

Existing Business Policy October 2016

This policy is to be used to help DVR staff work with consumers whose goal is to maintain their existing business. Through this Existing Business Policy DVR can assist existing business owners with additional costs that are due to disability related factors and associated with operating their business.

This policy is **NOT** designed for the following:

- Starting a business
- Purchasing a business
- Employees of a business
- Expanding an existing business
- Cash based businesses that do not comply with IRS regulations
- Existing businesses whose goal is to change their operation (e.g. dairy cow farming changing to goats).

The [Self-Employment Toolkit for business startup](#) should be used for creation of a business and changes to the operation. Change in operation must be due to a disability limitation.

As with any complex set of vocational rehabilitation services, please consult with your WDA team and supervision.

The Application process, Eligibility process and Vocational Guidance and Counseling for all consumers, including existing business owners, should not vary from typical services. The individualized plan for employment (IPE) will require some additional steps. These steps are described in this policy.

1. Initial Conversations

- Inquire if they are the legal owner of a for profit business, have filed taxes on that business for the past 3 years, and have received assistance from DVR on this business in the past.
- If consumer is not a legal owner of the business and or has not filed taxes on that business in the past 3 years, do not proceed with the Existing Business Policy. Refer to other DVR employment services (i.e., job placement, start your own business self employment toolkit, etc) and provide as appropriate.
- If they have received assistance with this business you must review the previous case. If the goal was for the same self-employment business, review the consumers' current functional limitations and job duties in comparison to those of the prior case to determine if there are significant changes and/or new limitations. Document your findings and any supporting data in the case file, including the medical documentation that supports any significant increase of functional limitations.
 - If there are no significant changes and the consumer has already received services to address their disability related needs, inform the consumer they have already received assistance for their current vocational goal, functional limitations and duties and no further

services will be provided. Furnish a copy of their appeal rights and offer other DVR services as appropriate. Discuss other DVR employment services and provide as appropriate.

- If they have received services related to the current vocational goal, but have new or significant changes in their limitations and/or duties, consult with supervision to request approval to provide services for the same existing business goal when determined appropriate. If approval is granted proceed with Step 2.
- If they have never received DVR assistance related to their existing business or their prior file has been purged from the system, please continue with Step 2.

2. Discuss Nature of Services

- If they are requesting technical assistance or services other than DVR purchase of goods (this includes assistive technology), those services may be provided without completing the steps described in the Existing Business Policy.
- If they are requesting DVR financial assistance with equipment or other items, review the Existing Business Policy and fee schedule with the consumer. If the consumer would like to proceed go to Step 3.

3. Conduct On-site Meeting

- **Perform Walk-Through of the Business** - Establish the consumer's job duties, barriers, hours worked per work and how their limitations are affecting them in the essential functions of their job duties. If there are multiple workers at the business, gather information related to the duties of others including part-time and seasonal employees if applicable. Complete the Existing Business On-Site Review Form, including required signatures. Complete a case note describing the walk-through and any other relevant information. Attach completed form to the case file. [http://cs-dvr/projects/farms/Shared%20Documents/DVR-17945-E%20Existing%20Business%20On-Site%20Review%20\(DRAFT\)%20\(2\).doc](http://cs-dvr/projects/farms/Shared%20Documents/DVR-17945-E%20Existing%20Business%20On-Site%20Review%20(DRAFT)%20(2).doc)
- **Discuss Ownership** – Determine if the consumer is a legal owner of the business. Ownership will be verified during the profitability assessment process by the service provider.
- **Review DVR Program Policy Manual/Addendum B DVR Fee Schedule:**
http://dwd.wisconsin.gov/dvr/policy_manual_fee_schedule.htm
- **Please see Rate of Payment Determination and Required Documentation Guidance:**
http://dwd.wisconsin.gov/dvr/info_ctr/fiscal/payment_determination_chart.pdf

4. Write IPE

- Choose correct plan type and list goal starting with "Self-employment – "
- Develop IPE for the following services:
 - Vocational guidance and counseling
 - Profitability assessment
 - Rehabilitation Technology Assessment - After an approved Profitability Assessment
 - *Other services as necessary. (Assessments, Training, etc.)*
- Review and Sign Fiscal Responsibilities Form

5. Refer for Profitability Assessment

- Review Profitability Assessment technical specifications (Attachment 1)
- Complete an authorization case note for the Profitability Assessment
 - The fee established for providing this service is:
 - Sole-proprietorship's and single-member LLC's - **\$750**
 - Multi-member LLC's, partnership's and corporations - **\$1,000**
- Send purchase order with the following referral information
 - Existing Business On-Site Review Form (front side only)
 - Consumer contact information

The Profitability Assessment is provided to verify (1) the consumer is a legal owner of the business, (2) the business is profitable and (3) the consumer's hourly wage using income allocated to the consumer and average hours worked weekly (maximum of 40 hours used for full time) for each of the last 3 years is at least minimum wage.

