.
- Clearly articulated goals for the business, both short term and long term are important. Some Vocational Rehabilitation agencies might have income targets that are a criterion for support. Realistic goals regarding the development and potential growth of the business are needed.
- An understanding of the financing needs for the business and potential financial resources that the individual brings to the initiative are a key component of the feasibility study. Vocational Rehabilitation guidelines vary regarding financial contributions to self employment plans.
- A realistic description of the demand and the market is very important during the feasibility assessment. Are there other businesses in place reaching the same market? Is there demand for the service/product?
- If the individual is a recipient of Social Security Disability Benefits, an understanding of the potential impact of earnings from the planned business on these benefits is important. Has the individual talked with a Benefits Counselor?



It is clear that there are a number of considerations that impact the extent to which an individual's interest in self employment will be supported by a VR agency. The following is an exploration of policies and practice examples focused specifically on the individual applicant to VR interested in self employment and potentially her/his family.

**Feasibility Guidelines for Self Employment (Explicit and Implicit Policies/Practices):** When approached about a goal of self employment, the first step usually taken by a Vocational Rehabilitation Counselor is to review with the individual the feasibility of the employment goal. Some Vocational Rehabilitation agencies have standard outlines for the information counselors will need to assess the self employment idea. These outlines serve as an organizational tool that helps the individual assemble a variety of information on the self employment idea in preparation for a detailed discussion with the counselor.

North Dakota is a state that consistently ranks high in the percent of VR closures that achieve self employment outcomes. Evidence that the North Dakota VR Agency is taking a proactive policy approach to self employment is exemplified by the web posting available to consumers potentially interested in self employment. A consumer can complete a feasibility study for the business idea in preparation for meeting with a VR counselor. The format for a feasibility study can be found at:

<http://www.nd.gov/dhs/business/rehabconsult/docs/busassess.pdf>

The format for the feasibility study addresses areas such as:

1. A description of the business idea.
2. A review of the individual's management skills.
3. A summary of technical skills/work experience related to the self employment goal.

4. A sense of an individual's commitment/desire/persistence is making the self employment venture a success.
5. A review of the market demand for the desired business.
6. The personal credit history and financial solvency of the individual.

The clarity and ease of access of the feasibility guidance in North Dakota assists both the applicant and the VR counselor in starting the exploration process in an organized, goal directed manner, and it quickly identifies areas that need further clarification and exploration. Resources then can be directed towards assisting with the feasibility exploration.

**Benefits Planning:** Technical assistance resource staff within the VR system working in the area of self employment emphasizes the importance of Benefits Planning as a key exploratory step in determining the feasibility of a self employment goal. Effective benefits planning assists in both identifying the impact of potential income generated by the business on benefits, and it also assists with identifying how Work Incentives (such as Plans for Achieving Self Support) can be a vitally important component of the funding plan for a small business. The variety of important consideration for benefits planning and self employment are demonstrated by the resource materials in this area on the START- UP USA web site at:

<http://www.start-up-usa.biz/resources/links.cfm#19> The Alaska VR agency is an example of a state program that has taken a proactive position on making benefits planning available. To expand the core benefits planning resource available through the Social Security Administration's Work Incentives and Planning Assistance Projects (WIPA), Alaska VR has approved Benefits Planning as service that can be purchased by a VR counselor and has proactively supported an expanded system of well qualified work incentives counselors.

**Support for Completion of Business Plan:** Following a review of the feasibility of the self employment interest of the applicant, the next step is completion of the business plan overview.

Again, the North Dakota VR agency has posted a web- based business plan format at:

<http://www.nd.gov/dhs/business/rehabconsult/docs/busplan.pdf> . The business plan outline

addresses areas such as:

- Goal for business,
- Products/services to be offered,
- Type of business (e.g.: Sole Proprietorship; Partnership; Corporation),
- Management plan for business and qualifications of manager,
- Experience, education, and background of applicant in business area or related fields,
- Planned location of business,
- Target market, marketing plan, and competition,
- Timeline for developing business,
- Financial plan for implementing, marketing, and sustaining business,
- Financial resource support needed, and
- Short and long-term goals for business.

