

ARIZONA DEPARTMENT OF ECONOMIC SECURITY

Program Name: Vocational Rehabilitation

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CHAPTER 4: Individualized Plan for Employment

Section 4.5.4: Self-Employment -Business Startup, Progress Monitoring and Closure

I. Policy Statement

This policy provides the guidelines for business setup, progress monitoring, and case closure for clients whose self-employment business plan has been approved by Vocational Rehabilitation (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
 - United States Department of Education, Office of Special Education and Rehabilitative Services, Policy Directive RSA-PD-16-04, Other Service Data Elements IV. (E) and H
- 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 policy applies to circumstances when a self-employment business plan proposal has been approved and the client is able to move forward with the self-employment work setting. The client must:

- A. Purchase items, goods, and services as listed in the approved business plan necessary for establishing business operations within three (3) months of the business plan approval.
- B. Be responsible for any costs not agreed to by VR and indicate in the business plan how the additional costs will be funded.
- C. Agree to and sign Client Purchase Agreements (CPAs) for all applicable items.
- D. Provide original receipts to verify the purchase of the agreed upon items, goods, and services to VR within 30 days of the receipt of VR funds.
- E. Sign the agency Equipment Contract form listing the equipment(s) being purchased with VR funds.
- F. Provide monthly updates demonstrating progress in establishing and operating the business as per the Individualized Plan for Employment (IPE) objectives.
- G. Demonstrate success towards the agreed upon financial outcomes within 12 months from the business plan approval date.
- H. Return any equipment purchased by VR for the business in the event that the self-employment IPE objectives are not met.

IV. Standards

- A. Upon approval of the proposed business plan, the client's Self-Employment IPE must be amended with new intermediate objectives outlining:
 - 1. Details for the initiation of business operations,
 - 2. Purchase of items, goods, and services as outlined in the approved business plan within three (3) months, and
 - 3. Financial outcomes to be achieved within 12 months of the business plan approval.
- B. Every attempt to purchase items, goods, or services must be explored and made through statewide contracts, as per Section 7.4 Procurement of Services and Exceptions of this manual, prior to utilizing a Client Purchasing Agreement (CPA).
- C. All equipment purchases must be documented on the agency Equipment Contract form.
- D. Any subsequent amendments due to an increase of the actual costs reflected in the approved business plan beyond the client's control must be reviewed as follows:

1. To the Program Supervisor for amendments for less than a 10% cost increase of the approved plan costs that do not include new equipment or goods/services.
 2. To the Self-employment Review Committee (SERC) for amendments for 10% or more cost increase of the approved plan costs, with the addition of new equipment/goods/services, regardless of the initial business plan costs.
- E. The SERC Chairperson or Program Supervisor must draft a detailed letter notifying the VR Counselor of the recommendation regarding the approval, conditional approval, or denial of the proposed amendment(s) within seven (7) calendar days after receipt of the amendment request.
- F. The VR Counselor must provide the client with a Rehabilitation Services Administration (RSA) Decision letter with Appeal Rights referencing the SERC or Program Supervisor's recommendation within two (2) business days of receipt.
- G. The VR Counselor must obtain monthly progress updates from the client to ensure consistent progress is being made with the operation of the business, in line with the financial outcomes as outlined in the IPE intermediate objectives and timelines.
- H. In circumstances when the client encounters challenges with their business operations, the VR Counselor and the client must work together to identify the barriers and come up with a strategy for how the barriers will be addressed.
- I. The Consultation-Small Business service provider must not be utilized under any circumstance to implement any aspect of the approved business plan.
- J. The role of the business plan implementation follow-up consultation services, provided by a Consultation-Small Business service provider, is to guide the client regarding overcoming challenges the client is experiencing related to implementing the business plan.
- K. A successful employment outcome of the Self-Employment IPE may be determined no earlier than six (6) months or no later than 24 months after the approval of the business plan and must meet the following criteria:
1. The business has achieved stability and no further services are needed, and
 2. The client's financial statements indicate that the client has achieved the agreed upon financial outcomes;
 3. The client's financials demonstrate stability and a level of income that earns minimum wage but is less than the agreed financial outcomes.
- I. The client's financial outcomes must be comparable to an income received by other individuals who:

1. Are not individuals with disabilities,
 2. Are self-employed in similar occupations or on similar tasks, and
 3. Have similar training, experience, and skills.
- J. Items, goods, and services listed in the approved business plan, and after they are included in an amended and approved Self-Employment IPE, must only be funded as follows:
1. Initial start-up costs that fund rent, utilities, advertisement, website development, and business insurance coverage will not exceed the first six (6) months of business operation.
 2. The client's percentage of the approved business plan costs when the business is a partnership.

V. Procedure

- A. Refer to Section IV.A, C-H above.
- B. Refer to Standard Work (if available).
- C. Refer to the RSA Allowable Services Spreadsheet and the Consultation-Small Business contract service requirements.
- D. The VR Counselor must complete the agency Referral for Services form for the following service, as per IV.J above and as warranted:
 1. Business Plan Implementation Follow Up Consultation (3 hours).
- E. The VR Counselor must task the Purchasing Technician to create RSA Purchase Authorization(s) as per V.C above.
- F. The Purchasing Technician must submit the RSA Purchase Authorization for the startup items and service, as per V.D above, requested by the VR Counselor.
- G. Upon receipt of the items or services, the VR Counselor must review the provider's invoices for completeness, approve the provider's invoice, and process for payment after confirming that the billing documentation is complete.

VI. Documentation Requirements

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

- A. Equipment Contract form,
- B. RSA Purchase Authorization(s),
- C. Provider's invoice(s), and

D. Copies of purchase receipts for all items/services purchased.