Department of Health and Human Services

Division of Vocational Rehabilitation Services

Policy Directives

VOCATIONAL REHABILITATION SERVICES PROGRAM

Effective Date: October 1, 2011

Revision Date: August 1, 2020

Volume I Policy Directives

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#2-03 - Community-based Assessment for Transition Statewide Budget 1299

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#2-04 - Durable Medical Equipment

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Year Issued: 2015

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#03-2016 – Individual Placement and Support (IPS) Service Policy

#04-2016 – WIOA – Subminimum Wage Requirements

#05-2016 – WIOA – Transition and Pre-Employment Transition Services (PETS) Definitions

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#08-2016 – WIOA – Transition and Pre-Employment Transition Services (PETS) Definitions

Year Issued: 2017

#01-2017 – WIOA – Subminimum Wage Requirements – Revised

#02-2017 – WIOA Services to Transition-Aged Youth and PETS Overview

#03-2017 – Voter Registration

#04-2017 – FNS Allowable Net Monthly Income Table

#05-2017 – Amendments when Converting ISWA to PETS In-School Work Adjustment Service

#06-2017 – WIOA – Transitional Employment

#07-2017 – Functional Electrical Stimulation or Foot Drop Stimulator Systems

#08-2017 – Post-Secondary Training Programs for Persons with Intellectual Disabilities (ID)

Year Issued: 2018

#01-2018 – Individual Placement and Support (IPS) Service Policy

#02-2018 – FNS Allowable Net Monthly Income Table

#03-2018 – Documents to be Signed and Retained in the Case Record

Year Issued: 2019

#01-2019 – FNS Allowable Net Monthly Income Table

#02-2019 – Direct Express

#03-2019 – Voter Registration

#04-2019 – Revised Paper Application

Year Issued: 2020

#01-2020 – FNS Allowable Net Monthly Income Table

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#03-2020 – Revised Residence Modification Process in Response to COVID-19

#04-2020 – WIOA – Subminimum Wage Requirements

#05-2020 – Community Inclusion

#06-2020 – Internships Affected by COVID-19

#07-2020 – Background Checks

#08-2020 – Using Approved Videoconferencing Technologies to Provide Services Remotely

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#11-2020 – Benefits Counseling Services for SSI/SSDI Beneficiaries

North Carolina
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August 27, 2003

MEMORANDUM

To: All Staff Assigned Volume I

From: Georgia Steele, Assistant Director
Program Operations and Support Services

Re: **INTERIM POLICY AND PROCEDURE DIRECTIVE #1**

Please create a new tab in your Appendix for "Policy Directives" following appendix section "P" and file Interim Policy Directive #1 in the Appendix in the new section. This section will be utilized to file information previously sent out as informational memos from multiple sources. The Directives will be numbered differently in order to distinguish the directive from Policy Transmittals.

Policy Directive #1 addresses the recent changes in CATS and IMS edits to insure accurate reporting to RSA. This Policy Directive must be followed until a Policy Transmittal or another Policy Directive replaces the content of the directive.

Please address questions regarding the reporting issues to Marjorie Donaldson.

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POLICY and PROCEDURE DIRECTIVE MEMORANDUM # 1

TO: Regional Directors, Unit Managers, Quality Development Specialists, Counselors

FROM: Marjorie Donaldson, Chief of Planning and Development

SUBJECT: Client Data Input and Data Maintenance Changes

DATE: August 27, 2003

As discussed at the August 6, 2003 Management Team meeting, there are several issues regarding the input and upkeep of client data that have to be addressed immediately in order to comply with RSA requirements and all federal reporting due to increasing and substantial errors.

Therefore, effective immediately, the following areas will be mandatory and edits will be in place to assure compliance:

Primary Support: Must be reported at application and updated at closure.

Public Support: Must be reported at application; reviewed at the time of eligibility; and updated at closure. The amount received by the individual each month for each source of public support must be recorded.

In addition, an edit will be in place to disallow public support amounts exceeding $4,000. If there is a legitimate case where the amount exceeds $4,000, please contact Jennifer Mitchell.

Medical Benefits: **Must be reported at application and updated at closure. Each type requires a response either yes or no, and cannot be skipped.**

Veteran Status: A response either yes or no is required. This field cannot be skipped.

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Social Security Numbers: Input of the SSN has to be done before any type of case closure including "08's (closure from applicant status).

IPE date and Closure date: There have been hundreds of cases over the past two years where the IPE date input was prior to the eligibility date. In addition, cases were closed with a date prior to the application date. An edit will be in place to prevent this from occurring.

Extended Employment: Closure reason 14 (extended employment) is only allowed for status 28 closures.

Significant Medical Improvement

Input of this information will no longer be required.

Backdating of Status 12

Recently, there has been a noticeable increase in requests to Jennifer Mitchell to backdate cases in status 12. The majority are cases where staff indicated that they failed to input a status change from status 10 to 12 in CATS or failed to do so at the time they developed an IPE. Requests recently from staff have been to backdate status 12 as far back as April of last year. Jennifer will assist staff with backdating status changes as long as it is within the current quarter and does not cross state or federal fiscal years.

As you are aware, the Division submits quarterly and annual federal reports to the Rehabilitation Services Administration (RSA) as required by the Rehabilitation Act and regulations. Much of the quarterly data reported is based on eligible clients with a plan for services. This information has to remain constant once reported. Therefore, please remind staff to check their masterlists more frequently to minimize the number of cases on a monthly basis that require backdating.

As noted previously, edits will be in place for both CATS and IMS to assure that this data is captured as indicated. Cats will bring forward on the closure screen the level of education, public support and medical benefits that were input at application. The counselor will be required to verify these and adjust any fields that are different at the time of closure in order to maintain correct data.

Required Verification Checks

RSA also conducts what it deems "reasonableness checks" of the data submitted. These areas are not necessarily errors **but do require verification**. Many of you have been asked to verify the accuracy of such data in the past. The major areas that fall under this category are:

- Verification of amounts of SSI, VA, other public support greater than $4000.

- Verification of cases with closures of successful outcome and unsuccessful outcomes after services have been provided that have no cost.
- Verification of cases with costs greater than $100,000.
- Verification of cases with time spent in VR less than three days.
- Verification of cases with age greater than 75 at time of application.
- Verification of cases with age less than 14 at time of application.
- Verification of cases in VR greater than 12 years.
- Verification of hourly wages greater than $50/hour at application and /or closure.

Missing Data Report for Field Staff Use

Effective this month, a new report has been generated and is available on EXPORTER. It is labeled: VCMB970 RSA Data Miss.-Mo. **located under** DHR/VRA **in EXPORTER. This report is available for each caseload. Security is set up so that a counselor can only look at his/her own caseload. Managers and QDS's will have access to their multiple caseloads. The purpose of this report is to provide a mechanism for counselors and office assistants to know what cases require corrective action and allow them to make those corrections. This report indicates both errors and data that need verification. Please have your staff move this new report (VCMB970) to their favorites list in EXPORTER.**

Currently, there are approximately 10 pages of missing data per caseload on this report. This represents a number of older cases that have been closed during the federal fiscal year that will end next month. Therefore, it is very important that staff work now to correct the areas noted on their caseload's report before the end of September. Jennifer Mitchell will be available to assist staff with this process and she will, as you know, be the person who will need to confirm this data prior to reporting. Jennifer will start reconciling this data in October to be submitted for the RSA-911 report for federal fiscal year 2002-2003.

Items on this report that require verification, as noted above, will not drop off the counselor's report and will remain there each month. The counselor or office assistant will be required to send via email, a response to Jennifer confirming the action taken on these items (correction or verification of accuracy). Once this is sent to Jennifer, no further action should be necessary.

The **VCMB970 RSA Data Miss. Report** will be available monthly for on-going caseload maintenance. Once the large amount of data noted previously is corrected and/or provided on these older cases, subsequent monthly reports should be considerably smaller. A "tickler" reminder will be generated for each caseload counselor via CATS regarding the need to address errors/missing data.

The client data reports the Division submits to RSA is the primary basis by which the VR program is evaluated. When errors occur, the Division is required to correct it quickly. Therefore, it is critical that we all put forth strong effort to get it right initially.

Thank you for your attention to this matter. Please contact Jennifer Mitchell or me if you have any questions.

North Carolina
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October 17, 2003

MEMORANDUM

NOTE: Policy Transmittal #04-02, Section 2-27-5 replaces this policy directive. Effective 3-30-04

To: All Staff Assigned Volume I

From: Georgia Steele, Assistant Director
Program Operations and Support Services

Re: **INTERIM POLICY AND PROCEDURE DIRECTIVE #02**
COMMUNITY-BASED ASSESSMENT FOR TRANSITION STATEWIDE BUDGET 1299

The following information is included in the announcement for statewide budget 1299 budget on September 24, 2003.

The Division has established a Statewide Budget Code 1299, which is to be used to purchase community-based assessments for those individuals who are transitioning from secondary school. As part of the comprehensive assessment, each assessment will be short term designed to assist the consumer and counselor in identifying an achievable vocational goal. Multiple assessments may occur. It is required that assessments occur in the community and in an integrated setting. Case service authorizations may be issued only to vendors who agree to provide the assessment in the community and in and integrated setting. Questions should be presented to either Terry Kemp or Ed Davis.

This budget is designed to address unmet needs identified by Transition Counselors across the state in order to facilitate assessment and exploration necessary to provide transition services. It is expected that the new statewide budget will increase creative outreach and inclusion in situations where there has been a lack of resources. The budget was created to provide a flexible tool that may be utilized by Counselors to serve students making the transition from school to work.

In order to utilize this new statewide budget effectively, please adhere to the following policy and procedures until a Policy Transmittal or another Policy Directive replaces the content of this directive:

- The budget may be utilized for assessment for all individuals who are enrolled in any of the four Courses of Study offered through the North Carolina Public School System.
- Assessments must occur in the community and in an integrated setting
- The work that the individual performs in order to complete the assessment may be paid or unpaid.
- Case service authorizations may be issued only to agency-approved vendors with community-based assessment experience, vendors who agree to provide the assessment in the community and in an integrated setting.
- Generally, authorizations are not to exceed thirty hours. These hours may be used flexibly in small increments for job sampling, job shadowing, assessment, informational visits and interviews, and they may be used for longer assessments up to thirty hours.
- With justification and identified assessment needs, assessments in excess of thirty hours may be authorized if approved by the manager.
- Reports will be completed utilizing the community based Work Experience Progress Report. Report preparation may be included in billable hours by the provider with the expectation that hours or partial hours billed reflect the length and complexity of the assessment.
- Assessments utilizing this budget are not to supplant other resources provided by the school, the school's contract providers or existing VR services (Vocational Evaluation, In-School Work Experience (Work Adjustment), Work Adjustment Job Coaching or Supported Employment.
- Assessment required to sponsor individuals in Trial Work Experiences could be sponsored with this budget.

The rate for Community-Based Assessment has been established at $32.59 an hour. This information is published in Volume V for reference. For additional information contact the Program Specialist for Transition Services.

GS:EB:tf

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October 21, 2004

*****OBSOLETE - EFFECTIVE 10/1/2011** This Policy has been incorporated into Volume I, under Chapter 2, Section 2-5-3***

MEMORANDUM

To: All Staff Assigned Volume I

From: Georgia Steele, Assistant Director
Employment Services

Re: **INTERIM POLICY AND PROCEDURE DIRECTIVE #06**
DURABLE MEDICAL EQUIPMENT

Please utilize the following policy and procedure for purchasing the specific durable medical equipment and assistive technology referenced in this memo until it is replaced by a subsequent policy directive or revision. This policy directive is effective immediately.

1. **Wheelchairs**
   - A prescription is required in order to purchase a wheelchair
   - If purchased from vendors that have been awarded a state term contract the Division will pay up to that rate after all other resources and comparable benefits have been utilized to pay for the wheelchair. The vendor is required to file for any comparable benefit available.
   - If purchased from other vendors with justification as defined in Section 2-5-5, VR will solicit three written bids, take the lowest bid and pay up to that rate after all comparable benefits have been utilized.
   - The vendor is required to file for any comparable benefit available. The benefit may be filed unassigned (this means that the money goes to the client instead of the vendor). This enables the vendor to blend sources of funding for components that are not covered by the comparable benefit.

- This procedure has not changed from previous practice. If the cost of the chair is estimated to be over $2500.00, a purchasing packet must be forwarded to the Purchasing Unit for bids and purchasing.

2. **Augmentative Communication Devices:** These devices to not have a set rate or a Medicaid rate.
    - A prescription is required in order to purchase augmentative communication devices
    - The Purchasing Unit will be responsible for purchasing this equipment as it is generally in excess of $2500.00.
    - The Division will pay up to the rate of the lowest bid after all comparable benefits and resources have been utilized to purchase the device. The vendor is required to file for any comparable benefit available. This procedure has not changed from previous practice.

3. **Lift chairs**: Lift chairs do not have a set rate or a Medicaid Rate
    - A prescription and a Certificate of Medical Necessity is required to purchase this durable medical equipment
    - Since these chairs cost under $2500.00, the bid process may be initiated locally. Three written quotes must be solicited and the lowest quoted rate accepted for the chair.
    - The vendor is required to file for any comparable benefits available and apply that to the cost of the lift chair.
    - NOTE: If the individual has a wheelchair previously sponsored by Medicare, the comparable benefit will not pay for a lift chair. Document this in the record to explain why the vendor does not file for the comparable benefits in this case

4. **Multiple items of Durable Medical Equipment purchased as a package**: a number of small items is purchased together in which some have Medicaid rates and some do not:
    - Solicit quotes as a package
    - Accept the lowest quote
    - Submit the invoice for the entire amount
    - The Division will pay the amount for the entire package
    - Do not itemize separately with “E” codes in this case

For all other durable Medical Equipment and Medical Equipment, the Medicaid rate or the Division’s set rate will be paid. If there is no rate, contact Michelle Stephenson for clarification of the Medicaid rate or for the Division’s set rate.

GS:tf

North Carolina
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November 23, 2004

MEMORANDUM

*****OBSOLETE - EFFECTIVE 10/1/2011*****
This Policy has been incorporated into Volume I, under Chapter 2, Section 2-13-1

To: All Staff Assigned Volume I

From: Georgia Steele, Assistant Director
Employment Services

Re: **INTERIM POLICY AND PROCEDURE DIRECTIVE #07**
Psychotherapy Sessions

Due to the changes associated with Mental Health Reform, many individuals with mental health disabilities do not have access to the comparable benefits that were available through local Mental Health Centers in the past. The following interim policy addresses the increased need for this service. Since there are many issues to be resolved for our sponsorship of these services, this policy directive represents a temporary solution to a problem that will require a great deal of input and planning for a permanent change in policy. **These changes apply to individuals who have a primary or secondary disability that requires psychotherapy not to intercurrent illness.**

For clients whose primary disability or secondary disability is mental illness, counselors may authorize up to twelve sessions for psychotherapy. Additional sessions may be authorized with the approval of the Unit Manager/Facility Director and the Chief of Policy and Casework Services. In addition to the documentation required for eligibility determination and treatment updates, a written treatment plan, justification for additional sessions and ongoing progress reports are required when more than twelve sessions is authorized.

Psychotherapy will be authorized at the Medicaid Rate, which is currently $90.19 per 45-50 minute session. This rate will be prorated based on the procedure code. As with all services, psychotherapy is sponsored when it is required by the individual in order to meet the objectives of the IPE/IPIL. Psychotherapy will not be authorized to cover case management or other services previously provided by the Mental Health System. At this time, providers for these services remain the same as listed in Volume I. Other services such as medication monitoring will also be authorized at the Medicaid rate.

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****OBSOLETE - EFFECTIVE 10/1/2011****
This Policy has been incorporated into Volume I, under Chapter 4, Section 4-1

MEMORANDUM

To: All Staff Assigned Volume I

From: Brenda S. Williamson, Assistant Director
Employment Services

Brenda S Williamson

Date: November 22, 2005

Re: **INTERIM POLICY AND PROCEDURE DIRECTIVE #01-2005**
Status 10

Volume I policy encompassed under **SECTION 4-2 VR COMPREHENSIVE ASSESSMENT** is amended to address exceptional situations that require the extension of status 10 beyond 6 months. This extension is appropriate only in unforeseen circumstances beyond the control of the division in which the IPE cannot be developed within 6 months. The circumstances should be documented in the case file and may include (but are not limited to):

- Client illness or disability related reasons
- Inability of or delay in the client being able to participate in a timely manner
- Unforeseen delay in obtaining needed comprehensive assessment information
- Additional comprehensive assessment issues needing to be addressed that are crucial to development of the original IPE

Counselors are encouraged to develop the IPE and begin services as soon as possible, even when one or more of the services may not be on the original plan, but may be added at a later date through an amendment; also, when certain services are known to be needed although their exact initiation date may be uncertain or may come at some future date. In such cases, the counselor should use best judgment in projecting an initiation date. Examples include:

1. Transition students needing VR vocational counseling/career exploration as an immediate planned service on the IPE. In such cases the initial vocational goal would likely be stated in broad general terms. Later, when the job goal is more focused and supported with data, the addition of services to help the client reach the goal, such as training, may be added via an IPE amendment.

2. A specific service is needed, but the service is delayed due to scheduling (i.e., training), lack of available vendor (s), a waiting list, or client's need or request to delay the service. The counselor may proceed in developing and initiating the overall plan although the initiation date of the specific service in question is delayed due to any of the circumstances noted above. Again, the counselor would use best judgment in projecting an initiation date.

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MEMORANDUM

To: All Staff Assigned Volume I

From: Brenda S. Williamson, Assistant Director, Employment Services BSWilliamson
Carol Potter, Assistant Director, Community Services CLPotter

Date: February 9, 2006

Re: **INTERIM POLICY AND PROCEDURE DIRECTIVE #01-2006**
VR and IL Personal Assistant Services – SECTION 2-18

The purpose of this directive is to bring the VR/IL Personal Assistance Services policy (SECTION 2-18) up to date with IRS requirements and to insure, to the extend possible, that our clients/participants are in compliance with the law so that they do not incur penalties for being delinquent in the payment of the FICA tax. Also, VR counselors are increasingly utilizing personal assistance services with clients, particularly in instances where the client is the actual employer of the personal assistant instead of securing this service through traditional home health agencies. In these cases, we are adding procedures to help insure that client's are fulfilling their responsibilities in paying the federal household employer (FICA) tax.

VR counselors must follow the IL Personal Assistance Services Policy (SECTION 2-18-1 Participant as Employer) when the client is the employer of the attendant. The Controller's Office will no longer process payment for VR personal assistance services unless the IL policy is followed in these situations.

This policy directive also addresses new procedures for client/participants in maintaining tax withholdings on their attendants when the client/participant is the employer of the personal assistant. Clients/participants are required to pay federal household employer (FICA) tax either quarterly or annually depending on their individual circumstances. The client/participant is responsible for determining what his/her obligation is for schedule of payment of FICA taxes, either with or without

assistance from an accountant or bookkeeper. There are numerous variables that must be taken into account in determining if the federal household employer tax (FICA) is to be paid either quarterly or annually. **It is not the role of the VR/IL State Agency to make these determinations for the client/participant.** If we were to attempt this and make incorrect determinations, the division would be liable for the payment of penalties.

The Division is no longer providing the FICA tax to the client/participant on a bi-weekly basis as it has in the past. Our policy heretofore has stated that "It is the responsibility of the participant to save the FICA taxes received and withhold until the end of each calendar year when those taxes are to be submitted to the IRS". In the future, these funds will not be released until they are needed for the quarterly or annual payment of FICA, whichever is applicable. Clients/Participants must determine their own individual schedule of payment of the FICA tax and document such on the new DVR Form 1022A, to be submitted to their rehabilitation counselor. For the current tax year 2006, clients/participants should submit this form to their counselors by March 1, 2006, so that the division can provide them the FICA money in time to pay their first quarterly tax payment (if applicable) for the current tax year 2006.

Revised Policy

Volume I, Section 2-18 - "Participant Employer-Related Tax Obligation", Number 3 (FICA Taxes), is revised to state that at the end of each pay period, the participant will be reimbursed for only the net wage based on form DVR-1019 "Record of Personal Assistant Hours" (timesheet) that the participant submitted to their counselor. The client/participant shall complete and return Form DVR-1022A and return it to their counselor by March 1 of each year or within twenty-one (21) days after actually hiring their first personal assistant(s). In the future, it is the responsibility of the participant to pay the FICA tax either quarterly or annually as they have determined on Form DVR-1022A. The client/participant shall pay the FICA tax as specified on the "Federal/State Household Employer Tax Payment Schedule" provided by the counselor. Within seven (7) days of paying the federal/state household employer tax, the client/participant will complete form DVR-1022B "Payment of Federal/State Household Employer Taxes" and return it to their counselor.

Due to the fact that the client/participant needs to complete and return form DVR-1022A to their counselor by March 1, 2006, it is necessary for staff to immediately provide the client/participant with copies of the following forms:

- Form DVR-1022A "Payment of Federal Household Employer Tax" is a new form. The participant will need to complete this form and return it to their counselor by March 1, 2006.

- Form DVR 1019A "Personal Assistance Services Receipt" has been revised to remove the language regarding the FICA amount being withheld in the checking account.

- Form DVR-1022B "Payment of Federal/State Household Employer Taxes" is a new form. The participant will need to complete this form and return it to

their counselor after paying their federal and state taxes.

- "2006 Federal/State Household Employer Tax Payment Schedule for Participant Use"
- "2006 Federal/State Household Employer Tax Payment Schedule For Staff Use Only"

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MEMORANDUM

To: All Staff Assigned Volume I

From: Elizabeth W. Bishop – Section Chief, Program Policy, Planning and Evaluation

Elizabeth W Bishop

Date: July 3, 2006

Re: **INTERIM POLICY AND PROCEDURE DIRECTIVE #02-2006**
Self-Employment/Small Businesses with Supports for Individual's with the Most Significant Disabilities

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In addition to adhering to existing policy in Volume I regarding **Small Business Operations (Section 2-23)**, Self-Employment/Small Business with Supports for individual's with the most significant disabilities (MSD) must meet the following additional criteria:

1. The individual must be eligible for services and must be able to perform, at a minimum, one primary function of the job goal for the entire work period in which the function is required with or without supports. This should be determined through a Supplemental Evaluation or other objective means.

2. The Business Plan must be developed by the client in partnership with the counselor. **It must then be approved by the unit manager and submitted to the Chief of Policy and Casework Operations for approval prior to planning, on the IPE, equipment and other services pertaining to the small business.**

3. The business plan must document all required supports needed and the source of long-term support must be included in the business plan which is submitted for approval.

4. Specific request for Supported Employment (SE) hours will not be approved as a part of the business plan. SE hours must be approved and authorized locally when issues arise that requires intensive training for the individual. SE hours will not be authorized for identified long-term support issues.

5. There may be occasions when the business plan is actually completed by other individuals or agencies acting on behalf of the client. In such instances, these should be objective individuals or entities who will not have a stake in or benefit from the proposed business (ie, local community college or university, financial institutions).

The business plan should be submitted for approval as early as possible in the VR process so as to minimize confusion and disappointment on the part of the client. Existing Volume I policies and procedures apply in the planning and ultimate provision of any and all services under consideration for this type of Self-Employment/Small Business project.

North Carolina
Department of Health and Human Services
Division of Vocational Rehabilitation Services

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*****OBSOLETE - EFFECTIVE 10/1/2011*****
This Policy has been incorporated into Volume I, under Chapter 2, Section 2-13-1

MEMORANDUM

To: All Staff Assigned Volume I

From: Elizabeth W. Bishop - Section Chief, Program Policy, Planning and Evaluation

Date: July 3, 2006

Re: **INTERIM POLICY AND PROCEDURE DIRECTIVE #03-2006**
Expansion of Types of Psychotherapy Providers

The implementation of Mental Health Reform has led to the creation of target and non-target populations. Mental Health consumers falling into the non-target population will no longer be eligible for outpatient therapy services under the public mental health system. Because of this significant change, it is anticipated that more individuals with mental health disabilities will need our agency's assistance with outpatient therapy than before so that they can reach and maintain a level of stability that will enable them to successfully complete a program of vocational rehabilitation services.

In many areas of the state, especially in rural areas, a shortage of mental health therapists exists. Recognizing this fact, the North Carolina Division of Medical Assistance has expanded the types of mental health therapy providers that it will pay for outpatient behavioral health services. Expanding our list of psychotherapy provider types so that we are consistent with the revised policy from the Division of Medical Assistance will help us to address the therapist shortage issue.

The following types of mental health professionals are being added to the existing list found in Volume I under Psychotherapy (Section 2-15-1) – Licensed Psychological Associates (LPA), Licensed Professional Counselors (LPC), Licensed Marriage and Family Therapists (LMFT), Certified Clinical Supervisors (CCS), and Certified Clinical Addictions Specialists (CCAS).

If outpatient therapy is available through the public mental health system, this, as in the past, would be considered a comparable benefit. Also, it must be emphasized that psychotherapy can only be sponsored if it is required by the individual so that the objectives of the IPE/IPIL can be achieved.

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MEMORANDUM

To: All Staff Assigned Volume I

From: Elizabeth W. Bishop - Section Chief, Program Policy, Planning and Evaluation

Elizabeth W Bishop

Date: July 3, 2006

Re: **INTERIM POLICY AND PROCEDURE DIRECTIVE #04-2006**
Division Sponsored Drug Testing for Clients

The Division may sponsor the cost of routine drug screening during the job placement phase of a case when it is required by employers to whom the individual is being considered for a referral for job placement. The client must be in agreement to undergo the drug screening.

Division sponsored drug screenings would be authorized and carried out prior to the individual being referred to employers to ensure that clients are drug free, job ready and an appropriate referral for the job opening. Should the individual refuse to undergo drug screening in situations where it is a legitimate concern for job readiness, Vocational Rehabilitation may suspend job search interventions on behalf of the client.

This screening service sponsored by Vocational Rehabilitation should not replace the official employer drug screenings that many employers carry out prior to hire but would be used as a pre-screening job referral intervention by Vocational Rehabilitation to insure the individual would meet the hiring requirements and is job ready.

Vocational Rehabilitation does not sponsor routine drug screening as a requirement for participation in Community Rehabilitation Programs or any other training program.

The Division may also sponsor periodic drug screenings on clients as part of a planned vocational evaluation, or as part of an IPE for the purpose of monitoring services addressing substance abuse/dependence interventions, treatment, and job-readiness when it is an issue related to substance abuse diagnoses. The client must be in agreement if these arrangements are made.

In that this service is considered diagnostic/assessment, it is not subject to the division's financial needs criteria.

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MEMORANDUM

To: All Staff Assigned Volume I

From: Elizabeth W. Bishop – Section Chief, Program Policy, Planning and Evaluation

Date: February 20, 2007

Re: **INTERIM POLICY AND PROCEDURE DIRECTIVE #01-2007**
Workplace Violence

The Division is committed to providing a safe and secure setting for employees to conduct their important work for the clients they serve. Likewise, we are also committed to providing a safe professional environment where client's can meet with vocational rehabilitation professionals to address their issues. We realize at times there can be situations in which applicants and clients become volatile or unstable to some degree. In many situations, this may be the focus of our vocational rehabilitation counseling in helping clients develop effective strategies in problem-solving difficult situations. However, clients are expected to follow societal codes of conduct and laws as set forth under our state and Federal statutes when conducting business and interacting with Division employees. The Division cannot tolerate behavior that is threatening, hostile, harassing, violent, intimidating, damaging to property, or physically aggressive to employees or others in the work environment, or when employees are in the community. Threatening behaviors could be made by phone, by mail, on site, after business hours, or in connection with other VR service providers such as Community Rehabilitation Programs (the respective policies of CRP would be applicable as well).

Definitions

- **Workplace Violence**: For purposes of casework and client services, workplace violence entails violence that may be carried out by consumers of services, their friends, relatives, strangers or acquaintances, and vendors either in an office setting or field location.

- *For issues involving staff against staff workplace violence, please refer to policies through the Office of State Personnel and Department of Health and Human Services. The web links for these policies are:*
  Office of State Personnel - http://www.osp.state.nc.us/manuals/manual99/workplvi.doc
  Department of Health and Human Services - http://info.dhhs.state.nc.us/olm/manuals/dhs/pol-50/man/Pol5

- **Threat**: The expression of intent to cause physical or mental harm. An expression constitutes a threat without regard to whether the party communicating the threat has the present ability to carry it out and without regard to whether the expression is contingent, conditional or future.
- **Intimidation** – Actions that include but are not limited to stalking or behavior intended to frighten, coerce, or induce duress
- **Harassment**: This is an unwanted persistent behavior against another person which results in physical or emotional intimidation.
- **Physical Attack**: Unwanted or hostile physical contact such as hitting, fighting, pushing, shoving, throwing objects, use of firearms or any weapons, or devices which would cause bodily harm.
- **Property Damage**: Intentional damage to property and includes property owned by the State employees, their consumers of services, visitors or vendors.
- **Improper Use of Internet/Telephone**: the use of various communication mediums to relay harassing statements or threats.
- **NOTE**: These guidelines do not apply to behaviors, statements, or actions which are inappropriate, offensive, irritating, or otherwise troublesome in nature. Such actions and behaviors are sometimes encountered by counseling professionals and other staff who work with people who have significant mental and/or physical disabilities. As professionals, we are expected to handle such actions and behaviors in a competent, efficient, and understanding manner. Supervisory and administrative consultation should be obtained whenever needed, but especially whenever it is felt that an action is becoming or constitutes a threat, violence, harm, harassment, or other form of intimidation. Unless an individual's action or behavior rises to the level of a threat, violence, harm, harassment, or other form of intimidation, it is expected to be treated, and responded to in a professional manner.

Each office must have emergency protocols for dealing with potentially dangerous or violent situations (this should be a type of alarm, warning system, or code words that will alert others to the fact that help is needed or that the police need to be called by someone other than the individual in the situation). If in an employee's judgment a situation requires immediate action, employees should attempt to utilize strategies of de-escalation. However, if an immediate danger exists, the police shall be contacted promptly. If a physical threat is taking place the threatened person should disengage from the threatening person involved as quickly as possible and obtain support from all other people in the vicinity. Consultation with supervisors and administration should be sought immediately. All other individuals in the vicinity should be informed that a threatening incident is occurring or has occurred. If someone is being physically attacked, and it is no longer a threat, that person has the right to defend himself or herself immediately, to escape or disengage from the situation, and to immediately seek all available assistance and support.

All threats, violence, harm, harassment, and other forms of intimidation must be documented using the *Workplace Violence Incident Report Form*. This form must be submitted to the most immediate and available supervisor, even when there is an uneventful or favorable resolution of the incident. Management, in consultation with Human Resources Staff and affected employee(s), will determine a measured response and course of action to take and initiate such, factoring in the perceived seriousness of the situation and need to involve others such as law enforcement.

When an individual demonstrates by past or present actions that they pose a threat to Division staff, they have forfeited the benefit to receive vocational rehabilitation services. The Chief of Policy and Casework Operations, or Section Chief for Policy, Planning & Evaluation should be consulted **in all such cases**.

1. If there is an open case, the case should be closed as *"failure to cooperate"*. The individual should be notified in writing of the closure, the reason for the closure (the individual's behavior which was identified as violent or threatening), the State's workplace violence policy, and the standard rights to appeal.
2. Requests to open new cases or reopen previously closed cases should be assessed very carefully. The individual must provide independent evidence that they have received services or therapy to address the previously identified violent or threatening behavior. It is the individual's responsibility to provide such evidence. Independent sources for such evidence and evaluation may be a psychiatrist, psychologist, medical doctor, or other professional whom the counselor deems qualified to assess such situations. Participation in such services or therapy alone does not equate to eligibility for Vocational Rehabilitation services. The individual would still have to be determined eligible according to the standard eligibility policies and procedures. If a case is not opened or reopened, the individual should be notified in writing of the Division's decision, the reason for the action, the State's workplace violence policy, and the standard rights to appeal.

All VR Offices should have the weapon frees/prohibition policy posted.

WORKPLACE VIOLENCE INCIDENT REPORT – VOLUME I

Reporting Individual: _____

VR Work Unit: _____

Name of Intended Victim: _____

Date of Incident: _____

Specify Location of Incident: _____

TYPE OF INCIDENT: **(Check one or more)**

Threat:

- ☐ **Communicated directly to victim**
- ☐ **Communicated to another person**
- ☐ **Other (Specify)** _____

_____

- ☐ **Verbal**
- ☐ **Mail**
- ☐ **Note**
- ☐ **E-Mail**

Intimidation:

- ☐ **Stalking**
- ☐ **Engaging in actions intended to frighten, coerce, or induce duress**
- ☐ **Other (Specify)** _____

Physical Attack:

- ☐ **Hitting, fighting, pushing, or shoving**
- ☐ **Use of object as weapon**
- ☐ **Use of weapon such as gun or knife**
- ☐ **Other (Specify)** _____

Property Damage:

- ☐ **Damage to State Property**
- ☐ **Damage to personal property**
- ☐ **Other (Specify)** _____

Name of Perpetrator (If Known) _____

If not Client, Relationship to Client _____

Please describe in your own words the workplace violence incident that took place and any relevant background information (Use additional pages if necessary).

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

Please attach any supporting information (i.e., copies of emails, letters, and/or pictures).

Name of Reporting Person: _____

Signature of Reporting Person: _____

Date: _____

North Carolina
Department of Health and Human Services
Division of Vocational Rehabilitation Services

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*****OBSOLETE - EFFECTIVE 10/1/2011*****
This Policy has been incorporated into Volume I, under Chapter 2, Section 2-16-9

MEMORANDUM

To: All Staff Assigned Volume I

From: Elizabeth W. Bishop – Section Chief, Program Policy, Planning and Evaluation

Elizabeth W Bishop

Date: February 20, 2007

Re: **INTERIM POLICY AND PROCEDURE DIRECTIVE #02-2007**
VR Sponsorship of Prescription Pain Medications

The purpose of VR sponsorship of physician prescribed pain medication is to make an individual's pain more tolerable during the recovery process from physical impairments and/or to help the individual be more functional and able to participate in their vocational rehabilitation program. These medications have very strong addictive potential. There is the potential for overdose if not taken as instructed by a physician. They also present significant risk for abuse and misuse.

The following guidelines must be followed by rehabilitation counselors when authorizing this service:

1. All prescriptions for the client must be provided by one treating physician. If the client has a history or current diagnosis of substance abuse/dependence, he/she must sign VR Consent for Release of Confidential Information Form allowing the Division to release this information regarding past or current substance abuse to the treating physician.