To assist with completion of the Business Plan, some states have courses that train applicants in business planning. An example is the state of Maryland, which will be detailed shortly in this report. States also utilize Small Business Development Centers. The state of Ohio, which is the one more populous state (noted earlier in the report in Table 2) that ranked in the top ten states with percent of self employment closures is a primary example of a state that makes use of Small Business Development Centers (SBDC) as a resource for business plan development.

## **Example of an Integrated State VR Agency Approach to Supporting Self Employment**

**Development:** There are state VR agencies that are working aggressively to improve their self employment outcomes. One of these states is Maryland. Maryland has put in place the Reaching Independence through Self Employment (RISE) program. RISE is a coordinated program for self-employment. It offers business plan development classes across the State and has a business plan review committee comprised of members of the business community as well as representatives of the Maryland Division of Rehabilitation Services. Information on the RISE program can be found at <http://www.riseprogram.com/>. The RISE program assists individuals in Maryland who have applied to the VR agency for self employment assistance. RISE offer two courses for self employment applicants: Exploring Entrepreneurship, and Business Plan Development. Participation in these courses is required for most self employment applicants. Table 3 that follows provides a summary of RISE program that is contained in Self Employment Fact Sheet provided by DORS to self employment applicants.

It is important to note to reference in the RISE Fact Sheet to **Supported Business Enterprises**. A key finding in the review in the overall review of State VR policies impacting self employment is the limited number of references to “supported business enterprises”, which are business initiatives “for individuals who require supports to perform the functions of and operate businesses.” Most of the self employment focus among state VR agencies is on businesses where the individual applying to VR for support can perform the key functions and operations of the business. In a supported business enterprise, as defined in the Maryland policy, “individuals must perform a core function of the business and establish separate financial arrangements from the support entity” that will perform the other function needed to operate the

business. The Supported Business Enterprise approach referenced in the Maryland policy is consistent with the Customized Self Employment initiative that has been a focal point for ODEP.

The Maryland DORS Self Employment Fact Sheet identifies that agency’s Financial Support Guidelines for Self Employment. As noted in the policy statement in Table 3:

- DORS will provide limited funding of a small business if necessary after the business plan has been reviewed by the RISE Advisory Committee and approved by DORS. DORS will not be the primary funder of any small business. DORS funding will be in the form of purchase of all or part of specific goods and/or services required according to the approved business plan; typically will not exceed \$15,000; and will not be provided in cash.

The range of financial support provided by state VR agencies differs noticeably from state to state.

**Table 3: Maryland DORS Self Employment Fact Sheet**

<b>Maryland Division of Rehabilitation Services</b> <i>The RISE Program: Reach Independence through Self-Employment</i> <b>SELF-EMPLOYMENT FACT SHEET</b>
<p><b>Considering Self-Employment?</b> If you are eligible for services of the Division of Rehabilitation Services (DORS) and can receive services under the order of selection, you may participate in the <b>RISE Program</b> in order to:</p> <ul style="list-style-type: none"> <li>• Explore whether self-employment is a realistic vocational option for you</li> <li>• Develop a comprehensive business plan and explore multiple funding sources</li> <li>• Obtain market information to guide selection of business/industry</li> <li>• Receive an assessment of your business concept/business plan by business and banking experts</li> <li>• Determine if DORS assistance can help you maintain an established business.</li> </ul> <p><b>DORS will provide limited funding of a small business if necessary after the business plan has been reviewed by the RISE Advisory Committee and approved by DORS. DORS will not be the primary funder of any small business. DORS funding will be in the form of purchase of all or part of specific goods and/or services required according to the approved business plan; typically will not exceed \$15,000; and will not be provided in cash.</b> Other funding requirements will be explained by your rehabilitation counselor.</p> <p><b>Types of Businesses.</b> DORS can only support businesses which:</p> <ul style="list-style-type: none"> <li>• Comply with all relevant state, federal and local laws and regulations;</li> <li>• Involve majority ownership and management of the business by an eligible individual served by DORS;</li> <li>• Are organized as “for profit;”</li> <li>• Operate in an integrated, community work setting;</li> <li>• Do not involve speculative activities; and</li> <li>• Are designed to be the major source of income for the individual.</li> </ul> <p><i>The Division reserves the right to deny approval and funding of a business determined by the Director</i></p>

