

ARIZONA DEPARTMENT OF ECONOMIC SECURITY

Program Name: Vocational Rehabilitation

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CHAPTER 4: IPE

Section 4.5.2: Self-Employment IPE Development, Technical Assistance and Business Plan Development

I. Policy Statement

This policy provides the guidelines regarding the development of a Self-Employment IPE when the intermediate objectives of the current VR IPE have been completed and the proposed business concept overview has been approved by VR.

II. Authority

Authority for policies contained in this document includes the following:

- Workforce Innovation and Opportunity Act (WIOA), 29 U.S.C. § 3101 et seq.
- Title IV Amendments to the Rehabilitation Act of 1973, 29 U.S.C. § 701 et seq.
- Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 2 CFR part 200.
- State Vocational Rehabilitation Services Program, 34 C.F.R. §§:
 - Applicable Definitions 361.5 (c)(9)(i)
 - Scope of vocational rehabilitation services for individuals with disabilities 361.48(b)(16)(19) and (21)
 - Development of the individualized plan for employment 361.45
 - Content of the individualized plan for employment 361.46
 - A.R.S. §§ 23-502 and 503
- Arizona Administrative Code, Title 6, Chapter 4:
 - General considerations R6-4-201 (A)(1)(m) and (n)
 - Economic need and similar benefits R-6-4-403 (A)(1)(a)(vi) and (vii) and (B)(1) and (2)(a)(iv) and (c-e) and (3)

III. Applicability

This applies to clients that request VR support in pursuing a self-employment work setting and business plan development. The client must:

- A. Explore and utilize other potential funding sources prior to using VR funds (e.g., natural supports, Small Business Association loans, and Social Security Administration incentives such as PASS or ABLE Accounts and Impairment-Related Work Expenses programs).
- B. Complete post-secondary/occupational/vocational training to upskill or develop career/occupational skills pertinent to the business specialty as the client's current skill levels and business plan warrant.
- C. Complete business training that includes financial, managerial, marketing, and personal aspects of business operations when they have no prior business experience or have insufficient knowledge in business operations.
- D. Participate in technical assistance and business consultation services related to self-employment, if applicable.
- E. Address all concerns, suggestions and recommendations from the VR Counselor and VR Small Business contracted vendor.
- F. Prepare a complete business plan following the format outlined in the agency *Self-Employment Guide, Part 4* and according to IV. H and I below.
- G. Provide a copy of the partnership agreement showing at least 51% ownership of the business is owned and controlled (the business services, hours, pricing) by the client (if applicable).
- H. Contribute 10% using either personal resources, loans, or in-kind assets towards the total of the proposed business costs when economic need criteria are not met for items listed in Section 4.5 IV. B.
- I. Present the business plan to the VR Program Supervisor or Self-Employment Review Committee.

IV. Standards

- A. Upon approval of the proposed business concept overview, the client's initial VR IPE must be updated to a Self-Employment IPE with the following intermediate objectives and services as warranted:
 - 1. Completion of post-secondary/occupational/vocational training including acquisition of subject matter knowledge and skills,
 - 2. Completion of comprehensive business training covering the financial, managerial, marketing, and personal factors involved in owning/operating a business,
 - 3. Development of a business plan, and

4. Technical assistance and business plan consultation services with a Small Business Consultation service provider or with a comparable service elsewhere.
- B. The business plan must be developed by the client on their own, or with assistance from their VR Counselor, natural supports, or self-employment community resources.
 - C. The Small Business Consultation service provider must not be utilized under any circumstances to train the client on any aspects of business training or knowledge acquisition pertaining to business operations.
 - D. The role of technical assistance and business plan consultation services provided by a Small Business Consultation service provider is to:
 1. Review the client's business plan advising of its strengths and weaknesses,
 2. Provide recommendations for improvement and assist with such improvements of the proposed business plan, and
 3. Assist with a business plan development for clients who have extreme difficulties with this activity due to the nature of their disability and are unable to use available community resources.
 - E. Complete business training covering financial, managerial, marketing, and personal aspects of business operations is required for clients when they have no prior business experience or have insufficient knowledge in business operations.
 - F. Business training may be obtained from a local community college.
 - G. In instances when specialized business training courses are too complex for the client to develop an awareness of the essential aspects of operating a business, the VR Counselor must document that other options have been explored that would assist the client with operating a business.
 - H. The client's proposed business plan must include the following items to submit to their VR Counselor for review:
 1. Executive summary,
 2. Business description,
 3. Operations plan,
 4. Marketing plan,
 5. Financial plan, and
 6. Any additional supporting documentation and information pertinent to the business plan

- I. The financial plan must include the following:
 - 1. Client's personal assets and liabilities,
 - 2. Business Financials Estimates (total start-up/operating cost estimates including item description, purpose, cost, number of units required, cost per unit, source),
 - 3. Business Funding Summary (start-up costs broken down by funding source),
 - 4. Projected Income Statement for the first two (2) fiscal years consisting of total sales, cost of goods sold, gross profit, business expenses, pre-tax profit/loss, taxes, and net profit/loss),
 - 5. The last six months of financials for the client requesting funding to expand their existing business if applicable, and
 - 6. Other funding sources such as in-kind contributions and cash reserves.
- J. The VR Counselor must review the business plan for completeness and accuracy and request any additions or revisions as needed.
- K. Fair market valuation of the client's in-kind assets may be utilized towards the 10% client share contribution requirement.
- L. The client's in-kind contributions must be appraised by identifying three (3) current values of which the average will be calculated and used to assign value.
- M. In circumstances when the client requires assistance with their proposed business due to their disability that prevents them from operating the business independently, the individual the client selects to provide the aid must also complete business training as per IV.E above or demonstrate completion of such training previously.
- N. Business training costs for the individual who is a family member of the client that will assist with the client's business per IV. M above may be funded by VR when economic need is met per Section 7.3 Economic Need.

V. Procedure

- A. Refer to Section IV.A, G, J and L above.
- B. Refer to Standard Work (if available).
- C. Refer to the RSA Allowable Services Spreadsheet, contracts (if available) and provider requirements.
- D. The VR Counselor must complete the agency Referral for Services form for the following services as per IV. D above and as warranted:

1. Business Plan Consultation (20 hours) for review of proposed business plan and provide guidance and recommendations.
 2. Business Plan Development (8 hours) only for clients who have extreme difficulties due to the nature of their disability to develop a business plan on their own.
 3. Post-Secondary/Occupational training (tuition, books, fees), if applicable.
 4. Business training courses utilizing registered VR providers.
- E. The VR Counselor must task the Purchasing Technician to create RSA Purchase Authorization(s) for the service(s) listed in V. D.
- F. The VR Counselor must refer to Section 10.1 Post-Secondary Education and Training when planning and authorizing the training courses for the specific occupation.
- G. The Purchasing Technician must submit the RSA Purchase Authorization for the service listed in V. D along with the referral information to the provider(s) for technical assistance and business consultation.
- H. Upon receipt of the provider's progress reports relating to technical assistance and business consultation, the VR Counselor must review the report for completeness, approve the provider's invoice and process for payment after confirming that the reporting documentation is complete.

VI. Documentation Requirements

The applicant/client's electronic case file must include the following documentation:

- A. Referral for services information,
- B. RSA Purchase Authorization(s),
- C. Provider's progress report, if applicable,
- D. Documentation supporting the client's completion of the occupational and business training, and
- E. Business plan.