2. VR sponsorship of these medications should not exceed a period of sixty days. The one exception is that a unit manager may approve an extension of the sixty day limit for a specified, limited, time if the client is actively being treated in a chronic pain clinic and under the medication protocols of that clinic. However, the Division is unable to purchase prescription pain medications on a long term basis for chronic pain disorders. In these

situations, efforts must be made to identify long term funding sources for the prescribed medications.

3. The treating physician will provide the vocational rehabilitation counselor with a brief treatment plan for the patient. The counselor will be notified in writing of any significant changes or amendments to this plan.

4. If the patient is referred to another physician who will become the treating physician, the patient will sign a release allowing notification of the new physician of the patient's controlled substance use.

5. The client must sign a VR Narcotics Contract which will be in effect for the duration of the service.

6. VR will not authorize replacements of medications that are lost, stolen, damaged, destroyed, thrown away, etc.

7. The client must inform the treating physician and rehabilitation counselor if he/she is receiving prescriptions for pain medications from any other physician. Failure to do so will result in the Division terminating sponsorship of this service.

The treating physician should provide periodic blood or urine testing of the patient. This helps to identify patients who are using additional drugs, using excessive amounts of the prescribed drug or not using any medication at all.

North Carolina Division of Vocational Rehabilitation
Prescription Pain Medication Contract

1. The purpose for my using the medications is to make my pain more tolerable during the recovery process from physical impairments. Additionally, these medicines are used to help me be more functional in being able to participate in my vocational rehabilitation program and secure suitable employment. VR authorization of these medications will be for the quantity indicated on the prescription not to exceed a supply covering 60 days (the equivalent of a prescription for a one month and one refill)

2. I understand that these medications have very strong addictive potentials. There is potential for being overdosed if not taken as instructed by my physician. I am to take these medications exactly as prescribed by my physician.

3. I understand that if my tolerance for these medications becomes too great that my physician may put me on a drug holiday (that is, taken off these medications) so that my body can readjust to function at a much lower level or no drug level.

4. I will obtain these medications only from the treating physician identified in my rehabilitation plan (IPE). I will not seek these medicines from any other physicians. I will make other treating physicians aware of my Prescription Pain Medication Contract with NC DVR.

5. I must notify my rehabilitation counselor in advance of needing authorization of a refill.

6. There will not be replacement of medications that are lost, stolen, damaged, destroyed, thrown away, etc. I will store these medicines in a safe place away from children.

7. I will tell my treating physician and rehabilitation counselor if I am getting these medicines from any other physicians.

8. If I do not follow the guidelines in this contract, I will no longer receive assistance from NC DVR in the purchase of medications.

_____	_____	_____
Client Signature	Date	Witness

North Carolina
Department of Health and Human Services
Division of Vocational Rehabilitation Services

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*****OBSOLETE - EFFECTIVE 10/1/2011*****
This Policy has been incorporated into Volume I, under Chapter 2, Section 2-16-1

MEMORANDUM

To: All Staff Assigned Volume I

From: Elizabeth W. Bishop – Section Chief, Program Policy, Planning and Evaluation

Date: February 20, 2007

Elizabeth W Bishop

Re: INTERIM POLICY AND PROCEDURE DIRECTIVE #03-2007
Morbid Obesity/Clinically Severe Obesity/Surgery for Clinically Severe Obesity

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Obesity is defined as an increase in body weight beyond the limitation of skeletal and physical requirements, as the result of an excessive accumulation of fat in the body. People with obesity are employed in most occupations and businesses. Being overweight or obese may cause little or no inconvenience to a person's career. However, when this condition reaches the extreme it may be diagnosed as morbid obesity or clinically severe obesity (used interchangeably) and may result in substantial impediments or even physical incapacitation.

Determination of Impairment

The diagnosis of morbid obesity should be provided, at a minimum, by a physician specializing in family practice, internal medicine, endocrinology or gastroenterology. The body mass index (BMI) is the standard in defining overweight, obesity, and morbid obesity. The BMI is calculated based on a person's height and weight – weight in kilograms (2.2 pounds per kilogram) divided by the square of height in meters (39.37 inches per meter). A BMI of 25 or more is considered overweight; 30 or more obese; and 40 or more, morbidly obese or clinically severe obesity. Generally, an individual having a diagnosis of morbid obesity with a BMI of 40 or more, and two or more co-morbid conditions would be considered as having a disabling condition for VR eligibility purposes. The most prevalent morbid obesity-related diseases include:

- Hypertension
- Diabetes

- Heart Disease
- Stroke
- Gastrointestinal Complications
- Osteoarthritis
- Sleep Apnea and Respiratory Problems
- Some Cancers

Determination of Impediments

The counselor must document how the morbid obesity is resulting in substantial impediments to employment. This documentation is accomplished through an analysis of the medical records along with other case data, such as the work history, educational/training history, and consultation with other specialists. Additionally, the medical data must evidence two or more of the following complications associated with morbid obesity:

- The presence of a primary diseases such as arteriosclerosis, diabetes, heart disease, hypertension, pseudo-tumor, etc., which is significantly complicated by morbid obesity. The individual would have restrictions normally associated with these types of medical conditions and made worse by the morbid obesity; i.e., fatigue, significantly diminished stamina and work tolerance, need for modified work schedule or frequent breaks, tendency to have shortness of breath.
- The obesity causes substantial orthopedic or physical limitations as documented by the medical history records including x-ray findings and other diagnostic test results. The ability to ambulate or carry-out physical tasks may be substantially impaired. Other limitations could include inability to utilize public transportation or utilize toilet facilities outside of the home.
- There is significant respiratory insufficiency or sleep apnea documented by respiratory function studies, blood gases, sleep studies, etc. Resulting impediments could include excessive daytime drowsiness and impaired alertness on the job, fatigability, tendency to have shortness of breath upon exertion.
- There is significant circulatory insufficiency documented by objective measurements. Resulting limitations could include impaired functioning of one or more extremities due to circulatory insufficiency.
- Skin disorders resulting in severe medical complications, pain and discomfort

VR Sponsorship of Medically Managed Weight Loss Programs

Medically managed weight-loss programs provide treatment in a clinical setting with a licensed healthcare professional, such as a medical doctor, nurse, registered dietitian and/or psychologist. These programs typically offer services such as nutrition education, physical activity and behavior modification/therapy. In some situations, closely related programs such as cardiac rehabilitation programs may be utilized to accomplish this purpose as they have many of the same essential components. Before VR will sponsor services for a client through a medically managed weight loss program, medical records must document that the individual has attempted other organized weight loss programs for a period of 9 months or more. VR may sponsor these programs for clients at the established Medicaid rate and subject to the individual meeting the Division's financial criteria. With regard to the duration of VR sponsorship, the guidelines in Policy Directive #5-2006 Physical Restoration and Physical Disabilities apply *(see under Guidelines for Anticipated Duration of Treatment).* Approval of extensions of VR sponsorship beyond 6 months may be approved by the

Unit Manager if the individual is demonstrating acceptable progress in their weight loss as evidenced by the progress reports from the program.

VR Sponsorship of Surgical Intervention

VR sponsorship of surgery for morbid obesity may be considered when it is determined to be a medical necessity by the appropriate specialist and when the following conditions are met:

1. the individual is at least 19 years old; **and**
2. medical record documentation substantiates that the individual:
    - has a BMI greater than or equal to 40 with serious complications/limitations in at least two of the following areas:
        - documentation of primary diseases such as arteriosclerosis, diabetes, heart disease, hypertension, pseudo-tumor cerebri, etc., is significantly complicated by clinically severe obesity
        - the obesity causes substantial orthopedic or physical impediments as documented by the medical history records including x-ray findings and other diagnostic test results
        - there is significant respiratory insufficiency or sleep apnea documented by respiratory function studies, blood gases, sleep studies
        - there is significant circulatory insufficiency documented by objective measurements; and
3. clinically severe obesity must be present for a period of at least three years; **and**
4. the individual must have made consistent efforts to lose weight over a period of 9 months or longer under physician supervision or in an organized weight loss program and failed; **and**
5. the individual has no correctable cause for the obesity, e.g.; an endocrine disorder; **and**
6. the surgery is one of the following procedures:
    - Gastric bypass, in which approximately 90% of the stomach is bypassed and anastomosed with the proximal jejunum (CPT code 43846, 43659 for laparoscopic procedure).
    - Vertical banded gastroplasty (also called vertical banded gastric partition or vertical gastric stapling) in which a proximal pouch of 30-60 mL and a one-centimeter outlet are created by a vertical row of staples and a horizontally placed reinforcing band (CPT code 43842, 43659 for laparoscopic procedure).

NC DVR does not sponsor procedures that are considered to be investigational:

- Jejunoileal bypass
- Biliopancreaticbypass
- Gastric wrapping
- Gastric banding
- Jejunocolostomy
- Mini-gastric bypass

Case Documentation Requirements - VR Sponsorship of Surgical Intervention for a Client

1. Documentation of a continuous nine month period or longer of all medical treatment modality therapies attempted by the individual under the supervision of a physician or in an

organized weight loss program to reduce weight, the duration of each therapy and the results of each treatment

2. Documentation of the individual's weight for each of the three previous years
3. The individual's present weight, height, skeletal frame, body mass index and gender
4. Medical history of the entire individual's diagnoses such as heart disease, pulmonary problems, arthritis, diabetes, etc.
5. Medical test results
6. Documentation that all correctable causes of obesity have been ruled out with test results of laboratory tests performed
7. Documentation of a psychological evaluation assessing the recipient's suitability for surgery and his/her ability to comply with lifelong dietary changes and medical follow-up. Components of such an assessment should include: levels of depression, eating behaviors, stress management, cognitive abilities, social functioning, self-esteem, personality factors or other mental health diagnoses that may affect treatment, readiness and ability to adhere to required lifestyle modifications and follow-up social support.
8. Documentation of a fully developed, 5-year psychosocial, nutritional, and activity- based follow-up plan.
9. Certification that the individual has been informed about all surgery risks, surgery sequelae, the need for extensive follow-up care, expectancy of weight loss and a signed statement that the individual has been informed of the risks and results and still desires a surgical procedure.
10. Description of the type of gastro-bariatric surgery planned and CPT code that describes the surgery planned.
11. VR may authorize follow-up surgeries if deemed to be medical necessities – ex: surgical skin flap removal. However, the Division cannot sponsor these type surgeries of they are purely elective.
12. The Division cannot authorize "up-front" administrative fees which are sometimes required by surgical clinics.

North Carolina
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*****OBSOLETE - EFFECTIVE 10/1/2011*****
This Policy has been incorporated into Volume I, under Chapter 2, Section 2-16 and Chapter 3, Section 3-6-1

MEMORANDUM

To: All Staff Assigned Volume I

From: Elizabeth Bishop, Section Chief for Program Policy, Planning and Evaluation

Date: May 2, 2007

Re: **INTERIM POLICY AND PROCEDURE DIRECTIVE #04-2007**
Physical Restoration - SECTION 2-19 and Physical Conditions - SECTION 3-5

{This directive replaces Policy Directive #05-2006 dated 8/9/2005}

Physical restoration services may be provided to correct or significantly reduce a physical impairment[1] that is stable or slowly progressive and that results in substantial impediments to employment[2]. A slowly progressive condition is one in which the client's functional capacity is not expected to diminish so rapidly as to prevent successful completion of vocational rehabilitation services, and/or employment for a reasonable period of time. Physical restoration services are subject to the individual meeting the Division's financial needs criteria and comparable benefits, when available. This policy directive addresses both eligibility and service provision as they relate to physical impairments.

---

[1] The Federal Rules and Regulations define a Physical impairment to mean - Any physiological disorder or condition, cosmetic disfigurement, or anatomical loss affecting one or more of the following body systems: neurological, musculoskeletal, special sense organs, respiratory (including speech organs), cardiovascular, reproductive, digestive, genitourinary, hematological and lymphatic, skin, and endocrine

[2] Substantial impediments to employment means that a physical or mental impairment (in light of attendant medical, psychological, vocational, educational, communication, and other related factors) hinders an individual from preparing for, entering into, engaging in, or retaining employment consistent with the individual's abilities and capabilities.

Temporary Medical Conditions Which are Not Eligible and Acute Treatment That Cannot Be Sponsored

Temporary conditions which are easily addressed and remedied with acute level treatment do not fall within the definition of impairment for eligibility purposes. Division funds should not be viewed and used strictly to supplant health insurance, or the lack thereof. There are medical conditions and services that many individuals face at some point in their lives that do not result in substantial impediments to employment. Examples of these types of conditions could include but are not limited to:

- Appendicitis
- Fractures
- Recent Onset Knee Injury
- Recent Onset Back Injury
- Recent Onset Hernia
- Recent Onset Gynecological Conditions
- Lipoma
- Cholecystitis (Gall Stones)
- Renal Calculus (Kidney Stone)

Eligibility for VR Services and Sponsorship of Physical Restoration Services

One or more of the following three guidelines may apply in making a determination of eligibility for VR services:

1. **Chronic Impairments** – Chronic generally refers to an impairment that has a long or indefinite duration, and is marked by frequent recurrences. There are, however, impairments which have a rapid onset, but by their nature, are chronic from the outset or early stage. These types of rapid onset impairments are covered under #3 below. Other chronic impairments have a gradual or insidious onset such as multiple sclerosis. In these situations, whether an individual has an impairment with substantial impediments to employment and/or whether the individual requires a program of Division services could be determined once the chronic nature of the impairment becomes evident. However, counselors must keep in mind that some chronic diagnoses, in the early stages, do not present substantial impediments or functional loss in the individual, so in these instances eligibility cannot be established. The existence of substantial impediments to employment may not be an issue until later stages of the disease. The medical data and the case history should provide the documentation of the chronic impairment, its current status and resulting substantial impediments.

   Examples of chronic impairments could include:
   a. Multiple Sclerosis
   b. Crohn's Disease
   c. Coronary Artery Disease
   d. Degenerative Joint Disease
   e. Hemophilia
   f. HIV Disease

g. Cerebral Palsy

In terms of the age of the medical data for determining VR eligibility, this depends upon the nature of the impairment in question. For example, HIV disease tends to be unstable with exacerbations and remissions – recent medical data would be needed to determine the current status of the diagnosis. However, cerebral palsy tends to be a stable, unchanging condition with a relatively fixed set of impediments, so older medical data may actually suffice for establishing the impairment, impediments and other components of VR eligibility.

2. **Acute or Temporary Medical Conditions/Injuries which Become Chronic** – To a certain degree, depending upon the diagnosis, the timeframe varies for an impairment transitioning from acute to chronic. Although most of the types of diagnoses covered above under temporary/acute conditions would not become chronic, some could progress into chronic impairments and present to VR as such.

   Examples could include:
   a. Back or knee impairments presenting functional loss that have been medically documented for extended periods of time.
   b. Fractured bone resulting in nonunion. (This impairment is defined to have occurred if the fracture site has failed to heal by six to nine months.)

   Often, the question of whether an acute or temporary condition has progressed to becoming chronic with substantial impediments can not be answered until the individual has undergone the initial set of medical interventions and had time to go beyond the acute phase in terms of recovery and healing (keeping in mind that physical therapy and other ancillary services are sometimes a part of the initial/acute interventions following surgery).

   However, if a diagnosis of an acute condition is documented by medical data and remains unresolved after 9 months it may be considered chronic. There may or may not have been optimal treatment interventions. The rehabilitation counselor must also establish from the medical data that the chronic impairment is presenting substantial impediments to employment.

   In exceptional situations, with counselor discretion, this determination may be made as early as six months from the initiation of medical intervention if the medical data definitively shows the existence of a chronic impairment. If the individual meets the other components of the VR eligibility criteria, then overall eligibility for the program may be considered. The analysis of the medical data by the counselor is of critical importance in making the determination of eligibility based upon a physical impairment.

3. **Injuries or Rapid Onset Impairments which have a High Probability of Becoming Chronic** – Some injuries or impairments, from the early stages, carry a high probability of becoming chronic, notwithstanding the acute level interventions that are initiated. In such cases, the distinctions between stable and unstable, acute and chronic may be unclear or academic. Also, the standards of six or nine months as indicators of chronic impairment (and stated above under number "2") may not be applicable in these cases. There may also be a

high probability of substantial impediments to employment resulting from the likelihood of chronic impairment. In these circumstances, though the Division still could not sponsor emergency interventions, counselor judgment is essential in determining on an individual case basis, at what point during the recovery process a chronic impairment with substantial impediments becomes apparent and Vocational Rehabilitation services would be appropriate. Examples could be:

a. amputations (either traumatic or disease connected)
b. strokes with resulting hemi-plegia or other functional loss
c. diabetes
d. seizure disorder
e. reconstructive surgery
f. spinal cord injury
g. traumatic brain injury
h. disfigurement of one or more limbs resulting from trauma or disease
i. second or third degree burns

Staffing with the Unit Manager, Quality Development Specialist and/or Unit Medical Consultant should occur whenever questions arise.

Physical Restoration as a "Substantial" Vocational Rehabilitation Service

VR sponsorship of a physical restoration service(s) would be viewed as a substantial service when it is:

1. provided to substantially reduce or eliminate limitations/impediments associated with a chronic impairment (consistent with the guidelines for criteria #1, #2, and #3 above in determining a chronic impairment), and
2. required by the individual in order to begin work, return to work, or maintain employment, and
3. provided within a supportive counseling and guidance relationship and/or in conjunction with other *Core* VR services.

The following are examples of supportive guidance and counseling interventions:

- *Helping the individual understand their diagnosis/impairment, impediments and what to expect during and after treatment*
- *Helping the individual understand the vocational implications of their diagnosis/impairment; i.e., need for part-time or modified duties following treatment, need for job re-assignment or job change because of impediments*
- *Career and educational guidance to help the individual select suitable jobs and/or type of training*
- *Assisting the individual in dealing with and adjusting to the emotional issues surrounding the diagnosis/impairment*
- *Referral to other community resources to assist with issues associated with physical restoration*

- *Liaison or interventions with medical providers to facilitate the individual's treatment, and medical needs*
- *Discussion and exploration of an individual's strengths, interests and abilities in relation to recommendations from the assessment data (medical and vocational) and other case information*
- *Providing supportive guidance and follow-up on specific impairment related issues after return to work*

Typically, two or more *Core* services (See 2-2-1 for listing of the *Core* services) are necessary to address an individual's rehabilitation needs. However, if only one *Core* service (e.g. physical restoration) is determined necessary, the supportive counseling and guidance provided by the rehabilitation counselor, or other Division support staff, and documentation of such becomes even more important. This supportive element distinguishes the VR service from that of simply serving a medical insurance function, or paying a medical bill. The presence of a *chronic impairment* and provision of the physical restoration service *within a VR guidance and counseling relationship* distinguishes this situation from those where VR would simply be *paying a bill* for an acute or otherwise temporary medical condition. The client need for the *guidance and counseling relationship* must be established as part of VR eligibility; specifically, in relation to the "*requires VR services*" component of the eligibility criteria.

Otherwise, if all that an individual requires is payment/sponsorship of a medical service, then the individual is not eligible for VR services. The counselor must always question whether the individual meets VR eligibility in *requiring a program of VR services* (meaning, are the skills, resources, and supportive counseling provided by a qualified VR counselor needed?). This does not apply to individuals who because of the nature of their disabilities require permanent assistive devices, rehabilitation technology, or ongoing on-the-job supports (examples – hearing aid, wheelchair, home or worksite modifications, etc.).

Secondary Restoration Issues Accompanying a Chronic Impairment

Please refer to **INTERIM POLICY AND PROCEDURE DIRECTIVE #05-2007** for policy guidelines on sponsorship.

Sponsorship of Medical Diagnostic Evaluations

Generally, the Division should not sponsor diagnostic medical evaluations of new onset impairments. The Division will not sponsor emergency hospitalization, diagnostics or treatment needed at the time of referral relating to an acute impairment, injury or suspected impairment. The appropriate point for VR involvement is generally the rehabilitation phase of chronic impairments. However, the Division may sponsor diagnostic examinations/assessments associated with stable or slowly progressive conditions for use in eligibility determination if available existing data containing a chronic diagnosis is insufficient in establishing a current impairment with impediments, or if an updated evaluation is advisable given the nature of the impairment. Examples could include situations in which the existing data obtained by the counselor is dated and insufficient in providing a current picture of client's condition or impediments; or, in which the condition may be unstable in nature, characterized by exacerbations and remissions, and an updated assessment is advisable to address the individual's current status and to clarify current impediments to employment.

An individual may present at referral with compelling indications of a chronic disabling condition even though there may be a lack of existing data. In this situation, in order to determine the existence of a disabling condition, the Unit Manager may approve an exception and authorize a diagnostic specialty evaluation. The Quality Development Specialist and/or Chief of Policy and Casework Operations should be consulted whenever questions exist. The counselor's knowledge base and professional discretion are critical factors in identifying the indicators of chronic versus acute, temporary or remediable conditions.

Guidelines Regarding Anticipated Duration of Medical Treatment

Some individuals have stable or slowly progressive conditions of long duration. The Division does not provide long-term or ongoing physical treatment. Accordingly, Division funds cannot be used to initiate treatment that is reasonably anticipated to last more than six months (per case) unless unit manager approval has been obtained. Agreed upon extensions may be approved only if the client maintains reasonable progress toward achieving the vocational goal. An exception can be when the purchase of medication/medical supplies is expected to exceed six months duration in support of training as a major service on the Individualized Plan for Employment. It is expected that the counselor would work jointly with the client to identify comparable benefits for long term medical care.

Guidelines Regarding the Planning and Sponsorship of Other Major VR Services in Conjunction with Physical Restoration

Individuals with chronic physical impairments that can be removed with little or no residual limitations will not be eligible for Division sponsored post-secondary training. However, if an impairment has hindered an individual in developing suitable work skills and work experiences, then VR post-secondary training services may be provided to address the need.

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*****OBSOLETE - EFFECTIVE 10/1/2011*****
This Policy has been incorporated into Volume I, under Chapter 2, Section 2-16

MEMORANDUM

To: All Staff Assigned Volume I

From: Elizabeth Bishop, Section Chief for Program Policy, Planning and Evaluation

Elizabeth W Bishop

Date: May 2, 2007

Re: **INTERIM POLICY AND PROCEDURE DIRECTIVE #05-2007**
Secondary Restoration Issues Accompanying a Chronic Impairment

{This policy will ultimately become a sub-heading of Section 2-19 – Physical Restoration}

For VR purposes, *secondary restoration* refers to an acute or remediable condition that exists concomitantly with a chronic impairment (that makes an individual eligible for Division services), is present at the time of eligibility and presents a definite obstacle to progression and accomplishment of the rehabilitation program. The rehabilitation counselor may sponsor the recommended treatment in these circumstances to remove the acute condition so that the individual can benefit, in a timely manner, from other planned Division services. *Secondary restoration* differs from inter-current illness because the need is evident at intake and/or eligibility, and prior to development of the IPE; whereas, inter-current illness occurs during the course of the rehabilitation program (IPE). *Secondary restoration* can not be coded as a secondary disabling condition because it is acute and does not result in *substantial* impediments to employment. Specialty information is required along with a treatment plan. The financial needs criteria must be applied and comparable benefits used when available. The counselor must document in the case file the rationale for addressing a secondary restoration issue to include the diagnosis and necessary restoration services. In most cases, this should be done on the Written Rehabilitation Analysis Page (WRAP). However, in situations in which sponsorship of secondary restoration is needed in order to complete the comprehensive assessment (status 10), the counselor should document the rationale for sponsorship on a case note, or on notepad (CATS).

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MEMORANDUM

To: All Staff Assigned Volume I

From: Elizabeth Bishop, Section Chief for Program Policy, Planning and Evaluation

Elizabeth W Bishop

Date: August 2, 2007

Re: **INTERIM POLICY AND PROCEDURE DIRECTIVE #06-2007**
Revised Tuition Rates for Postsecondary Training

The Division will sponsor the catalog rate for tuition and fees for clients attending institutions within the University of North Carolina System and NC Community College system. For each subsequent academic year, the Division will increase its rate to match the current UNC system or community college rate pending availability of resources. If the determination is made that sufficient resources are not available, the rate will remain the same as the previous year for each college/university. As always, comparable benefits must be applied when available.

For colleges and universities that are private or out-of-state, a new rate has been set that is commensurate with the maximum UNC system rate. Similarly, new rates are established for professional schools and proprietary schools.

Please refer to Volume V for the updated rates which are effective immediately.

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MEMORANDUM **Updated by Interim Policy Directive #01-2009**

To: All Staff Assigned Volume I

From: Elizabeth Bishop, Section Chief for Program Policy, Planning and Evaluation

Elizabeth W Bishop

Date: August 10, 2007

Re: **INTERIM POLICY AND PROCEDURE DIRECTIVE #07-2007**
Revisions to the Allowable Net Monthly Income Table (Based Upon Family Size) for the DVR-O116 Financial Needs Statement

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During the 2007 session of the NC General Assembly, increases were approved in the allowable net monthly income tables for establishing financial need among program clients and participants. Effective Monday August 13, 2007, the income limits based upon family size will increase to 125% of the Federal Health and Human Services poverty level. I have attached a table showing the *125% 2007 HHS Poverty Guidelines (Source: Federal Register, Vol. 72, No. 15, January 24, 2007, pp 3147-3148).*

The Financial Statement screen on CATS, section B, will be updated after close of business Friday August 10, 2007 with the new figures. If you have completed a Financial Statement on a consumer since July 1, 2007, you are not required to calculate the form using the new income limits. However, if the form has been completed after July 1, and the new income tables would positively impact the consumer meeting the financial needs criteria, then you may create a new form using the revised limits. The effective date of the new form you create will be August 11 or after.

If the amount authorized for a service would be revised based on the change in the financial needs criteria, the authorization can be adjusted prior to billing. Authorizations generated since July 1 can be adjusted as long as no payment has been previously made on it.

125% 2007 HHS Poverty Guidelines [1]

Persons in Family or Household	PER YEAR 48 Contiguous States and D.C. 125%	PER MONTH 48 Contiguous States and D.C. 125%
1	$ 12,763	$1,064
2	17,113	$1,426
3	21,463	$1,789
4	25,813	$2,151
5	30,163	$2,514
6	34,513	$2,876
7	38,863	$3,239
8	43,213	$3,601
For each additional person, add	4,350	$363

[1] **Rounded to the nearest dollar**

SOURCE: *Federal Register*, Vol. 72, No. 15, January 24, 2007, pp. 3147–3148

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****OBSOLETE - EFFECTIVE 7/1/2013****
Replaced by Interim Policy and Procedure Directive #02-2013

MEMORANDUM

To: All Staff Assigned Volume I

From: Elizabeth Bishop, Section Chief for Program Policy, Planning and Evaluation

Elizabeth W Bishop

Date: September 7, 2007

Re: **INTERIM POLICY AND PROCEDURE DIRECTIVE #08-2007**
Revisions to SECTION 1-12 VR/IL Concurrent Records of Service for Personal Assistance Services

The purpose of this directive is to emphasize coordination and collaboration between the VR and IL programs in order to assure that VR participants are able to access the personal assistance service that is necessary to complete their rehabilitation program.

Case service authorizations may be issued by the IL counselor from RCC 1281 for personal assistance service (PAS) that are coordinated by the IL program and funded by the VR program based on the VR financial needs test once an individual has been determined eligible for VR services.

The following criteria and procedures will be used when the IL program is providing personal assistance services to VR participants that is funded by the VR program based on the VR financial needs test.

CRITERIA

The individual must be eligible for VR services and determined to be either SD or MSD with a physical disability. The individual requires personal assistance services (PAS) in support of one or more of the CORE VR services planned on the Individualized Plan for Employment (IPE).

For purposes of opening an IL case, the IL Counselor will utilize the eligibility determination made by VR as the basis for IL eligibility (in lieu of the standard IL eligibility decision) and development of the Individualized Plan for Independent Living (IPIL). The client/participant will have a dual VR/IL case with IL providing the personal assistance services for the individual. The funding for the PAS will come from VR case service funds. Personal assistance service is not subject to the financial needs criteria when provided to VR clients. The VR client may be the employer of their personal assistant or a home health vendor may be utilized to provide the personal assistance service. No IL funded services will be provided in these cases because all services will be coordinated and funded by the VR case.

The VR counselor will:

1. Determine that personal assistance service is required for the individual to complete their Individualized Plan for Employment (IPE).
2. Contact the IL Office to staff the case with the IL counselor covering that geographical area where the individual will be receiving the personal assistance service.
3. Notify the participant that personal assistance service will be coordinated by the IL program and that they will be contacted by the IL counselor.
4. Grant full CATS access for the VR case to the appropriate IL staff and provide copies of the VR eligibility decision, SD/MSD documentation, and supporting medical documentation.
5. Update the IPE to indicate that the personal assistance service is coordinated by the IL program and is funded by VR. The IPE should include the statement "Personal assistance service that is funded by VR, will be terminated when the VR case is closed."

The IL counselor will:

1. Take application

2. Determine eligibility using, to the extent possible, preliminary assessment data from the VR case file. The IL counselor will obtain from VR the:
   A) VR eligibility decision
   B) SD/MSD documentation
   C) Supporting medical documentation

3. Complete an IPIL outlining the services. Minimum jointly agreed upon services on the IL plan should include:
   A) Guidance and counseling provided by IL.
   B) Number of personal assistance service hours and rate of pay with VR Funded as Comparable benefit.
   C) Include the statement on the IPIL "Personal assistance service that is funded by VR, will be terminated when the VR case is closed."

4. Issue the R2 for personal assistance service on the state fiscal year **from VR case using RCC 1281 / CS code T27**. The R2 is maintained in the IL case file until the case is closed.

5. Enter the VR information into the "Client Data Entry Screen" using the VR icon. The IL staff will key in the VR number, VR case load number, VR counselor code number, vender number, client ID number, select the IL office code, and the RCC 1281 will be filled in automatically. This information and the CS code T27 will print onto the case service invoice. The case service invoice should be printed on green paper for VR and the IL counselor will sign the case service invoice.

6. Keep the IL case open for the duration of IL coordinated personal assistance services.

7. All fiscal information (R2, case service invoices, timesheets, receipts for paying personal assistant(s) and federal/state taxes) must be maintained in the IL case file until the IL case is closed. At that time, a copy of this information will be provided to the VR counselor so that this information is maintained in the VR case, in keeping with the record retention schedule.

PROCESS TO TRANSITION VR CLIENTS RECEIVING PERSONAL ASSISTANCE SERVICES

In addition to the above procedures, for the VR participants currently receiving personal assistance service on the date of this interim Policy Directive; the VR counselor will continue to process the timesheets for payment until the IL counselor can open the IL case and develop the IPIL. The IL counselor will contact the VR counselor when the IPIL is developed. At that time, the VR counselor will provide the IL counselor with a copy of the following information, as part of the referral packet, if the participant is the employer of their personal assistant(s).

1. The federal and state employer ID number received from the VR participant.
2. The "State Unemployment Tax Rate" received from the participant in December 2006.
3. Form DVR-1021 "personal assistance services and reimbursement agreement."
4. Form(s) DVR-1022 "Personal Assistant Understanding of Employer Obligation to Withhold Social Security and Medicare Taxes (FICA)" for each personal assistant.
5. Form DVR-1022A "Payment of Federal Household Employer Tax for 2007."
6. Form(s) DVR-1019 "Record of Personal Assistance hours" and the case service invoice(s) for the pay periods 12/7/06 – 12/20/06 until the IL case is opened and IPIL is developed. The IL counselor will contact the VR counselor when the IPIL is developed.
7. Form(s) DVR-1019A "Personal Assistance Services Receipt" or Form(s) DVR-1019A-W "Personal Assistance Services Receipt Weekly Payment" for the pay periods 12/7/06 – 12/20/06 until the IL case is opened and IPIL is developed.
8. The case service invoice(s) for the first, second and third quarter SUTA and FICA taxes for 2007, if applicable.
9. Form(s) DVR-1022B "Payment of Federal/State Household Employer Taxes" for the first, second and third quarter SUTA and FICA taxes for 2007, if applicable.

10. The spread sheet that the VR counselor used to calculate the bi-weekly payroll for the pay periods 12/7/06 – 12/20/06 until the IL case is opened and the IPIL is developed.
11. The spread sheet that the VR counselor used to calculate the federal/state taxes (FICA, SUTA, FUTA) for the timeframe of 12/7/06 – 12/20/06 until the IL case is opened and the IPIL is developed.

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*****OBSOLETE - EFFECTIVE 10/1/2011*****
This Policy has been incorporated into Volume I, under Chapter 2, Section 2-21-2

MEMORANDUM

To: All Staff Assigned Volume I

From: Elizabeth W. Bishop – Section Chief of Program Policy, Planning and Evaluation

Date: February 14, 2008

Re: **INTERIM POLICY AND PROCEDURE DIRECTIVE #01-2008**
Transportation - Revision to Rate for Sponsorship of Private Mileage

---

When a private vehicle is used for transportation, the current IRS mileage rate (presently 50.5 cents per mile) will be authorized. This rate must be uniformly applied and is not open for negotiation with the client. The cost of transportation for a complete vocational rehabilitation program shall not exceed $12,000 *(also see Transportation – Volume V)*. Whenever it appears the maximum program rate ($12,000) will be exceeded, an exception should be requested to the Chief of Policy. In the future, the IRS mileage rate will be posted on Volume V and will be updated when revisions are made by the IRS *(see Transportation – Volume V)*.

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MEMORANDUM

To: All Staff Assigned Volume I

From: Elizabeth W. Bishop – Section Chief for Program Policy, Planning and Evaluation

Elizabeth W Bishop

Date: February 14, 2008

Re: **INTERIM POLICY AND PROCEDURE DIRECTIVE #02-2008**
Revisions to SECTION 2-14 MAINTENANCE Room and Board Rates for Post-Secondary Training

---

Division assistance with room and board, in support of post-secondary training, is subject to financial needs. For clients who meet the financial needs criteria and attend a school within the University of North Carolina System, the Division may sponsor the catalog rate for room and board. The Division will match the current UNC system rate for each subsequent academic year, pending availability of resources. If sufficient resources are not available, the sponsorship rate will not increase.

On-campus housing may be sponsored at the individual student's rate for a double occupancy room. The Division will sponsor the most cost effective double occupancy room that is air conditioned. However, if such an option is unavailable (i.e. the client has applied and been declined based upon lack of availability), the Division will sponsor the next most cost effective on-campus housing that meets the client's need (e.g. suites, university apartments). If suitable on-campus housing is unavailable and the only option for the client is off-campus, the Division will pay the maximum UNC system rate for housing (See Volume V, Post-Secondary Training for rates). A single occupancy room on campus may be authorized only if the Counselor determines there are disability related reasons that justify the need for such.

If it is the client's choice to live off-campus even though suitable on-campus housing is available, the Counselor may approve sponsorship at the Division's off-campus rate for the respective school (see Volume V, Post-Secondary Training), prorated for up to nine months per academic year.