6. Review Profitability Assessment

- Review the Profitability Assessment Report with the consumer and the provider. This can be done in person or via phone. Profitability Assessment approval/denial to be made by the counselor and case noted.
 - If the Profitability Assessment Report confirms the consumer is an owner, the business is profitable and the consumer has earned minimum wage for the hours worked in each of the prior three years, continue with accommodations assessment.
 - If the Profitability Assessment Report reveals the consumer is not an owner, do not proceed with the Existing Business. Explain denial of services in a supportive manner including thorough detail of why. Provide appeal rights and offer other DVR services as appropriate.
 - If the Profitability Assessment Report reveals the business has not been profitable and/or the consumer has not earned minimum wage for the hours worked according to the average for each of the prior three years, do not proceed with the Existing Business. Explain denial of services in a supportive manner including thorough detail of why. Counsel on other vocational options and DVR services as appropriate and provide appeal rights. If the consumer or vendor reports any variances to take into consideration please discuss with management on how to proceed.

7. Refer for Accommodations Assessment

- Discuss vendor options with consumer and send a referral to the agreed upon provider (IL center, Stout, private consultant, Easter Seals FARM Program, etc.) The consumer may choose to complete additional research on provider options.
- Send provider the following information:
 1. Consumer and counselor contact information
 2. Counselor's walk-through findings on the Existing Business On-Site Review Form (refer to step 1)

3. Documentation of functional limitations (to include restrictions when relevant)

- Provider meets consumer at the business to assess overall health/stability of the business and determine what accommodations are required for the essential functions of the job duties listed in the counselor's walk-through visit findings.
- Accommodations Report is provided to DVR counselor via email and sent by the provider to the scan unit for attachment to the file.

8. Review Accommodations Assessment

- VRC reviews the report and recommendations to ensure services are reasonable, necessary and appropriate:
 1. Ensure all accommodations are addressing disability issues documented in the file. (If the disability and limitations were not documented initially, acquire documentation from the consumer if possible or assist in gathering that information as appropriate.)
 2. Counselor must consult with supervisor if any accommodation exceeds \$5,000.
 3. Contact provider with any questions or clarification needed prior to meeting with consumer.
 4. Discuss findings with consumer and describe how the fee schedule and policy may affect DVR authorized purchases.
- Hold review meeting at a DVR office with assessment provider, counselor, and consumer.
- Review and discuss the recommendations, including the three written quotes and vendor selection when applicable.
- Review Fee Schedule, Discuss Any Required Consumer Share and review Fiscal Responsibilities Form.
 - **DVR Fee Schedule allows DVR to support up to \$10,000 for accommodations/assistive technology only. Anything over this amount requires an approved exception.**
- Amend the IPE to include purchase of assistive technology as necessary and appropriate. (Agreement on purchase of assistive technology may not be determined at this meeting if further research, review and/or additional meetings are necessary to finalize the services and costs of recommendations to be provided.)

POLICY LANGUAGE:

- An accommodation for the purpose of this policy is a change or adjustment to a job (including reassignment of duties), work space (i.e., an ergonomic chair or workstation) or use of an item necessary to perform a job (i.e., steps on a tractor). An accommodation is further defined as a disability related item or service required by the worker not typically required by others doing the same job and necessary due to a limitation caused by the disability.
- DVR does not purchase, provide maintenance, repair or replace equipment customary for the size and scope of the business. These are considered standard expenses and the cost of doing business. The business owner should plan for these in order to

maintain their business. (This clarifies that we don't replace broken down equipment or do standard maintenance).

- If an item cannot be adapted or modified and a new item or piece of equipment is recommended for purchase with the adaptation or modification, DVR will only be responsible for the adaptation or modification portion and the business owner will be responsible for the remainder. The business owner can trade in equipment to assist with defraying costs.

