2024 DRS Self-Employment

A view from 30,000 ft.

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Self-employment Work Group

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Main Objectives

- Revise DRS Rules
- Improve Application Process
- Streamline Procedure
- Create Guiding Documents
Why Change?

Why change the Self-Employment Rule?

• Comprehensive Statewide Needs Assessment (CSNA)

  Individuals, their parents, and providers identified self-employment as the top priority for improvement in employment programs.
  • 67.6% of individuals and/or their parents say our current program does not fit their needs.
  • 54% of providers say our current program does not fit their needs.

• Current process is cumbersome and difficult to navigate
  • multiple legislative inquiries
  • Few self-employment cases

• Alignment with WIOA work plan
Best Practices and Program Models

- **Colorado**
  - Documents and Forms
  - Tiered Funding Options
  - Program Model: Overall rules and practices

- **Wyoming**
  - Website
  - Program Model

- **Texas**
  - Documents and Forms
  - Program Model

- **National Center on Self-Employment, Business Ownership, and Telecommuting**
  - Research Briefs
State of Illinois vision

- Follow Best Practices and Program Models
- Improved DRS Support and Infrastructure
  - Improve Application Process
  - Tiered Funding Options
  - Increased Training Opportunities
- Wide Dissemination Plan
Process Revisions

- Streamlined and simplified forms
- Specialized Self-Employment support from counselors and outside agencies
- Multiple plan and funding options
- Regional learning centers
- Statewide, Community-based, self-employment committee
- Collaboration with Workforce Partners and Small Business Associations and networks
- Continued collaboration with University of Illinois-Chicago (UIC)
Business Plans

Micro Plan

• Primary or secondary employment, to include seasonal work
• Anticipate less than $3,000 total investment
• DRS fund up to 100% of Start-up costs
• No required financial participation
• Must pass self-employment “fit-test”
**Simplified Plan**

- Primary or secondary employment
- Anticipate less than $10,000 total investment
- DRS fund up to 100% of Start-up costs, not to exceed the first three months of estimated expenses
- Must pass self-employment “fit-test”
- Customers contribution will not exceed the amount of financial participation as determined in 89 ILCS 562.40
- Evaluation plan to determine success, continued funding, and distribution of payments
- Plan developed and reviewed with 3rd party Business Mentor (SBA, SCORE)
Business Plans

Comprehensive Plan

• Primary or secondary employment
• Anticipate more than $10,000 total investment
• DRS fund up to 100% of Start-up costs, not to exceed the first three months of estimated expenses
• Must pass self-employment “fit-test”
• Customers contribution will not exceed the amount of financial participation as determined in 89 ILCS 562.40
• Evaluation plan to determine success, continued funding, and distribution of payments
• Plan developed and reviewed with 3rd party Business Mentor (SBA, SCORE)
## Tiered Funding

<table>
<thead>
<tr>
<th>Tier Level</th>
<th>Start Up Cost Range</th>
<th>Maximum Customer Contribution</th>
<th>Required Documents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tier 1 - Micro</td>
<td>Assist with up to 100% start-up costs not to exceed $3,000.</td>
<td>0%</td>
<td>Micro Business Plan</td>
</tr>
<tr>
<td></td>
<td>Up to $3,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tier 2 - Simplified</td>
<td>Assist with up to 100% start-up costs not to exceed first three months of expenses</td>
<td>Not to exceed Financial Analysis</td>
<td>Simplified Business Plan</td>
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<tr>
<td></td>
<td>$3,001-$10,000</td>
<td>TBD</td>
<td></td>
</tr>
<tr>
<td>Tier 3 - Comprehensive</td>
<td>Assist with up to 100% start-up costs not to exceed first three months of expenses</td>
<td>Not to exceed Financial Analysis</td>
<td>Comprehensive Business Plan</td>
</tr>
<tr>
<td></td>
<td>Over $10,000</td>
<td>TBD</td>
<td></td>
</tr>
</tbody>
</table>
Other Highlights

- Customers interested in a vending business will receive IDHS-DRS vending training at no additional cost.
- Customer contribution may include tools and assets the customer already owns necessary for the operation of the proposed business.
- IDHS-DRS assistance will follow CFR 200 “necessary, appropriate, and least possible cost”
- Must follow Bidding rules
- Business education and training
- Benefits Planning
Wide Dissemination Plan