Volume V – Post Secondary Training has a comprehensive listing of the meal plan and housing selections (with rates) for each of the schools within the UNC system. In some cases, multiple

options could be available (e.g. 14 meals per week, 10 meals per week). The counselor and client should determine which option best meets the client's needs. For clients who choose to live off-campus even though suitable on-campus housing is available, the Counselor may provide sponsorship at the Division's off-campus rate for the respective school (see Volume V, Post-Secondary Training) prorated for up to nine months per academic year. However, if suitable on-campus housing is unavailable and the only option for the client is off-campus, the Division will pay the maximum UNC system rate for board (see Volume V, Post-Secondary Training).

A new rate for room and board has been established for private, proprietary, and out-of-state colleges/universities. This new rate is commensurate with the maximum UNC system rate (see Volume V, Post-Secondary Training).

When available comparable benefits must be applied for any of these service options.

Note: Clients who meet the financial need test and are being assisted in post-secondary training under the old guidelines and maximum limits for maintenance, or are paying for their own room and board through student loans may be offered the opportunity to renegotiate their IPE's according to these new guidelines.

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MEMORANDUM

To: All Staff Assigned Volume I

From: Elizabeth W. Bishop – Section Chief for Program Policy, Planning and Evaluation
Patricia "Trish" Harper – Accountant II

Elizabeth W Bishop

Date: August 12, 2008

Re: **INTERIM POLICY AND PROCEDURE DIRECTIVE #03-2008**
Instructions for Handling Invoices for Postsecondary Training Tuition and Fees within the UNC System

---

On August 2, 2007, the Division revised policy to allow payment of tuition and fees at the catalog rate for clients attending institutions within the University of North Carolina System and NC Community College System. In order to carry out this revision in policy, there are some requirements, beyond our control, within the UNC system of tuition rate setting that we must accommodate and conform to in terms of our authorization and billing process. The UNC System Board of Governors reviews their schedule of tuition and fee rates on an annual basis for potential rate increases. This review takes place in October of each year. Increases are typically made to the rates which are immediate and retroactive to the beginning of the fall semester that is underway. Unfortunately, this puts Counselors in a position of issuing authorizations at the beginning of the school year using published tuition rates that will become outdated by the time invoices arrive.

In order for us to accommodate the UNC schedule of rate setting, and reconcile invoice and authorization amounts, we have put the following steps in place:

1. Issue authorizations for tuition and fees prior to the college year using rates published in Volume V
2. When the invoice is received from the university, check the amount invoiced against the authorization amount for tuition and fees. If there is an increase, check to determine if the increase is due to an actual UNC system increase in tuition rate and not to the addition of fees and services not covered by the Division. If there is no increase reflected on the invoice, cross reference the financial aid package to assure that the university has billed for the maximum amount possible while utilizing necessary comparable benefits. The student should not be left with a balance for tuition and allowable fees.

3. If the university has failed to invoice the Division for the maximum amount allowable to the student after comparable benefits have been applied, then a new invoice should be requested from the university which reflects the correct amount.
4. If there is a legitimate rate increase on tuition, go into CATS, authorization screen, and increase the amount on the authorization. Then, print out the revised authorization (R-2) to attach to the bill. Make sure the new amount is correct on the Case Service Invoice.
5. Submit invoice for payment.

Please note that this process does not require the counselor/Unit Manager to approve any overpay. It is anticipated that training invoices will be submitted at a higher than authorized rate.

If you have any questions concerning this policy directive, please contact Mac Britt at mac.britt@ncmail.net or phone # 919-855-3557.

If your questions involve rates, please contact Trish Harper at trish.harper@ncmail.net or phone # 919-855-3592.

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*****OBSOLETE - EFFECTIVE 10/1/2011*****
This Policy has been incorporated into Volume I, under Chapter 2, Section 2-5-1; See Appendix for form DVR-0309

MEMORANDUM

To: All Staff Assigned Volume I

From: Elizabeth W. Bishop – Section Chief, Program Policy, Planning and Evaluation

Elizabeth W Bishop

Date: August 18, 2008

Re: **INTERIM POLICY AND PROCEDURE DIRECTIVE #04-2008**
Revisions to Equipment Purchases for Post-Secondary Training and Placement (Sections 2-24-1 and 2-5-4)

Equipment Purchases for Post-secondary Training

Equipment for post-secondary training may be purchased under the following conditions:

(1) The equipment is required to complete a specific post-secondary training curriculum that is planned on the IPE; AND
(2) The student has been accepted to a degreed curriculum program and requires three or less remedial/developmental courses OR the student is already enrolled and making satisfactory progress towards successful completion of the program (see 2-24-7 Academic Standards); AND
(3) The client has the resources to safely store, insure (if appropriate), and adequately maintain the equipment.

Exceptions to these conditions must be approved by the Chief of Policy.

Computers may be purchased for individuals who require a computer to participate in a post-secondary training program which is part of the individual's IPE. This service is subject to financial need. Computers can be provided to individuals who do not currently possess a model sufficient to accomplish their curriculum but should not be purchased for the purpose of upgrading a computer that will already meet the student's needs. Laptops can be purchased to replace desktop models if the desktop model does not sufficiently meet the technology requirements for certain colleges,

universities, or technical programs. Many colleges, universities, and vocational training programs make recommendations to incoming students regarding the minimum technology required to participate in the average curriculum at their institution. Counselors should survey the client's technology needs specific to his/her intended academic or vocational program as compared to the equipment that the student already possesses. All computer purchases should include technical support and virus protection as part of the package price. Financial assistance is limited to the Division's maximum rates. Rates are outlined in Volume V under *Computer and Equipment Fees* (available on the VR intranet).

Procedures to Purchase Computers for Post-secondary Training

The Counselor and client should survey the client's technology needs by visiting the school's information and technology and/or bookstore website, by reviewing materials provided to the student by his/her academic advisor, or by contacting the school's technology, student supply, or departmental representatives directly. Counselors may access the technology support web pages for most NC four year colleges and universities by using the *NC Colleges Minimum Computer Requirements Websites* link in Volume V under *Computer and Equipment Fees* (available on the VR intranet). Note that many distance learning programs as well as technical programs such as engineering and graphic arts have unique and specific technology requirements that may be separate from typical campus-based programs. The Counselor must also determine whether computers are available through the institution's student bookstore before initiating the purchase process.

1. *Community Colleges, Proprietary Schools, and Special Training Programs for Individuals with Significant Disabilities*

For students enrolled in post-secondary training programs at community colleges, proprietary schools, or special training facilities for individuals with significant disabilities, computers should be purchased through state term contracts. The Counselor must complete the Client Computer Purchase Request form (form DVR-0309). This form should be forwarded to the DVR Purchasing section by fax, mail, or email at dvr.o.purchasing@ncmail.net. Once verification is received from the DVR Purchasing Agent, the Counselor should generate an authorization and case service invoice to the appropriate vendor and maintain this in the case file until the computer is delivered. When at all possible, computers should be delivered to a VR office so that the Counselor can assure that the client receives the computer and so that all paperwork is appropriately processed. The packing slips and invoices should be submitted along with the authorization and case service invoice to the Controller's Office for payment.

2. *Colleges/Universities*

Computers Available for Purchase through Campus Bookstore

For students enrolled in post-secondary training programs at colleges or universities whose bookstores sell computers directly, the Counselor should issue an authorization to the bookstore for up to the Division's maximum rate (rates published in Volume V on the VR

intranet). Students may choose any system available at the bookstore which meets the student's needs up to the maximum amount.

Computers Unavailable for Purchase at Campus Bookstore

For students enrolled in post-secondary training programs at colleges or universities which do not sell computers directly from the campus bookstore, the Counselor should purchase a computer through state term contracts not to exceed the Division's maximum rates (rates published in Volume V on the VR intranet). The Counselor must complete the Client Computer Purchase Request form (form DVR-0309). This form should be forwarded to the DVR Purchasing section by fax, mail, or email at dvr.o.purchasing@ncmail.net. Once verification is received from the DVR Purchasing Agent, the Counselor should generate an authorization and case service invoice to the appropriate vendor and maintain this in the case file until the computer is delivered. When at all possible, computers should be delivered to a VR office so that the Counselor can assure that the client receives the computer and so that all paperwork is appropriately processed. The packing slips and invoices should be submitted along with the authorization and case service invoice to the Controller's Office for payment.

NOTE REGARDING COMPUTER PURCHASES FOR TRAINING: An individual's disability-related need for a specific computer or related software or hardware may justify a purchase outside of state contract. This justification should be provided based on review by a Rehabilitation Engineer or Assistive Technologist and a description by the Counselor outlining the need for alternate equipment (see also Assistive Technology below).

Internet Service: The Division does not purchase internet service, in and of itself, for clients to participate in postsecondary training. For individuals living in on-campus housing or accessing the internet through wireless connections at the college/university libraries, internet service is typically included as part of the housing and/or technology fees. Therefore, individuals who are receiving Division assistance with room and enrollment fees should expect internet service fees to be included as part of the room and board or student fees assistance. Exceptions to these circumstances, such as internet service being provided as part of in-home maintenance, must be approved by the Chief of Policy.

Assistive Technology may be purchased for individuals who require adaptive software, hardware, augmentative communication, environmental controls, voice recognition, or equivalent adaptive input devices when they are absolutely required for the individual to access or participate in a post-secondary training program. This service is subject to financial need. The Counselor, Rehabilitation Engineer, or Assistive Technologist should individually assess the client's need for assistive technology. Adequate planning should be provided to ensure that any computer model owned or purchased is fully compatible with the adaptive software or assistive devices required. The Chief of Policy must approve the purchase of assistive technology to support an individual's participation in training. Counselors should refer to section 2-5-5 for purchasing procedures.

Curriculum-specific software, hardware and supplies may be purchased for individuals who require these items to participate in a post-secondary training program and who meet financial need.

These supplies must be outlined as required items on course syllabi and/or a published post-secondary program description. If purchasing software or hardware, the Counselor and client should ensure compatibility between the items being requested and the computer owned or purchased. If unclear, Counselors should consult with the Rehabilitation Engineer and/or the Program Specialist for Rehabilitation Technology. Division assistance with curriculum-specific software, hardware, or supplies will be limited to $500.00. Any request exceeding this amount must be approved by the Chief of Policy.

NOTE REGARDING EQUIPMENT PURCHASES FOR POST-SECONDARY TRAINING: The Division will not purchase upgrades or improved versions of computers, assistive technology, or curriculum-specific software to support a post-secondary training program following the initial purchase unless the individual can no longer use the device or software because of a significant change in his/her disability.

Equipment Purchases for Job Placement

Equipment for job placement may be purchased under the following conditions:

(1) The equipment is required for disability-related reasons and not available through other comparable benefits; AND
(2) The equipment is usual and customary for the client's vocational goal and will be used by the client towards completion of the IPE; AND
(3) The client has the resources to safely store, insure (if appropriate), and adequately maintain the equipment.

Computers and **assistive technology** such as adaptive software, hardware, augmentative communication, environmental controls, voice recognition, or equivalent adaptive input devices may be purchased when they are absolutely required for the individual to access or participate in his/her rehabilitation program according to the conditions listed above. This service is subject to financial need. The client's need for assistive technology should be individually assessed by the Counselor and Rehabilitation Engineer or Assistive Technologist. Adequate planning should be provided to ensure that there is compatibility between all system components. The Chief of Policy must approve the assistive technology requested to support an individual's job goal. The Counselor should refer to Section 2-5-5 for the purchasing procedures for purchasing computers, adaptive software, adaptive hardware, or adaptive devices required for job placement.

NOTE REGARDING EQUIPMENT PURCHASES FOR JOB PLACEMENT: The purchase of equipment to support a small business plan will be uniquely considered. Non-disability-related equipment may be purchased as part of a small business concept which has been approved by the Chief of Policy. Equipment purchases for small businesses are still subject to purchasing policies. (See Section 2-23.) For equipment purchases which support job placement in general, the Division will not purchase upgrades or improved versions of computers or assistive technology to support the individual's rehabilitation program following the initial purchase unless the individual can no longer use the device or software because of a significant change in his/her disability.

Comparable Benefits for Equipment Purchases

All comparable benefits must be utilized prior to expending agency funds for placement and post-secondary training equipment. Individuals participating in post-secondary training programs should be encouraged to use those comparable benefits similarly utilized by students without disabilities. However, if the general student body requires access to personal computers in order to meet the training or academic demands of a specific program or institution, individuals will not be excluded from Division support for the purchase of computers and related assistive technology just because computer labs may be available on campus.

In addition, Social Security work incentive options, Impairment Related Work Expense plans (IRWE), and Plans to Achieve Self-Support (PASS) must be explored and used when applicable with collaboration from the VR Counselor and the Social Security's PASS Cadre Specialist who approves and monitors PASSes.

Equipment Security Agreement

The Counselor is responsible for completing the Acknowledgement/Equipment Security Agreement, DVR-1015 for any equipment costing $500 or more upon receipt of the equipment. The form must be maintained in the case record with all required signatures completed. For individuals for whom equipment was purchased to support participation in a post-secondary training program, if the individual withdraws from the training program and no longer requires the equipment to complete the IPE, the client is responsible for notifying the Counselor of such withdrawal and to return the equipment to the Division.

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****OBSOLETE - EFFECTIVE 2/15/2016****
Replaced by Interim Policy and Procedure Directive #01-2016

MEMORANDUM

To: All Staff Assigned Volume I

From: Elizabeth W. Bishop – Section Chief for Program Policy, Planning and Evaluation

Elizabeth W Bishop

Date: October 2, 2009

Re: **INTERIM POLICY AND PROCEDURE DIRECTIVE #01-2009**
***Cross reference*: Interim Policy and Procedure Directive #07-2007**

The allowable net monthly family income has been increased to reflect 125% of the current Federal Poverty Level. In cases where an individual may benefit from the increase in the allowable monthly income amounts by now demonstrating financial need or by demonstrating a decrease in excess income, the DVR-0116 should be revised to reflect the Division's ability to contribute to a greater degree. Otherwise, there is no need to revise a client's DVR-0116 if the effective date precedes October 1, 2009.

The tables have been revised and were made effective in CATS on October 1, 2009. The new rates are as follows:

Allowable Net Monthly Income Table

Persons in Family/Household	125% Federal Poverty Level (Allowable Net Monthly Income Amount)
1	$1128
2	$1518
3	$1907
4	$2297
5	$2687
6	$3076
7	$3466
8	$3855
For each additional person, add	$390

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MEMORANDUM

To: All Staff Assigned Volume I

From: Elizabeth W. Bishop – Section Chief for Program Policy, Planning and Evaluation

Elizabeth W Bishop

Date: December 16, 2009

Re: **Interim Policy and Procedure Directive #02-2009**
ARRA Funded Policy Revisions

This Policy Directive has been replaced by Policy Directive #02-2010

As a part of the *Plan for Utilization of American Recovery and Reinvestment Act (ARRA) Funding*, the Division is **temporarily** revising several sections of Volume I. The revisions are intended to apply the Recovery funds allotted to the Division in a manner consistent with the applicable federal mandates. The temporary revisions will hopefully support our infrastructure during a period of economic downturn through the infusion of jobs into our local economies, an increase in the productivity of local industries through temporary manpower, and the development of work skills that will support the long-term employability of our clients. Services funded by Recovery funds shall be provided according to the policies in this directive and may contribute to a successful employment outcome as long as the service is not a sole service. In order for the Division to be compliant with the use of Recovery funds, special authorization and billing procedures apply to the service areas described below. This enables the Division to uniquely track how the Recovery funds are spent as well as the impact of these expenditures on our partners and clients. **It is important that the documentation outlined in this directive is carefully maintained in the client's case file so that the spending of Recovery funds can be effectively audited and reported to the Federal government.**

The following sections are being revised:

Section 2-24-9 On-the-Job Training
Section 2-24-11 Work Adjustment Job Coaching

The following content is new and included in this directive**: Internships**

Please note that services funded from Recovery funds shall be planned on the IPE or subsequent amendments. Internships and OJT require approval by the Unit Manager for independent and non-independent counselors. Evidence of Unit Manager approval is documented by CATS approval of the IPE or IPE amendment for non-independent counselors and by signature for independent counselors.

On-the-Job Training (Revisions to 2-24-9)

Section 2-24-9, On-the-Job Training is being revised regarding on-the-job training (OJT). These are **temporary** revisions whereby Recovery funds will be used to incentivize employers and increase job placements for clients by reducing employers' initial costs for labor to create job opportunities and promote lasting employer relationships with VR. The Division is relaxing some of the stipulations concerning OJT in order to increase the number of and degree to which clients and employers can benefit from this service. **All content in 2-24-09 that is not revised in this Directive shall still apply.** The policy revisions include two major changes: (1) elimination of the financial needs test requirement and (2) increasing the OJT rate.

Elimination of Needs Testing

Until further notice, the Division shall not apply the needs test in order to provide OJT for individuals if OJT is otherwise deemed appropriate as a part of the rehabilitation plan. Comparable benefits should be used to the maximum extent, when available.

OJT Rate

Until further notice, the Division may sponsor up to 100% of the client's wage plus employer FICA taxes (0.0765% of the wage rate) during the OJT training period. Minimally, the Division shall sponsor OJT at the current minimum wage, but the Division shall not exceed the Volume V rate for OJT sponsorship without approval by the Unit Manager. *The Unit Manager shall indicate approval by signing the authorization by which the Division is exceeding the Volume V rate.* The OJT training period shall not exceed six months.

Coordinating an OJT

The Division recognizes that, in many cases, an employer may be interested in hiring an employee when VR is temporarily funding the full wage amount of that employee, but that the employer may not be able to enter into such an agreement unless the Division can advance funds required for employment. An advance on wage rate shall not exceed one month. Therefore, the following procedures are required to appropriately account for OJT coordination and expenditures:

1. The client, employer, and counselor must complete *Form DVR-7008, OJT Agreement and Progress Report* to outline the intended goals for training. Progress shall be documented and reviewed monthly beginning after the client's 1st month of employment.
2. The client, employer, and counselor must complete *Form DVR-7010, OJT Payment Agreement.* This form will outline the agreed upon wage rate and rate of reimbursement. The employer will also indicate whether the funds shall be advanced or reimbursed.
3. If the employer elects to be advanced payment, payment shall be advanced to the employer in order that the employer provides the client his/her wage rate at least monthly according to hours worked. If the employer elects to be reimbursed, the employer shall be reimbursed at least monthly. The employer and client shall document release and receipt of the OJT funds on *Form DVR-7012, OJT Receipt*. This form should be returned to the counselor.

4. The client shall initiate the OJT training period and record hours worked on *Form DVR-7016, OJT Timesheet.* Time shall be recorded each work day and timesheets submitted each calendar month. The timesheet shall be signed by the employer.

Authorization and Billing of OJT Reimbursement Amount

During the period for which this directive is active, the OJT reimbursement amount shall be authorized to the employer from RCC 2116 using case service code T-35. The counselor shall authorize for the total OJT period at the agreed upon wage rate including employer FICA taxes for the estimated/actual hours worked over the designated OJT period. Each of these elements shall be indicated in the authorization description. The service shall be invoiced using the Case Service Invoice. The effective dates on the invoice shall reflect the 1st date worked in a calendar month and the last date worked in a calendar month. The FICA rate shall be recorded as "other" but shall be invoiced along with the wage rate.

Restrictions and Provisions

The Division is responsible for recouping any OJT funds which have been advanced and then not utilized. Therefore, the Division shall not invoice additional advances until all hours invoiced have been documented on *Form DVR-7016, OJT Timesheet.* Further, should the client not work the hours advanced, the Division shall require that the employer refund all monies for hours not worked (wage rate and FICA taxes). **All refunds shall be sent to the State Office to the attention of Fiscal Services so that they may be appropriately credited to the ARRA budget.**

Work Adjustment Training (Revisions to 2-24-11)

Section 2-24-11, Work Adjustment Training is being revised to increase clients' access to work adjustment training and to improve the infrastructure of our CRP partners by allowing them to serve additional clients. Until further notice, work adjustment training shall not be subject to financial need when it is otherwise appropriate for an individual as part of the individual's plan for employment. Comparable benefits should be used to the maximum extent, when available. **Support services for participation in work adjustment training, such as transportation or maintenance, shall continue to be subject to financial need.** Any exceptions to the provision of support services shall be submitted to the Chief of Policy for approval.

Internships (New)

A new service shall be temporarily added such that the Division may sponsor an internship stipend for clients using Recovery funds. The service is being added in hopes that employers will be incentivized to create jobs as well as to increase the employability of clients through workplace-based skill development and the opportunity for them to form a positive work history. Internships are intended for those clients who need exposure to a specific work setting for a number of reasons, not limited to (1) the need to try out an entirely new career field (2) the need to build confidence and self-advocacy skills despite possessing "hard" skills for the position (3) the need to apply "hard" skills after time away from a paid work setting or (4) the need for gradually incorporating work into one's lifestyle. Sponsorship of an internship is not subject to financial need. The internship shall not exceed four months, and shall be reimbursed at the rate the employer normally pays interns (at least minimum wage). The intern's work activities may not exceed 40 hours per week; and interns cannot accrue overtime. The Division may sponsor internship funds in conjunction with an academically required internship for post-secondary training, so long as this does not create a conflict with the student's

ability to meet the training institution's requirements, nor conflicts with the training institution's internship agreement with the employer. **It shall be the responsibility of the student to verify that no conflict exists.**

The internship is not intended to supplant other services already provided by the Division. For example, the internship should not replace work adjustment training, work adjustment job coaching, intensive training, or community based assessment if these services are required by the client. Instead, internships are intended to target those individuals who might not otherwise require a program of work adjustment or supported employment. In addition, internships, unlike on-the-job training, may be coordinated for individuals who may or may not have had formal training in the field of interest.

Coordination of the Internship

The process for internship coordination is as follows:

1. Comprehensive assessment component: The counselor shall explore the internship concept with the client including the client's personal goals as an intern, the desired length of the internship, possible internship sites, and rehabilitative support services required (e.g., transportation).
2. Internship site development: The counselor shall identify an employer who is willing to host an intern for a designated internship period to perform functions consistent with the client's stated goals.
3. Arranging the internship interview: The counselor assists the business/organization in arranging to interview the client(s) for the internship position and prepares the client.
4. Developing the Internship Agreement: The counselor assists in arranging a meeting in which the client and employer establish an internship agreement. The *Internship Agreement and Progress Report, Form DVR-7002,* shall document the goals of the client and the supervisor's expectations of the client as an intern. The goals determined during the comprehensive assessment should be included in the agreement and must be measurable. The supervisor and client shall also agree on an evaluation schedule (minimum of two times during the internship period). The *DVR-7002* will be used to report on the client's progress at each evaluation. The counselor, client, and internship supervisor also complete *Form DVR-7004, Internship Payment Agreement.* This form outlines the number of hours the intern will participate in the internship, the amount of the internship stipend, and the period of the internship.
5. Payment shall be advanced to the internship organization in order that the organization provides the client the designated stipend at least monthly according to hours worked. The organization and client shall document release and receipt of the internship stipend funds on *Form DVR-7006, Internship Stipend Receipt*. This form should be returned to the counselor.
6. The client shall be responsible for recording the internship hours on *Form DVR-7014, Internship Timesheet.* Time shall be recorded each work day and timesheets submitted each calendar month. The timesheet shall be signed by the internship supervisor.
7. Evaluating Progress in the Internship: The counselor participates in the scheduled evaluations and acts as a facilitator during these meetings. The counselor meets with the client and supervisor to discuss the evaluation results and the progress on the client's goals as reported by the supervisor on the *DVR-7002*.
8. Integration of the internship into the rehabilitation program: Throughout and at the completion of the internship, the counselor shall jointly determine with the client how the internship is impacting the overall rehabilitation program. This may include a determination of whether the client can expect an opportunity to apply for permanent employment with the organization hosting the internship, whether to pursue additional internship opportunities, or

whether to terminate the internship and pursue a job search for another permanent opportunity.

Authorization of Internship

Counselors shall authorize internships using RCC 2116 with a case service code of training. The internship should be billed used case service code T-71. The counselor shall authorize for the total internship period at the agreed upon rate for the estimated hours worked over the designated internship period. Each of these elements shall be indicated in the authorization description. The service shall be invoiced using the Case Service Invoice. The effective dates on the invoice shall reflect the 1st date worked in a calendar month and the last date worked in a calendar month.

Restrictions and Provisions

The Division is responsible for recouping any internship funds which have been advanced and then not utilized. Therefore, the Division shall not invoice additional advances until all hours invoiced have been documented on *Form DVR-7014, Internship Timesheet.* Further, should the client not work the hours advanced, the Division shall require that the internship organization refund all monies for hours not worked (at agreed upon rate). **All refunds shall be sent to the State Office to the attention of Fiscal Services so that they may be appropriately credited to the ARRA budget.**

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MEMORANDUM

To: All Staff Assigned Volume I

From: Elizabeth W. Bishop – Section Chief for Program Policy, Planning and Evaluation

Elizabeth W Bishop

Date: March 15, 2010

Re: **Interim Policy and Procedure Directive #01-2010**
ARRA Funded Policy Revisions

As a part of the *Plan for Utilization of American Recovery and Reinvestment Act (ARRA) Funding*, the Division is temporarily revising several sections of Volume I. The revisions outlined in this directive, in conjunction with those temporary policies released in *Interim Policy and Procedure Directive #02-2010,* are intended to build infrastructure and stimulate local economies by enabling the community rehabilitation programs to support clients in job placement in on-the-job training situations. No ARRA Funds will be designated in this temporary policy directive; however the changes are intended to support and encourage OJT placements and the subsequent use of ARRA funds towards the reimbursement of client wages.

The following sections shall be cross-referenced as the policies in this directive supplement these sections:

Section 2-24-9 On-the-Job Training
Section 8-4-2, Outcome-Based Payment System
Section 2-24-11 Work Adjustment Job Coaching
Appendix Entry-PUR: Instructions for Program Utilization Report
Interim Policy and Procedure Directive #02-2010, ARRA Funded Policy Revisions
Form: *Work Adjustment Job Coach Timesheet, Rev. 3-2010 (VR Intranet, Forms)*

On-the-Job Training Coordination by a CRP

For clients who otherwise require work adjustment services by the community rehabilitation program (i.e., work adjustment training, job development, work adjustment job coaching), the Counselor may utilize the community rehabilitation program to also coordinate the OJT. For clients who do not require services by the CRP, the VR staff person shall carry out the procedures outlined in Section 2-24-9 along with the revisions in Directive #02-2009. The CRP may assist with the coordination of

OJT at the summation of work adjustment training or as a part of work adjustment job coaching if work adjustment training is not required. Work adjustment job coaching by CRP staff and OJT by the workplace trainer may be mutually suitable when:
(1) the client will benefit from the natural supports formed through an extended training relationship with the work trainer beyond that which constitutes a standard employee orientation;

OR

(2) the individual requires extended time to acquire information about the job or job tasks that is best trained by the direct supervisor;

AND

(3) the individual ALSO requires job coaching supports in order to promote skills not addressed by the workplace trainer's training plan. These skills may include the development of natural supports, development of self-advocacy skills on the job, incorporating self-care skills while in the workplace, or identifying and exhibiting "soft" skills necessary for successful job performance (e.g., punctuality, organization, appropriate interpersonal behavior, or recognizing workplace hierarchies).

When utilizing the assistance of a CRP to coordinate the OJT experience, the Division is responsible for the following:

(1) Assuring that OJT is required in order to complete the IPE;
(2) Adhering to the *restrictions* outlined in Section 2-24-9;
(3) Selecting a CRP that can provide seamless services with respect to the OJT coordination and the job coaching, if required;
(4) Providing referral information to the CRP including the client's projected length of training, a description of any anticipated training needs, and a request for the corresponding job coaching needs to accompany the OJT experience;
(5) Reviewing the *OJT Vendor Review-On Site*, Form *DVR-0301;*
(6) Reviewing and signing off on the *OJT Agreement and Progress Report*, Form *DVR-7008*, the *OJT Payment Agreement,* Form *DVR-7010,* and the *OJT Timesheet*, Form *DVR-7014* developed by the client, employer, and CRP; AND
(7) Participating in progress review meetings and reviewing and signing off on the client's *OJT Agreement and Progress Report*, Form *DVR-7008* to monitor and determine the client's overall adjustment to the job and the point of completion of the OJT.

The CRP is responsible for the following:

(1) Performing job development/job placement activities as requested by the Counselor and marketing the OJT reimbursement assistance available by the Division;
(2) Upon job offer, meeting with the workplace trainer and client to determine the training priorities to be included on the training agreement;
(3) Identifying and distinguishing, in conjunction with the client and employer and with approval from the Counselor, the skills that will be trained by the workplace supervisor versus the skills that will be trained by the CRP staff, if applicable;
(4) Providing the *OJT Vendor Review-On Site*, Form *DVR-0301, the OJT Agreement and Progress Report*, Form *DVR-7008*, the *OJT Payment Agreement,* Form *DVR-7010,* and the *OJT Timesheet*, Form *DVR-7014* to the client and employer for approval;
(5) Submitting the completed OJT paperwork to the Counselor for approval; AND
(6) Arranging and participating in training progress review meetings with the client, employer, and Counselor to review the client's training progress.

The OJT training period may occur concurrent with the work adjustment job coaching period, however the CRP's role in both job coaching and OJT coordination must be clearly documented on the work

adjustment plan. Time spent in various activities listed on the work adjustment plan shall not be duplicative. *In addition, although the CRP staff may coach the client and coordinate the client's OJT, the CRP is* ***not permitted to*** *both* ***coordinate and provide OJT*** *should the client be competitively employed under the CRP's operations.* The Counselor, client, employer, and CRP staff shall jointly determine when the client has achieved the training goals established in the On-the-Job Training Agreement.

Authorization and Billing of OJT Coordination by a CRP

OJT Coordination by Performance-Based CRPs

Performance-based community rehabilitation programs may provide OJT coordination as a part of work adjustment services. Any time spent doing OJT coordination, according to the work adjustment plan agreed upon by the Counselor, is incorporated into the Counselor's authorization for work adjustment training and/or work adjustment job coaching. The community rehabilitation program staff shall record hours spent on OJT coordination in the PUR system as either *job development/job placement* or *training*. The Counselor may award the CRP with a payable major benefit code of *03, Left Program for On-the-Job Training* when (1) all job coaching has ended, (2) the CRP has provided job development/job placement resulting in an OJT, (3) the CRP has facilitated completion of the OJT vendor review, *OJT Agreement and Progress Report*, and *OJT Payment Agreement* forms, and (3) the CRP has provided follow-up of the OJT for a minimum of 30 days past the date of job placement. The 90 day count for successful employment may not be initiated until the client has completed the OJT.

Coordination by Individual Authorization CRPs

Individual authorization community rehabilitation programs may provide OJT coordination in conjunction with other work adjustment services as directed by the Counselor. OJT Coordination will be included as a separate service definition on the work adjustment intervention timesheet. OJT coordination may be billed for time spent educating the employer on the OJT service, time spent providing the necessary paperwork to set them up as an OJT vendor, time spent developing the *OJT Agreement and Progress Report* and *OJT Payment Agreement* with the client and employer, and time spent meeting with the client and employer to discuss the client's progress in the training plan. Time spent in OJT coordination will be recorded on the revised *Work Adjustment Job Coach Timesheet* as *OJT Coordination.* ***There shall be no duplication of services.*** The CRP shall only bill for one type of intervention during a specific time period. OJT Coordination shall be billed on an authorization for either job development/job placement or job coaching hours.

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MEMORANDUM

To: All Staff Assigned Volume I

From: Elizabeth W. Bishop – Section Chief for Program Policy, Planning and Evaluation

Elizabeth W Bishop

Date: March 3, 2010

Re: **Interim Policy and Procedure Directive #02-2010**
ARRA Funded Policy Revisions

This Directive replaces the Directive #02-2009 which was released on 12/19/2009.

As a part of the *Plan for Utilization of American Recovery and Reinvestment Act (ARRA) Funding*, the Division is **temporarily** revising several sections of Volume I. The revisions are intended to apply the Recovery funds allotted to the Division in a manner consistent with the applicable federal mandates. The temporary revisions will hopefully support our infrastructure during a period of economic downturn through the infusion of jobs into our local economies, an increase in the productivity of local industries through temporary manpower, and the development of work skills that will support the long-term employability of our clients. Services funded by Recovery funds shall be provided according to the policies in this directive and may contribute to a successful employment outcome as long as the service is not a sole service. In order for the Division to be compliant with the use of Recovery funds, special authorization and billing procedures apply to the service areas described below. This enables the Division to uniquely track how the Recovery funds are spent as well as the impact of these expenditures on our partners and clients. **It is important that the documentation outlined in this directive is carefully maintained in the client's case file so that the spending of Recovery funds can be effectively audited and reported to the Federal government.**

The following sections are being revised:

Section 2-24-9 On-the-Job Training
Section 2-24-11 Work Adjustment Job Coaching

The following content is new and included in this directive**: Internships**

Please note that services funded from Recovery funds shall be planned on the IPE or subsequent amendments. Internships and OJT require approval by the Unit Manager for independent and non-independent counselors. Evidence of Unit Manager approval is documented by CATS approval of the IPE or IPE amendment for non-independent counselors and by signature for independent counselors.

On-the-Job Training (Revisions to 2-24-9)

Section 2-24-9, On-the-Job Training is being revised regarding on-the-job training (OJT). These are **temporary** revisions whereby Recovery funds will be used to incentivize employers and increase job placements for clients by reducing employers' initial costs for labor to create job opportunities and promote lasting employer relationships with VR. The Division is relaxing some of the stipulations concerning OJT in order to increase the number of and degree to which clients and employers can benefit from this service. **All content in 2-24-09 that is not revised in this Directive shall still apply.** The policy revisions include two major changes: (1) elimination of the financial needs test requirement and (2) increasing the OJT rate.

Elimination of Needs Testing

Until further notice, the Division shall not apply the needs test in order to provide OJT for individuals if OJT is otherwise deemed appropriate as a part of the rehabilitation plan. Comparable benefits should be used to the maximum extent, when available.

OJT Rate

Until further notice, the Division may sponsor up to 100% of the client's wage plus employer FICA taxes (0.0765% of the wage rate) during the OJT training period. Minimally, the Division shall sponsor OJT at the current minimum wage, but the Division shall not exceed the Volume V rate for OJT sponsorship without approval by the Unit Manager. *The Unit Manager shall indicate approval by signing the authorization by which the Division is exceeding the Volume V rate.* The OJT training period shall not exceed six months.

