

DWP/MFIP ES POLICY

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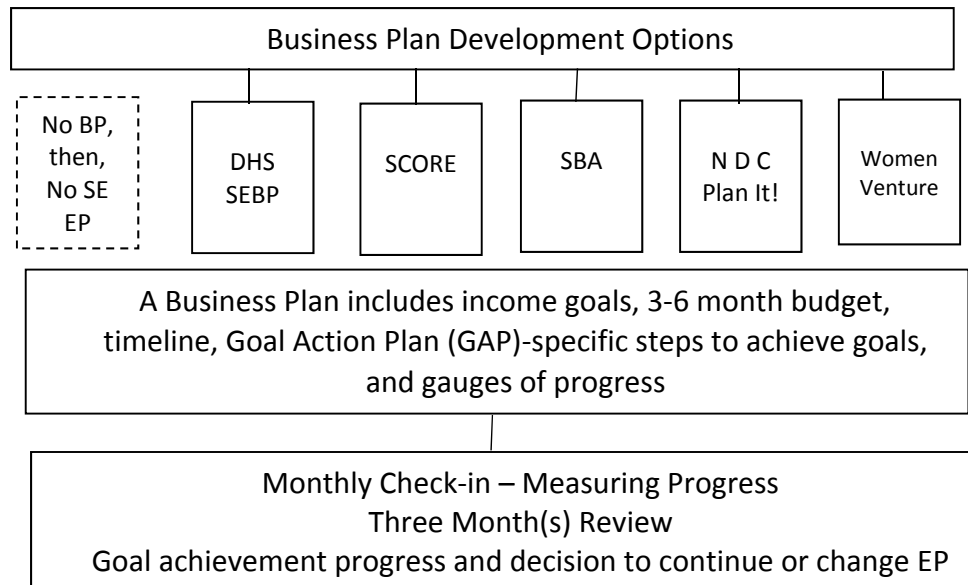
SUBJECT: Self-Employment

PURPOSE: To communicate and clarify DHS guidelines to be followed by all of the Employment Services Counseling staff assisting with referral, resource connection, and Participant follow-through.

BACKGROUND: The DHS MFIP Manual defines Self-Employment as: Employment where people work for themselves rather than an employer, are responsible for their own work schedule, do not have taxes or FICA withheld by an employer, and do not have coverage under an employer’s liability or Worker’s Compensation Insurance.

Per the DHS MFIP/DWP Employment Services Manual and Ramey County’s vision, all Participants should be encouraged to look for employment that will lead to their family’s well-being and economic stability.

Participants with an approved MFIP Employment Plan (EP) that includes Self-Employment must have a Business Plan (BP). Together, the EP and BP must show the Participant’s pathway to economic stability through their engagement and successful development of the business. “Showing the pathway” means establishing budget forecasts for the next 3 to 6 months, an income and/or profitability goal, specific steps to take to achieve these goes and a timeline.



More detail on the resources listed above:

- With no Business Plan, there can be no Self-Employment activity in the Employment Plan.
- DHS Standard Self-Employment Business Plan (SEBP) – <https://edocs.dhs.state.mn.us/lfserver/Public/DHS-6200-ENG>
Is a basic self-guided plan available for certain occupations including in-home product sales, paper route, housecleaning, personal services (hairdresser, massage, nail care), daycare in the home, handyman services, accounting services, taxi driver (or personal transportation services), and miscellaneous services. The entire “showing the pathway” needs to be added by the Participant with coaching from the Counselor (see Item 10 in the process and procedures section).
- Participants interested in a business not on the list above cannot use the SEBP. These Participants must connect with an individual or agency having the Business Plan development expertise including those listed below.
- The following resources bring a business expertise to the table and value to the Participant:
 - SCORE is a non-profit association whose volunteer members are trained to serve as counselors, advisors, and mentors to aspiring entrepreneurs and business owners. A web address is: <https://stpaul.score.org/>
 - Small Business Administration (SBA) The U.S. Small Business Administration is an independent agency of the federal government created to aid, counsel, assist and protect the interests of small business concerns, to preserve free competitive enterprise and to maintain and strengthen the overall economy of our nation. The SBA helps Americans start, build and grow businesses. The web address is: <https://www.sba.gov/writing-business-plan/>.
 - NDC (Neighborhood Development Center) including weekly stand-alone workshops at Rondo Library, or the Plan It! business development workshop. <http://www.ndc-mn.org/>. Participants can learn more about loans and financial resources from NDC.
 - Women’s Venture helps women start and grow profitable and sustainable businesses that trains entrepreneurs, advises businesses, provides loans, and creates jobs. <http://www.womenventure.org/>