*to be inconsistent with community standards.*

**How to Get Started:** Talk to your rehabilitation counselor about this employment option. The counselor will describe the two self-employment courses to get you started and will help you enroll if you are interested:

**Exploring Entrepreneurship**, a three-hour session providing information about the realities of small business ownership, including consideration of personality factors, comparison of working for oneself versus working for someone else, information about personal financial resources, and the likelihood of qualifying for commercial loans;

**Business Plan Development**, an 8-week course addressing market information, industry selection, and exploration of funding sources. The goal is to prepare a viable business plan which will be presented to the RISE Program Advisory Committee for review. The business plan will include information about the business and owner; summary and mission statement; industry selected; company and its products; market research and analysis; marketing plan; operational plan; management; critical risks and potential problems; community benefits; and financial plan.

**Established Business.** If you have or wish to purchase an established business, RISE staff will conduct a business assessment, including business plan review/development, review of the financial status of the business, and exploration of options.

**Supported Business Enterprise** is available for individuals who require supports to perform the functions of and operate businesses. Identification of supports and funding commitment from an extended service provider is required. Individuals must perform a core function of the business and establish separate financial arrangements from the support entity.

**Questions?** Contact your DORS counselor if you have questions about self-employment or supported business enterprise.

The Iowa Vocational Services Agency is ranked 8<sup>th</sup> nationally in FY 2007 in the percent of self employment closures. The agency has developed a very proactive step by step set of guidance for applicants interested in self employment. This guidance is found in Appendix 1 to this report, and can be accessed on the web at:

<http://www.ivrs.iowa.gov/IowaSelfEmploymentProgram/SelfEmploymentMainIndex.htm>

One feature of the Iowa information that is supportive of new applicants interested in self employment is the inclusion of 3 success stories among the resource information.

### **Service Coordinator/Coordination-Directed Policies & Practices**

There are a number of policies and practices that state VR agencies can direct specifically to its own staff that will facilitate proactive responses to self employment. Given the information drawn earlier from Table 1 that only 1.7% of Status 26 closures in FY 2007 were persons in self employment, it is clear that for many counselors, participation in the development of a self

employment plan is a rare event. Proactive guidance directed to VR counselors on self employment is critically important. Just as states develop summary guidance directed to applicants (such as Maryland example of found in Table 3 and the Iowa example found in Appendix #1), state VR agencies also develop Counselor-directed material. For example, the Alabama VR agency has placed an emphasis on expanding self employment and has published a Self Employment Guide directed to counselors. This guide summarizes key policies, provides guidance on steps to follow in working with an applicant interested in self employment. The Virginia Department of Rehabilitative Services has published the Self-Employment Enterprise Handbook (available online at <http://www.vadrs.org/FRS/seehandbook/SELFEMP.htm>) that is a resource for counselors as well as applicants. This Handbook provides information about the role of the Rehabilitation Counselor, the Customer/Applicant, the Self Employment Enterprise (SEE) Committee, and the Self Employment Consultant in developing a self employment plan.

