

**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
Revised July 27, 2023**

TO: ALL DRS/SBVI Staff

FROM: Gaye Mattke, SBVI Director
Eric Weiss, DRS Director

SUBJECT: Policy on Self-Employment

This Program Guide replaces DRS/DSBVI 2008-02 from October 2008 and is effective immediately. This policy 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 the [Rehabilitation Act Amendments of 2015](#). The nature of the work being done, the benefits of being self-employed, or the sheer opportunity to provide an in-demand good or service are all reasons that someone might pursue self-employment and why self-employment should be explored as an employment goal for all job seekers.

DEFINITION:

Self-employment is defined as follows: When a consumer carries on a trade or business as a sole proprietorship or partnership and pays self-employment tax. Types of self-employment can include sole proprietorship, partnership, and being an independent contractor.

POLICY STATEMENT:

South Dakota DRS and SBVI value and promote self-employment as an achievable vocational goal in rehabilitation planning; self-employment should be discussed as an option for an employment goal from the beginning of the case and throughout. Like more traditional employment, the counselor will continue to be essential throughout the self-employment process. The counselor can provide support in helping to identify and remove barriers, provide technical assistance, identify resources to help individuals achieve their selected goal, and more throughout the VR case. During the comprehensive assessment, development of the Individualized Plan for Employment, and service implementation, rehabilitation counselors can provide guidance or assistance with:

- 1) Establishing self-employment goals that are a good fit for the person,
- 2) Helping to assess business potential and feasibility,
- 3) Helping to identify supports available, supports needed, and where to obtain supports for long-term success of the business,
- 4) Providing technical assistance for business plan development,
- 5) Identification of community-based resources for writing and submitting a business plan,

- 6) Helping the client to identify training to help them achieve their employment goal,
- 7) Providing limited financial assistance in business start-up within VR policy, and
- 8) Following up once the business plan is approved for funding through a small business loan or grant and continuing until agreed upon business success has been achieved.

DRS and SBVI may participate in partially funding small business start-ups but do 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 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 such as assistive technology.

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 for all services except assessments, some support services such as job coaching and follow along, and disability-related expenses such as assistive technology.
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.
4. A salary paid to the consumer will not be considered in the overall calculation of expenses.
5. Initial supplies are limited to no more than three-month supply of raw materials or one-time purchase of items purchased with the intent of being resold.
6. Prior to approving funds, the state office needs to approve the self-employment plan.
7. Business plans exceeding \$10,000 can receive financial assistance from DRS/SBVI based on 100% of \$10,000 plus an additional amount per the chart below.
- 8.

Amount of Funding Needed	Amount of Funding Provided
\$10,000 or less	\$10,000 or exact amount needed
\$10,001-\$25,000	Up to \$13,000
\$25,001-\$50,000	Up to \$18,000
\$50,001-\$75,000	Up to \$23,000
\$75,001-\$100,000	Up to \$28,000

9. Funding assistance for an approved business plan which exceeds the DRS/SBVI guidelines must be derived from other sources. It is the role of vocational rehabilitation to assist in identifying resources; it is the consumer's responsibility to obtain the funding with support from VRC and other appropriate resources.

If DRS/SBVI is providing financial assistance, completion of the Repossession and Responsibility agreement is required. If 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. Otherwise, DRS/SBVI will maintain ownership of equipment until successful closure of the case.

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 but can provide assistance to help establish and assure that the correct supports are in place long-term.

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's professional judgement, client perspective as defined in the IPE, and central office technical assistance will be used to determine outcome success. The VR Counselor Manual provides additional information on how to determine the success and appropriate closure procedures for a self-employment case.

CLOSING:

As with all other rehabilitation services, the process will be individualized according to the consumer's unique circumstances. The Division understands that there is the possibility of individual circumstances that may warrant special consideration. Properly documented justifications of these circumstances can be approved by State Office.