Coordinating an OJT

The Division recognizes that, in many cases, an employer may be interested in hiring an employee when VR is temporarily funding the full wage amount of that employee, but that the employer may not be able to enter into such an agreement unless the Division can advance funds required for employment. An advance on wage rate shall not exceed one month. Therefore, the following procedures are required to appropriately account for OJT coordination and expenditures:

1. The client, employer, and counselor must complete *Form DVR-7008, OJT Agreement and Progress Report* to outline the intended goals for training. Progress shall be documented and reviewed monthly beginning after the client's 1st month of employment.
2. The client, employer, and counselor must complete *Form DVR-7010, OJT Payment Agreement.* This form will outline the agreed upon wage rate and rate of reimbursement. The employer will also indicate whether the funds shall be advanced or reimbursed.
3. If the employer elects to be advanced payment, payment shall be advanced to the employer in order that the employer provides the client his/her wage rate at least monthly according to hours worked. If the employer elects to be reimbursed, the employer shall be reimbursed at least monthly. The employer and client shall document release and receipt of the OJT funds by providing evidence of payment which includes the number of hours worked, the beginning and end dates of the pay period, and the wage rate. *Form DVR-7012, OJT Receipt* may also be used. Multiple paychecks may be listed on the *OJT*

Receipt, but the receipt should only cover one month. This form should be returned to the counselor.

4. The client shall initiate the OJT training period and record hours worked on *Form DVR-7014, OJT Timesheet.* Time shall be recorded each work day and timesheets submitted each calendar month. The timesheet shall be signed by the employer.

Authorization and Billing of OJT Reimbursement Amount

During the period for which this directive is active, the OJT reimbursement amount shall be authorized to the employer from RCC 2116 using case service code T-35. The counselor shall authorize for the total OJT period at the agreed upon wage rate including employer FICA taxes for the estimated/actual hours worked over the designated OJT period. Each of these elements shall be indicated in the authorization description. The service shall be invoiced using the Case Service Invoice. The effective dates on the invoice shall reflect the 1st date worked in a calendar month and the last date worked in a calendar month. The FICA rate shall be recorded as "other" but shall be invoiced along with the wage rate.

Restrictions and Provisions

The Division is responsible for recouping any OJT funds which have been advanced and then not utilized. Therefore, the Division shall not invoice additional advances until all hours invoiced have been documented on *Form DVR-7014, OJT Timesheet.* Further, should the client not work the hours advanced, the Division shall require that the employer refund all monies for hours not worked (wage rate and FICA taxes). **All refunds shall be sent to the State Office to the attention of Fiscal Services so that they may be appropriately credited to the ARRA budget.**

Work Adjustment Training (Revisions to 2-24-11)

Section 2-24-11, Work Adjustment Training is being revised to increase clients' access to work adjustment training and to improve the infrastructure of our CRP partners by allowing them to serve additional clients. Until further notice, work adjustment training shall not be subject to financial need when it is otherwise appropriate for an individual as part of the individual's plan for employment. Comparable benefits should be used to the maximum extent, when available. **Support services for participation in work adjustment training, such as transportation or maintenance, shall continue to be subject to financial need.** Any exceptions to the provision of support services shall be submitted to the Chief of Policy for approval.

Internships (New)

A new service shall be temporarily added such that the Division may sponsor an internship stipend for clients using Recovery funds. The service is being added in hopes that employers will be incentivized to create jobs as well as to increase the employability of clients through workplace-based skill development and the opportunity for them to form a positive work history. Internships are intended for those clients who need exposure to a specific work setting for a number of reasons, not limited to (1) the need to try out an entirely new career field (2) the need to build confidence and self-advocacy skills despite possessing "hard" skills for the position (3) the need to apply "hard" skills after time away from a paid work setting or (4) the need for gradually incorporating work into one's lifestyle. Sponsorship of an internship is not subject to financial need. The internship shall not exceed four months, and shall be reimbursed at the rate the employer normally pays interns (at least minimum wage) but no higher than the rate the employer normally pays permanent employees performing similar tasks. Prior to authorizing for client internships, the internship site must be approved as a vendor. The form used for OJT vendors, *DVR-0301, OJT Vendor Review -On-Site,* shall be used to

establish the internship site as a vendor. The intern's work activities may not exceed 40 hours per week; and interns cannot accrue overtime. The Division may sponsor internship funds in conjunction with an academically required internship for post-secondary training, so long as this does not create a conflict with the student's ability to meet the training institution's requirements, nor conflicts with the training institution's internship agreement with the employer. **It shall be the responsibility of the student to verify that no conflict exists.**

The internship is not intended to supplant other services already provided by the Division. For example, the internship should not replace work adjustment training, work adjustment job coaching, intensive training, or community based assessment if these services are required by the client. Instead, internships are intended to target those individuals who might not otherwise require a program of work adjustment or supported employment. In addition, internships, unlike on-the-job training, may be coordinated for individuals who may or may not have had formal training in the field of interest. An internship shall be planned on the IPE for the sole purposes of training and not to meet a client's goal for permanent job placement. However, in order to be sensitive to the requirement for employers to adhere to the Department of Labor's Wage and Hour laws, the Division will provide funds to employers so that they can place the intern on their payroll as an employee. In addition to the hourly rate, the Division will advance funds for required payroll taxes (FUTA, SUTA, and employer's portion of FICA). Additional training expenses to a business associated with assuming an intern may be considered as an exception and must be approved by the Chief of Policy.

Coordination of the Internship

The process for internship coordination is as follows:

1. Comprehensive assessment component: The counselor shall explore the internship concept with the client including the client's personal goals as an intern, the desired length of the internship, possible internship sites, and rehabilitative support services required (e.g., transportation).
2. Internship site development: The counselor shall identify an employer who is willing to host an intern for a designated internship period to perform functions consistent with the client's stated goals.
3. Arranging the internship interview: The counselor assists the business/organization in arranging to interview the client(s) for the internship position and prepares the client.
4. Developing the Internship Agreement: The counselor assists in arranging a meeting in which the client and employer establish an internship agreement. The *Internship Agreement and Progress Report, Form DVR-7002,* shall document the goals of the client and the supervisor's expectations of the client as an intern. The goals determined during the comprehensive assessment should be included in the agreement and must be measurable. The supervisor and client shall also agree on an evaluation schedule (minimum of two times during the internship period). The *DVR-7002* will be used to report on the client's progress at each evaluation. The counselor, client, and internship supervisor also complete *Form DVR-7004, Internship Stipend Payment Agreement.* This form outlines the number of hours the intern will participate in the internship, the amount of the internship stipend, and the period of the internship.
5. Payment shall be advanced to the internship organization in order that the organization provides the client the designated stipend at least twice per month according to hours worked. The organization and client shall document release and receipt of the internship stipend funds by providing evidence of payment which includes the number of hours worked, the beginning and end dates of the pay period, and the wage rate. *Form DVR-7006, Internship Stipend Receipt* may also be used. Multiple paychecks may be listed on the *Internship Stipend Receipt*, but the receipt should only cover one month. This form should be returned to the counselor.

6. The client shall be responsible for recording the internship hours on *Form DVR-7016, Internship Timesheet.* Time shall be recorded each work day and timesheets submitted each calendar month. The timesheet shall be signed by the internship supervisor.
7. Evaluating Progress in the Internship: The counselor participates in the scheduled evaluations and acts as a facilitator during these meetings. The counselor meets with the client and supervisor to discuss the evaluation results and the progress on the client's goals as reported by the supervisor on the *DVR-7002*.
8. Integration of the internship into the rehabilitation program: Throughout and at the completion of the internship, the counselor shall jointly determine with the client how the internship is impacting the overall rehabilitation program. This may include a determination of whether the client can expect an opportunity to apply for permanent employment with the organization hosting the internship, whether to pursue additional internship opportunities, or whether to terminate the internship and pursue a job search for another permanent opportunity.

Authorization of Internship

Counselors shall authorize internships using RCC 2116 with a case service code of training. The internship should be billed used case service code T-71. The counselor shall authorize for the total internship period at the agreed upon rate for the estimated hours worked over the designated internship period. Each of these elements shall be indicated in the authorization description. The service shall be invoiced using the Case Service Invoice. The effective dates on the invoice shall reflect the 1st date worked in a calendar month and the last date worked in a calendar month.

Restrictions and Provisions

The Division is responsible for recouping any internship funds which have been advanced and then not utilized. Therefore, the Division shall not invoice additional advances until all hours invoiced have been documented on *Form DVR-7016, Internship Timesheet.* Further, should the client not work the hours advanced, the Division shall require that the internship organization refund all monies for hours not worked (at agreed upon rate). **All refunds shall be sent to the State Office to the attention of Fiscal Services so that they may be appropriately credited to the ARRA budget.**

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OBSOLETE - EFFECTIVE 2/15/2012
This policy has been replaced by Interim Policy and Procedure Directive #01-2012

MEMORANDUM

To: All Staff Assigned Volume I

From: Neil Mac Britt – Chief of Policy and Casework Operations

Date: August 12, 2010

Re: **Interim Policy and Procedure Directive #03-2010**

Self-Employment

I. Introduction

The Division supports self-employment as an important employment alternative for eligible clients. The objectives of this policy are: (1) to outline the conditions under which the Division will support self-employment; (2) to provide a clear, but disciplined, process to evaluate and select clients who have a high probability of succeeding in the small business of their choice; and (3) to provide follow-up and tracking that will both assist the client to succeed long-term and ensure that Division resources are successfully invested.

The policy is divided into seven sections: (1) Scope and Conditions of Support, (2) Successful Self-Employment Outcomes (3) Roles and Responsibilities, (4) Self-Employment Evaluation and Direction Setting (SEEDS), (5) Application Process, (6) Approval Process and (7) Follow-up and Outcome. The attachments provide detailed procedures, forms and other resources to implement the policy.

Published statistics from across the United States show that most small business ventures fail. In order to reduce this risk for the Division, the processes and procedures required by this policy involve a level of complexity not found in traditional employment. As a result, the client and the Counselor must be prepared to commit to a substantial

amount of investigation, analysis and evaluation in order to complete this process. This work will take time, and it will not be unusual for this process to take six months or more to complete. During the process, many small business proposals will be abandoned because of barriers, and the client will be directed to alternative employment. However, doing this work well up front substantially increases the chances that proposals that are approved will go on to become successful businesses.

Division services specifically related to the establishment or restructuring of a small business are subject to established Division policies on financial need and comparable benefits relative to the service being provided. Any exceptions to this policy must be approved by the Chief of Policy.

II. Scope and Conditions of Division Support

Scope of Support

The Scope of the Division's support for self-employment covers the following situations:

- the client is attempting to initiate a new small business venture;
- the client is attempting to resume a small business operation that was interrupted due to impediments presented by the client's disabling condition. (This scenario does not apply to situations in which a previous small business venture failed due to economic instability, poor business administration, or other circumstantial scenarios unrelated to the client's disabling condition);
- the client is pursuing a model of supported self-employment (SSE) for which he or she has identified a support team to account for all of the functions of the business, and in which the client is performing at least one essential function of the business. This type of operation will only be considered for individuals who are classified as MSD and who require supported employment.

The Division shall not provide support for any proposed self-employment venture that:

- has the Division as its only funding source
- is a not-for-profit organization
- is classified as a C corporation
- violates state, federal, or local laws or regulations
- represents a hobby rather than a competitive business venture
- is highly speculative in nature
- is already in full operation and consistent with the client's job goal (this does not preclude the Division from providing rehabilitation services related to job retention or job re-entry for persons already self-employed, but does limit the Division from providing support intended to maximize the earnings or productivity of the business for reasons not related to the individual's disability)
- presents a conflict of interest for the Division (e.g., funding a family business in which the family member of the client is a Division employee or those ventures for which the Division's involvement would inhibit the Division from effectively carrying out its mission)

Conditions Required for Business Support

The requirements for a business to be considered for support by the Division include:

- client must be 18 years or older
- business must be fully compliant with all federal and state laws, licensure, and tax obligations at the time of application and throughout the duration of the investment period
- client must represent a minimum of 51% ownership in the business venture at the time the proposal is submitted and throughout the investment period
- client must invest resources in the business as shown in Table 1.

Scope of Allowable Purchases

The Division may consider support for goods and services that are required to assist the client in achieving a successful self-employment outcome. If the business proposal is approved (see Section VII), the Division may consider the most cost-effective solution for the items described on the business proposal Purchasing List (Attachment H). All purchases, whether rehabilitative or not, are subject to specific purchasing policies addressed elsewhere in Volume I.

Purchase list line item requests that will be considered:

- equipment, inventory and supplies
- expenses related to professional services
- up to six months of business rent, insurance, utilities, etc.
- home or office up fit (in addition to home or workplace modifications) which comply with Section 504 of the Rehabilitation Act, ADA Accessibility Guidelines and NC Accessibility Codes
- funds for licensure, certification, and related start-up costs
- alternative business model needs (i.e. online business needs including website design)
- 50% of Kelly Blue Book value of the vehicle chassis when a vehicle is essential to the operation of the business and no other transportation option is available (requires approval by Chief of Policy)

Purchase list line item requests that will not be considered:

- franchise fees or expenses unique to a franchised operation
- guns, ammunition, or explosives
- purchases of “good will” or an intangible saleable asset associated with the reputation of a business and its relation with its customers
- expenses for operations that are highly speculative in nature such as investment schemes
- refinancing or offset of existing debt or tax liability
- purchase or lease of any real estate, land, or structures that require a building permit
- working capital, reserves, or funding for salaries or wages

Division Investment and Client Contribution

In order to ensure that the client has the ongoing supports required for successful operations and can sustain the business post-closure, the Division has established guidelines for a client's contribution to the business. Table 1 shows the percentage that must be invested by the client in order for the Division to provide different levels of support. For any request of support, the client must document that he or she will contribute a minimum of 10% (e.g. if a client requests $1,000, the client must provide additional resources totaling a minimum of $100). Contribution requirements then increase based on the amount of the Division's investment. The resources invested by the client to reach the required percentages can include money from savings, loans, partners and family members; or office space, office equipment, inventory, and other assets. The client's contribution will be listed on the Client Contribution Worksheet (Attachment I) and is part of the Self-Employment Agreement (Attachment J).

The Division may elect to take a secondary lien (subordinated) position on purchased items to help clients secure debt financing from a vendor, bank or other lending institution. Loans to support the small business will count as part of the client contribution. Additional funding requested by the client after the Division's initial investment is subject to the contribution requirements and maximums.

The Division maximum contribution applies to the life of the case. This maximum and the matching requirement do not apply to expenses assumed by the Division which are related to the individual's disability (i.e., workplace modifications or adaptive equipment). Other policies specific to rehabilitation services are still applicable, however. Exceptions to the Division's maximum investment must be approved by the Chief of Policy.

The level of investment by the Division also determines the investment term, which is the length of time that the Self-Employment Agreement is in effect (see Section VII). The investment term is set by either the point of successful case closure or the timeframe in Table 1, which ever comes last.

Table 1: Levels of Division Investment and Client Contribution

Client Contribution	Division Maximum Investment	Investment Term	Business Plan
More than 50% of requested funds	$20,000-50,000	5+ years	Required
More than 30% of requested funds	$10,000-19,999	3-5 years	Required
More than 25% of requested funds	$2,500-9,999	2-3 years	Required
10% of requested funds	$1-2,499	1 year	Encouraged

III. Successful Employment Outcomes for Self-Employment

At the point when self-employment is planned on the IPE, the Counselor and client must agree on which of these two categories apply:

1. Goal of self-employment is to achieve income that is supplemental to SSI or SSDI; OR
2. Goal of self-employment is to achieve self-sufficiency (to support oneself without reliance on SSI/SSDI)

The Counselor and client must also identify the successful outcome that will close the case. This outcome consists of a monthly profit number – with profit defined as sales revenue minus operating expenses before taxes – and the length of time this profit will be maintained, which must be for a minimum of 90 consecutive days. This outcome and its duration will be documented on the Self-Employment Agreement (Attachment J) and tracked on the Business Performance Report (Attachment K).

IV. Roles and Responsibilities

When a client identifies self-employment as his or her vocational goal, it will require a team of people, both inside and outside of the Division, working together to achieve a successful small business operation. The following matrix summarizes some key roles and responsibilities for these team members during the process:

Role	Responsibilities
Client	• Identify employment goal • Complete the Preliminary Business Assessment • Participate in the SEEDS Evaluations including completion of all required assessments and presentation of all required information • Participate in the site visit • Follow-up on business training and counseling • Create Business Plan • Compile Purchasing List • Complete Client Contribution Worksheet • Sign and comply with the Self-Employment Agreement • Complete scheduled Business Performance Reports
Counselor	• Perform Preliminary Business Assessment and determine next steps • Lead client through the SEEDS Evaluation, including ordering all assessments and reviewing all data, connecting client with business resources, assisting with the Business Plan, and rating clients on the six SEEDS milestones • Arrange and participate on site visit • Based on ratings, redirect client to more traditional employment, work with client to improve rating(s), or move client on in the process • Assist client in compiling application information • Sign the Self-Employment Agreement • Support the client with community business resources through application, start-up and ongoing operations • Determine when a successful outcome has been achieved • Redirect the client to alternative employment based on the current performance trends and future prospects of the business
Vocational Evaluator	• Provide vocational/technical and entrepreneurial assessments for the Fit Evaluations • Conduct a site visit with the Counselor and client as appropriate
Unit Manager	• Approve client moving from the Fit to the Feasibility Evaluation • Approve client starting the application process
Small Business Specialist	• Recommend to the policy development team updates to the Self-Employment Policy • Provide training and education for Division staff • Oversee the SEEDS process and procedures statewide • Track performance of self-employment program • Network statewide to provide support at field level • Coordinate requests at the state level • Assist regional, unit and field staff as needed
Chief of Policy	• Give final approvals based on policy and staff recommendations • Direct changes to policy, processes and procedures
Community Self-Employment Resources	• Provide training, counseling and mentoring to clients in the community
Small Business Advisory Committee	• Provide outside expertise to the Division to align resources, review business plans, identify opportunities, and solve problems (see Attachment A for more details)

Community Self-Employment Resources for Training, Counseling and Mentoring
It is the intent of the Division to provide community entrepreneurial resources to support clients with appropriate training, counseling and mentoring from initial business planning through ongoing operations. This support can come in various forms, from training on writing business plans, to counseling on specific technical needs, to mentoring clients to ensure the success of their ongoing operations.

The major training resource will be the Small Business Centers (SBC) in each of the community colleges in the state. The SBCs sponsor a series of classes that include entrepreneurial skills, writing business plans, small business start-up, and small business management. The SBCs also provide counseling and mentoring services (see Attachment B for more details about the SBCs and other business resources).

In order to provide clients with the support needed to complete the business plan, the Counselor shall contact the nearest SBC or SCORE (Service Corps of Retired Executives) to arrange for a consultation to involve VR staff, the client, and the business counselor. The purpose of this consultation is to communicate the business concept, to relay the specific rehabilitative supports and services which may be provided by VR, to identify the assistance that may be provided by the business counselor, and to establish a schedule to complete the plan. The business plan schedule should be a written timetable outlining the tasks of researching, developing, and submitting the plan.

Vocational Rehabilitation staff will network with small business professionals across the state to improve access to these and other organizations for our clients. A formal Small Business Advisory Committee will assist the Division in aligning resources across the state to support our clients, and to assist in proposal evaluation and problem solving (see Attachment A). If additional resources are needed, the Counselor should contact the Division's Small Business Specialist.

V. Self-Employment Evaluation and Direction Setting (SEEDS)

Overview of the SEEDS Evaluation Process
As part of the Comprehensive Assessment, the SEEDS evaluation will be used to determine whether the Division will support a client's small business goal. The SEEDS evaluation begins with a Preliminary Business Assessment, and then moves into two major evaluation steps, a Fit Evaluation and a Feasibility Evaluation. For new cases, the Fit Evaluation shall be completed in status 10. If a self-employment goal is determined to be a good fit for the client, then there are two options for completion of the Feasibility Evaluation:

- The Feasibility Evaluation may be completed as part of the comprehensive assessment in status 10, or
- It may be planned and carried out as a counseling and guidance service on the IPE and the case placed in status 12. In this scenario, the IPE relative to the self employment goal may only plan for guidance and counseling (The Feasibility Evaluation) and any training services related to the client accomplishing self-employment. If the Feasibility Evaluation is satisfactory and the self-employment

plan is approved for sponsorship by the Division, the IPE will be amended to plan the specific services for purchases of goods and services to establish the business.

The Counselor, in consultation with the Unit Manager makes the determination of whether the Feasibility Evaluation is to occur in status 10, or in status 12 under an IPE. The Fit and Feasibility Evaluations each consist of three milestones. The client's ability to meet the requirements of each milestone will be rated by the Counselor.

The SEEDS Ratings

The Counselor will apply standardized criteria to rate a client against each of six milestones in the Fit and Feasibility Evaluations, and will determine the readiness of the client to move forward in the self-employment process. An explanation of this rating procedure is included in Attachment D. The ratings for each of the milestones will be tracked on the form included in Attachment E. If the client receives a score less than 4 on any milestone, and the Counselor cannot assist the client in addressing the deficiency, then the self-employment evaluation will end, and the client will be directed to other employment alternatives.

Evaluating Business Partners and Other Major Supporters

If the client owns at least 51% of the business but less than 100% OR if the client is pursuing a goal of supported self-employment (SSE), then the Counselor may request that the other owner(s) or business support person(s) participate in the SEEDS evaluation. This would be particularly important if the other owners were providing any of the expertise or financial backing being assessed in the Fit Evaluation. Similarly, if a spouse, relative, or friend is going to play a significant role in the business, the Counselor may request his/her participation in the SEEDS evaluation. Financial documentation will be required prior to final approval for any partner owning 10% or more of the business.

For clients pursuing SSE, the client is responsible for identifying the specific network of persons providing small business supports. Each business support person in an SSE plan shall be required to submit a Letter of Commitment summarizing the nature of the support, the qualifications or experience with providing the support defined, and the quantity/time period for which the support is being offered.

Flowcharts of the SEEDS Process

The process flowcharts below illustrate the main actions and decisions in the SEEDS process. Descriptions of each step follows, with the instructions and forms needed to complete the evaluations included in the appendices (see Attachments D and E).

Chart A – Self-Employment (SEEDS) Flowchart – Preliminary Assessment Progressing to Fit Evaluations

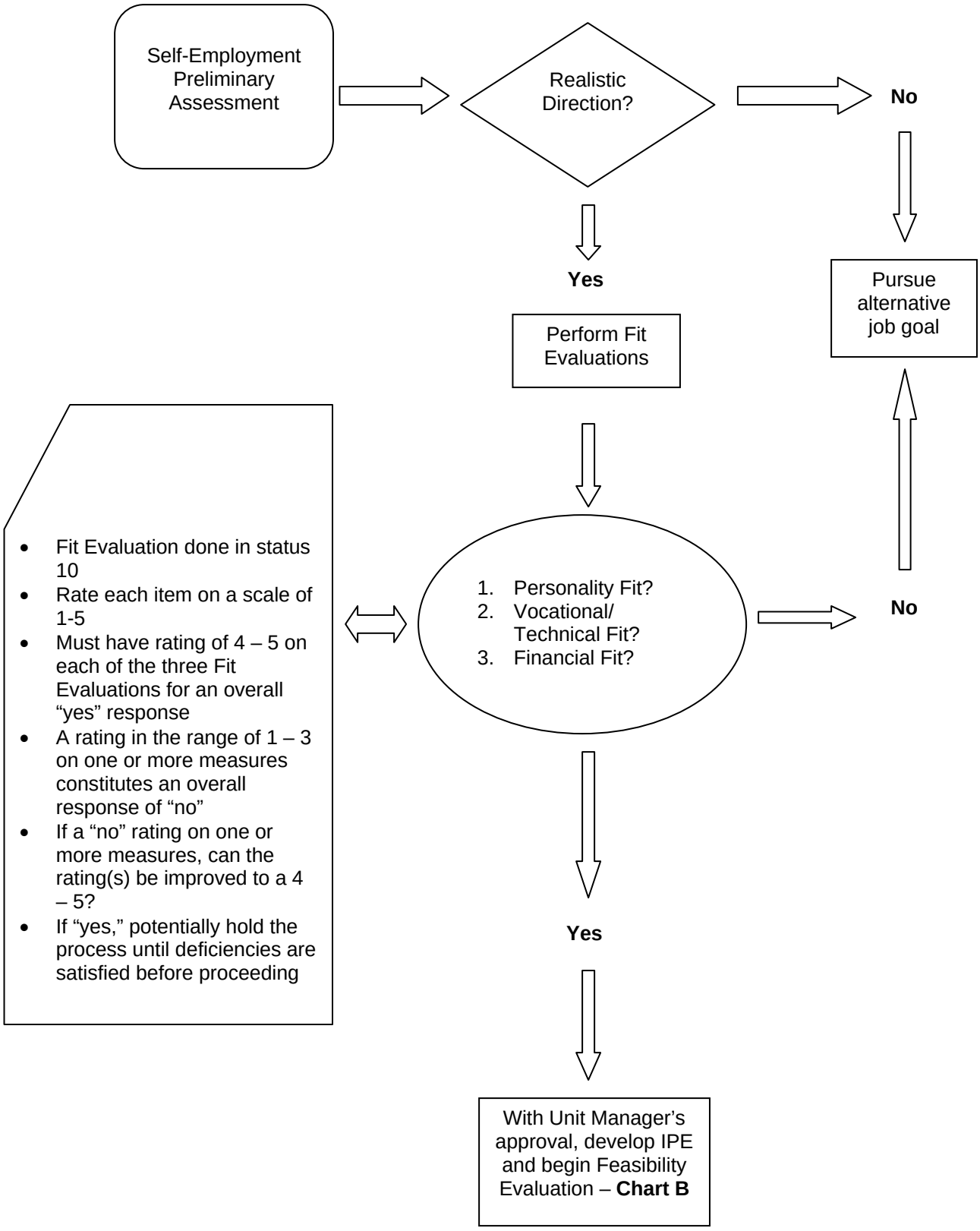
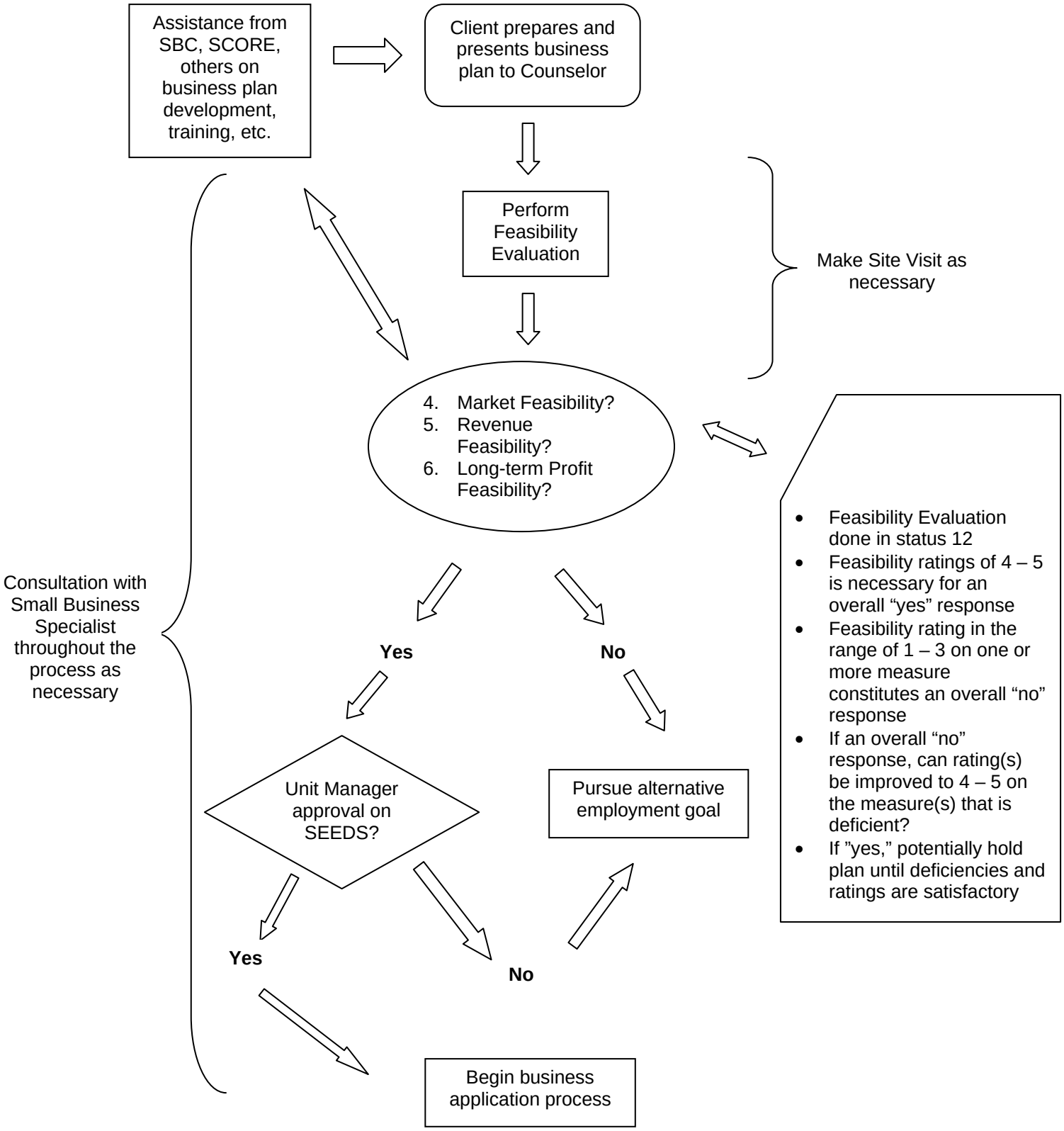


Chart B – Self-Employment (SEEDS) Flowchart – Feasibility Evaluations



The Preliminary Business Assessment

Before any detailed evaluation begins, there needs to be a preliminary assessment of the potential of the business idea. The client will fill out the Preliminary Business Assessment form (see Attachment C) and present it to his or her Counselor. Based on this assessment, the Counselor will determine if the business proposed is within the scope of allowable Division support, whether, on a high level, the business idea makes sense, and whether the client will be able to do the work and make enough money. If the business idea merits further investigation, then the process moves on to the first evaluation step. If not, the Counselor will direct the client to alternative employment.

The Fit Evaluation

This evaluation consists of three milestones: (1) the fit of the client's personality for self-employment, (2) whether the client has the vocational/technical skills for the job, and (3) the client's ability to provide financial support through the business start-up period. The Counselor will use a number of assessments to apply a SEEDS rating for each milestone in the evaluation, using the criteria in Attachment D.

For clients pursuing SSE, the personality and vocational/technical skills milestones may be achieved by alternative methods. The vocational evaluator may assist with task analyses of the various essential functions of the desired job. This evaluation, together with a supplemental evaluation of the client's ability to complete a minimum of one essential function (as defined in the client's preliminary business assessment), and a review of the business support person(s)' commitment/ability to meet the remaining essential functions will determine the personality and vocational/technical fit for self-employment.

> ***Personality Fit Milestone*** – This milestone determines whether the client's personality is a fit for self-employment. The first evaluation will be a psychological assessment to better understand the client's capacity to start and operate their chosen business. The Counselor will provide the psychologist a series of questions to focus the assessment on the challenge of self-employment for their client. These questions should include the following:
>
> - Does the client have the psychological stability to handle the multiple priorities and stresses of business ownership?
> - Does the client have the judgment and organizational skills to manage a business?
> - Does the client have the cognitive abilities to think strategically about the future of the business?
> - Does the client have the emotional balance to be able to deal constructively with upset customers and other conflicts that will arise with business ownership?
> - Are there any psychological factors that would hinder the client's ability to perform the functions of their chosen business?

If the client has had a recent psychological evaluation that addresses these concerns, there is no need for an additional one.

The second evaluation involves a formal assessment of the client's entrepreneurial traits. The Counselor will work with the Vocational Evaluator to conduct a formal assessment of the client's entrepreneurial traits, including their risk tolerance, perseverance, vision, motivation, independence, and resourcefulness. Evaluation tools will be selected from, but not be limited to:

- Entrepreneurial Readiness Inventory
- Career Attitudes and Strategies Inventory
- Adaptability Test
- Career Thoughts Inventory
- Barriers to Employment

In addition to using these formal evaluation tools, the assessment may include specific task analyses and interviews to gain an understanding of the client's entrepreneurial fit.

To rate this milestone, this information will be combined with data from the psychological assessment, observations of the client's ability to complete the business plan, and a determination of whether, throughout the process, the client's behavior matched that expected of a business owner.

Vocational/Technical Skills Milestone – The client must have both the vocational/technical skills needed to produce the business' specific product/ service**,** and the business management skills to run the business. The business management skills include knowledge of and experience in finance and accounting, marketing and sales, customer service, and planning. The Counselor will work with their Vocational Evaluator to come up with the appropriate tests and assessments to evaluate the client's skills in both areas. At the end of this testing, the Counselor will give the client a SEEDS rating for this milestone. The Counselor may include any training, rehabilitation or work experience needed as a part of the IPE.

Financial Fitness Milestone – The Counselor will assess the client's ability to provide self-support during the business start-up period, understanding that in most cases, there will be a delay before the business can generate a profit. This milestone consists of three elements: the client's credit report and score, their Personal Financial Statement Form including a Monthly Personal Budget Plan (see Attachment F). The Counselor will use these elements, along with other relevant information, to determine if the client has sufficient financial support to enter into a self-employment venture. The credit report and score can be requested by emailing dvr.m.PolicyOffice@dhhs.nc.gov. The key financial question is: can the client sustain him or herself through the period prior to business start-up (including the VR application process), and through a

reasonable period (six months or greater, depending on the business) until the business starts marking money? When needed, Counselors will refer clients on SSI or SSDI to a Social Security Benefits Specialist to clarify how self-employment could impact their payments, or how their payments could help support their self-employment goal. (The PASS Plan is a valuable tool for acquiring needed items for the business).

Using the criteria in Attachment D, the Counselor will rate the client against the three Fit Evaluation milestones. If all the ratings are four or above, the client is a candidate to begin the Feasibility Evaluation – the Counselor, in consultation with the Unit Manager, makes a determination as to whether this is to occur as a continuation of the comprehensive assessment in status 10, or if it is to be planned on the IPE and carried out in status 12. If the Feasibility Evaluation is to be carried out in status 12, the Counselor should develop the IPE with a goal of self-employment/supported self-employment which must be approved by the Unit Manager.

If any of the ratings are below 4, the Counselor will determine if there is training, counseling or other support that can correct the problem(s) identified and raise the SEEDS rating. If mitigation is not possible, the Counselor shall assist the client in identifying an alternate employment goal, which may be employment in the desired vocation under the supervision of someone else. As part of this decision process, the Counselor must determine if the expected employment outcome resulting from self-employment outweighs the risks associated with the investment of the client's and Division's resources and time.