State VR Agencies are putting in State self employment resource personnel for technical assistance to counselors. The states listed in Table 2 as having the highest percentage of self employment closures have in place resource personnel knowledgeable in business development and self employment. These staff are usually from a business background, not a rehabilitation background. These staff are frequently complemented by Self Employment Committees, as in the example described earlier of the RISE program in Maryland. VR counselors in Maryland are supported by the Self Employment Committee, which reviews business plans and gives feedback. The counselor therefore becomes a team member for self employment

Some states provide counselor-directed training on self employment. Certification of Community Rehabilitation Programs as providers of self employment, as is being done in Florida, is a key resource for counselors. Certification results in a group of programs around the

state that meet core requirements for being a support resource for self employment. Counselors can then utilize these programs with confidence regarding their effectiveness. A Certification program in place also means that there is an organized state effort around training and technical assistance for self employment providers, which is a key benefit for VR counselors in working with programs on a continuous quality improvement perspective.

Ongoing support partnerships for supported self employment are critically important for counselors who are working with applicants who require a more supported self employment approach to be successful. The next section of this report summarizes important partnerships that are being developed and utilized by Vocational Rehabilitation agencies in support of self employment.

### **Interagency/Partnership Directed Policies & Practices**

VR agencies use a variety of community partners to assist in the feasibility study and business plan development steps in working with applicants interested in self employment. These are a number of community partners and resources that might be helpful with the feasibility study and the business plan development, including the financing of a self employment initiative. Primary examples of key community partners include programs in a community such as Micro Enterprise Centers and Small Business Development Centers (<http://www.asbdc-us.org/>) focus specifically on assisting in the development of small business initiatives. This program can provide technical assistance, mentorship support, and sometimes financial assistance in the small business development area. A related example might be a community association of retired business executives such as SCORE (<http://www.score.org/index.html>), which is a particularly good resource for mentorship and guidance. Local Chambers of Commerce provide information



and referral assistance in identifying these resources. Also, trade associations in the targeted business area can be of assistance.

State and Community Mental Health and Developmental Disabilities programs are organized differently from state to state. Some are operated as state agencies; others have a local Community Service Board component that is the key coordination point for accessing services. However they are administered in a particular location, they are important resource in a state and community that support the specific disability being experienced by the individual with the self employment goal. Funding drawn from Home and Community Based Medicaid Waivers are a very helpful potential funding resource that can be incorporated into the business plan for eligible individuals. The rules governing Waivers in the state where the applicant interested in self employment must be reviewed to determine is the Waiver can be helpful.

Community Rehabilitation Programs are a potential source of job coaches/employment specialist that can provide one-to-one training and support during the development of the business. These programs frequently have service contracts with State Vocational Rehabilitation agencies to provide supported employment and related services. These programs can be of particular assistance in instances where the need is for Supported Self Employment, which will require some substantial degree of ongoing support for the business to be successful. The State of Florida has an initiative in place to provide training to community programs on being a resource for self employment. Those programs that complete the training are certified as Community Rehabilitation Programs as Providers for Self Employment.

Work Incentives through Social Security Administration, such as Plans for Achieving Self Support (PASS), are used frequently in support of self employment initiatives. There are a

variety of potential work incentives that can be helpful. A qualified Benefits Counselor is a valued potential member of a support team for a self employment initiative.

One Stop Career Centers are a potential source of information regarding business trends in a community and financial support for self employment. There are also a variety of potential resources when referral is needed for training in skills areas key to the success of the business, such as bookkeeping, computer use, and marketing. These resources include Community Colleges and specialized training centers.

## DISCUSSION

There are a variety of lessons learned from this review of policies and practices within the State VR System that directly responsiveness by VR agencies to self employment interests of applicants for services. The primary lessons are in the areas of (1) State VR policies and practices and (2) the partnership between an applicant for VR Services interested in self employment and the state agency. A review of the lessons learned in both these areas is as follows.