Other resources available include, but are not limited to, the following:

- ISEEK Business Resources for Self-Employment research, resources and guidance for developing a small Business Plan; includes a Self-Employment Quiz to begin the conversation. <http://www.iseek.org/careers/selfemployment.html>
- Minnesota DEED Small Business Development Centers:

<http://mn.gov/deed/business/help/sbdc/>

MN Statute 256J.521 Subd.4.(a) indicates that Self-Employment activities may be included in an Employment Plan contingent on the development of a Business Plan which establishes a timetable and earning goals that will result in the Participant exiting MFIP assistance. Business Plans must be developed with assistance from an individual or organization with expertise in small business as approved by the Employment Counselor. In Ramsey County, there are several options for agencies to help Participants.

MN Statute 256J.521 Subd.4. (b) indicates that Participants with an approved Employment Plan that includes Self-Employment must meet the participation requirements in section 256J.55, subdivision 1. Only hours where the Participant earns at least minimum wage shall be counted toward the requirement. Additional activities and hours necessary to meet the participation requirements in section 256J.55, subdivision 1, must be included in the Employment Plan. Minnesota Statutes dictates a firm proscribed formula for determining actual work hours. This is not the actual hours spent but a formula dividing income generated by federal minimum wage. Gaps in hours between the calculated work hours and MFIP policy required hours should be filled with other activities that lead to engagement, education, employment and employment retention. For that reason Participants will usually construct an initial plan for part-time Self-Employment and another part-time activity such as school/education.

MN Statute 256J.521 Subd.4.(c) indicates that Employment Plans which include Self-Employment activities must be reviewed every three months. Participants who fail, without good cause, to make satisfactory progress as established in the Business Plan must revise the Employment Plan to replace the self-employment with other approved work activities.

BP REQUIREMENTS:

1. Because Business Plans must be developed with assistance from an individual or organization with expertise in small business, Participants should be offered the opportunity to work with an organization with staff trained to assist in development of Business Plans, or, in some cases, offered the chance to complete the Standard Self-Employment Business Plan (SEBP);
2. Those Participants who do not want to access these services should work with the Counselor to determine other ways/activities to move toward greater self-sufficiency;
3. Business Plans are not intended to replace the Employment Plan;
4. If the Employment Plan activity is part-time or full-time Self-Employment, the Participant must either be working on development of a Business Plan, have a Business Plan approved by a Self-Employment expert (not the Counselor) or be validly using the SEBP;

5. The Participant cannot choose Self-Employment as an Employment Plan activity without an approved Business Plan or without having a short-term activity (job search) focused on developing a Business Plan;
6. The development of a Business Plan is the responsibility of the Participant with support from the Business Plan development expert(s) he or she chooses to work with. The Counselor is not responsible for the development of the Business Plan, however Counselor is asked to provide available resources so the Participant is able to develop a solid BP;
7. The Counselor is approving the individual or organization that the Participant is to work with. The Counselor is not approving the Business Plan but the process for development of the Business Plan;
8. While not expected to have or directly provide, Self-Employment or business operation expertise, the Counselor counsels and there-by assists the Participant in the clarification of their Self-Employment dreams and the short-term requirement for the Participant;
9. If a Participant is already self-employed when enrolling on MFIP, he or she must still develop a Business Plan in order to continue in Self-Employment;
10. All Business Plans should establish an income and profitability goal, specific steps to achieve the goals, and a timetable for achieving goals that could result in Participant exiting MFIP;
11. Participants with an approved Employment Plan that includes Self-Employment must meet the participation requirements;
12. Only the hours the Participant earns the federal minimum wage count toward participation requirements as Self-Employment hours. For that reason, Participants should be encouraged to have a part-time activity paired with part-time Self-Employment that sums to the MFIP policy required participation hours written into the Employment Plan;
13. If the Employment Plan is written to reach required participation hours through Self-Employment hours and job search activity hours (allowing for skill and business development), determine the number of hours to be attributed to job search. Completed job logs indicating time spent on the specific steps described in the Employment Plan or the GAP, and time invested in achieving the goals stated in the Employment Plan are required;
14. Self-employed Participants are expected to provide to their Financial Worker a monthly Household Report Form (HRF). The Participant has the option of providing a Self- Employment Report (and expenses) but the FAS worker will only look at income earned and then do a 50% disregard.
15. Participation hours are calculated in MAXIS, and communicated to the Employment Counselor via the DHS – IX tab in Workforce One;
16. In order to determine if MAXIS reporting is consistent with the Participant’s understanding of their calculated work hours, the Participant can provide a Self- Employment Report to the Counselor. Be careful here though. It is not required of the Participant to submit the Self- Employment Report form to the Counselor. Failure to provide the Self-Employment Report to the Counselor must not result in a NOITS or sanction. The Participant is only required to provide the self-employment income information to the Financial Worker via a HRF;