<u>The Feasibility Evaluation</u>

Once the client has been determined, through the Fit Evaluation, to be a good match for self-employment, then the Counselor needs to determine if the client's proposed business is feasible. This Feasibility Evaluation may be completed as a continuation of the comprehensive assessment in status 10, or may be planned on the IPE and provided as a guidance and counseling service. The three feasibility milestones that will be evaluated in this step – Market Feasibility, Revenue Feasibility and Long-term Profit Feasibility – all come from sections of the business plan. While the business plan has many other important sections, the evaluation of these three elements is a critical gauge of the feasibility of the business.

<u>The Business Plan</u>

For requests of $2500 and more, a business plan must be completed by the client (the components of the plan and a link to a template are included in Attachment G). For requests less than $2500, a business plan is recommended as an important foundation for the future success of the business.

Because of the complexity and time requirements of business planning, once this step is begun, all parties must be committed to see the process through. The client is responsible for completing the business plan, but the Counselor will assist in moving the process forward and will connect the client with local

resources who have the business expertise to help guide the business planning effort (see Section IV). However, if the client does not have the background to write the plan, then a training class in how to write a business plan will be required before this step can begin. Any training required shall be planned on the IPE.

During the business planning process, the Counselor should work with the client to compile a list of equipment, materials, licenses, training, and other resources which will be required to make the business successful. This list will be used to complete the Purchasing List (Attachment H) required in the application process, and to determine what resources the client will include in their Client Contribution Worksheet (Attachment I).

Once the business plan is complete, the Counselor will rate the plan based on the three feasibility milestones. As with the Fit Evaluation, the criteria used to determine the SEEDS rating are included in Attachment D. The Counselor should consult with VR's Small Business Specialist and with any local small business contacts at any time during this process.

Market Feasibility Milestone – This milestone determines if there is a market and customers for the proposed product or service, and whether the product or service has a competitive advantage for those customers.

Revenue Feasibility Milestone – This milestone asks whether the customers will really pay money for the product or service by determining if the projected sales revenue is based on solid assumptions about price, volume, and customers.

Profit Feasibility Milestone – This milestone determines if the proposed business can produce the necessary working capital during start-up and the expected profit during ongoing operations.

The Feasibility Evaluation will be done once the client has completed the business plan and the Counselor has applied SEEDS ratings to each of the milestones. If all ratings are 4 or above, and the client and Counselor are committed to moving forward, the Unit Manager must agree and sign off on the SEEDS rating form. If not, the Counselor will determine if there is training, counseling or other support that can mitigate the problem(s) identified and raise the SEEDS rating. If no mitigations are possible, the Counselor shall assist the client in identifying an alternate employment goal, which may be employment in the desired vocation under the supervision of someone else.

Site Visit

During the preparation of the business plan the client may decide on a specific location for the business. If this location is known and can be inspected, the Counselor will arrange a site visit with a Vocational Evaluator. The purpose of the visit will be to confirm that the chosen business can be performed in the chosen location.

The Rehabilitation Engineer and Assistive Technology Consultant are additional resources available to the Counselor. The Rehabilitation Engineer can assist with a site review if the need for modifications or up fits are anticipated and can also assist as a staff consultant for specialized equipment needs, modifications, and any work that may need to be done to have equipment interface with the building or worksite. The Assistive Technology Consultant is also available to assist with worksite-related assistive technology needs.

VI. Self-Employment Application Process

The Self-Employment Application

Once the Unit Manager has approved the IPE and the business plan, the Counselor can begin compiling the application package. The application package includes the following elements:

1. Client Data – R-4, Eligibility Decision, DVR 0116 and supporting financial documentation, IPE and subsequent amendments, pertinent medical and/or psychiatric/psychological evaluations
2. SEEDS Evaluation – SEEDS Rating Form (DVR 0603), vocational skills assessment, personality assessment, credit report, personal financial statement, monthly personal budget plan (see Appendices E – H)
3. Complete business plan (required for requests of $2500 and up) (Attachment G)
4. Site visit evaluation (if location is known)
5. Division Purchasing Packet, including the Purchasing List (DVR 0607) (see below and Attachment H)
6. Client Contribution Worksheet (DVR 0609) (see below and Attachment I)
7. Letters of Commitment (for SSE proposals only)
8. Cover letter summarizing the rationale for approval

Division Purchasing Packet

The Counselor will assist the client in developing a Division Purchasing Packet which includes a Purchase List of items/services that the client is requesting be purchased by the Division with quantity, specific description, possible vendors, and cost (see Attachment H). It also includes a cover letter describing how each item/service will be used in the business and prioritizes the importance of each item/service to the business operation. Any information that can be given at this time about delivery details, training needs, and utility hookups would be useful.

This Packet must be separate from other elements of the business proposal such as the cash flow statements, or a description of the products/services, which may also incorporate a list of supplies or materials used by the business.

Client Contribution Worksheet

The application must include a Client Contribution Worksheet (see Attachment I), an itemized list of the investment contribution that the client will be making to meet the requirement in Section IV. The resources invested by the client to reach the required percentage can include money from savings, loans, partners and family members; or office space, office equipment, inventory, and other assets. Each investment must be itemized on the form. The value of non-monetary assets will be calculated as follows:

Table 2: Estimating Client Contributions for Self-Employment

Category	Method of Estimating Value
New equipment, tools, etc.	Purchase price
Used equipment, tools, etc.	Estimated fair market price
Home office space	Calculation used by IRS
Other items	Estimated fair market price

At the time of application, the total contribution on the Worksheet must equal or exceed the required amount stipulated by the percentage table in Section III. The actual purchase or allocation of client resources to the business does not have to begin until the application is approved by the Division. Once the approval is given, the client must begin contributing the items listed under the Client Contribution Agreement in the Self-Employment Agreement. If there is a discrepancy between the Client Contribution Worksheet and the Self-Employment Agreement, the Agreement will be the binding document and the Worksheet must be adjusted accordingly.

VII. Approval Process for Division Support of Self-Employment

The Unit Manager will approve all applications for less than $2500 in Division support. A full business plan, along with all of the components of the application, is recommended for these requests. The state office will provide consulting and support as needed for the field offices.

For requests of $2500 and up a full business plan and all parts of the application package must be submitted to the Chief of Policy for approval.

The Chief of Policy shall review the application package for accuracy and completeness, and for fitness and feasibility. The Chief may consult with the Purchasing Manager to conduct research on comparable pricing and alternative solutions. The Chief may submit any requests to the Small Business Advisory Committee for an external evaluation (see Attachment A for more information on this committee). After this review is completed, applications will be approved, disapproved, or returned to the Counselor with requests for clarification or additional information. The SEEDS Rating Form will be returned with ratings and comments from the State

office. If the application is approved and an IPE has not been developed (i.e. case is in status 10), the counselor must do so in partnership with the client.

The Self-Employment Agreement

For approved applications requesting $2500 and more in funding, a Self-Employment Agreement will be required (see Attachment J). The Chief of Policy shall issue the Self-Employment Agreement which shall be signed by both the Counselor and the client (and additional business partners as appropriate). The Self-Employment Agreement lists the agreements made by the Division and the client, and the obligations of each under these agreements. It includes the responsibilities of the client prior to the purchase of goods - such as acquiring necessary licenses, permits, and insurance - along with obligations up to and beyond case closure. The Self-Employment Agreement must be signed by the client prior to the purchase of services/goods to support the small business operation. Any violation of the Self-Employment Agreement may result in the Division reclaiming any or all funds distributed to the client in the form of repossessed materials and/or returned monies.

VIII. Self-Employment Follow-up and Outcome

Follow-up Assistance

After the application has been completed and the purchases made, many clients will face new problems during the start-up phase of the business. It is very important to the long term success of these start-ups that business mentors be available to the clients. Counselors should help connect, or re-connect clients with local business resources at the SBC, SCORE or other organizations to serve their clients as ongoing mentors.

Pre-Closure Visit

Prior to successful closure, the Counselor shall conduct an on-site visit to observe the business operations and to verify proper use of the equipment/supplies/services provided by the Division. If the client fails to follow the terms of the Self-Employment Agreement or fails to cooperate with an on-site visit prior to case closure, then the Division shall take actions to reclaim those items purchased to support the business.

Requirements for Successful Self-Employment Outcome

All closure criteria outlined in *Section 6-1-1, Successful Employment Outcome After IPE Completion* apply to small business operations. In addition, closure shall be determined by the business operations reaching the successful outcome that was jointly decided on in Section III (both level of profit and length of time earning that profit) and documented in the Self-Employment Agreement. If the client draws a salary from the business, the Counselor must demonstrate that the client is earning at least minimum wage based on the reported hours and income provided through the financials for a period of three consecutive months**.**

Business Performance Reporting

Division funded businesses must submit a Business Performance Report (see Attachment K) monthly for one year (due by the 10th of each month), and then quarterly

until closure, or for the duration of the investment term, which ever is later. The form for this report is included in Attachment K, and must be accompanied by business cash flow reports, income statements, and balance sheets. A copy of these reports (electronic format preferred) is to be sent to the Chief of Policy as they are received, and this information will be used as part of the evaluation of the service.

The purpose of this report is to monitor the health of the start-up business. If significant problems or worrying trends are identified, the client should seek help from the SBC, SCORE or another business mentor, and the Counselor should ask for help from the state office.

Any requests by the client for additional Division support following the initial approval will be responded to based on past business performance and future prospects. Requests will be guided by the limits outlined in Table 1 and the levels of approval in Section VII.

The Division reserves the right to request financial reports at any point throughout the investment term. Expenses associated with these responsibilities are to be accounted for in the original business plan.

Charter for the Small Business Advisory Committee

NC Division of Vocational Rehabilitation Services

Members: In addition to the Small Business Specialist of the Division, the committee will be comprised of representatives from organizations providing leadership in the field of self-employment in North Carolina including: Institute for Rural Entrepreneurship, NC Small Business Center Network, SCORE, Good Works, NC REAL Enterprises.

Purpose: The purpose of the Advisory Committee is to bring together a group of compassionate professionals, who understand the challenges of self-employment, and who can use their connections and experience to further North Carolina's goal of increasing the opportunities in self-employment for individual's with disabilities.

Key Responsibilities:

- Provide input and recommendations to Vocational Rehabilitation on the feasibility of selected business proposals
- Make resources available for business plan development, training, and mentoring state-wide
- Communicate opportunities and exchange ideas on programs and people to assist the disabled in their self-employment efforts
- Bring creative lending solutions to Vocational Rehabilitation clients
- Assist Vocational Rehabilitation staff state-wide in overcoming obstacles to getting their clients' self-employed

How the Work Will Get Done

- The Advisory Committee will meet at a minimum once a quarter. The agenda for these meetings will include any current business plans that could benefit from the committee's review, current obstacles to self-employment for individuals with disabilities, resource needs, and new opportunities. Members may participate by phone, and may designate replacements as needed.

- The Advisory Committee will communicate between meetings via email, with business proposal review happening on an as needed basis. To expedite the business plan review process, Vocational Rehabilitation staff will summarize the plan and distribute this for review purposes.

Community Self-Employment Resources

North Carolina's Small Business Center Network - http://www.sbcn.nc.gov/
The Small Business Center Network supports the development of new businesses by being a community-based provider of training, counseling and other business resources. The Small Business Centers (SBCs) are located in a nearby community college. You can contact your local SBC at the following website: http://www.sbcn.nc.gov/localSBC/default.aspx

The SBCs sponsor frequent seminars on a variety of small business topics, including "Is Self-Employment Right for You" and "How to Write a Business Plan". These and other seminars can provide valuable training to clients considering self-employment, or who need assistance in developing their business ideas.

The SBCs also provide free confidential business counseling, and can help clients develop their business ideas and complete their business plans. These services are also available after the business is operational, and can provide valuable mentoring to clients who are encountering start-up problems.

The mission of the SBC Network is to "increase the success rate and the number of viable small businesses in North Carolina by providing high quality, readily accessible assistance to prospective and existing small business owners and their employees." This mission fits very well with the Division's need to have support across the state for our clients seeking self-employment, and we encourage all offices to develop strong relationships with their local SBCs.

SCORE - http://www.score.org/index.html
SCORE, the Service Corps of Retired Executives, provides free confidential counseling, seminars, business roundtables, and other services for small businesses. Most of the offices are in larger cities and towns in the state in North Carolina including Charlotte, Greensboro, Raleigh, Wilmington, Asheville, and Asheboro, but serve a wide range of surrounding counties.

SCORE's offerings differ somewhat by location, but their consistent strength across the state is in one-on-one counseling. They can provide beginning to end assistance to clients who are working on their business plans, and can provide ongoing mentoring to clients who have started their businesses.

Other Resources
North Carolina has a wealth of resources for small business, from local libraries to the State Department of Commerce. While the SBC Network and SCORE are the best source of hands-on counseling in the field for our clients, these and other organizations can provide a wide range of assistance:

- US Small Business Administration
- NC State Department of Commerce
- Business Link North Carolina
- NC Real
- NC Rural Center

DVR-0601

Preliminary Business Assessment

Client: _____
Counselor: _____
VR#: _____
Date: _____

1. Please check the self-employment option that most applies to you:
___ I want to start my own business
___ I currently own a business and want to expand
___ I want to acquire an existing business

2. Do you plan on owning at least 51% of the business? ___ Yes ___ No
3. Is the business a for profit entity? ___ Yes ___ No
4. Give a brief description of the business:

5. Explain how and why this business will be a profitable venture:

6. List your skills, aptitudes and experience that will allow you to succeed:

7. What is your income expectation from this business?

The SEEDS Rating Process

1. Rationale - Planning for a small business start-up can be difficult, complicated and fraught with ambiguity. When we involve field, unit and state offices, along with outside advisors, the process can lead to additional complexity and delay. With this challenge in mind, the Division needs to clearly analyze a client's progress, timely communicate that progress across the organization, and make fair, informed and timely decisions about small business start-ups.

2. Purpose - This tool provides the field, the units, the state office, and any outside advisors, a standardized method to evaluate the readiness of a client to move forward with their small business request. By sharing a common document that quantifies the readiness of a client, we will be able to communicate more clearly and more expeditiously about the next steps that the Division should take in meeting a client's employment needs. Because each individual and each business has unique characteristics, this tool should be used as a general roadmap, and we should supplement it with any specific information that is critical to the case at hand.

3. The Milestone Structure - The evaluation is based on six major milestones and applies success criteria to each milestone so that staff can evaluate the readiness of the client to move forward. The first three milestones are from the Fit Evaluation and the second three are from the Feasibility Evaluation, and based on the business plan. All ratings are done by the field office with assistance as needed.

4. The Ratings - The evaluation process involves applying ratings to the success criteria for each milestone. Table A-1 shows the standard definitions and associated actions for each numeric rating. Table A-2 shows how to apply the criteria and the ratings for each milestone.

Table A-1: Standard Definitions and Associated Actions

Rating	Definition	Action
1	Inadequate to Proceed	*Stop small business process* and pursue other employment goals, unless major mitigation is possible
2 -3	Improvements Needed	*Stop small business process* until client corrects specific weaknesses. If corrected, move to 4. If not, move to 1.
4	Competent	*Move to next milestone*, but point out areas of improvement and set expectation that improvements will be made.
5	Exceeds Expectations	*Move to next milestone*

Table A-2: Matrix of Milestones, Criteria, and Ratings

Milestone	Goal	Criteria	Use Criteria to Assign Rating
Personality Fit	To determine if the client has the personality and entrepreneurial traits needed for self-employment	• Results from psychological assessment • Results from formal assessment of entrepreneurial traits • Does the client approach the business planning process with an entrepreneurial and professional attitude? (Judge the client's ability to complete the plan and whether their behavior matches the expectations of a small business owner.)	1 = Core personality unsuited for self-employment 2/3 = Personality not a good fit for self-employment because of specific behaviors and traits. Need plan to develop and learn new behaviors and traits in order to move up in rating. 4 = Personality suited for self-employment, but some behaviors identified that need to be further developed. 5 = Personality well suited for self-employment; displays all the key traits of an entrepreneur; interacts like small business owner
Vocational Technical Fit	To determine if client has the vocational and business management skills and knowledge needed	• Results from field office Vocational Rehabilitation evaluation	1. Lack of experience cannot be overcome 2/3. Need to develop plan to overcome significant gaps before moving forward with business plan 4. Some areas of improvement identified 5. Fully able to take on job requirements
Financial Readiness Fit	To determine if there is sufficient financial support for a minimum of six months	Evaluation: • Credit score: >700 = 5, 620 – 699 = 4, 500 – 619 = 2/3, < 500 = 1 • Does the personal financial statement show positive net worth, low levels of current liabilities and some liquid personal assets? • Does the monthly personal budget plan show sufficient excess cash to cover current liabilities and unexpected expenses?	1 = Negative net worth, monthly deficits and/or bad credit 2/3 = Credit, debt or liquidity problem identified and working on solutions; or available only for minimum period 4 = Finances sufficient for expected start-up period 5 = Financial support guaranteed indefinitely

Matrix of Milestones, Criteria and Ratings (con't)

Milestone	Goal	Criteria	Use Criteria to Assign Rating
Market Feasibility	To determine if there is a market(s) and customers for the proposed product/ service	Evaluation of marketing section of business plan: • Are there specific markets and customers identified and ways to reach them? • Are the strengths and weaknesses of competitors understood? • Does the product/service have a competitive advantage?	1 = No realistic market identified and no competitive advantage 2/3 = Markets identified and advantage mentioned but little data about or understanding of customers and competitors 4 = Market and advantage identified but additional questions need to be asked 5 = Has clear advantage in specific market(s)
Revenue Feasibility	To determine if the projected sales revenue is based on a solid assumptions of price and volume	Evaluation of the sales revenue line from the cash flow statement: • Is sales revenue calculated using prices substantiated by the marketing plan? • Is sales revenue based on realistic volume estimates from the marketing plan?	1 = No connection between sales revenue and market; no understanding by client 2/3 = Substantial guessing involved in pricing and volume numbers. More work is needed to solidify sales revenue 4 = Shows link between market and pricing and volume assumptions. Additional questions could be asked. 5 = Clear, convincing link between markets and the price and volume projections
Long-term Profit Feasibility	To determine if the proposed business can produce the necessary working capital during start up and the expected profit during ongoing operations	Evaluation of the cash flow statement: • Are all expenses accounted for? • Do the end of month cash numbers cover working capital needs during the start-up phase of the business? • Do the owner's wages (and/or end of month cash flow) meet or exceed the profit target?	1 = Negative cash flow early and ongoing shows that the business concept will not work 2/3 = Cash is inadequate to meet start-up or profit expectations. More work is needed on revenues or expenses. 4 = Cash position appears adequate, but opportunities for improvement exist 5 = Cash is more than adequate based on plan and any contingencies. Able to reach profit target for successful outcome.

DVR-0603

SEEDS Rating Form

Client Name: _____ VR#: _____
Counselor: _____ Date Submitted: _____

Instructions:

- Use criteria in the SEEDS Rating Process document to apply a rating to each of the six milestones
- For any rating less than 4, stop small business process until specific weakness is corrected
- If all ratings are 4 or 5, move on to next step
- State office will return form with their ratings and comments as part of the review process

Milestone	Cnslr Rating	Counselor Comments	SO Rating	State Office Comments	Final Rating
Vocational/ Technical Fit					
Personality Fit					
Financial Fit					
Market Feasibility					
Revenue Feasibility					
Long-term Profit Feasibility					

Unit Manager Approval: *I have reviewed and verify the scores listed above, and I am in support of this client's proposal proceeding for state office review.*

Signature: _____ Date Submitted to State Office: _____

Personal Financial Statement and Monthly Budget

Personal Financial Statement

Instructions: Enter whole dollar amounts into unshaded areas of columns "A" and "L." List detail where requested.

To Calculate: (1) Add column "A" **(2)** Add column "L" **(3)** Subtract column "L" total from Column "A" total.

Current Personal Assets	A	Current Personal Liabilities (Enter loan/debt balances, not monthly payment amts.)	L
Cash/Checking Account		Credit Card Debts (please list)	
Savings Account			
Stocks/Bonds/CD's			
Accounts/Notes Receivable			
		Alimony	
		Child Support	
Home – Current Value		Home Mortgage	
Additional Real Estate Value		Additional Real Estate Mortgage	
Autos/Other Vehicle Values		Auto Loan(s)	
		School Loans (inc. deferred loans)	
Other Assets (please list)		Other Loans (please list)	
		Federal Tax Liability	
		State Tax Liability	
TOTAL ASSETS		**TOTAL LIABILITIES**	

NET WORTH: (ASSETS – LIABILITIES)	

Monthly Personal Budget Plan

Instructions: Enter whole dollar amounts as applicable. Check calculations for accuracy.

INCOME - Monthly

	Enter whole dollar amts			Enter whole dollar amts
List all household expenses	**Amount**		**List all household expenses**	**Amount**
1.			5.	
2.			6.	
3.			7.	
4.			8.	
			Total Income	

EXPENSES - Monthly

Home	**Amount**		**Entertainment**	**Amount**
Cable TV			Dining Out	
Cell Phone			Gym Fees/Club Memberships	
Computer Internet			Movies/Plays/Concerts	
Home Phone			Music CDs, Books	
Home Repairs/Maintenance			Sports Equipment/Team Dues	
Homeowner's/Renter's Insurance			Vacation	
Mortgage/Rent			Video/DVD Rentals	
Real Estate Taxes			Other	
Utilities (Gas/Electric)			**Entertainment Totals**	
Water/Trash				
Other				
Home Totals				
Transportation	**Amount**		**Health**	**Amount**
Auto Gas/Oil			Copayments/Deductibles	
Auto Insurance			Dental Insurance	
Auto Licensing			Disability Insurance	
Auto Repair			Health Insurance	
Car Wash			Life Insurance	
Public Transportation			Over-the-Counter Drugs	
Other			Prescriptions	
Transportation Totals			Other	
			Health Totals	
Daily Living	**Amount**		**Financial**	**Amount**
Alimony			Savings	
Child Care/Child Support			Retirement (401K, IRA, etc.)	
Church Tithing			Credit Card Payments	
Clothing Purchases			Loans not otherwise listed	
Doonations/Charity			Other (please list)	
Gifts				
Groceries				
Laundry/Dry Cleaning			**Financial Totals**	
Pet Care (food, vet, boarding)				
Personal Care – Other items				
Postage				
Salon/Barber				
School Supplies				
School Loans				
Subscriptions/Newspaper				
Other				
Daily Living Totals				
			Total Expenses	
			Money Remaining (*Income minus Expenses*)	

Business Plan Components and Format

A business plan is required for business proposals requesting $2500 or more in Division support, and is recommended for all clients. The North Carolina Small Business Center Network, with offices in all community colleges, is the recommended resource to help clients complete their business plans. Their business plan template is available at http://www.sbcn.nc.gov/resources/businessPlan.aspx

Other business plan formats are acceptable, but at a minimum all business plans submitted must include all the following components:

1. Executive Summary: A summary of the intended business in less than 500 words;
2. Company Background: Information on previous small business or related employment experience (if applicable);
3. Product/Service: Basic description of the product(s)/service(s), how they will be rendered/produced, and what makes them unique;
4. Market: Description of the customers, the potential growth in customer base, how each segment of the market will be reached, and what percent of each segment is being targeted;
5. Competition: Description of competitors that exist in your defined market as well as how the business will compete (e.g., better pricing, better service, performance)
6. Pricing: Specifics on how each product/services will be priced and the expected profit margin of each
7. Marketing Strategies: Description of how the product/service will get to the customers; what competitive advantage the product/service has and how that will be communicated; expected volume sales by month;
8. Location: Description of the physical or virtual site and its advantages/disadvantages in reaching customers;
9. Business Structure: The legal entity for the business and why it was chosen:
9. Management: Description of how the client and any other contributors, employees, or partners will spend their time during each workday and how employees will be managed/compensated in the business; how the business will comply with legal requirements such as licensing, zoning, permitting; how the business will manage liability (i.e., insurance);
10. Financial Information: Includes cash-flow statements for two years, and income statements and balance sheets for the first year of business operation. If the business is already in operation, financial statements for the two previous years of operation should be included. A personal financial statement and a credit report will be required for all owners or investors with more than a 10% share in the business venture.
11. Three Reference Letters: Letters of recommendation concerning the client's character as an entrepreneur, recommendations from previous employers, and/or letters of commitment from potential clients/customers.

DVR-0607

Business Proposal Purchasing List

Complete the following Purchasing List and submit as part of the Division Purchasing Packet

Item	Qty	Part or Item #	Description. (If item is used, please indicate so)	Cost Ea.	Total	Preferred Supplier : Address, Phone, Fax Contact	Ship To: (Counselor/ client/ other)

Please answer the following questions pertaining to equipment needs. If a situation does not apply, please type "n/a" for not applicable.

1) Special Delivery Requirements for Items Listed Above (inside delivery, special location, etc.): Note for security, accountability, and logistical reasons, for most cases involving smaller equipment, it works well to have equipment sent to the counselor's shipping address**.** Larger pieces of equipment can be shipped to the consumer's preferred secure delivery location.

2) Describe Delivery Location (critical for Freight Deliveries):

Type (Residence, Urban Business locale, Rural Business locale, etc.):

Street or Road Access Exists?

Loading Dock Available?

Will the equipment fit through the delivery doors?

Is floor of building paved, dirt, concrete, gravel, plank, etc?

3) Installation and Setup Requirements for Above-Listed items (if necessary):

4) Special Utilities Requirements (e.g., electrical, plumbing, or phone line) for above-listed items (if necessary):

5) Equipment Training Requirements for Above-Listed Items (if necessary):

6) Time frame expectation, pending approval:

Is consumer ready to accept delivery?

If NOT, indicate estimated delivery acceptance date:

7) Special Vendor Requests or Sole Source Justification per item based on uniqueness of product, strong consumer preference for vendor, anticipated warranty/service work superiority based on geographic proximity, etc. (Refer to Volume I 2-5-5 for details).

DVR-0609

Client Contribution Worksheet

Client: _____
Counselor: _____
VR#: _____
Date: _____

1. Total Division Investment Requested $_____

2. Percent of Client Contribution
from Table 1 in Section II _____%

3. Total Client Contribution $_____

Itemized List of Client Contributions:

Description of Contribution	**Dollar Amount**	**Method of Estimating Value**	**Date Contributed**	**Date Confirmed by Counselor**	**Comments**
Total Client Contribution*	$				

***Must equal or exceed the amount listed for #3 above**

Client Signature _____ Date _____

Counselor Signature _____ Date _____

DVR-0611

Self-Employment Agreement

North Carolina Division of Vocational Rehabilitation Services
Department of Health and Human Services

The North Carolina Division of Vocational Rehabilitation Services (hereinafter called the Division) and _____ (hereinafter called the Client) agree to the following:

A. Definitions:

Investment Term – The period of time defined in Section II, Table 1 based on the level of the Division's investment.

Client Contribution – The percentage of investment resources required by the Client based on the level of the Division's investment.

Successful Self-Employment Outcome – Accomplished when the client achieves the sustained profit level of at least 90 days as agreed to in the IPE.

B. Terms and Conditions:

This Agreement is binding until the case is closed and moved into Status 26 or until the end of the investment term, which ever is later.

C. General Agreements:

1. Client agrees to comply with all applicable federal, state, and local regulations and statutory requirements (including income reporting and filing and paying taxes);

2. Client agrees to purchase and maintain appropriate insurance to cover the Client and the business in case of an incident;

3. Client agrees to maintain a minimum of 51% ownership in the business venture;

4. Client agrees to report any changes that may affect the planned program to their counselor and understands that any changes or additions to the plan must be discussed and approved prior to implementing the changes;

5. Client agrees to cooperate with the Division monitoring requirements including the submission of the Business Performance Report (DVR 0613) monthly for the first year after signing this agreement, and quarterly for the investment term.

D. Investment Agreement

1. Division agrees to directly purchase or provide funds for the purchase of the items listed in Tables 1 and 2 below at the costs identified;

2. Division and Client agree that the items listed in Tables 1 and 2 comprise the entire and complete list of items to be funded by the Division. New items may not be substituted for those on the list, and if items are not purchased, any funds set aside for the original item return to the Division and may not be used for any other purpose;

3. Division and Client agree that the investment term is ___ years from the signing of this agreement;

4. Client agrees that all tools, equipment and other assets listed in Tables 1 and 2 are the property of the Division until the case is closed with a successful outcome, or the end of the Investment Term, which ever is later, at which time ownership passes to the Client. It is understood if a business discontinues operation, or there is fraud or misuse, the Division has the right to repossess the tools, equipment and all other assets for re-issue;

5. During the period of Division ownership the Client agrees to the following:
- That the Division retains unrestricted first lien on the equipment
- Use of the equipment is for only the purposes intended
- Do not relocate the equipment without first obtaining prior approval from the Division
- Provide for proper care, maintenance and storage of the equipment
- Maintain appropriate and adequate insurance for the equipment (vehicles and added modifications)
- Do not trade or otherwise dispose of the equipment without first contacting the Division
- Do not lease, sublease, rent, or lend the item(s)
- Return tools, equipment and/or other assets not being used in the business
- All items are subject to recovery by the Division at any time prior to successful case closure or the end of the investment term.

6. The Division requires a UCC-1 filing.

Table 1 – Tools/Equipment Items

Item	Manu/ Make	Model	Item #	New/ Used	Cost
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					

Table 2 - Miscellaneous Items

Description	Use	Duration	Cost
1.			
2.			
3.			
4.			
5.			

Total Cost (Table 1 & 2) = $_____

E. Client Contribution Agreement

1. Client agrees to contribute to the business ____% of the total cost from section D above, or $_____.

2. Monetary values will be assigned using the calculation methods in Section VI of the Self-Employment Policy and shown on the Client Contribution Worksheet (Attachment I).

3. Client agrees to contribute the following investment to the business:

Table 3 - Investments

Item	Description/ Comment	Monetary Value
1.		
2.		
3.		
4.		
5.		
Total Contribution		$

4. Client agrees to report contribution of items in Table 3 to his or her Counselor, provide evidence of contribution, and allow Counselor or Division representative to inspect items as needed.

F. Identifying Successful Outcomes

1. The agreed upon target for a successful outcome is a profit (monthly income minus expenses before taxes) of $_____ a month for a duration of _____ months.

2. The case will be closed when this target is reached. If the target has been reached but the investment term is still in effect, this Contract remains in effect for the remainder of the investment term.

Client's Printed Name: _____

Client's Signature: _____

Date Signed: _____

Counselor's Signature: _____

Date Signed: _____

Chief of Policy's Signature:_____

Date Signed: _____

DVR-0613

Business Performance Report

For Month/Year _____
Client Name (Please Print) _____
VR# _____
Counselor Name _____
Client Mailing Address _____
Client Phone # (include area code) _____

1. Financial Performance: Monthly Profit Goal:_____ Duration of Profit:_____

	A – Projected Current Month	**B - Actual Current Month**	**C - Variance (A-B) for Current Month**	**D - Variance Year To Date**
Sales				
Expenses				
Net Profit*				
Ending Cash Balance				
Owner's Draw				

*Profit before taxes

Note: For the business to be exceeding expectations, the variance totals in columns C and D for sales, net profit, and ending cash balance should be positive numbers. The expenses variances should be negative numbers and the owner's draw variances should be "0."

2. Operational Improvement Plan

Progress on Last Month's Action Steps:

Other Positive Outcomes:

My Most Pressing Issues/Concerns:

Actions I Will Take This Month:

Client Signature _____ Date_____

Counselor Signature _____ Date_____

North Carolina Department of Health and Human Services
Division of Vocational Rehabilitation Services
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Courier # 56-20-07

OBSOLETE - EFFECTIVE July 15, 2012
This policy has been replaced by Interim Policy and Procedure Directive #02-2012

MEMORANDUM

To: **All Staff Assigned Volume I**
From: **Neil Mac Britt – Chief of Policy and Casework Operations** Neil Mac Britt
Date: **February 01, 2012**
Re: **Interim Policy and Procedure Directive #01-2012**

Self-Employment

I. Introduction

The Division supports self-employment as an important employment alternative for eligible clients. The objectives of this policy are: (1) to outline the conditions under which the Division will support self-employment; (2) to provide a clear and disciplined process to evaluate and select clients who have a high probability of succeeding in the small business of their choice; and (3) to provide follow-up and tracking that will both assist the client to succeed long-term and help ensure that Division resources are successfully invested.

The policy is divided into seven sections: (1) Scope and Conditions of Support, (2) Successful Self-Employment Outcomes (3) Roles and Responsibilities, (4) Self-Employment Evaluation and Direction Setting (SEEDS), (5) Application Process, (6) Approval Process and (7) Follow-up and Outcome. The attachments provide detailed procedures, forms and other resources to implement the policy.

All the requirements set forth in this policy are applicable for self employment proposals which will require more than $2,500 in Division support. Proposals for less than $2,500 can be approved at the unit level without submitting a formal application package to the Chief of Policy. However, the approval decision at the unit level should be based on evaluations similar to those required in the SEEDS process. The state office will provide consulting and support as needed on all proposals, including those under $2,500.

Published statistics from across the United States show that most small business ventures fail. In order to reduce this risk for the Division, the processes and procedures required by this policy involve a level of complexity not found in traditional employment. As a result, the client and the Counselor must be prepared to commit to a substantial

amount of investigation, analysis and evaluation in order to complete this process. This work will take time, and it will not be unusual for this process to take six months or more to complete. During the process, many small business proposals will be abandoned because of insurmountable barriers, and the client will be directed to alternative employment. However, doing this work well up front substantially increases the chances that proposals that are approved will go on to become successful businesses.

The Program PP & E intranet site at http://hrdvr03.dvr.dhhs.state.nc.us/division/sections/pppe/index.htm has an electronic copy of this policy and all the forms required for its completion, along with training, reference and resource materials to aid in the process.

Division services specifically related to the establishment or restructuring of a small business are subject to established Division policies on financial need and comparable benefits relative to the service being provided. Any exceptions to this policy must be approved by the Chief of Policy.

II. Scope and Conditions of Division Support

Scope of Support

The Scope of the Division's support for self-employment covers the following situations:

- the client is attempting to initiate a new small business venture;
- the client is attempting to resume a small business operation that was interrupted due to impediments caused by the client's disabling condition. (Division support will not be available when a client attempts to resume a small business that failed due to economic instability, poor business administration, or other circumstances unrelated to the client's disabling condition);
- the client is pursuing a model of Supported Self-Employment for which he or she has identified a support team to account for all of the functions of the business, and in which the client is performing at least one essential function of the business. This type of operation will only be considered for individuals who are classified as MSD and who require supported employment.