**Lessons Learned Regarding Vocational Rehabilitation Policy Areas Potentially Impacting Self Employment:** State Vocational Rehabilitation agencies do operate within a framework established through the federal Rehabilitation Act and its amendments. However, within that overall framework, there are many areas where there are differences, sometimes substantial differences, from state to state in policy areas that will potentially impact how Vocational Rehabilitation responds to a goal of self employment. Here are some examples:

- 1. Order of Selection:** Vocational Rehabilitation services are **not** considered to be an entitlement service. There are some federal programs where an eligible individual is entitled to the service without consideration of appropriated funds. Medicaid is an

example of an entitlement service. If a person is eligible for Medicaid benefits, those benefits are guaranteed as an entitlement. With Vocational Rehabilitation, there are budget limits set in the Federal appropriation. If demand for services exceeds available funds appropriated and budgeted in a particular state and that state Vocational Rehabilitation agency cannot provide services to all eligible applicants, then an Order of Selection must be implemented. Order of Selection sets out guidelines on the priority order of persons with a disability in that state who will receive services first. The first priority might be persons with the most significant disabilities. When a state indicates that it has implemented its Order of Selection, services are then delivered based on the priorities established in the Order of Selection criteria. Waiting lists for services frequently result where implementation of the Individual Plan for employment is delayed for those persons who are not in the funded priority groups. These waiting lists are not established based on a vocational goal, so a person with a goal of self employment would not be more or less likely to receive services under an Order of Selection. Order of Selection criteria is driven wholly by the nature and extent of the disability and the degree to which disability is an impairment to employment. However, particularly in a period of a national economic downturn as is occurring at present in early 2009, State use of Order of Selection can limit opportunities for utilization of Vocational Rehabilitation to achieve an employment outcome, including self employment.

- 2. Financial Eligibility:** Each state Vocational Rehabilitation agency establishes its own financial eligibility criteria. These criteria use income and resource guidelines that vary from state to state. Some states might have a criterion where recipients of SSI or SSDI are automatically financially eligible; other states would still require SSI and SSDI

recipients to go through a financial review. Based on income and resources, a person can be fully financially eligible, partially eligible, or not financially eligible. A person partially financially eligible would need to make financial contributions to his/her employment plan. A person not financially eligible could still get services from Vocational Rehabilitation such as counseling and guidance where no VR funds are needed. Other services in the Individual Plan for Employment would need to be funded by the person himself or herself, and/or by non-Vocational Rehabilitation sources. Determination of degree of financial eligibility is a very important component of a self employment plan since it will help to establish the amount of financial contribution the VR agency will be able to contribute.

**3. Earnings Goals for Planned Business:** Self employment interests can range from full-fledged businesses to smaller extensions of hobbies and avocations. Some VR agencies might set expectations for earnings to be generated by a self employment endeavor. If the business plan and expectations for a particular self employment initiative indicates an earning goal or expectation below the earnings floor set by the VR agency, that agency might not support moving ahead with the business plan.

**4. Financial Participation in Business Plan Development and Vocational**

**Rehabilitation Contribution Limits:** Different Vocational Rehabilitation agencies also have varying policies regarding requirements for financial participation by the person with a disability in that development of the self employment initiative. The participation guidelines might be in terms of a certain percentage of the financing needs for the business plan. Even if there are not specific guidelines for financial participation, there is generally an expectation that there will be some financial participation in the business

development by the individual. Also, some Vocational Rehabilitation agencies might also set dollar amount limits for its own contribution to the self employment development plan. The important considerations here are to first emphasize strongly the importance of an applicant for self employment assistance through a VR agency to become fully informed on the specific state guidelines regarding individual financial participation in the self employment plan and contributions by the Vocational Rehabilitation agency. The Vocational Rehabilitation Counselor is a primary source of information for these guidelines. Second, it is very important that time be spent learning about the various financial resources potentially available to assist in the development of the self employment initiative to complement funds potentially contributed by Vocational Rehabilitation. Vocational Rehabilitation can be very significant partner and financial participant in a self employment plan. However, its participation will most frequently be as a part of a variety of supports and financing initiatives.