9. Amend the IPE and Authorize for Accommodations

- Amend the IPE to include purchasing specifics.
- Document the consumer share agreed to in the responsibilities section.
- Follow all DVR policy and purchasing requirements and verify the goods/services are listed in the IPE.
- Complete the authorization with accommodation justification, attach the estimates and send out the POs for the accommodation goods/services.

10. Follow Along

- The 90 day clock does not begin until all services DVR has agreed to provide have been delivered. When to start the 90 day clock should be mutually agreed upon.
- During the follow-along period it is critical that DVR staff and the consumer remain in contact and have frequent updates on the progress of the case. DVR staff should continue to provide guidance and counseling and other supports as necessary and appropriate.
- DVR staff should ensure all items and services purchased for the consumer were received, the consumer was satisfied with the services and case note the results in the case file.

11. Close Case/Wage Verification

- Complete the closure page and federal requirements according to DVR Policy.
 - The closure criteria is the same as it is for all rehabilitation closures (90 days of at least minimum wage at the level agreed upon - full time, half time, etc.), stable on the job, etc, with the exception of using adjusted gross (per WIOA for small businesses).
 - The consumer's business must have generated at least minimum wage times the number of hours per week that has been agreed upon in the IPE (10 hours, 20 hours, full time - calculated at 40 hours) for each of the three consecutive months in follow along.
- Wages may be determined as follows:
 - Use the wage per hour established in the Profitability Assessment Report if the most recent year's taxes were included in the report.
 - If the most recent year's taxes are not in the Profitability Assessment Report authorize for an additional **\$250** for a wage update from the profitability vendor for the purposes of federal reporting.
 - If minimum wage cannot be calculated using the adjusted gross income, look at comparable wages in consultation with management.
- Include discussion of post-employment/future needs in your vocational guidance and counseling with consumer at closure.

Attachment 1

Technical Specifications - Profitability Assessment Questions

A profitability assessment will be provided to determine if a business is stable and the business owner (consumer) has made at least minimum wage for each of the past 3 years based on the amount of income per owner divided by the hours worked (40 hours per week max).

1. Overview of business/farm operation: history, years in operation, number of employees (relationship of employees), etc.
2. Who is claiming income from the business/farm?
3. Is this a non-profit or profit business?
4. What type of business is this? LLC? Corp?
5. Who are the owners? Obtain documentation of the ownership of the business.
6. Collect and analyze tax returns and financials for the last 3 years using a balance sheet that includes the past three years of financial data. Balance sheet examples can be found at <https://www.sba.gov/content/financial-statements> for small businesses and <https://www.fsa.usda.gov/programs-and-services/farm-loan-programs/farm-loan-application-forms/index> for farm operations. Please include the balance sheet results in the assessment report. Include any additional documents as appropriate. Please include the following:
 - Enterprise profitability. When a business is made up of different enterprises, you must view each enterprise as a separate profit center so you can determine which enterprise contributes to the overall profitability of the business and which one does not.
 - Hourly wages (earnings); is minimum wage for hours worked (max of 40 hours per week). Hourly wages for self-employed individuals are based on the adjusted gross income. Adjusted gross income is gross income minus unreimbursed business expenses (following IRS regulations). Do not include estimates of payments in-kind, such as meals and lodging. Do not consider equity in the existing business for hourly wage. It is not considered income.
 - Where wages are based on commissions that are irregular (e.g., real estate, automobile sales, etc.), they should be calculated as an hourly wage average over a representative period of time such as one month or longer to obtain a meaningful figure. Commissions are generally not paid when earned, but rather are paid periodically, such as weekly, biweekly, or even monthly. To bring standardization to this item, wages should be based on the actual receipt of the payment and not on amounts accruing until the next commission payout.
 - If there are significant amounts of irregular unreimbursed business expenses (e.g., car lease payments due the first week of every month), the expenses should be averaged over a representative period of time such as one month or longer to obtain a meaningful figure for an hourly wage.
 - Project the hourly wage for the next year.
7. Have they filed bankruptcy? If so, when and why?
8. Do they have any outstanding debt and if so, what is the amount and to who is it owed?
9. Is the consumer reporting wages to Social Security (if social security recipient)? What the business needs to bring in (equivalent of gross minimum wage for anticipated hours of work per employee) for successful closure.