The Division shall not provide support for any proposed self-employment venture that:

- has the Division as its only funding source
- is a not-for-profit organization
- is classified as a C corporation or subchapter S corporation
- violates state, federal, or local laws or regulations
- represents a hobby rather than a competitive business venture
- is highly speculative in nature
- is a network or pyramid marketing business in which a portion of the earnings are based on the recruitment of downline representatives
- is already in full operation and consistent with the client's job goal (this does not preclude the Division from providing rehabilitation services related to job retention or job re-entry for persons already self-employed, but does limit the Division from providing support intended to maximize the earnings or productivity of the business for reasons not related to the individual's disability)

- presents a conflict of interest for the Division (e.g., funding a family business in which a family member of the client is a Division employee or involvement in ventures which would inhibit the Division from effectively carrying out its mission)

Conditions Required for Business Support

The requirements for a business to be considered for support by the Division include:

- client must be 18 years or older
- business must be fully compliant with all federal, state, and local laws; possess all applicable licenses and permits; and fulfill all tax obligations at the time of application and during ongoing operations
- client must represent a minimum of 51% ownership in the business venture at the time the proposal is submitted and throughout the investment period
- client must invest resources in the business as shown in Table 1.

Scope of Allowable Purchases

The Division may consider support for goods and services that are required to assist the client in achieving a successful self-employment outcome. If the business proposal is approved (see Section VII), the Division may consider the most cost-effective solution for the items described on the business proposal Purchase List (Attachment G). All purchases, whether rehabilitative or not, are subject to specific purchasing policies addressed elsewhere in Volume I.

Purchase List line item requests that will be considered:

- equipment, inventory and supplies
- expenses related to professional services
- up to six months of business rent, insurance, utilities, etc.
- home or office up fit (in addition to home or workplace modifications) which comply with Section 504 of the Rehabilitation Act, ADA Accessibility Guidelines and NC Accessibility Codes
- funds for licensure, certification, and related start-up costs
- online business needs including web site design, search engine optimization, online sales tools, and social marketing
- 50% of Kelly Blue Book value of the vehicle chassis when a vehicle is essential to the operation of the business and no other transportation option is available (requires approval by Chief of Policy)

Purchase List line item requests that will not be considered:

- franchise fees or expenses unique to a franchised operation
- guns, ammunition, or explosives
- purchases of “good will” or an intangible saleable asset associated with the reputation of a business and its relation with its customers
- refinancing or offset of existing debt or tax liability
- purchases of less than commercial grade equipment when commercial grade alternatives are available
- purchase of any real estate, land, or structures
- costs to correct structural or utility deficiencies on leased properties
- working capital, reserves, or funding for salaries or wages

Division Investment and Client Contribution

In order to ensure that the client has the ongoing supports required for successful operations and can sustain the business post-closure, the Division has established guidelines for a client's contribution to the business. Table 1 shows the percentage that must be invested by the client in order for the Division to provide different levels of support. For any request of support, the client must document that he or she will contribute a minimum of 10% (e.g. if a client requests $1,000, the client must provide additional resources totaling a minimum of $100). Contribution requirements then increase based on the amount of the Division's investment. The resources invested by the client to reach the required percentages can include money from savings, loans, partners and family members; or office space, office equipment, inventory, and other assets. The client's contribution will be listed on the Client Contribution Worksheet (Attachment I) and is part of the Self-Employment Agreement (Attachment J).

The Division may elect to take a secondary lien (subordinated) position on purchased items to help clients secure debt financing from a vendor, bank or other lending institution. Loans to support the small business will count as part of the client contribution. Additional funding requested by the client after the Division's initial investment is subject to the contribution requirements and maximums.

The Division maximum contribution applies to the life of the case. This maximum and the matching requirement do not apply to expenses assumed by the Division which are related to the individual's disability (i.e., workplace modifications or adaptive equipment). Other policies specific to rehabilitation services are still applicable, however. Exceptions to the Division's maximum investment must be approved by the Chief of Policy.

The level of investment by the Division also determines the investment term, which is the length of time that the Self-Employment Agreement is in effect (see Section VII). The investment term is set by either the point of successful case closure or the timeframe in Table 1, which ever comes last.

Table 1: Levels of Division Investment and Client Contribution

Client Contribution	Division Maximum Investment	Investment Term	Business Plan
More than 50% of requested funds	$20,000-50,000	5+ years	Required
More than 30% of requested funds	$10,000-19,999	3-5 years	Required
More than 25% of requested funds	$2,500-9,999	2-3 years	Required
10% of requested funds	$1-2,499	1 year	Encouraged

III. Successful Self-Employment Outcomes

At the point when self-employment is planned on the IPE, the Counselor and client must agree on which of these categories apply and document the agreement on the IPE:

For clients receiving SSI/SSDI:

1. Goal of self-employment is to achieve income that is supplemental to SSI or SSDI; OR
2. Goal of self-employment is to support oneself without reliance on SSI/SSDI and achieve self-sufficiency; OR

For clients not receiving SSI/SSDI:

3. Goal of self-employment is to achieve employment that is compatible with a client's impairment and which allows for financial independence.

The Counselor and client must also identify the successful outcome that will close the case. This outcome consists of a monthly owner's draw or salary amount and the length of time this amount will be maintained, which must be for a minimum of 90 consecutive days. If the client is earning a salary this amount must be above minimum wage. This outcome and its duration will be documented on the Self-Employment Agreement (Attachment J) and tracked on the Business Performance Report (Attachment K).

IV. Roles and Responsibilities

When a client identifies self-employment as his or her vocational goal, it will require a team of people, both inside and outside of the Division, working together to achieve a successful small business operation. The following matrix summarizes some key roles and responsibilities for these team members during the process:

Role	Responsibilities
Client	• Identify employment goal • Complete the Preliminary Business Assessment • Participate in the SEEDS Evaluations including completion of all required assessments and presentation of all required information • Participate in the site visit • Follow-up on business training and counseling • Create Business Plan • Compile Purchase List • Complete Client Contribution Worksheet • Sign and comply with the Self-Employment Agreement • Complete scheduled Business Performance Reports
Counselor	• Perform Preliminary Business Assessment and determine next steps • Lead client through the SEEDS Evaluation, including ordering all assessments and reviewing all data, connecting client with business resources, assisting with the Business Plan, and rating clients on the six SEEDS steps. • Arrange and participate on site visit • Based on ratings, redirect client to more traditional employment, work with client to improve rating(s), or move client on in the process • Assist client in compiling application information • Sign the Self-Employment Agreement • Support the client with community business resources during the start-up and ongoing operations • Determine when a successful outcome has been achieved • Redirect the client to alternative employment based on the current performance trends and future prospects of the business
Vocational Evaluator	• Provide vocational skills assessments for the Fit Evaluation • Conduct a site visit with the Counselor and client as appropriate
Business Relationship Representative	• Provide input as requested into the feasibility of the business • Use contacts in community to support client's business as needed
Unit Manager	• Approve client moving from the Fit to the Feasibility Evaluation • Approve client starting the application process
Program Specialist for Assistive Technology and Rehabilitative Engineer	• Provide input and assistance as required into the feasibility and management of technical equipment and site modification
Small Business Specialist	• Recommend to the policy development team updates to the Self-Employment Policy • Provide training and education for Division staff • Oversee the SEEDS process and procedures statewide • Track performance of self-employment program • Network statewide to provide support at field level • Coordinate requests at the state level • Assist regional, unit and field staff as needed
Chief of Policy	• Give final approvals based on policy and staff recommendations • Direct changes to policy, processes and procedures
Community Self-Employment Resources	• Provide training, counseling and mentoring to clients
Small Business Advisory Committee	• Provide outside expertise to the Division to align resources, review business plans, identify opportunities, and solve problems

Community Self-Employment Resources for Training, Counseling and Mentoring
It is the intent of the Division to provide community self-employment resources to support clients with appropriate training, counseling and mentoring from initial business planning through ongoing operations. This support can come in various forms, from training on writing business plans, to counseling on specific technical needs, to mentoring clients to ensure the success of their ongoing operations.

The major training resource will be the Small Business Centers (SBC) in each of the community colleges in the state. The SBCs sponsor a series of classes that include entrepreneurial skills, writing business plans, small business start-up, and small business management. NC REAL, offered through most SBCs and online, is highly recommended for clients with no business background, providing hands on experience in writing a business plan combined with training in business fundamentals.

Counseling and mentoring, including assistance in writing the business plan, can be provided by the SBC, a local SCORE chapter, or from another business organization. See the Self-Employment intranet site for more instructions and information.

Vocational Rehabilitation staff will network with small business professionals across the state to improve access to these and other organizations for our clients. A formal Small Business Advisory Committee will assist the Division in aligning resources across the state to support our clients, and to assist in proposal evaluation and problem solving. If additional resources are needed, the Counselor should contact the Division's Small Business Specialist.

V. Self-Employment Evaluation and Direction Setting (SEEDS)

Overview of the SEEDS Evaluation Process
As part of the Comprehensive Assessment, the SEEDS evaluation will be used to determine whether the Division will support a client's small business goal. The SEEDS evaluation begins with a Preliminary Business Assessment, and then moves into two major evaluations, a Fit Evaluation and a Feasibility Evaluation. Each evaluation consists of three steps, and all six steps are rated by the Counselor to determine whether the client continues on the self-employment track or is redirected to traditional employment.

Use of Status Codes in the SEEDS Process
For new cases, the Fit Evaluation shall be completed in status 10. If a self-employment goal is determined to be a good fit for the client, then there are two options for completion of the Feasibility Evaluation:

- The Feasibility Evaluation may be completed as part of the comprehensive assessment in status 10, or
- It may be planned and carried out as a counseling and guidance service on the IPE and the case placed in status 12. In this scenario, the IPE relative to the self employment goal may only plan for guidance and counseling (the Feasibility Evaluation) and any training services related to the client accomplishing self-employment. If the Feasibility Evaluation is satisfactory and the self-employment plan is approved for sponsorship by the Division, the IPE will be amended to plan

the specific services for purchases of goods and services to establish the business.

The Counselor, in consultation with the Unit Manager, makes the determination of whether the Feasibility Evaluation is to occur in status 10, or in status 12 under an IPE.

The SEEDS Ratings

The Counselor will apply standardized criteria to rate a client against each of the six steps in the Fit and Feasibility Evaluations, and will determine the readiness of the client to move forward in the self-employment process. An explanation of this rating procedure is included in Attachment B. The ratings for each of the steps will be tracked on the form included in Attachment C. If the client receives a score less than 4 on any step, and the client is unable to overcome the deficiency, then the self-employment evaluation will end, and the client will be directed to other employment alternatives.

Evaluating Business Partners and Other Major Supporters

If the client owns at least 51% of the business, but less than 100%, OR if the client is pursuing a goal of Supported Self-Employment, then the Counselor may request that the other owner(s) or business support person(s) participate in the SEEDS evaluation. This would be particularly important if the other owners were providing any of the expertise or financial backing being assessed in the Fit Evaluation. Similarly, if a spouse, relative, or friend is going to play a significant role in the business, the Counselor may request his/her participation in the SEEDS evaluation. Financial documentation will be required prior to final approval for any partner owning 10% or more of the business.

For clients pursuing Supported Self-Employment, the client is responsible for identifying the specific network of persons providing small business supports. Each business support person in a Supported Self-Employment plan shall be required to submit a Letter of Commitment summarizing the nature of the support, the qualifications or experience he or she has with providing the support defined, and the quantity/time period for which the support is being offered.

Flowcharts of the SEEDS Process

The process flowcharts below illustrate the main actions and decisions in the SEEDS process. Following these flowcharts are descriptions of each evaluation step, and included in the attachments at the end of the Policy are the instructions and forms needed to complete the evaluations.

Chart A – Self-Employment (SEEDS) Flowchart – Preliminary Assessment Progressing to Fit Evaluations

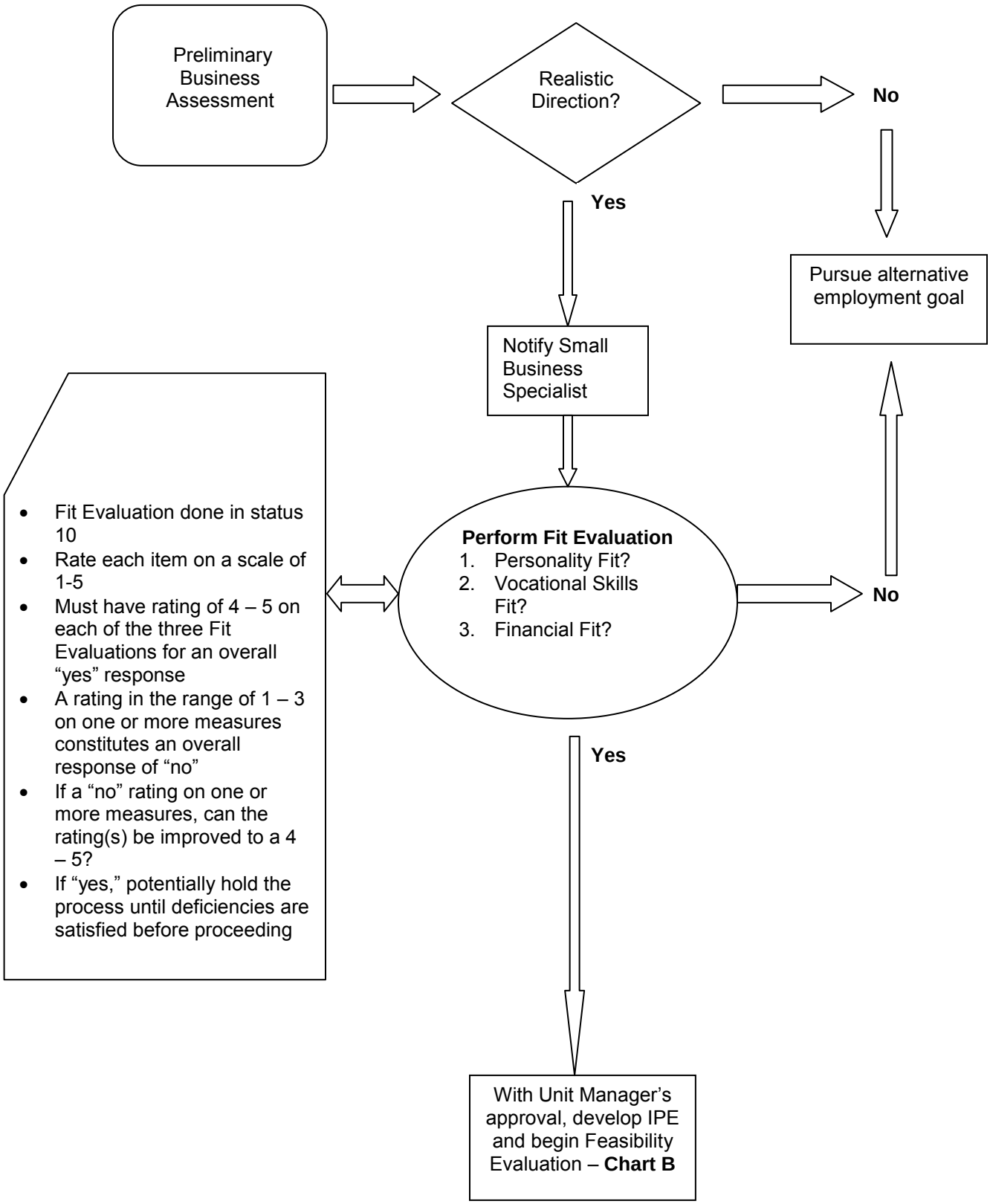
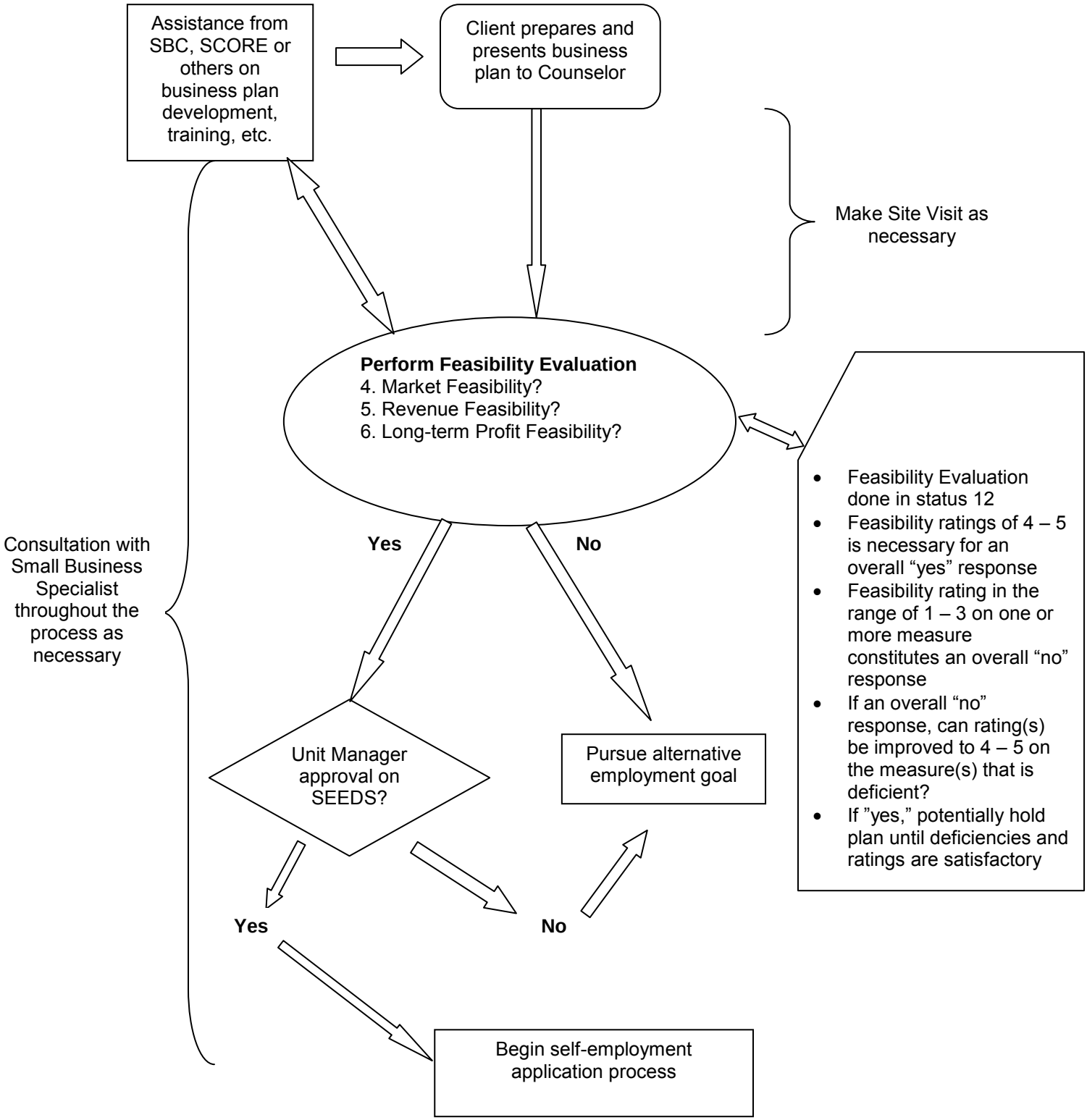


Chart B – Self-Employment (SEEDS) Flowchart – Feasibility Evaluations



The Preliminary Business Assessment

Before any detailed evaluation begins, there needs to be a preliminary assessment to determine if self-employment in the proposed business makes sense to pursue. The client will fill out the Preliminary Business Assessment form (see Attachment A) and present it to his or her Counselor. Based on this assessment, and discussions with the client and others, the Counselor will determine if the business proposed is within the scope of allowable Division support, whether, on a high level, the business idea makes sense, and whether the client will be able to do the work and make enough money. If the business idea merits further investigation, then the process moves on to the first evaluation step. If not, the Counselor will direct the client to alternative employment. The Counselor notifies the Small Business Specialist once the client is ready to enter the Fit Evaluation.

The Fit Evaluation

This evaluation consists of three steps: (1) the fit of the client's personality for self-employment, (2) whether the client has the vocational skills for the job, and (3) the client's ability to manage money and to provide financial support for the business. The Counselor will use a number of assessments to apply a SEEDS rating for each step in the evaluation, using the criteria in Attachment B.

For clients pursuing Supported Self-Employment, the personality and vocational skills steps may be achieved by alternative methods. The Vocational Evaluator may assist with task analyses of the various essential functions of the desired job. This evaluation, together with a supplemental evaluation of the client's ability to complete a minimum of one essential function (as defined in the client's Preliminary Business Assessment), and a review of the business support person(s)' commitment/ability to meet the remaining essential functions will determine the personality and vocational fit for self-employment.

> ***Personality Fit*** – A full psychological evaluation is required to complete this step. The purpose of this evaluation is to determine whether the client's personality is a fit for self-employment by assessing the client's entrepreneurial abilities and their capacity to start and operate their chosen business. The Counselor provides the psychologist the Psychological Evaluation for Self-Employment Referral Form included as Attachment D, adding to the standard questions any additional information about the client or the business that would assist in the evaluation.
>
> If the client has had a recent psychological evaluation that addresses these concerns, there is no need for an additional one. A request can be made to the Chief of Policy to waive the requirement for a psychological evaluation if the Unit Manager believes the evaluation is not necessary because of the nature of the disability, the presence of other existing data that addresses psychological fit, etc.
>
> To rate this step, information from the formal psychological evaluation should be combined with observations of the client's ability to complete the business plan, and a determination of whether, throughout the process, the client's behavior matched that expected of a business owner.

Vocational Skills Fit – The purpose of this evaluation is to determine if the client has both the vocational skills needed to produce the business' specific product/ service**,** and the business management skills to run the business. The business management skills include knowledge of and experience in finance and accounting, marketing and sales, customer service, and planning, along with entrepreneurial traits. The Counselor will work with their Vocational Evaluator to come up with the appropriate tests and assessments to evaluate the client's skills in both areas. The Counselor may include any training, rehabilitation or work experience needed as a part of the IPE.

Financial Fit – The purpose of this evaluation is twofold: first, to determine if the client has managed his/her finances responsibly in the past, and second, to determine if the client has the financial resources to support the business until it is able to make a profit. This step consists of three elements: the client's credit report and score, their Personal Financial Statement Form and Monthly Personal Budget Plan (see Attachment F).

To meet the first objective, the client will order his/her credit report and score at https://www.annualcreditreport.com/cra/index. The credit report is free and there is a minimal cost for the score, and both can be ordered at this web site from any of the three affiliated credit agencies. This provides DVRS with the information to judge whether or not the client has responsibly managed his/her finances in the past.

The Personal Financial Statement and Monthly Personal Budget should be filled out by the client and will give the Counselor insight into how they currently manage their money and what financial resources they have to support the small business. (Note: The level of resources needed to support the business, particularly during start-up, may not be known at this time. Therefore, it may be necessary to revisit, and rescore, the Financial Fit step after the cash flow statement is done.)

When needed, Counselors will refer clients on SSI or SSDI to a Social Security Benefits Specialist to clarify how self-employment could impact their payments, or how their payments could help support their self-employment goal. (The PASS Plan is a valuable tool for acquiring needed items for the business.)

Using the criteria in Attachment B, the Counselor will assign a score for the client on the three Fit Evaluations. If all the ratings are four or above, the client is a candidate to begin the Feasibility Evaluation. The Counselor, in consultation with the Unit Manager, makes a determination as to whether this is to occur as a continuation of the comprehensive assessment in status 10, or if it is to be planned on the IPE and carried out in status 12. If the Feasibility Evaluation is to be carried out in status 12, the Counselor should develop the IPE with a goal of self-employment (or Supported Self-Employment) which must be approved by the Unit Manager.

If any of the ratings are below 4, the Counselor will determine if there is training, counseling or other support that can correct the problem(s) identified and raise the SEEDS rating. If mitigation is not possible, the Counselor shall assist the client in identifying an alternate employment goal, which may be employment in the desired vocation under the supervision of someone else. As part of this decision process, the Counselor must determine if the expected employment outcome resulting from self-employment outweighs the risks associated with the investment of the client's and Division's resources and time.

The Feasibility Evaluation

Once the client has been determined, through the Fit Evaluation, to be a good match for self-employment, then the Counselor needs to determine if the client's proposed business is feasible. This Feasibility Evaluation may be completed as a continuation of the comprehensive assessment in status 10, or may be planned on the IPE and provided as a guidance and counseling service. The Feasibility Evaluation will focus on three critical success factors – Market Feasibility, Revenue Feasibility and Long-term Profit Feasibility – all of which come from sections of the business plan.

For clients pursing Supported Self-Employment, the completeness, quality and commitment of the business support network will be a major focus in the Feasibility Evaluation. The Business Structure and Organization section of the business plan must include a complete analysis of the support needed by the client to successfully operate the business, including the skills and experience of the people, their reliability and commitment, and the ability of the support people to function well as a team.

The Business Plan

For requests of $2500 and more, a business plan must be completed by the client (see Attachment F for the components of the plan). For requests less than $2500, a business plan is recommended as an important foundation for the future success of the business, but is at the discretion of the Unit Manager.

Because of the complexity and time requirements of business planning, once this step is begun, all parties must be committed to see the process through. The client is responsible for completing the business plan, but the Counselor will assist in moving the process forward and will connect the client with a local Small Business Center Director or SCORE volunteer to guide the business planning effort (see the Self-Employment intranet site for specific contacts and more information). However, if the client does not have the background to write the plan, then a training class in how to write a business plan will be required before this step can begin. Any training required shall be planned on the IPE.

During the business planning process, the Counselor should work with the client to compile a list of equipment, materials, licenses, training, and other resources which will be required to make the business successful. This list should be included under Start-up Costs in the business plan and will be used to complete the Purchasing List (Attachment G) required in the application process, and to determine what resources the client will include in their Client Contribution Worksheet (Attachment I).

Once the business plan is complete, the Counselor will apply SEEDS scores to the three areas of the Feasibility Evaluation, using the criteria in Attachment B for guidance. The Counselor should consult with VR's Small Business Specialist and with any local small business contacts at any time during this process.

Market Feasibility – This determines if there is a market and customers for the proposed product or service, and whether the product or service has a competitive advantage for those customers.

Revenue Feasibility – This asks whether the customers will really pay money for the product or service by determining if the projected sales revenue is based on solid assumptions about price, volume, and customers.

Long-term Profit Feasibility – This determines if the proposed business can produce the necessary working capital during start-up and the expected profit during ongoing operations.

The Feasibility Evaluation will be done once the client has completed the business plan and the Counselor has applied SEEDS ratings to each of the steps. If all ratings are 4 or above, and the client and Counselor are committed to moving forward, the Unit Manager must agree and sign off on the SEEDS rating form. If not, the Counselor will determine if there is training, counseling or other support that can mitigate the problem(s) identified and raise the SEEDS rating. If no mitigations are possible, the Counselor shall assist the client in identifying an alternate employment goal, which may be employment in the desired vocation under the supervision of someone else.

Site Visit

During the preparation of the business plan the client may decide on a specific location for the business. If this location is known and can be inspected, the Counselor will arrange a site visit with a Vocational Evaluator. The purpose of the visit will be to confirm that the chosen business can be performed in the chosen location.

The Rehabilitation Engineer and Assistive Technology Consultant are additional resources available to the Counselor. The Rehabilitation Engineer can assist with a site review if the need for modifications or up fits are anticipated and can also assist as a staff consultant for specialized equipment needs, modifications, and any work that may need to be done to have equipment interface with the building or worksite. The Assistive Technology Consultant is also available to assist with worksite-related assistive technology needs.

VI. Self-Employment Application Process

The Self-Employment Application

Once the Unit Manager has approved the IPE and the business plan, the Counselor can begin compiling the application package. The application package includes the following elements:

1. Client Data – R-4, Eligibility Decision, DVR 0116 and supporting financial documentation, IPE and subsequent amendments, pertinent medical and/or psychiatric/psychological evaluations
2. SEEDS Evaluation – SEEDS Rating Form (DVR 0603, Attachment C), psychological evaluation, vocational skills evaluation, credit report and score, Personal Financial Statement and Monthly Personal Budget Plan (Attachment E)
3. Complete business plan (required for requests $2500 and up) (Attachment F)
4. Site visit evaluation (if location is known)
5. Division Purchasing Packet, including the Purchase List (DVR 0607, Attachment G) and the Special Requirements for Items on the Purchase List (Attachment H)
6. Client Contribution Worksheet (DVR 0609, Attachment I)
7. Letters of Commitment (for Supported Self-Employment proposals only)
8. Cover letter summarizing the rationale for approval

Division Purchasing Packet

The Counselor will assist the client in developing a Purchase List (Attachment G) of items/services taken from the Start-up Expenses section of the business plan. This list should include, for all equipment, the quantity, the manufacturer's name and part number, a specific description, the cost, the preferred supplier, ship to location, and whether or not it is on the state contract. The second form in the packet is the Special Requirements for Items on the Purchase List that follows in Attachment H. Answer all the questions here about delivery, installation and other requirements which pertain to the items on the Purchasing List.

Client Contribution Worksheet

The application must include a Client Contribution Worksheet (see Attachment I), an itemized list of the investment contribution that the client will be making to meet the requirement in Section IV. The resources invested by the client to reach the required percentage can include money from savings, loans, partners and family members; or office space, office equipment, inventory, and other assets. Each investment must be itemized on the form. The value of non-monetary assets will be calculated as follows:

Table 2: Estimating Client Contributions for Self-Employment

Category	**Method of Estimating Value**
New equipment, tools, etc.	Purchase price
Used equipment, tools, etc.	Estimated fair market price
Home office space	Calculation used by IRS
Other items	Estimated fair market price

At the time of application, the total contribution on the Worksheet must equal or exceed the required amount stipulated by the percentage table in Section III. The actual purchase or allocation of client resources to the business does not have to begin until the application is approved by the Division. Once the approval is given, the client must begin contributing the items listed under the Client Contribution Agreement in the Self-Employment Agreement. If there is a discrepancy between the Client Contribution Worksheet and the Self-Employment Agreement, the Agreement will be the binding document and the Worksheet must be adjusted accordingly.

VII. Approval Process for Division Support of Self-Employment

The Unit Manager will approve all applications for less than $2500 in Division support. A full business plan, along with all of the components of the application, is recommended for these requests. The state office will provide consulting and support as needed for the field offices.

For requests of $2500 and up a full business plan and all parts of the application package must be submitted to the Chief of Policy for approval.

The Chief of Policy shall review the application package for accuracy and completeness, and for fitness and feasibility. The Chief may consult with the Purchasing Manager to conduct research on comparable pricing and alternative solutions. The Chief may submit any requests to the Small Business Advisory Committee for an external evaluation. After this review is completed, applications will be approved, disapproved, or returned to the Counselor with requests for clarification or additional information. The SEEDS Rating Form will be returned with ratings and comments from the State office. If the application is approved and an IPE has not been developed (i.e. case is in status 10), the Counselor must do so in partnership with the client.

The Self-Employment Agreement

For approved applications requesting $2500 and more in funding, a Self-Employment Agreement will be required (see Attachment J). The Chief of Policy shall issue the Self-Employment Agreement which shall be signed by both the Counselor and the client (and additional business partners as appropriate). The Self-Employment Agreement lists the agreements made by the Division and the client, and the obligations of each under these agreements. It includes the responsibilities of the client prior to the purchase of goods - such as acquiring necessary licenses, permits, and insurance - along with obligations up to and beyond case closure. The Investment Agreement in Section D includes the Division's Security Agreement which outlines the client's obligations to the Division for the items purchased. Section D also requires the Unit Manager to file a UCC-1 for all items over $1,500. The Self-Employment Agreement must be signed by the client prior to the Division purchasing any services/goods. Any violation of the Self-Employment Agreement may result in the Division reclaiming any or all funds distributed to the client in the form of repossessed materials and/or returned monies.

VIII. Self-Employment Follow-up and Outcome

Follow-up Assistance

After the application has been completed and the purchases made, many clients will face new problems during the start-up phase of the business. It is very important to the long-term success of these start-ups that business mentors be available to the clients. Counselors should help connect, or re-connect clients, with an SBC, SCORE or other mentor to provide ongoing support.

Pre-Closure Visit

Prior to successful closure, the Counselor shall conduct an on-site visit to observe the business and to verify proper use of the equipment/supplies/services provided by the Division. If the client fails to follow the terms of the Self-Employment Agreement or fails to cooperate with an on-site visit prior to case closure, then the Division shall take actions to reclaim those items purchased to support the business.

Requirements for Successful Self-Employment Outcome

All closure criteria outlined in *Section 6-1-1, Successful Employment Outcome After IPE Completion* apply to small businesses. In addition, closure shall be determined by the business reaching the successful outcome that was jointly decided on in Section III (both level of owner's draw or salary and length of time earned) and documented in the Self-Employment Agreement. If the client draws a salary from the business, the Counselor must demonstrate that the client is earning at least minimum wage based on the reported hours and income provided through the financials for a period of three consecutive months**.**

Business Performance Reporting

Division funded businesses must submit a Business Performance Report (see Attachment K) monthly for one year (due by the 10th of each month), and then quarterly until closure, or for the duration of the investment term, which ever is later. The form for this report is included in Attachment K, and must be accompanied by business profit and loss statements. A copy of these reports (electronic format preferred) is to be sent to the Chief of Policy as they are received, and this information will be used as part of the evaluation of the service. The purpose of this report is to monitor the health of the start-up business. If significant problems or worrying trends are identified, the client should seek help from the SBC, SCORE or another business mentor, and the Counselor should ask for help from the state office.

Any requests by the client for additional Division support following the initial approval will be responded to based on past business performance and future prospects. Requests will be guided by the limits outlined in Table 1 and the levels of approval in Section VII.

The Division reserves the right to request financial reports at any point throughout the investment term. Expenses associated with these responsibilities are to be accounted for in the original business plan.

DVR-0601

Preliminary Business Assessment

Client: _____
Counselor: _____
VR#: _____
Date: _____

1. Please check the self-employment option that most applies to you:

___ I want to start my own business
___ I own a business and want to expand
___ I want to acquire an existing business
___ I want to restart a business that failed
___ I want to expand a hobby into a business
___ Other (Specify _____)

2. Do you plan on owning at least 51% of the business? ___ Yes ___ No

3. Is the business a for-profit entity? ___ Yes ___ No

4. Give a brief description of the business

5. Explain how and why this business will be a profitable venture

6. List your skills, aptitudes and experience that will allow you to succeed

7. Explain how this business is compatible with your impairment

8. Tell what monthly wage you expect to make and when you expect to make it?

The SEEDS Rating Process

The SEEDS rating process provides the field, the units, the state office, and any outside advisors, a standardized method to evaluate the readiness of a client to move forward with their small business request. By sharing a common document that quantifies the readiness of a client, we will be able to communicate more clearly and more quickly about the next steps that the Division should take in meeting a client's employment needs. Because each individual and each business has unique characteristics, this tool should be used as a general roadmap, and you should supplement it with any specific information that is critical to the case at hand.