- Step-by-Step process spelled out for counselors and customers
  - Counselor Guide
  - Consumer Handbook
- Publicly accessible web page
- Conference Presentations
Implementation Timeline

January 1- March 30
- Finalize business plan documents
- Finalize other documents
- Draft rules for JCAR
- Identify SE Specialists and Itinerate Supervisors
- Identify downstate self-employment education center

April 1- June 30
- Begin official rule change process
- Train supervisors and Counselors
- Develop guiding documents
- Begin Website build

July 1
- Pilot program for FY25
Resources

Self-Employment | Division of Vocational Rehabilitation (colorado.gov)
Home | VR Self-Employment (vrselfemploymentguide.org)
National Center on Self-Employment, Business Ownership, and Telecommuting (centeronselfemployment.org)
Self-Employment & Entrepreneurship | U.S. Department of Labor (dol.gov)
Small Businesses Self-Employed | Internal Revenue Service (irs.gov)
Small Business Administration (sba.gov)
Find a Mentor | SCORE
SSA - POMS: DI 10510.010 - SGA Criteria in Self-Employment - 01/06/2011
Pros

• Autonomy
• Personalized based on skills, interests
• Customized to meet needs
• Personal Enrichment
• Make your own schedule
  • Control Hours
  • Control Income

Cons

• Hard-work
  • Takes time to get established
  • Requires diligence to keep going
• Financial risk
• Unpredictable
• Lack of Benefits
  • Retirement
  • Healthcare
Individuals with Disabilities and Self-Employment

• Customize their work experiences specifically to their needs
  • Control the impact on benefits, especially SSI/SSDI and Medicaid
• Design a work environment that optimizes flexibility and accommodation.
• More people with disabilities choose self-employment over their non-disabled counterparts (Bureau of Labor Statistics, 2022)
  • 9.5% workers with disabilities are self-employed
  • 6.1% workers without disabilities are self-employed
DRS Self-Employment: Current Process

SUBPART D: PROGRAM FOR SELF-EMPLOYMENT

Section 590.310 Provision of Services
Section 590.315 Eligibility for Participation in ... Self-Employment
Section 590.320 Program for Self-Employment
Section 590.330 Services and Goods not Available
Section 590.350 Recovery of Tools, Equipment, Supplies, Initial Stock
Section 590.360 Transfer of Title

Required Forms

IL 488-0283 Initial Proposal for Self-Employment
IL 488-0284 Preliminary Questionnaire for Program for Self-Employment

Other Forms

Invitation to Bid (IL 488-0293)
Receipt for Appliances, Merchandise and Supplies (IL 488-1694)
DRS Program for Self-Employment (PSE)—current process

1. **Pre Planning**
   - Review customer’s ideas, wants, needs, disability, and functional limitations.
   - Discuss the implications of disability and functional limitations with regard to self-employment.
   - Explore options other than self-employment to determine if an equal or greater opportunity for successful employment is available in the competitive labor market.

2. **Review and complete (customer and counselor jointly) the Preliminary Questionnaire for Program for Self-Employment**
   - Assure that the customer meets the eligibility criteria for self-employment. If the customer does not meet these specific criteria, self-employment services shall not be approved. If yes, continue to #3.

3. **Develop an IPE (counseling and guidance) to further explore PSE**

4. **Counselor reviews PSE Administrative rules with customer.**
5. **Customer completes the Customer's Initial Proposal for Self-Employment** (CIPSE) (IL 488-0283)
   - utilize appropriate outside resources (SCORE, SBDC, BOSS, etc.), if available.

6. **Counselor must verify that customer has available assets to cover 50% of total costs of self-employment.**
   - customer can obtain a loan. The loan must be approved and documentation must be provided to DRS prior to the completion of the CIPSE.
   - Loan approval does not constitute approval of DRS financial participation. Encourage the customer to not accept the loan until the CIPSE is approved.

7. **Counselor reviews CIPSE to determine appropriateness of the PSE and sign the form for initial approval.**

8. **Regional Supervisor must review CIPSE to determine appropriateness of the PSE and sign the form for initial approval.**

9. **Fully completed CIPSE will be signed by customer, counselor, and RSS.** (If PSE sponsorship exceeds $5000 appropriate regional supervisor sign-off is required. If sponsorship exceeds $10,000 appropriate bureau chief sign-off is required).
Any Questions?