17. Part of monthly check-in and progress review is to clarify and confirm the MAXIS hours reported by the Financial Worker. If there is a discrepancy, the Counselor should reach out to the Financial Worker to clarify, correct the information or act toward resolution. The Counselor should case note the discrepancy and the conversation. Communication between the Financial Worker and the Counselor is essential;
18. Because the SEBP was designed by the Minnesota Department of Human Services to meet the needs of a simple Business Plan (for a limited set of businesses spelled out on page two), the SEBP meets the requirement of assistance. If the SEBP cannot be used because the Participant's business concept is not included in the acceptable business, but the Participant still wants Self-Employment as an activity in the Employment Plan, the Participant must develop a Business Plan through one of the other expert local resources;
19. An SEBP is considered approved when all completed sections of the SEBP form, Participant's resume, budget and worksheet indicating the income goal(s), specific steps to achieve the goals, and a timetable for achieving goals that could result in Participant exiting MFIP, are submitted to the Counselor who will determine whether or not all required fields and information has been provided by the Participant;
20. The Employment Plan, including a Business Plan focused Goal Action Plan, or other description of specific steps to be taken and a timetable, should be reviewed each three months;
21. Revise the Employment Plan for Participants without demonstrated satisfactory progress in either developing the Business Plan or implementing it. Replace Self-Employment with other approved work activities;
22. For information about Self-Employment in the 2-parent family (see section 8.6), farming (see section 6.33), rent in exchange for work (see section 8.6), the use of actual earnings or a rolling average (see section 8.6.3) can be found in the DHS MFIP Employment Services Manual.
23. For additional information about Child Care Assistance, see Section 10 in DHS Employment Services Manual.

PROCESS/PROCEDURES:

When the Participant expresses interest in Self-Employment, the Counselor explains:

1. the MN Statutes, including the:
 - a. Option of Self-Employment in the MFIP required Employment Plan;
 - b. Requirement that Business Plans include budget forecast, income and profitability goals, specific steps for achieving those goals, and a timetable for achieving those goals;
 - c. Requirement to have expert assistance in developing Business Plan;
 - d. Availability of self-developed Standard Self-Employment Business Plan (SEBP) for certain businesses (in those instances, DHS considers the SEBP to meet expert assistance requirement);
 - e. Opportunity (with time limits) to develop a Business Plan (using job search as activity while developing a plan);

- e. Opportunity and the benefit of working with an expert organization with staff trained to assist in development of Business Plans;
 - f. Requirement for meeting participation hours, and if not met through Self-Employment, another Employment Plan will be developed;
 - g. Manner in which Self-Employment hours are determined by the Financial Worker, not the Counselor, and the implications for other Employment Plan activities;
 - h. Every three-month required review of the Employment Plans, including Self-Employment activities;
2. Counselor explains that the Participant is responsible for developing and implementing the Business Plan and Employment Plan, as well as for meeting MFIP requirements;
 3. Counselor explains that the Counselor's role is to counsel and assist the Participant in the clarification of their Self-Employment dreams and the short-term requirement for the Participant's Employment Plan. The Counselor's role is not as a Business Plan or Self-Employment expert;
 4. Counselor encourages the Participant to have a part-time activity paired with part-time Self-Employment at the outset. Only the hours the Participant earns the federal minimum wage count toward participation requirements as Self-Employment hours. For that reason, Participants should be encouraged to have a part-time activity paired with part-time Self-Employment that sums to the MFIP policy required participation hours written into the Employment Plan;
 5. If Participant chooses to use the SEBP, and meets requirements, the Counselor should provide to the Participant for their planning a copy of the DHS Self-Employment Guide, which includes information of self-employment ownership types, their opportunities and liabilities; Counselor should review the topics in the Guide with the Participant, not as an expert but to help the Participant see the scope of their undertaking with a SEBP;
 6. Counselor provides information about availability of other funding resources, including those within the agency;
 7. Counselor provides information about the possible availability of support services for business plan development workshop classes or fuel cards for the first three months of self-employment (separate from fuel cards provided for job search or education); support service funds are not available for Self-Employment business expenses;
 8. Counselor reviews Employment Plan, Goal Action Plan and goals to ensure Self-Employment progress is made;
 9. Counselor informs the Participant that if there is no Self-Employment progress evident at 3 month reviews, the Counselor will revise the Employment Plan and replace Self-Employment activity with other approved work activities;
 10. Counselor informs the Participant that for determining total participation hours, the work hours sum, as provided by the Financial Worker and reported in Maxis, is used with time reported for business development progress counted in job search activity;
 11. Counselor explains that if the Employment Plan is written to reach *required participation hours* through Self-Employment hours and job search activity

hours (allowing for skill and business development), the Counselor will subtract the work hours from the *required participation hours*. The sum will be the hours counted in job search and backed up with completed job logs indicating time spent on the specific steps described in the Employment Plan or the Goal Action Plan, and time invested in achieving the goals stated in the Employment Plan;