The rating process involves assigning a numeric score from 1-5 to each of the six SEEDS evaluation steps. Table A-1 defines what each numeric score means and what action is to be taken once the score has been assigned. Table A-2 lists the goal of each evaluation step and the criteria to use in rating a client's performance. In the "Use Criteria to Assign Rating" column, the examples next to each numeric score give you an idea of how to rate your client based on the information you have gathered in each evaluation step.

Table A-1: Standard Definitions and Associated Actions

Rating	Definition	Action
1	Inadequate to Proceed	*Stop small business process* and pursue other employment goals, unless major mitigation is possible
2 -3	Improvements Needed	*Stop small business process* until client corrects specific weaknesses. If corrected, move to 4. If not, move to 1.
4	Competent	*Move to next step*, but point out areas of improvement and set expectation that improvements will be made.
5	Exceeds Expectations	*Move to next step*

Table A-2: Matrix of Steps, Criteria, and Ratings

Step	Goal	Criteria	Use Criteria to Assign Rating
Personality Fit	To determine if the client has the personality and entrepreneurial traits needed for self-employment	• Results from psychological evaluation • Does the client approach the self-employment process with an entrepreneurial and professional attitude? (Judge the client's ability to complete the process and whether their behavior matches the expectations of a small business owner.)	1 = Core personality unsuited for self-employment 2/3 = Personality not a good fit for self-employment because of specific behaviors and traits. Need plan to develop and learn new behaviors and traits in order to move up in rating. 4 = Personality suited for self-employment, but some behaviors identified that need to be further developed. 5 = Personality well suited for self-employment; displays all the key traits of an entrepreneur; interacts like small business owner
Vocational Skills Fit	To determine if client has the vocational and business management skills and knowledge needed	• Results from field office vocational evaluation	1= Lack of experience cannot be overcome 2/3 = Need to develop plan to overcome significant gaps before moving forward with business plan 4 = Some areas of improvement identified 5 = Fully able to take on job requirements
Financial Fit	To determine if the client has (1) the ability to manage money responsibly and (2) there is sufficient financial support for the business	• What does the credit report tell us about the client's history of managing money? Are any delinquent accounts or collection agency contacts part of an overall chronic pattern, or can you explain these in the context of the client's impairment? • Does the personal financial statement show positive net worth, low levels of current liabilities and some liquid personal assets? Can the client cover ongoing expenses during business start up? • Does the monthly personal budget show that the client is comfortable with financial planning? Do they have any additional cash to cover unexpected expenses?	1 = Negative net worth, monthly deficits and/or chronic bad credit 2/3 = Credit, debt or liquidity problem have been identified and client is working on solutions; or problems can be explained in context of impairment 4 = Handles finances responsibly and has sufficient resources to cover expenses during the start up 5 = Excellent credit history and financial support guaranteed indefinitely

Table A-2 continued

Step	Goal	Criteria	Use Criteria to Assign Rating
Market Feasibility	To determine if there are markets and customers for the proposed product/service	Evaluation of marketing section of business plan: • Are there specific markets and customers identified and ways to reach them? • Are the strengths and weaknesses of competitors understood? • Does the product/service have a competitive advantage for the target customers?	1 = No realistic market identified and no competitive advantage 2/3 = Markets identified and advantage mentioned but little data about or understanding of customers and competitors 4 = Market and advantage identified but additional questions need to be asked 5 = Has clear advantage in specific market(s)
Revenue Feasibility	To determine if the projected sales revenue is based on solid assumptions of price and volume	Evaluation of the sales revenue line from the cash flow statement: • Is sales revenue calculated using prices substantiated by the marketing plan? • Is sales revenue based on realistic volume estimates from the sales forecast?	1 = No connection between sales revenue and market; no understanding by client 2/3 = Substantial guessing involved in pricing and volume numbers. More work is needed to solidify sales revenue 4 = Shows link between market, pricing and sales forecast assumptions. Additional questions could be asked. 5 = Clear, convincing link between market, price and sales forecast assumptions
Long-term Profit Feasibility	To determine if the proposed business can produce the necessary working capital during start up and the expected profit during ongoing operations	Evaluation of the cash flow statement: • Are all expenses accounted for? • Does the cash flow statement show positive cash flow at the end of each month with sufficient buffer for unexpected events? • Do the owner's wages or salary meet or exceed the successful outcome target?	1 = Negative cash flow early and ongoing shows that the business concept will not work 2/3 = Cash is inadequate to meet start-up or profit expectations. More work is needed on revenues or expenses. 4 = Cash position appears adequate, but opportunities for improvement exist 5 = Cash is more than adequate based on plan and any contingencies. Able to reach target for successful outcome.

DVR-0603

SEEDS Rating Form

Client Name: _____ VR#: _____
Counselor: _____ Date Submitted: _____

Instructions:

- Use criteria in the SEEDS Rating Process document to apply a rating to each of the six steps
- For any rating less than 4, stop small business process until specific weakness is corrected
- If all ratings are 4 or 5, move on to next step
- State office will return form with their ratings and comments as part of the review process

Milestone	Cnslr Rating	Counselor Comments	SO Rating	State Office Comments	Final Rating
Personality Fit					
Vocational Skills Fit					
Financial Fit					
Market Feasibility					
Revenue Feasibility					
Long-term Profit Feasibility					

Unit Manager Approval: *I have reviewed and verify the scores listed above, and I am in support of this client's proposal proceeding for state office review.*

Signature: _____ Date Submitted to State Office: _____

Psychological Evaluation for Self-Employment Referral Form

NC Division of Vocational Rehabilitation Services

Date: _____
Client Name: _____
Counselor Name: _____
Psychologist: _____

1. Description of business (DVRS to complete):

2. Specific challenges of self-employment (DVRS to complete):

3. Questions to be included in evaluation:

- Does the client have the psychological stability to handle the multiple priorities and stresses of business ownership?
- Does the client have the judgment and organizational skills to manage a business?
- Does the client have the cognitive abilities to think strategically about the future of the business?
- Does the client have the emotional balance to be able to deal constructively with upset customers and other conflicts that will arise with business ownership?
- Can the client go out and sell the business to strangers and gain their loyalty so that they become return customers?
- Does the client have the entrepreneurial traits needed to be successful?
- Are there any psychological factors that would hinder the client's ability to perform the functions of their chosen business?

4. Other questions to include in the evaluation (DVRS to complete as needed)

Personal Financial Statement and Monthly Budget

Personal Financial Statement

Instructions: Enter whole dollar amounts into unshaded areas of columns "A" and "L." List detail where requested. Add other categories in blank spaces which apply.

To Calculate: (1) Add column "A" **(2)** Add column "L" **(3)** Subtract column "L" total from column "A" total.

Current Personal Assets	A	Current Personal Liabilities (Enter loan/debt balances, not monthly payment amts.)	L
Cash/Checking Account		Credit Card Debts (please list)	
Savings Account			
Stocks/Bonds/CD's			
Accounts/Notes Receivable			
		Alimony	
		Child Support	
Home – Current Value		Home Mortgage	
Additional Real Estate Value		Additional Real Estate Mortgage	
Autos/Other Vehicle Values		Auto Loan(s)	
		School Loans (incl. deferred loans)	
Other Assets (please list)		Other Loans (please list)	
		Federal Tax Liability	
		State Tax Liability	
TOTAL ASSETS		**TOTAL LIABILITIES**	

NET WORTH: (ASSETS – LIABILITIES)	

Monthly Personal Budget Plan

Instructions: Enter whole dollar amounts as applicable. Check calculations for accuracy.

INCOME – Monthly

	Enter whole dollar amts			Enter whole dollar amts
List all household income	**Amount**		**List all household income**	**Amount**
1.			5.	
2.			6.	
3.			7.	
4.			8.	
			Total Income	

EXPENSES – Monthly

Home	**Amount**		**Entertainment**	**Amount**
Cable TV			Dining Out	
Cell Phone			Gym Fees/Club Memberships	
Computer Internet			Movies/Plays/Concerts	
Home Phone			Music CDs, Books	
Home Repairs/Maintenance			Sports Equipment/Team Dues	
Homeowner's/Renter's Insurance			Vacation	
Mortgage/Rent			Video/DVD Rentals	
Real Estate Taxes			Other	
Utilities (Gas/Electric)			**Entertainment Totals**	
Water/Trash				
Other				
Home Totals				
Transportation	**Amount**		**Health**	**Amount**
Auto Gas/Oil			Copayments/Deductibles	
Auto Insurance			Dental Insurance	
Auto Licensing			Disability Insurance	
Auto Repair			Health Insurance	
Car Wash			Life Insurance	
Public Transportation			Over-the-Counter Drugs	
Other			Prescriptions	
Transportation Totals			Other	
			Health Totals	
Daily Living	**Amount**		**Financial**	**Amount**
Alimony			Savings	
Child Care/Child Support			Retirement (401K, IRA, etc.)	
Church Tithing			Credit Card Payments	
Clothing Purchases			Loans not otherwise listed	
Donations/Charity			Other (please list)	
Gifts				
Groceries				
Laundry/Dry Cleaning			**Financial Totals**	
Pet Care (food, vet, boarding)				
Personal Care – Other items				
Postage				
Salon/Barber				
School Supplies				
School Loans				
Subscriptions/Newspaper				
Other				
Daily Living Totals				
			Total Expenses	
			Money Remaining (*Income minus Expenses*)	

Business Plan Components

All business plans must cover the content listed below, preferably in the format shown. An example of a business plan is available on the intranet site, as is an Excel spreadsheet that can be used to create the cash flow statement required in #13 below.

1. Executive Summary: A short summary of the intended business
2. Company and Personal Background: Information on previous small business or related employment and personal experience
3. Product/Service: Provide a basic description of the product(s)/service(s), how they will be produced, and what makes them unique
4. Market and Customer Analysis: Provide a general description of the market, then use facts and data to demonstrate why specific segments of that market, or groups of target customers, will buy your product/service. Specifically describe the unique advantages of your business to these customers.
5. Competition: Describe the competitors that exist for your target customer segments, followed by an explanation of how your business will compete against them
6. Pricing: Explain how each product/service will be priced, why that price is competitive, and what the expected profit margin will be
7. Sales Forecast: Include a month by month estimate of the volume of sales by major product/service category for a minimum of 18 months
8. Advertising and Sales: Describe how you will promote your product/service (including online marketing). Specifically explain how these methods will reach your target customers
9. Operations: Describe the daily operations of the business: where it will be located, what processes will be performed, what equipment is required, who will do what, how your products will be distributed to your customers, etc.
10. Business Structure and Organization: The legal entity for your business and why it was chosen. Describe you organization, including all business supports that you will require to be successful (ie. accounting/bookkeeping services, web services, sales assistance, and transportation)
11. Practical Steps to Get Started: List the licenses, permits, certificates, tax registration, zoning, training, insurance, bonding and other requirements that you need to meet in order to start up your business. For each one tell how you will meet the requirement.
12. Operating Expenses: Provide a complete list of estimated costs that will be required to run the business. For all expenses that will be paid each month, show the monthly amount. For any expenses that are paid less often, show the estimated month that the payment will be due.
13. Start-up Costs: Provide a complete list of all purchases and expenditures required to get the business started
14. Financial Information: The minimum requirement is an 18 month cash flow statement for the business based on the sales forecast. Additional financial information

may be required depending on the specific business. If the business is currently or has previously been in operation, financial statements or tax returns for two previous years should be included. A personal financial statement and a credit report will be required for all owners or investors with more than a 10% share in the business venture.

15. Risks and Weaknesses: Every new business has risks and weaknesses. List yours, followed by what you need to do to protect your business from them.

16. Three Reference Letters: Letters supporting the client's self-employment plans including recommendations from previous employers and letters of commitment from potential clients/customers.

DVR-0607

Purchase List

Item	Qty	Manufacturer Name & Part #	Description (If item is used, please indicate)	Cost Ea.	Total	Preferred Supplier : Address, Phone, Fax Contact	Ship To: Counselor/ Client	State Contract Y/N

Special Requirements for Items on the Purchase List

1) Special Delivery Requirements (ie. inside delivery, special location)
Note: For small pieces of equipment, delivery to the counselor's shipping address is usually preferred because of security, accounting, logistical and other reasons. Larger equipment can be shipped to the consumer's preferred secure delivery location.

2) Describe Delivery Location (critical for freight deliveries)

- Type (Residence, Urban Business location, Rural Business location, etc.)
- Street or Road Access Exists?
- Loading Dock Available?
- Will the equipment fit through the delivery doors?
- Is floor of building paved, dirt, concrete, gravel, plank, etc?

3) Installation and Setup Requirements (if necessary)

4) Special Utilities Requirements (e.g., electrical, plumbing, or phone line if necessary)

5) Equipment Training Requirements (if necessary)

6) Time frame for Delivery

- Is consumer ready to accept delivery?
- If NOT, indicate estimated delivery acceptance date:

7) Special Vendor Requests or Sole Source Justification
Note: Sole sources justification should be based on uniqueness of product, strong consumer preference for vendor, anticipated warranty/service work, superiority based on geographic proximity, etc. Refer to Volume I 2-5-5 for details.

DVR-0609

Client Contribution Worksheet

Client: _____
Counselor: _____
VR#: _____
Date: _____

1. Total Division Investment Requested $_____

2. Percent of Client Contribution _____%
(From Table 1 in Section II)

3. Minimum Client Contribution Required $_____

Itemized List of Client Contributions:

Description of Contribution	Dollar Amount	Method of Estimating Value	Date Contributed	Date Confirmed by Counselor	Comments
Total Client Contribution*	$				

***Must equal or exceed the amount listed for #3 above**

Client Signature _____ Date _____

Counselor Signature _____ Date _____

DVR-0611

Self-Employment Agreement

North Carolina Division of Vocational Rehabilitation Services
Department of Health and Human Services

The North Carolina Division of Vocational Rehabilitation Services (hereinafter called the Division) and _____ (hereinafter called the Client) agree to the following:

A. Definitions:

Investment Term – The period of time defined in Section II, Table 1 based on the level of the Division's investment.

Client Contribution – The percentage of investment resources required by the Client based on the level of the Division's investment.

Successful Self-Employment Outcome – Accomplished when the client achieves the sustained wage level of at least 90 days as agreed to in the IPE.

B. Terms and Conditions:

This Agreement is binding until the case is closed and moved into Status 26 or until the end of the investment term, which ever is later.

C. General Agreements:

1. Client agrees to comply with all applicable federal, state, and local regulations and statutory requirements (including income reporting and filing and paying taxes);

2. Client agrees to purchase and maintain appropriate insurance to cover the Client and the business in case of an incident;

3. Client agrees to maintain a minimum of 51% ownership in the business venture;

4. Client agrees to report any changes that may affect the planned program to their counselor and understands that any changes or additions to the plan must be discussed and approved prior to implementing the changes;

5. Client agrees to cooperate with the Division's monitoring requirements including the submission of the Business Performance Report (DVR 0613) monthly for the first year after signing this agreement, and quarterly for the investment term.

D. Investment Agreement

1. Division agrees to directly purchase or provide funds for the purchase of the items listed in Tables 1 and 2 below. These purchases will be governed by the policies, rules, regulations of the Division. The specific manufacturers, suppliers and costs of the items will be determined by the Division Purchasing and Property Control Department.

2. Division and Client agree that the items listed in Tables 1 and 2 comprise the entire and complete list of items to be funded by the Division. New items may not be substituted for those on the list, and if items are not purchased, any funds set aside for the original item return to the Division and may not be used for any other purpose;

3. Division and Client agree that the investment term is ___ years from the signing of this agreement;

4. Client agrees that all tools, equipment and other assets listed in Tables 1 and 2 are the property of the Division until the case is closed with a successful outcome, or the end of the Investment Term, which ever is later, at which time ownership passes to the Client. It is understood if a business discontinues operation, or there is fraud or misuse, the Division has the right to repossess the tools, equipment and all other assets for re-issue;

5. During the period of Division ownership the Client agrees to the following:
- The Division retains unrestricted first lien on the equipment
- Use of the equipment is for only the purposes intended
- Do not relocate the equipment without first obtaining prior approval from the Division
- Provide for proper care, maintenance and storage of the equipment
- Maintain appropriate and adequate insurance for the equipment (vehicles and added modifications)
- Do not trade or otherwise dispose of the equipment without first contacting the Division
- Do not lease, sublease, rent, or lend the item(s)
- Return tools, equipment and/or other assets not being used in the business
- All items are subject to recovery by the Division at any time prior to successful case closure or the end of the investment term.

6. The Unit Manager shall file for a UCC-1 for all items over $1,500. A UCC-1 can be filed for other items at the discretion of the Unit Manager.

Table 1 – Tools/Equipment Items

Item	Qty	Manufacturer Name & Part #	Description	Supplier	Cost Each	Total Cost	Purchasing Method & Responsibility	Ship To
1.								
2.								
3.								
4.								
5.								
6.								
7.								
8.								

Table 2 - Miscellaneous Items (Including Expense Items)

Description	Use	Duration	Cost	Purchasing Method & Responsibility
1.				
2.				
3.				
4.				
5.				

Total Cost (Table 1 & 2) = $_____

E. Client Contribution Agreement

1. Client agrees to contribute to the business ____% of the total cost from section D6 above, or $_____.

2. Monetary values will be assigned using the calculation methods in Section VI of the Self-Employment Policy and shown on the Client Contribution Worksheet (Attachment I).

3. Client agrees to contribute the following investment to the business:

Table 3 – Contributions

Item	Description/ Comment	Monetary Value
1.		
2.		
3.		
4.		
5.		
Total Contribution		$

4. Client agrees to report contribution of items in Table 3 to his or her Counselor, provide evidence of contribution, and allow Counselor or Division representative to inspect items as needed.

F. Successful Self-Employment Outcomes

1. The agreed upon target for a successful outcome is an owner's draw or salary of $_____ a month for a duration of _____ months.

2. The case can be closed when this target is reached. If the target has been reached but the investment term is still in effect, this Contract remains in effect for the remainder of the investment term.

G. Special Requirements and Contingencies

Client's Printed Name: _____

Client's Signature: _____ Date Signed _____

Counselor's Signature: _____ Date Signed _____

Chief of Policy's Signature:_____ Date Signed _____

DVR-0613

Business Performance Report

Client Name _____ *Date (Month/Yr)* _____
VR# _____ *Counselor Name* _____
Mailing Address _____
Phone # _____

1. Financial Performance: Closure goal (Monthly Owner's Draw/Salary):_____
Duration: ____/months

	Projected Current Month (from Cash Flow Statement in Business Plan)	**Actual Current Month** (from Profit and Loss Report from bookkeeper)	**Year to Date Results**
Revenues	$	$	
Expenses	$	$	
Owner's Draw	$	$	
Net Profit	$	$	

2. Progress on Last Month's Action Steps:

3. Other Positive Outcomes:

4. My Most Pressing Issues/Concerns:

5. Actions I Will Take This Month:

Client Signature _____ Date_____

Counselor Signature _____ Date_____

North Carolina Department of Health and Human Services
Division of Vocational Rehabilitation Services
Voice (919) 855-3500 • TDD (919) 855-3579 • Fax (919) 733-7968 • Toll Free (800) 689-9090
Beverly Eaves Perdue, Governor
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Courier # 56-20-07

**OBSOLETE - EFF. July 1, 2015
This policy has been replaced by Interim Policy and Procedure Directive #04-2015

MEMORANDUM

To: All Staff Assigned Volume I
From: Neil Mac Britt – Chief of Policy
Date: June 29, 2012
Re: Interim Policy and Procedure Directive #02-2012

Self-Employment

I. Introduction

The Division supports self-employment as an important employment alternative for eligible clients. The objectives of this policy are: (1) to outline the conditions under which the Division will support self-employment; (2) to provide a clear and disciplined process to evaluate and select clients who have a high probability of succeeding in the small business of their choice; and (3) to provide follow-up and tracking that will both assist the client to succeed long-term and help ensure that Division resources are successfully invested.

The policy is divided into the following sections:

- Scope and Conditions of Division Support (II)
- Successful Self-Employment Outcomes (III)
- Roles and Responsibilities (IV)
- Self-Employment Evaluation and Direction Setting (SEEDS) (V)
- Self-Employment Application Process (VI)
- Approval Process for Division Support of Self-Employment (VII)
- Self-Employment Follow-up and Outcome (VIII)

The attachments provide detailed procedures, forms and other resources to implement the policy.

All the requirements set forth in this policy are applicable for self-employment proposals which will require $2,500 or more in Division support. Proposals for less than $2,500 can be approved at the unit level without submitting a formal application package to the Chief of Policy. However, the approval decision at the unit level should be based on evaluations similar to those required in the SEEDS process. The State Office will

provide consulting and support as needed on all proposals, including those under $2,500.

Published statistics from across the United States show that most small business ventures fail. In order to reduce this risk for the Division, the processes and procedures required by this policy involve a level of complexity not found in traditional employment. As a result, the client and the Counselor must be prepared to commit to a substantial amount of investigation, analysis and evaluation in order to complete this process. This work will take time, and it will not be unusual for this process to take six months or more to complete. During the process, many small business proposals will be abandoned because of insurmountable barriers, and the client will be directed to alternative employment. However, being proactive and thorough at the beginning of this process substantially increases the chances that approved business proposals will go on to become successful businesses.

An electronic copy of this policy, all the forms required for its completion, as well as training, reference and resource materials to aid in the process are all located on the Program Policy, Planning and Evaluation (PPPE) intranet site at the following address http://hrdvr03.dvr.dhhs.state.nc.us/division/sections/pppe/index.htm.

Division services specifically related to the establishment or restructuring of a small business are subject to Division policies on financial need and comparable benefits relative to the service being provided. Any exceptions to this policy must be approved by the Chief of Policy.

II. Scope and Conditions of Division Support

Scope of Support

The Scope of the Division's support for self-employment covers the following situations:

- the client is attempting to initiate a new small business venture
- the client is attempting to resume a small business operation that was interrupted due to impediments caused by the client's disabling condition. (Division support will not be available when a client attempts to resume a small business that failed due to economic instability, poor business administration, or other circumstances unrelated to the client's disabling condition)
- the client is pursuing a model of Supported Self-Employment for which he or she has identified a support team to account for all of the functions of the business, and in which the client is performing at least one essential function of the business. This type of operation will only be considered for individuals who are classified as MSD (Most Severely Disabled) and who require supported employment

The Division shall not provide support for any proposed self-employment venture that:

- has the Division as its only funding source
- is a not-for-profit organization
- is classified as a C corporation or subchapter S corporation
- violates state, federal or local laws or regulations

- represents a hobby rather than a competitive business venture
- is highly speculative in nature
- is a network or pyramid marketing business in which a portion of the earnings are based on the recruitment of downline representatives
- is already in full operation and consistent with the client's job goal (this does not preclude the Division from providing rehabilitation services related to job retention or job re-entry for persons already self-employed, but does limit the Division from providing support intended to maximize the earnings or productivity of the business for reasons not related to the individual's disability)
- presents a conflict of interest for the Division (e.g., funding a family business in which a family member of the client is a Division employee or involvement in ventures which would inhibit the Division from effectively carrying out its mission)

Conditions Required for Business Support

The minimal requirements for a business to be considered for support by the Division are:

- client must be 18 years or older;
- business owner must agree to become fully compliant with all federal, state and local laws; possess all applicable licenses and permits; and fulfill all tax obligations;
- client must represent a minimum of 51% ownership in the business venture at the time the proposal is submitted and throughout the investment period; AND
- client must invest resources in the business as shown in Table 1.

Scope of Allowable Purchases

The Division may consider support for goods and services that are required to assist the client in achieving a successful self-employment outcome. If the business proposal is approved (see Section VII), the Division may consider the most cost-effective solution for the items described on the business proposal Purchase List (Attachment H). All purchases, whether rehabilitative or not, are subject to specific purchasing policies addressed elsewhere in Volume I.

Purchase List line item requests that will be considered:

- equipment, inventory and supplies
- expenses related to professional services
- up to six months of business rent, insurance, utilities, etc.
- home or office up fit (in addition to home or workplace modifications) which comply with Section 504 of the Rehabilitation Act, ADA Accessibility Guidelines and NC Accessibility Codes
- funds for licensure, certification and related start-up costs
- online business needs including web site design, search engine optimization, online sales tools and social marketing
- 50% of Kelley Blue Book value of the vehicle chassis when a vehicle is essential to the operation of the business and no other transportation option is available (requires approval by Chief of Policy)

Purchase List line item requests that will <u>not</u> be considered:

- franchise fees or expenses unique to a franchised operation
- guns, ammunition or explosives
- purchases of “good will” or an intangible saleable asset associated with the reputation of a business and its relation with its customers
- refinancing or offset of existing debt or tax liability
- purchases of less than commercial grade equipment when commercial grade alternatives are available
- purchase of any real estate, land or structures
- costs to correct structural or utility deficiencies on leased properties
- working capital, reserves or funding for salaries or wages

Division Investment and Client Contribution

In order to ensure that the client has the ongoing support required for successful operations and can sustain the business post-closure, the Division has established guidelines for a client’s contribution to the business. Table 1 shows the percentage that must be invested by the client in order for the Division to provide different levels of support. For any request of support, the client must document that he or she will contribute a minimum of 10% (e.g. if a client requests $1,000, the client must provide additional resources totaling a minimum of $100). The contribution percentage increases based on the amount of the Division’s investment as shown in Table 1. The resources invested by the client to reach the required percentages can include money from savings, loans, partners and family members; or office space, office equipment, inventory and other assets. The client’s contribution will be listed on the Client Contribution Worksheet (Attachment J) and is part of the Self-Employment Agreement (Attachment K).

The Division may elect to take a secondary lien (subordinated) position on purchased items to help clients secure debt financing from a vendor, bank or other lending institution. Loans to support the small business will count as part of the client contribution. Additional funding requested by the client after the Division’s initial investment is subject to the contribution requirements and maximums.

The Division maximum contribution applies to the life of the case. This maximum and the matching requirement do not apply to expenses assumed by the Division which are related to the individual’s disability (i.e., workplace modifications or adaptive equipment). Other policies specific to rehabilitation services are still applicable, however. Exceptions to the Division’s maximum investment must be approved by the Chief of Policy.

The level of investment by the Division also determines the investment term, which is the length of time that the Self-Employment Agreement is in effect (see Section VII). The investment term is set by either the point of successful case closure or the timeframe in Table 1, which ever comes last.

Table 1: Levels of Division Investment and Client Contribution

Client Contribution	Division Maximum Investment	Investment Term	Business Plan
More than 50% of requested funds	$20,000 - $50,000	5+ years	Required
More than 30% of requested funds	$10,000 - $19,999	3-5 years	Required
More than 25% of requested funds	$2,500 - $9,999	2-3 years	Required
10% of requested funds	$1 - $2,499	1 year	Encouraged

III. Successful Self-Employment Outcomes

At the point when self-employment is planned on the IPE, the Counselor and client must agree on which of these categories apply and document the agreement on the IPE:

For clients receiving SSI/SSDI:

- Goal of self-employment is to achieve income that is supplemental to SSI or SSDI; OR
- Goal of self-employment is to support oneself without reliance on SSI/SSDI and achieve self-sufficiency; OR

For clients not receiving SSI/SSDI:

- Goal of self-employment is to achieve employment that is compatible with a client's impairment and which allows for financial independence.

The Counselor and client must also identify the successful outcome that will close the case. This outcome consists of a monthly owner's draw or salary amount and the length of time this amount will be maintained, which must be for a minimum of 90 consecutive days. If the client is earning a salary this amount must be above minimum wage. This outcome and its duration will be documented on the Self-Employment Agreement (Attachment K) and tracked on the Business Performance Report (Attachment L).

IV. Roles and Responsibilities

When a client identifies self-employment as his or her vocational goal, it will require a team of people, both inside and outside of the Division, working together to achieve a successful small business operation. The following matrix summarizes some key roles and responsibilities for these team members during the process:

Role	Responsibilities
Client	• Identify employment goal • Complete the Preliminary Business Assessment • Participate in the SEEDS Evaluation including completion of all required assessments and presentation of all required information • Participate in the site visit

	• Follow-up on business training and counseling • Create Business Plan • Compile Purchase List • Complete Client Contribution Worksheet • Sign and comply with the Self-Employment Agreement • Complete scheduled Business Performance Reports
Counselor	• Perform Preliminary Business Assessment and determine next steps • Lead the client through the SEEDS Evaluation, including ordering all assessments and reviewing all data, connecting the client with business resources, assisting with the Business Plan and rating the client on the six SEEDS steps. • Arrange and participate in the site visit • Based on ratings, redirect the client to more traditional employment, work with the client to improve rating(s) or move the client along in the process • Assist the client in compiling application information • Sign the Self-Employment Agreement • Support the client with community business resources during the start-up and ongoing operations • Determine when a successful outcome has been achieved • Redirect the client to alternative employment based on the current performance trends and future prospects of the business
Psychological Evaluator	• Perform a psychological assessment based on the referral form provided
Vocational Evaluator	• Perform a vocational assessment based on the referral form provided • Provide vocational skills assessments for the Fit Evaluation • Conduct a site visit with the Counselor and client as appropriate
Business Relationship Representative	• Provide input as requested into the feasibility of the business • Use contacts in community to support client's business as needed
Unit Manager	• Approve client moving from the Fit to the Feasibility Evaluation • Approve client starting the application process
Program Specialist for Assistive Technology and Rehabilitative Engineer	• Provide input and assistance as required into the feasibility and management of technical equipment and site modification
Small Business Specialist	• Recommend to the policy development team updates to the Self-Employment Policy • Provide training and education for Division staff • Oversee the SEEDS process and procedures statewide • Track performance of self-employment program • Network statewide to provide support at field level • Coordinate requests at the state level • Assist regional, unit and field staff as needed
Chief of Policy	• Give final approvals based on policy and staff recommendations • Direct changes to policy, processes and procedures
Community Self-Employment Resources	• Provide training, counseling and mentoring to clients
Small Business Advisory Committee	• Provide outside expertise to the Division to align resources, review business plans, identify opportunities and solve problems

Community Self-Employment Resources for Training, Counseling and Mentoring

It is the intent of the Division to provide community self-employment resources to support clients with appropriate training, counseling and mentoring. This support can

come in various forms, such as training clients on how to write business plans, counseling clients on specific technical needs, or mentoring clients to ensure the success of their ongoing operations.

The major training resource will be the Small Business Centers (SBC) in each of the community colleges throughout the state. The SBCs sponsor a series of classes that include entrepreneurial skills, writing business plans, small business start-up, and small business management. NC REAL (Rural Entrepreneurship through Action Learning), offered through most SBCs and online, is highly recommended for clients with no business background, providing hands on experience in writing a business plan combined with training in business fundamentals.

Counseling and mentoring, including assistance in writing the business plan, can be provided by the SBC, a local SCORE chapter or from another business organization. See the Self-Employment web page on the PPPE Intranet site (http://hrdvr03.dvr.dhhs.state.nc.us/division/sections/pppe/index.htm) for more information and instructions.

Vocational Rehabilitation staff will network with small business professionals across the state to improve access to these and other organizations for our clients. A formal Small Business Advisory Committee will assist the Division in aligning resources across the state to support our clients and to assist in proposal evaluation and problem solving. If additional resources are needed, the Counselor should contact the Division's Small Business Specialist.

V. Self-Employment Evaluation and Direction Setting (SEEDS)

Overview of the SEEDS Evaluation Process

As part of the Comprehensive Assessment, the SEEDS evaluation will be used to determine whether the Division will support a client's small business goal. The SEEDS evaluation begins with a Preliminary Business Assessment and then moves into two major evaluations, a Fit Evaluation and a Feasibility Evaluation. Each evaluation consists of three steps and all six steps are rated by the Counselor to determine whether the client continues on the self-employment track or is redirected to traditional employment.

Use of Status Codes in the SEEDS Process

For new cases, the Fit Evaluation shall be completed in status 10. If a self-employment goal is determined to be a good fit for the client, then there are two options for completion of the Feasibility Evaluation:

- The Feasibility Evaluation may be completed as part of the comprehensive assessment in status 10; or
- It may be planned and carried out as a counseling and guidance service on the IPE and the case placed in status 12. In this scenario, the IPE relative to the self-employment goal may only plan for guidance and counseling (the Feasibility Evaluation) and any training services related to the client accomplishing self-employment. If the Feasibility Evaluation is satisfactory and the self-employment

plan is approved for sponsorship by the Division, the IPE will be amended to plan the specific services for purchases of goods and services to establish the business.

The Counselor, in consultation with the Unit Manager, makes the determination of whether the Feasibility Evaluation is to occur in status 10 or in status 12 under the IPE.

The SEEDS Ratings

The Counselor will apply standardized criteria to rate a client against each of the six steps in the Fit and Feasibility Evaluations and will determine the readiness of the client to move forward in the self-employment process. An explanation of this rating procedure is included in Attachment B. The ratings for each of the steps will be tracked on the form included in Attachment C. If the client receives a score of less than 4 on any step and the client is unable to overcome the deficiency, then the self-employment evaluation will end and the client will be redirected to other employment alternatives.

Evaluating Business Partners and Other Major Supporters

If the client owns at least 51% of the business but less than 100% **OR** if the client is pursuing a goal of Supported Self-Employment, then the Counselor may request that the other owner(s) or business support person(s) participate in the SEEDS evaluation. This would be particularly important if the other owners were providing any of the expertise or financial backing being assessed in the Fit Evaluation. Similarly, if a spouse, relative or friend is going to play a significant role in the business, the Counselor may request his/her participation in the SEEDS evaluation. Financial documentation will be required prior to the final approval for any partner owning 10% or more of the business.

For clients pursuing Supported Self-Employment, the client is responsible for identifying the specific network of persons providing small business supports. Each business support person in a Supported Self-Employment plan shall be required to submit a Letter of Commitment summarizing the nature of the support, the qualifications or experience he or she has with providing the support defined and the quantity/time period for which the support is being offered.

Flowcharts of the SEEDS Process

The process flowcharts below illustrate the main actions and decisions in the SEEDS process. Following these flowcharts are descriptions of each evaluation step. Also, instructions and forms needed to complete the evaluations are included in the Attachments at the end of the Policy.