### **Lessons Learned Regarding an Applicant Partnering with Vocational Rehabilitation in**

**Developing Self Employment:** There are a variety of considerations involved in for an applicant working with Vocational Rehabilitation as a partner in developing a self employment goal. Key considerations for a successful relationship with VR in by an applicant interested in pursuing self employment include:

- 1. Be Well Prepared to Discuss the Business Idea:** The first step in this partnership is a review of the feasibility of the self employment idea. Good preparation for this feasibility discussion will go a long way in making a positive impression on the vocational rehabilitation counselor and will open the door for further consideration. A support team of maybe 3-5 people who are known and trusted by the applicant and who can assist in

bringing information and knowledge to the discussion is potentially helpful during preparation. The Vocational Rehabilitation Counselor and agency can build on this preparation through assisting with further exploration of the business idea during the feasibility discussion.

- 2. Approach Vocational Rehabilitation as a Partner and a Resource:** The Vocational Rehabilitation agency will be most supportive and responsive when approached as a partner and as a resource in the self employment initiative. The Vocational Rehabilitation counselor can help an individual explore the idea, connect with a variety of resources within and outside of the VR agency that can be supportive, arrange for training in related skills important to the business, and arrange for financial participation by the VR agency as a component of the business plan. This support evolves from a sense of partnership. In any initiative, partners need clear and confident information, commitment to an idea, a willingness to work aggressively towards accomplishing the idea, and at times, patience. Being a good partner with Vocational Rehabilitation will help tremendously in securing its assistance.
- 3. Be Educated Regarding VR Policies and Procedures:** Policies and procedures governing self employment vary considerably from state to state among Vocational Rehabilitation agencies. These policies around financial participation are particularly important. Becoming educated on VR policies and procedures is most important. This information is available through the vocational rehabilitation counselor. Many state Vocational Rehabilitation agencies have web sites specific to self employment.
- 4. Develop Associated Skills/Supports Needed to Manage Business:** There are a variety of skills needed to be successful in a business in areas of management, financing, and

marketing, for example. Sometimes the person with a disability leading the self employment initiative will operate the business independently. In other instances, a support team of family and/or others might take on certain support roles. The Vocational Rehabilitation counselor might request that there be participation in some ancillary training as a part of the business plan development. The commitment by VR to the business plan will take into consideration the ongoing support needs and resources critical to the success of the business, and the degree to which these are planned-for to the extent possible in the plan.

5. **Blend funding from various sources to accomplish goal:** Vocational Rehabilitation agencies can assist financially in a variety of ways in supporting a self employment initiative. Purchase of equipment, securing needed training, arranging for time limited assistance with the business – these are all areas where VR has provided financial support. This support is most frequently a part of a larger financial plan, including some amount of self financing by the person with a disability through, for example, available resources, loans, funds drawn from Social Security Work Incentives such as the PASS plan discussed earlier, and grants. Self employment plans are usually financed through a blending of a variety of funds. Don't approach Vocational Rehabilitation with an expectation of full financing for the business idea from that agency. Work to identify and blend a variety of funds.
6. **Utilize Personal Social Capital:** The final key consideration is partnering with the Vocational Rehabilitation is the importance of utilizing personal social capital available in the community to develop the business idea. Social capital exists in many different forms through family, church, social contacts, vocational and a-vocational experiences

and interests, and other links to the community. The applicant should capitalize on these social contacts and support and bring these resources to the business plan development.

### **SUMMARY**

There are a clear set of indicators for Vocational Rehabilitation Agencies that are proactive in supporting applicants who are interested in self employment outcomes. These indicators reflect a systemic, balanced approach to a team emphasis. The team consists of:

- The applicant and his/her family who benefit from clear guidance and support in areas such as benefits planning, investigating the feasibility of the self employment goal, developing the business plan, accessing needed training critical to a successful self employment initiative, and acquiring financial support for the business;
- The VR counselor who benefits from clear policies and guidelines in how to support an applicant interested in self-employment, in-service training on self employment, a support team that assists through technical assistance and resource identification, and a variety of web based resources that can be used to direct and educate an applicant in the steps in developing a business initiative; and
- Interagency and community partners that include Small Business Development Centers and community rehabilitation programs certified as providers of self employment services that can provide a variety of ongoing supports and financial assistance.

