

Transforming Lives

Developmental

Disabilities Administration Self-Employment Policy Guidelines

Self-Employment is earning income directly from one's own business, trade, or profession rather than as a specified salary or wages from an employer. The purpose of a for-profit business is to engage in the trade of goods, services, or both to consumers to earn a profit and increase the wealth of the owner(s).

The first step in determining the role of the Developmental Disabilities Administration (DDA) in Self-Employment is to determine if the proposed activity is a hobby or a business. Check the [Internal Revenue Service website](#) for more information. DDA cannot support an activity with employment support services if the activity is a hobby and not a business, since doing so could prove legally and financially detrimental to the individual. DDA's Policy 4.11 [County Services for Working Age Adults](#) identifies the role of government-funded employment supports as activities needed to assist an individual to earn a living wage.

Once it has been determined that the activity will meet the IRS rules for a business, the self-employed person receiving DDA employment supports will:

- Provide a business plan to the county and DDA demonstrating feasibility as determined by the Division of Vocational Rehabilitation (DVR) or a neutral, agreed-upon, third party business expert;
- Become licensed if required and follow all local, state, and federal regulations and rules;
- Establish benchmarks for profitability and demonstrate progress is being made toward reaching those profit benchmarks; and
- Demonstrate the business will likely provide a living wage for the individual.

Transforming Lives

Developmental Disabilities Administration Self-Employment Policy Guidelines

The Division of Vocational Rehabilitation (DVR) will be looked to as a first resource. When DVR is a resource, it is expected that all partners will collaborate and follow "[The DVR Business Model](#)."

1. Feasibility/profitability: Following the IRS guidelines means that an activity is carried on for profit if it makes a net profit during at least three of the last five tax years, including the current year, or is able to prove/demonstrate a profit motive, according to the nine factors the IRS uses. Earnings must be reported to the IRS for self-employment tax purposes if the net earnings (profit) are \$400 or more in a taxable year. Earnings will also be reported by the employment support provider to the county and DDA (see #6 below).
2. Role of the self-employed person/business owner:
 - To demonstrate through a business plan the feasibility of the business, its appropriateness for the person, financial benchmarks and milestones, and the roles and responsibilities of those involved.
 - To create a product and/or service.
 - To market their business and make sales.
 - To conduct activities to make the business viable and make progress toward financial benchmarks and milestones.
 - To demonstrate that he/she has a profit motive and that the activity is not a hobby.
 - To make a profit in three of the last five years of the business and continually grow that profit, and eventually earn a living from it.
 - To keep accurate accounting and financial records and report business activity as required by law to the IRS, Social Security Administration, the State of Washington, and local entities if required.

Transforming Developmental Lives

Disabilities Administration Self-Employment Policy Guidelines

- To update the business plan when needed and at a minimum annually, and reach or exceed established benchmarks and milestones.
- To provide a copy of the annual IRS business tax filing to the county and DDA Case Resource Manager (CRM).

3. Role of the CRM, in collaboration with counties:

- To determine if a person's proposed self-employment pathway is appropriate for the person and adheres to the Working Age Adult Policy.
- To assess support needs and identify supports in the Individual Support Plan.
- To authorize the County Service Authorization (CSA).
- To review the benchmarks and progress made at least annually.

The CRM is responsible for authorizing services. If the business activity fails to reach its benchmarks the CRM, in consultation with the person and their guardian (if applicable), county staff, and employment support staff will work to develop alternate strategies to meet the employment or day activity needs of the client.

4. County role, in collaboration with the DDA CRM:

- To determine if a person's proposed self-employment pathway is appropriate for the person.
- To implement the CSA and collaborate with contracted providers to provide the supports available and needed to support self-employment. This process uses the [Employment Phases document](#) as a guide.
- Through their contractors, to help identify the work the person will do, assist in training the individual, develop independence, and assist in finding other resources and natural supports for other tasks involved in supporting the business.
- To provide job support services in accordance with the Working Age Adult Policy, but not purchase equipment, supplies, or startup costs.

Transforming Developmental Lives

Disabilities Administration Self-Employment Policy Guidelines

5. Role of employment support vendors, in collaboration with the DDA CRM and county:
 - To assist the business owner and team to identify and ensure the pieces of a viable business are in place.
 - To train/job coach/provide support for the job tasks of the business as an accommodation for disability.
 - To provide assistance finding and connecting people to community resources and services for long term support such as business planning, feasibility assessments, marketing, accounting, etc.
 - To assist the person in developing a team of support according to their needs.
 - To assist the person and team with continued team building, person centered planning, ongoing business planning, and development of natural supports.
 - To fade their supports over time.
6. County reporting: The ADSA Web Access (AWA) system designation for “Self-Employment”, for a DDA client who is self-employed, is coded as “Job Type 04”.