12. Counselor directs the Participant, if he or she chooses to use the Standard SEBP, to provide additional pages and information. (See Item 19 in BP Requirements section above.) What is required is:
 - a. A current resume
 - b. 3 to 6 month budget forecasts
 - c. An income or profitability goal
 - d. Complete a Goal Action Plan in order to outline the steps that will be measured at 3 month review(s) to indicate progress , and
 - e. A timeline;
13. Counselor will inform the Participant that he or she cannot choose Self-Employment as an Employment Plan activity without an approved Business Plan or without having a short-term activity (job search) focused on developing a Business Plan;
14. Counselor will offer the Participant assistance in tracking monthly work hours. The Participant is required to provide income verification to the Financial Worker but is not required to provide the Self-Employment Report to the Counselor. The Participant has the option of also providing it to the Counselor in order to determine if MAXIS reporting is consistent with the Participant's understanding of their calculated work hours. Counselors must be clear that the Self Employment Report form is not required. The Participant's failure to provide the Self Employment Report to the Counselor must not result in a NOITS or sanction;
15. Counselor explains to Participant that one purpose of monthly check-in and progress review is to clarify and confirm the MAXIS hours reported by the Financial Worker. If there is a discrepancy, the Counselor will reach out to the Financial Worker to clarify, correct the information or act toward resolution. Counselor will also case note the discrepancy and the conversation;
16. Counselor will add an Employment section in the Employment Plan for self-employment, and designate the Employer as "Self-Employment." In the Employment Plan, enter the business type (i.e. Handy Person, or Taxi Driver, etc.) in the Position field; The Plan Review Date for Self-Employment defaults to one-year, however the date should be revised to be within 90-days of the Plan Start Date; The Counselor should enter a corresponding activity of Employed Full-time or Employed Part-time; Also, the business type (i.e. Handy Person, or Taxi Driver, etc.) should be entered in the Worksite field; here too, enter "Self-Employment " in the Employer Name field. The required ONet code should best match the business type, and the hourly wage should be listed as the current minimum wage.
17. The Counselor will help facilitate the essential communication between the Financial Worker, the Counselor, and the Participant;

18. Counselor explains that the Employment Plan, including a Business Plan focused Goal Action Plan, or other description of specific steps to be taken and a timetable, should be reviewed each three months;
19. Counselor explains that the Employment Plan will be revised for Participants without satisfactory progress on goal achievement or action step accomplishment in either developing the Business Plan or implementing it. The Counselor should explain that in this situation, in the Employment Plan, Self-Employment will be replaced with other approved work activities;
20. If completing a child care transmittal for self-employment, check with the Child Care Worker to clarify if the Participant is a 12 Month Reporter or a Schedule Reporter. Follow child care assistance requirements as outlined in DHS ES Manual;
21. The child care assistance section of the DHS MFIP Employment Services Manual indicates that the amount of child care authorized is affected by the following factors:
 - a. Child care assistance cannot exceed 120 hours in a two week period per child;
 - b. The school schedule of the children;
 - c. The child care provider's availability;
 - d. The activity schedule of the Participant;
22. Section 7.27 of the Child Care Assistance Program Policy Manual states that business records or a signed statement from the Participant with the days and times worked can be used to verify Self-Employment work schedules; contact CC Worker if you need additional clarification
23. Building activities that equal the required hours of participation is important. If the Employment Plan is unlikely to meet the 87 or 130 required hours through self-employment, the Counselor should work with Participant to include other activities; in cases where the Participant makes satisfactory progress as established in the Business Plan but still does not meet the hours of other Employment Plan activities, the Counselor should explore good cause and not NOITS or sanction; in cases where a Participant fails, without good cause, to make satisfactory progress as established in the Business Plan, the Participant and the Counselor must revise the Employment Plan to replace the self-employment with other approved work activities.

EFFECTIVE DATE: June 29, 2018 – DWP/MFIP ES Division Manager

CONTACT PERSON: Agency Lead Planner