State VR agency that have a higher percentage of self employment outcomes consistently demonstrate the effectiveness of a team approach to applicants interested in self employment. States like Ohio, which has a higher population base than the more rural states with dispersed



populations that have the higher percentage of self employment outcomes, demonstrate that self employment can occur frequently in more populous states when a balanced team approach

## Appendix 1: Iowa Vocational Rehabilitation Services RS Self Employment Program

### Iowa Vocational Rehabilitation Services: Self-Employment (ISE) Program

**Vision:** *To provide quality, expert, client-centered services to Iowans with disabilities that embrace diversity, promote successful business ownership and result in self-sufficiency and economic development.*

#### Overview

- [Self Employment Overview](#) (downloads a Word Document)
- [Map of 2008/2009 ISE Businesses](#) (downloads a PDF Document)

#### Success Stories

- [Anna Bradley Success Story featured in Inc. Magazine](#) (links to Inc. Magazine)
- [Carl Fields Success Story](#) (downloads a PDF Document)
- [Marvin Van Beek Success Story](#) (downloads a PDF Document)

#### Exploring Entrepreneurship (EE) Workshops

- [Exploring Entrepreneurship PowerPoint](#) - *revised 12/11/08* (downloads a PowerPoint Document)
- [EE Workshop Schedule](#): Carroll, Council Bluffs, Creston, Ft. Dodge, Sioux City, Spencer (downloads Excel Document)
- [EE Workshop Schedule](#): Ames, Des Moines, Mason City, Ottumwa, Waterloo (downloads Excel Document)
- [EE Workshop Schedule](#): Burlington, Cedar Rapids, Davenport, Dubuque, Iowa City (downloads Excel Document)
- [Instructions for Scheduling Clients for EE Workshops](#) (downloads Publisher Document)
- [EE Workshop Attendees Form](#) (downloads Excel Document)
- [List of Contact People for EE Workshop Locations](#) (downloads Excel Document)
- [EE Workshop 2008 Participant Evaluation Summary](#) (downloads a Word Document)

#### Self-Employment Process

- [ISE Business Program Process Guide](#) (downloads a Word Document)  
*updated 04/19/09*
- [ISE Progress Checklist: A tool for IVRS/IDB Counselors](#) (downloads a Word Document)  
*updated 04/19/09*
- Forms

## Step 1

- [Checklist 1 - Self-Employment](#) - *revised 02/09* (downloads a Word Document)
- [Checklist 2 - Disability Analysis](#) (downloads a Word Document)
- [Checklist 3 - Is Small Business Right for You?](#) (downloads a Word Document)
- [Income Offset Disclosure Information](#) (downloads a Word Document)
- [Income Offset Disclosure Information](#) - *Spanish* (downloads a Word Document)
- [Credit Report Instructions](#) - *revised 03/09* (downloads a Word Document)
- [Credit Report Mail-In Form](#) (link)
- [Personal Financial Statement Form](#) - *revised 03/09* (downloads Excel Document)
- [Personal Budget Form](#) - *revised 02/09* (downloads Excel Document)

## Step 2

- [Application to ISE Program](#) - *revised 03/09* (downloads a Word Document)
- [Uses and Sources of Funds Form](#) - *revised 03/09* (downloads Excel Document)

## Step 3

- No forms are included in this step

## Step 4

- [Client Follow-up Form](#) - *revised 03/09* (downloads Excel Document)

## Step 5

- No forms are included in this step

## Additional Forms

- [Exception Request Form](#) - *revised 04/09* (downloads a Word Document)
- [Self-Employment Responsibilities Form](#) - *revised 04/09* (downloads a Word Document)
- [Self-Employment Responsibilities Form](#) - *Spanish* - *revised 04/09* (downloads a Word Document)
- [Statement of Understanding - Publicity Release](#) (downloads a Word Document)
- [Tax Exempt Letter for Vendors](#) (downloads a PDF Document)
- [Ticket to Work - Self Employment Income Form](#) (downloads a Word Document)