- 10.** Obtain a copy of the credit report and attach it to the assessment. Block out the SSN when attaching.
- 11.** Only indicate inaccuracies notes on data available in the tax return. Do not generalize or make assumptions on the operations of the farm based on conversations.
- 12.** Do not make recommendations for how the owner could become profitable. Non-reported cash income will not be used when considering profitability.
- 13.** Do not discuss disability with the consumer or include any recommendations or comments. The assessment should be based on information analyzed from their tax returns.

Authorization Amounts:

- Sole-proprietorship's and single-member LLC's - \$750
- Multi-member LLC's, partnership's and corporations - \$1000
- Update at Closure - \$250.00, if needed

DVR Program Policy Manual/Addendum B

DVR Fee Schedule

These fees are established in accordance with federal guidelines that permit an agency to establish fee limits for services designed to ensure a reasonable cost to the program for each service. If the service is provided as a direct payment to the individual, either a receipt or other appropriate documentation that the funds were used as intended is required. The procedure for requesting an exception to this fee schedule is described in [DVR's Exception Request/Process Form \(DVR-14918-E\)](#).

Goods/Services	Price	Comments
Computers	Up to \$800; Price comparison is required.	Includes CPU, keyboard, monitor, printer, modem and basic software. Does not include cost of assistive or rehabilitation technology devices or software.
Medical Services to Improve Functioning if Required to Achieve the Employment Outcome in a Plan for Employment	See Comments at Right.	For medical services and equipment, the Medical Assistance price list will be the maximum allowable price .If procedure or item is not on list, obtain three price estimates. Reference the DVR web site http://dwd.wisconsin.gov/dvr/fee_schedules.htm . For hearing aids, the process outlined in the Purchasing Hearing Aids Directive should be followed.
Occupational Tools and Equipment	Up to \$3,000; Price comparison is required.	
Assistive Technology	Up to \$10,000 Price comparison is required. Spending authority limits remain in place.	Assistive technology may be needed and appropriate: <ul style="list-style-type: none"> •During the assessment for determining eligibility •Assessment of VR needs •Development of the IPE •During IPE Services •Annual reviews of ineligibility decisions •Annual review of extended employment •Post-employment services <p>Existing Business: DVR may have financial participation in purchase of assistive technology services and equipment identified as necessary for the consumer to perform the essential functions of a job.</p> <p>DVR cannot participate in purchase of services or equipment identified for business use only.</p> <p>If an item cannot be adapted or modified and a new item or piece of equipment is recommended for purchase with the adaption or modification, DVR will only be responsible for the adaption or modification portion and the business owner or business owner /consumer will be responsible for the remainder. Trade in value can be included as a portion of a financial contribution.</p>

Child Care	County Approved Rate.	Use the County Approved rate for childcare reimbursement at the 100% level. If applicable, consider Wisconsin Shares program as a comparable benefit.
Maintenance	Actual Increased Costs.	Reference policy for the circumstances under which the DVR pays for maintenance. Maintenance costs to support post-secondary training are included in the DVR Training Grant. Additional DVR funding for maintenance cost to support post-secondary training requires approval of an exception.

Self-Employment Business Start-Up

A DVR approved business plan is required. [See Self-Employment Start-Up Toolkit.](#)

- DVR's financial participation will be used to purchase services and equipment identified in the approved business plan and must follow DVR's purchasing policies.
- The business's start-up cost excludes costs for training, assessments, and rehabilitation technology services.
- A consumer will need to demonstrate ability to cover % not covered by DVR as well as working capital as outlined below.
 - Working capital is defined as: Demonstration of funds available to cover costs of day-to-day operations of business and obligations (e.g., maintaining inventory, short-term obligations and expenses, etc.). It is the money needed to keep the business running until it generates enough revenue to pay for itself. This could be through cash, loans, grants, investors, etc. This does not include the owner's draw or depreciation amounts.
- For the consumer's participation amount, DVR can consider the dollar value of existing equipment that the consumer will use in the operation of the business (in-kind contribution). Please note: This cannot be used for demonstration of working capital.

Identified Start-Up Costs	DVR Financial Participation for Start-Up Costs	DVR Consumer Demonstrated Working Capital
\$1 - \$10,000	100%	2 months
\$10,001 & up	50%	4 months