Chart A – Self-Employment (SEEDS) Flowchart – Preliminary Assessment Progressing to Fit Evaluations

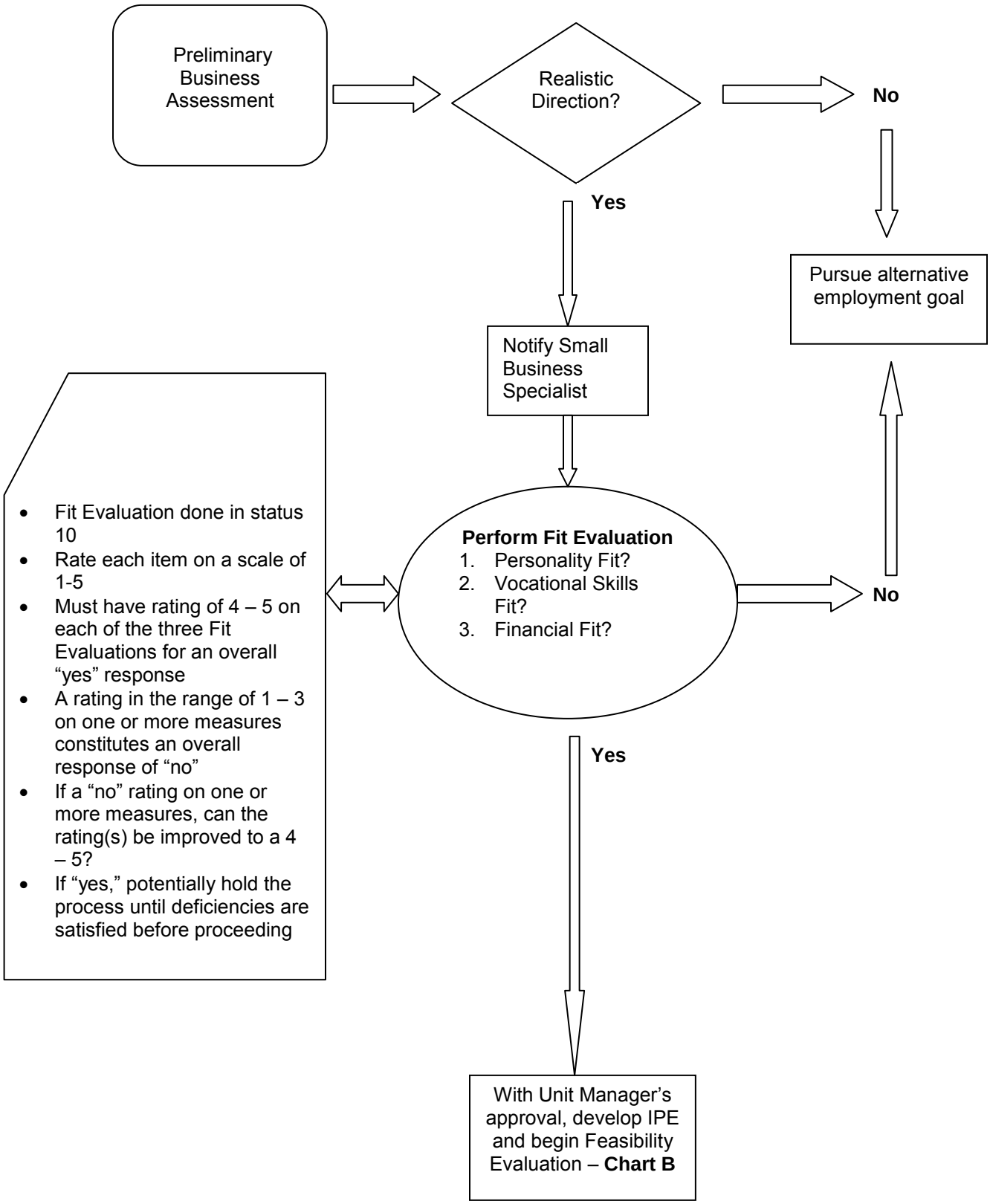
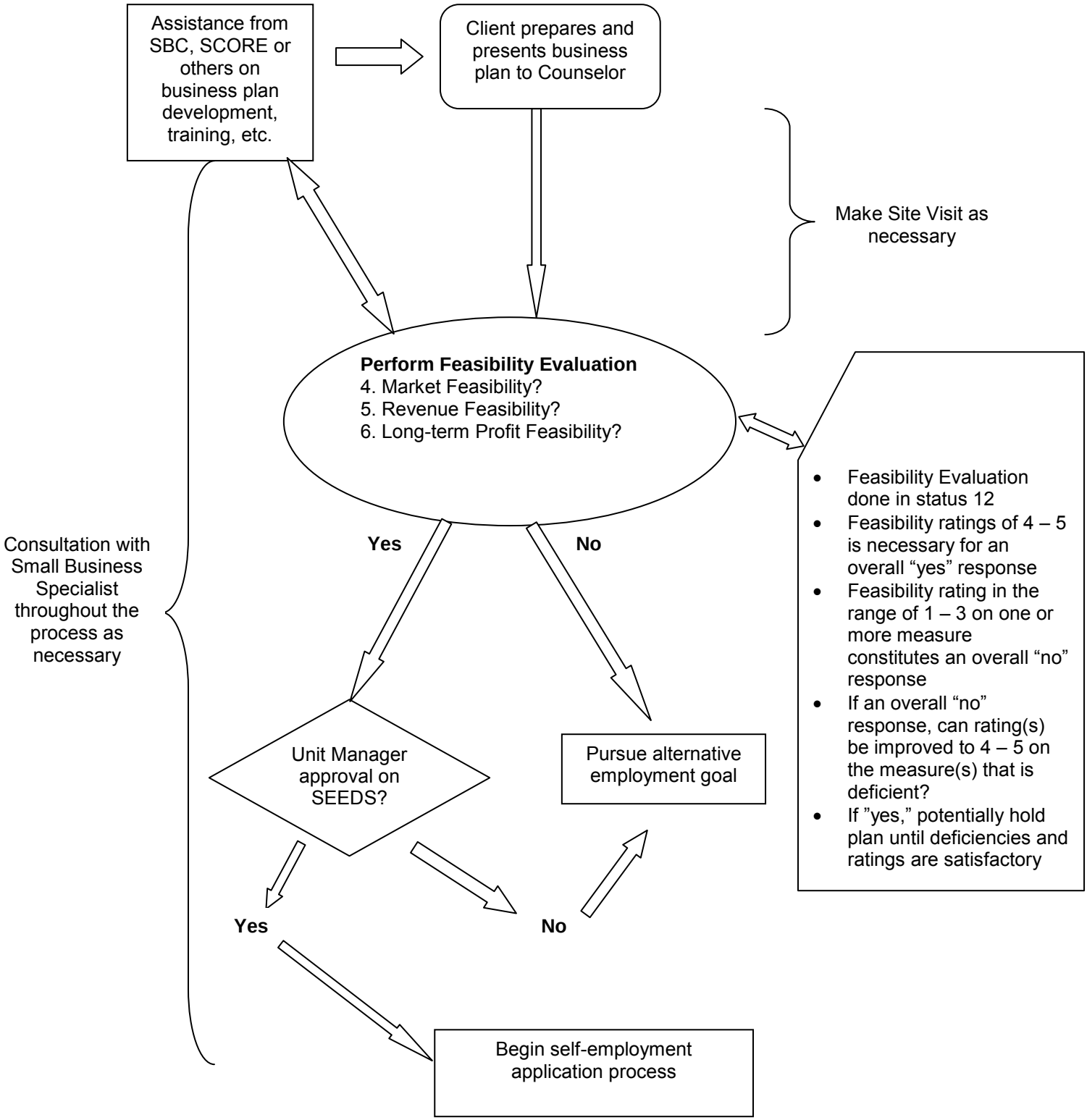


Chart B – Self-Employment (SEEDS) Flowchart – Feasibility Evaluations



The Preliminary Business Assessment

Before any detailed evaluation begins, there needs to be a preliminary assessment to determine if self-employment in the proposed business meets the overall intent of the policy. The client will fill out the Preliminary Business Assessment form (see Attachment A) and present it to his or her Counselor. Based on this assessment and discussions with the client and others, the Counselor will determine if the business proposed is within the scope of allowable Division support, whether, on a high level, the business idea makes sense, and whether the client will be able to do the work and be profitable. If the business idea merits further investigation, then the process moves on to the first evaluation step. If not, the Counselor will redirect the client to alternative employment. The Counselor notifies the Small Business Specialist once the client is ready to enter the Fit Evaluation.

The Fit Evaluation

This evaluation consists of three steps: (1) the fit of the client's personality for self-employment, (2) whether the client has the vocational skills for the job, and (3) the client's ability to manage money and to provide financial support for the business. The Counselor will use a number of assessments to apply a SEEDS rating for each step in the evaluation, using the criteria in Attachment B.

For clients pursuing Supported Self-Employment, the personality and vocational skills steps may be achieved by alternative methods. The Vocational Evaluator may assist with task analyses of the various essential functions of the desired job. This evaluation, together with a supplemental evaluation of the client's ability to complete a minimum of one essential function (as defined in the client's Preliminary Business Assessment) and a review of the business support person(s)' commitment/ability to meet the remaining essential functions, can determine the personality and vocational fit for self-employment.

> ***Personality Fit*** – A full psychological evaluation is required to complete this step. The purpose of this evaluation is to determine whether the client's personality is a fit for self-employment by assessing the client's entrepreneurial abilities and their capacity to start and operate their chosen business. The Counselor provides to the psychologist the Psychological Evaluation for Self-Employment - Referral Form included as Attachment D, adding to the standard questions any additional information about the client or the business that would assist in the evaluation.
>
> If the client has had a recent psychological evaluation that addresses these concerns, there is no need for an additional one. A request can be made to the Chief of Policy to waive the requirement for a psychological evaluation if the Unit Manager believes the evaluation is not necessary because of the nature of the disability, the presence of other existing data that addresses psychological fit, etc.
>
> To rate this step, information from the formal psychological evaluation should be combined with observations of the client's ability to complete the business plan,

and a determination of whether, throughout the process, the client's behavior matched that expected of a business owner.

Vocational Skills Fit – The purpose of this evaluation is to determine if the client has both the vocational skills needed to produce the business' specific product/ service and the business management skills to run the business. The business management skills include knowledge of and experience in finance and accounting, marketing and sales, customer service and planning, along with entrepreneurial traits. The Counselor provides to the Vocational Evaluator the Vocational Evaluation for Self-Employment - Referral Form included as Attachment E, adding to the standard questions any additional information about the client or the business that would assist in the evaluation. Any training, rehabilitation, work experience or other activities recommended in the evaluation can be included as part of the IPE.

Financial Fit – The purpose of this evaluation is twofold: first, to determine if the client has managed his/her finances responsibly in the past, and second, to determine if the client has the financial resources to support the business until it is able to make a profit. This step consists of three elements: the client's credit report and score, their Personal Financial Statement Form and Monthly Personal Budget Plan (see Attachment F).

To meet the first objective, the client will order his/her credit report and score at https://www.annualcreditreport.com/cra/index. The credit report is free and there is a minimal cost for the score and both can be ordered at this web site from any of the three affiliated credit agencies. This provides DVRS with the information to judge whether or not the client has responsibly managed his/her finances in the past.

The Personal Financial Statement and Monthly Personal Budget Plan should be filled out by the client and will give the Counselor insight into how they currently manage their money and what financial resources they have to support the small business. (Note: The level of resources needed to support the business, particularly during start-up, may not be known at this time. Therefore, it may be necessary to revisit and rescore the Financial Fit step after the cash flow statement is done.)

When needed, Counselors will refer clients on SSI or SSDI to a Social Security Benefits Specialist to clarify how self-employment could impact their payments or how their payments could help support their self-employment goal. (The PASS Plan is a valuable tool for acquiring needed items for the business.)

Using the criteria in Attachment B, the Counselor will assign a score for the client on the three Fit Evaluations. If all of the ratings are 4 or above then the client is a candidate to begin the Feasibility Evaluation. The Counselor, in consultation with the Unit Manager, makes a determination as to whether this is to occur as a continuation of the comprehensive assessment in status 10, or if it is to be planned on the IPE and carried

out in status 12. If the Feasibility Evaluation is to be carried out in status 12, the Counselor should develop the IPE with a goal of self-employment (or Supported Self-Employment) which must be approved by the Unit Manager.

If any of the ratings are below 4, the Counselor will determine if there is training, counseling or other support that can correct the problem(s) identified and raise the SEEDS rating. If mitigation is not possible, the Counselor shall assist the client in identifying an alternate employment goal, which may be employment in the desired vocation under the supervision of someone else. As part of this decision process, the Counselor must determine if the expected employment outcome resulting from self-employment outweighs the risks associated with the investment of the client's and Division's resources and time.

The Feasibility Evaluation

Once the client has been determined through the Fit Evaluation to be a good match for self-employment, then the Counselor needs to determine if the client's proposed business is feasible. This Feasibility Evaluation may be completed as a continuation of the comprehensive assessment in status 10, or may be planned on the IPE and provided as a guidance and counseling service. The Feasibility Evaluation will focus on three critical success factors – Market Feasibility, Revenue Feasibility and Long-term Profit Feasibility – all of which come from sections of the business plan.

For clients pursuing Supported Self-Employment, the completeness, quality and commitment of the business support network will be a major focus in the Feasibility Evaluation. The Business Structure and Organization section of the business plan must include a complete analysis of the support needed by the client to successfully operate the business, including the skills and experience of the support personnel, their reliability and commitment and their ability to function well as a team.

The Business Plan

For requests of $2500 or more, a business plan must be completed by the client (see Attachment G for the components of the plan). For requests less than $2500, a business plan is recommended as an important foundation for the future success of the business, but is at the discretion of the Unit Manager.

Because of the complexity and time requirements of business planning, once this step has begun, all parties must be committed to see the process through. The client is responsible for completing the business plan, but the Counselor will assist in moving the process forward and will connect the client with a local Small Business Center Director or SCORE volunteer to guide the business planning effort (see the Self-Employment web page on the PPPE Intranet site - http://hrdvr03.dvr.dhhs.state.nc.us/division/sections/pppe/index.htm - for specific contacts and more information). However, if the client does not have the background to write the plan, then a training class on how to write a business plan will be required before this step can begin. Any training required shall be planned on the IPE.

During the business planning process, the Counselor should work with the client to compile a list of equipment, materials, licenses, training and other resources which will be required to make the business successful. This list should be included under Start-up Costs in the business plan and will be used to complete the Purchasing List (Attachment H) required in the application process and to determine what resources the client will include in their Client Contribution Worksheet (Attachment J).

Once the business plan is complete, the Counselor will apply SEEDS scores to the three areas of the Feasibility Evaluation, using the criteria in Attachment B for guidance. The Counselor should consult with VR's Small Business Specialist and with any local small business contacts at any time during this process.

Market Feasibility – This determines if there is a market and customers for the proposed product or service and whether the product or service has a competitive advantage for those customers.

Revenue Feasibility – This asks whether the customers will actually pay money for the product or service by determining if the projected sales revenue is based on solid assumptions about price, volume and customers.

Long-term Profit Feasibility – This determines if the proposed business can produce the necessary working capital during start-up and the expected profit during ongoing operations.

The Feasibility Evaluation will be done once the client has completed the business plan and the Counselor has applied SEEDS ratings to each of the steps. If all ratings are 4 or above and the client and Counselor are committed to moving forward, then the Unit Manager must agree and sign off on the SEEDS rating form. If not, then the Counselor will determine if there is training, counseling or other support that can mitigate the problem(s) identified and raise the SEEDS rating. If no mitigations are possible, then the Counselor shall assist the client in identifying an alternate employment goal, which may be employment in the desired vocation under the supervision of someone else.

Site Visit

During the preparation of the business plan the client may decide on a specific location for the business. If this location is known and can be inspected, the Counselor will arrange a site visit with a Vocational Evaluator. The purpose of the visit will be to confirm that the chosen business can be performed in the chosen location.

The Rehabilitation Engineer and Assistive Technology Consultant are additional resources available to the Counselor. The Rehabilitation Engineer can assist with a site review if the need for modifications or upfits are anticipated and can also assist as a staff consultant for specialized equipment needs, modifications, and any work that may need to be done to have equipment interface with the building or worksite. The Assistive Technology Consultant is also available to assist with worksite-related assistive technology needs.

VI. Self-Employment Application Process

The Self-Employment Application

Once the Unit Manager has approved the IPE and the business plan, the Counselor can begin compiling the application package. The application package includes the following elements:

1. Client Data – R-4, Eligibility Decision, DVR 0116 and supporting financial documentation, IPE and subsequent amendments, pertinent medical and/or psychiatric/psychological evaluations
2. SEEDS Evaluation – SEEDS Rating Form (DVR 0603, Attachment C), psychological evaluation, vocational skills evaluation, credit report and score, Personal Financial Statement and Monthly Personal Budget Plan (Attachment F)
3. Complete business plan (required for requests of $2500 or more) (Attachment G)
4. Site visit evaluation (if location is known)
5. Division Purchasing Packet, including the Purchase List (DVR 0607, Attachment H) and the Special Requirements for Items on the Purchase List (Attachment I)
6. Client Contribution Worksheet (DVR 0609, Attachment J)
7. Letters of Commitment (for Supported Self-Employment proposals only)
8. Cover letter summarizing the rationale for approval

Division Purchasing Packet

The Counselor will assist the client in developing a Purchase List (Attachment H) of items/services taken from the Start-up Expenses section of the business plan. Attachment H has three parts: (1) for contact information, (2) details for tools and equipment, and (3) details for miscellaneous items. The Tools/Equipment Items list should include the quantity, the manufacturer's name and part number, a specific description, the cost, the preferred supplier, whether or not this is an approved vendor and the ship to location. The Miscellaneous Items list is for such things as professional services, licenses and insurance. Attachment I (Special Requirements for Items on the Purchase List) should be included when additional information about the delivery location and schedule, installation, utility requirements, training, etc. is needed.

If a "brand specific" piece of equipment is requested for the business, then the counselor must provide a written letter of justification as to why no other functional equivalent piece of equipment/product can be used. If a specific vendor is requested for the business, then the counselor must provide a written letter of justification as to why this vendor would better serve the client's needs over any other vendor. If requesting a "sole source" vendor, then the counselor must provide a letter from the

manufacturer/supplier confirming they are the only manufacturer/supplier that can provide the product.

Client Contribution Worksheet

The application must include a Client Contribution Worksheet (see Attachment J), which is an itemized list of the investment contribution that the client will be making to meet the requirement in Section II. The resources invested by the client to reach the required percentage can include money from savings, loans, partners and family members; or office space, office equipment, inventory, and other assets. Each investment must be itemized on the form. The value of non-monetary assets will be calculated as follows:

Table 2: Estimating Client Contributions for Self-Employment

Category	Method of Estimating Value
New equipment, tools, etc.	Purchase price
Used equipment, tools, etc.	Estimated fair market price
Home office space	Calculation used by IRS
Other items	Estimated fair market price

At the time of application, the total contribution on the Worksheet must equal or exceed the required amount stipulated by the percentage table in Section II. The actual purchase or allocation of client resources to the business does not have to begin until the application is approved by the Division. Once the approval is given, the client must begin contributing the items listed under the Client Contribution Agreement section of the Self-Employment Agreement (Attachment K). If there is a discrepancy between the Client Contribution Worksheet and the Self-Employment Agreement, the Agreement will be the binding document and the Worksheet must be adjusted accordingly.

VII. Approval Process for Division Support of Self-Employment

The Unit Manager will approve all applications that are less than $2500 in Division support. A full business plan, along with all of the components of the application, is recommended for these requests. The State Office will provide consulting and support as needed for the field offices.

For requests of $2500 or more, a full business plan and all parts of the application package must be submitted to the Chief of Policy for approval.

The Chief of Policy shall review the application package for accuracy and completeness and for fitness and feasibility. The Chief of Policy may consult with the Purchasing Manager to conduct research on comparable pricing and alternative solutions. The Chief of Policy may submit any requests to the Small Business Advisory Committee for an external evaluation. After this review is completed, applications will be approved, disapproved or returned to the Counselor with requests for clarification or additional information. The SEEDS Rating Form will be returned with ratings and comments from

the State Office. If the application is approved and an IPE has not been developed (i.e. case is in status 10), the Counselor must do so in partnership with the client.

The Self-Employment Agreement

For approved applications requesting $2500 or more in funding, a Self-Employment Agreement will be required (see Attachment K). The Chief of Policy shall issue the Self-Employment Agreement which must be signed by both the Counselor and the client (and additional business partners as appropriate). The Self-Employment Agreement lists the agreements made by the Division and the client and the obligations of each. It includes the responsibilities of the client prior to the purchase of goods - such as acquiring necessary licenses, permits, and insurance - along with obligations up to and beyond case closure. The Investment Agreement in Section D includes the Division's Security Agreement which outlines the client's obligations to the Division for the items purchased. Section D also requires the Unit Manager to file a UCC-1 for all items over $1,500. The Self-Employment Agreement must be signed by the client prior to the Division purchasing any services/goods. Any violation of the Self-Employment Agreement may result in the Division reclaiming any or all funds distributed to the client in the form of repossessed materials and/or returned monies.

VIII. Self-Employment Follow-up and Outcome

Follow-up Assistance

After the application has been completed and the purchases made, many clients will face new problems during the start-up phase of the business. It is very important to the long-term success of these start-ups that business mentors be available to the clients. Counselors should help connect or re-connect clients, with an SBC, SCORE or other mentor to provide ongoing support.

Pre-Closure Visit

Prior to successful closure, the Counselor shall conduct a site visit to observe the business and to verify proper use of the equipment/supplies/services provided by the Division. If the client fails to follow the terms of the Self-Employment Agreement or fails to cooperate during a site visit prior to case closure, then the Division shall take actions to reclaim those items purchased to support the business.

Requirements for Successful Self-Employment Outcome

All closure criteria outlined in Volume I, *Section 6-1, Successful Employment Outcome After IPE Completion – Case Status Code 26* apply to small businesses. In addition, closure shall be determined by the business reaching the successful outcome that was jointly decided on in Section III (both level of owner's draw or salary and length of time earned) and documented in the Self-Employment Agreement. If the client draws a salary from the business, the Counselor must demonstrate that the client is earning at least minimum wage based on the reported hours and income provided through the financials for a period of three consecutive months**.**

Business Performance Reporting

Division funded businesses must submit a Business Performance Report (see Attachment L) on a monthly basis for one year (due by the 10th of each month), and then quarterly until closure; or for the duration of the investment term, which ever is later. This report must be accompanied by business profit and loss statements. A copy of these reports (electronic format preferred) is to be sent to the Chief of Policy as they are received and this information will be used as part of the evaluation of the service. The purpose of this report is to monitor the health of the start-up business. If significant problems or worrying trends are identified, the client should seek help from the SBC, SCORE or another business mentor and the Counselor should ask for help from the State Office.

Any requests by the client for additional Division support following the initial approval will be responded to based on past business performance and future prospects. Requests will be guided by the limits outlined in Section II, Table 1 and the levels of approval in Section VII.

The Division reserves the right to request financial reports at any point throughout the investment term. Expenses associated with these responsibilities are to be accounted for in the original business plan.

Preliminary Business Assessment

Client: _____
Counselor: _____
VR#: _____
Date: _____

1. Please check the self-employment option that most applies to you:

___ I want to start my own business
___ I own a business and want to expand
___ I want to acquire an existing business
___ I want to restart a business that failed
___ I want to expand a hobby into a business
___ Other (Specify _____)

2. Do you plan on owning at least 51% of the business? ___ Yes ___ No

3. Is the business a for-profit entity? ___ Yes ___ No

4. Give a brief description of the business

5. Explain how and why this business will be a profitable venture

6. List your skills, aptitudes and experience that will allow you to succeed

7. Explain how this business is compatible with your impairment

8. Tell what monthly wage you expect to make and when you expect to make it?

The SEEDS Rating Process

The SEEDS rating process provides the field, the units, the State Office, and any outside advisors, a standardized method to evaluate the readiness of a client to move forward with their small business request. By sharing a common document that quantifies the readiness of a client, we will be able to communicate more clearly and more quickly about the next steps that the Division should take in meeting a client's employment needs. Because each individual and each business has unique characteristics, this tool should be used as a general roadmap, and you should supplement it with any specific information that is critical to the case at hand.

The rating process involves assigning a numeric score from 1-5 to each of the six SEEDS evaluation steps. Table A-1 defines what each numeric score means and what action is to be taken once the score has been assigned. Table A-2 lists the goal of each evaluation step and the criteria to use in rating a client's performance. In the "Use Criteria to Assign Rating" column, the examples next to each numeric score give you an idea of how to rate your client based on the information you have gathered in each evaluation step.

Table A-1: Standard Definitions and Associated Actions

Rating	Definition	Action
1	Inadequate to Proceed	*Stop small business process* and pursue other employment goals, unless major mitigation is possible
2 -3	Improvements Needed	*Stop small business process* until client corrects specific weaknesses. If corrected, move to 4. If not, move to 1.
4	Competent	*Move to next step*, but point out areas of improvement and set expectation that improvements will be made.
5	Exceeds Expectations	*Move to next step*

Table A-2: Matrix of Steps, Criteria, and Ratings

Step	Goal	Criteria	Use Criteria to Assign Rating
Personality Fit	To determine if the client has the personality and entrepreneurial traits needed for self-employment	• Results from psychological evaluation • Does the client approach the self-employment process with an entrepreneurial and professional attitude? (Judge the client's ability to complete the process and whether their behavior matches the expectations of a small business owner.)	1 = Core personality unsuited for self-employment 2/3 = Personality not a good fit for self-employment because of specific behaviors and traits. Need plan to develop and learn new behaviors and traits in order to move up in rating. 4 = Personality suited for self-employment, but some behaviors identified that need to be further developed. 5 = Personality well suited for self-employment; displays all the key traits of an entrepreneur; interacts like small business owner
Vocational Skills Fit	To determine if client has the vocational and business management skills and knowledge needed	• Results from field office vocational evaluation	1= Lack of experience cannot be overcome 2/3 = Need to develop plan to overcome significant gaps before moving forward with business plan 4 = Some areas of improvement identified 5 = Fully able to take on job requirements
Financial Fit	To determine if the client has (1) the ability to manage money responsibly and (2) there is sufficient financial support for the business	• What does the credit report tell us about the client's history of managing money? Are any delinquent accounts or collection agency contacts part of an overall chronic pattern, or can you explain these in the context of the client's impairment? • Does the personal financial statement show positive net worth, low levels of current liabilities and some liquid personal assets? Can the client cover ongoing expenses during business start up? • Does the monthly personal budget show that the client is comfortable with financial planning? Do they have any additional cash to cover unexpected expenses?	1 = Negative net worth, monthly deficits and/or chronic bad credit 2/3 = Credit, debt or liquidity problem have been identified and client is working on solutions; or problems can be explained in context of impairment 4 = Handles finances responsibly and has sufficient resources to cover expenses during the start up 5 = Excellent credit history and financial support guaranteed indefinitely

Table A-2 continued

Step	Goal	Criteria	Use Criteria to Assign Rating
Market Feasibility	To determine if there are markets and customers for the proposed product/service	Evaluation of marketing section of business plan: • Are there specific markets and customers identified and ways to reach them? • Are the strengths and weaknesses of competitors understood? • Does the product/service have a competitive advantage for the target customers?	1 = No realistic market identified and no competitive advantage 2/3 = Markets identified and advantage mentioned but little data about or understanding of customers and competitors 4 = Market and advantage identified but additional questions need to be asked 5 = Has clear advantage in specific market(s)
Revenue Feasibility	To determine if the projected sales revenue is based on solid assumptions of price and volume	Evaluation of the sales revenue line from the cash flow statement: • Is sales revenue calculated using prices substantiated by the marketing plan? • Is sales revenue based on realistic volume estimates from the sales forecast?	1 = No connection between sales revenue and market; no understanding by client 2/3 = Substantial guessing involved in pricing and volume numbers. More work is needed to solidify sales revenue 4 = Shows link between market, pricing and sales forecast assumptions. Additional questions could be asked. 5 = Clear, convincing link between market, price and sales forecast assumptions
Long-term Profit Feasibility	To determine if the proposed business can produce the necessary working capital during start up and the expected profit during ongoing operations	Evaluation of the cash flow statement: • Are all expenses accounted for? • Does the cash flow statement show positive cash flow at the end of each month with sufficient buffer for unexpected events? • Do the owner's wages or salary meet or exceed the successful outcome target?	1 = Negative cash flow early and ongoing shows that the business concept will not work 2/3 = Cash is inadequate to meet start-up or profit expectations. More work is needed on revenues or expenses. 4 = Cash position appears adequate, but opportunities for improvement exist 5 = Cash is more than adequate based on plan and any contingencies. Able to reach target for successful outcome.

SEEDS Rating Form

Client Name: _____ VR#: _____
Counselor: _____ Date Submitted: _____

Instructions:

- Use criteria in the SEEDS Rating Process document to apply a rating to each of the six steps
- For any rating less than 4, stop small business process until specific weakness is corrected
- If all ratings are 4 or 5, move on to next step
- State Office will return form with their ratings and comments as part of the review process

Milestone	Cnslr Rating	Counselor Comments	SO Rating	State Office Comments	Final Rating
Personality Fit					
Vocational Skills Fit					
Financial Fit					
Market Feasibility					
Revenue Feasibility					
Long-term Profit Feasibility					

Unit Manager Approval: *I have reviewed and verify the scores listed above, and I am in support of this client's proposal proceeding for State Office review.*

Signature: _____ Date Submitted to State Office: _____

Psychological Evaluation for Self-Employment - Referral Form

NC Division of Vocational Rehabilitation Services

Date: _____

Client Name: _____

Counselor Name: _____

Psychologist: _____

1. Description of business (DVRS to complete):

_____

2. Specific challenges of self-employment (DVRS to complete):

_____

3. Questions to be included in evaluation:

a) Does the client have the psychological stability to handle the multiple priorities and stresses of business ownership?

b) Does the client have the judgment and organizational skills to manage a business?

c) Does the client have the cognitive abilities to think strategically about the future of the business?

d) Does the client have the emotional balance to be able to deal constructively with upset customers and other conflicts that will arise with business ownership?

e) Can the client go out and sell the business to strangers and gain their loyalty so that they become return customers?

f) Does the client have the entrepreneurial traits needed to be successful?

g) Are there any psychological factors that would hinder the client's ability to perform the functions of their chosen business?

4. Other questions to include in the evaluation (DVRS to complete as needed)

_____

Vocational Evaluation for Self-Employment – Referral Form

NC Division of Vocational Rehabilitation Services

Date: _____
Client Name: _____
Client VR#: _____
Counselor Name: _____
Vocational Evaluator: _____

1. Brief description of the proposed small business (Counselor to complete)

2. Specific challenges/risks/concerns surrounding self-employment for this client (Counselor to complete)

3. Questions to be addressed in the evaluation:

   a) What is the client's previous experience in this business field? Does the client have other work, education or life experience to help them be successful?

   b) Does the client have the aptitudes, abilities and skills to be successful as an owner of this business (i.e. perform the executive functions, the operational processes, the sales and marketing, customer services, accounting and record keeping)? What supports would be required to improve the chances of success?

   c) Does the client have the drive and determination to be successful?

   d) Discuss how the client's impairment(s) impact the chances for success, and what supports and accommodations would improve these chances?

   e) What other barriers to self-employment are there for this client? What can be done to overcome these barriers?

   f) Would supported self-employment be an option for this client (see Directive #02-2012 Section II Scope of Support and following sections)

   g) If self-employment is not recommended, what types of jobs would be a good match for this client?

4. Other questions to include in the evaluation (Counselor to complete)

(Note: In pre-evaluation meeting with Vocational Evaluator please provide additional information as needed.)

Personal Financial Statement and Monthly Budget

Client Name _____ **Date** _____

Personal Financial Statement

Instructions: Enter whole dollar amounts into columns "A" and "L". List detail where requested. Add other categories in blank spaces which apply.

Current Personal Assets

	A
Cash/Checking Account	
Savings Account	
Stocks/Bonds/CD's	
Accounts/Notes Receivable	
Home - Current Value	
Additional Real Estate Value	
Autos/Other Vehicle Values	
Other Assets (please list)	

TOTAL ASSETS: $0.00

Current Personal Liabilities

(Enter loan/debt balances, not monthly payment amts.)

	L
Credit Card Debts (please list)	
Alimony	
Child Support	
Home Mortgage	
Additional Real Estate Mortgage	
Auto Loans	
School Loans (incl. deferred loans)	
Other Loans (please list)	
Federal Tax Liability	
State Tax Liability	

TOTAL LIABILITIES: $0.00

NET WORTH (Assets - Liabilities)**: $0.00**

Monthly Personal Budget Plan

Instructions: Enter whole dollar amounts as applicable.

Client Name _____ **Date** _____

INCOME - Monthly

List all household income	Amount (whole dollars)

List all household income	Amount (whole dollars)
Total Income:	**$0.00**

EXPENSES - Monthly

Home	Amount
Cable TV	
Cell Phone	
Computer Internet	
Home Phone	
Home Repairs/Maintenance	
Homeowner's/Renter's Insurance	
Mortgage/Rent	
Real Estate Taxes	
Utilities (Gas/Electric)	
Water/Trash	
Other	
Home Totals	**$0.00**

Entertainment	Amount
Dining Out	
Gym Fees/Club Memberships	
Movies/Plays/Concerts	
Music CDs, Books	
Sports Equipment/Team Dues	
Vacation	
Video/DVD Rentals	
Other	
Entertainment Totals	**$0.00**

Transportation	Amount
Auto Gas/Oil	
Auto Insurance	
Auto Licensing	
Auto Repair	
Car Wash	
Public Transportation	
Other	
Transportation Totals	**$0.00**

Health	Amount
Copayments/Deductibles	
Dental Insurance	
Disability Insurance	
Health Insurance	
Life Insurance	
Over-the-counter Drugs	
Prescription	
Other	
Health Totals	**$0.00**

Daily Living	Amount
Alimony	
Child Care/Support	
Church Tithing	
Clothing purchases	
Donations/Charity	
Gifts	
Groceries	
Laundry/Dry Cleaning	
Pet Care (food, vet, boarding)	
Personal Care - Other items	
Postage	
Salon/Barber	

Financial	Amount
Savings	
Retirement (401K, IRA, etc.)	
Credit Card payments	
School Loans	
Auto Loans	
Loans not otherwise listed	
Other (please list):	

School Supplies	
Subscriptions/Newspaper	
Other	
Daily Living Totals	**$0.00**

Financial Totals	**$0.00**

Total Expenses:	**$0.00**

Money Remaining *(Income - Expenses)* :	**$0.00**

Business Plan Components

All business plans must cover the content listed below, preferably in the format shown. An example of a business plan is available on the intranet site, as is an Excel spreadsheet that can be used to create the cash flow statement required in #13 below.

1. Executive Summary: A short summary of the intended business
2. Company and Personal Background: Information on previous small business or related employment and personal experience
3. Product/Service: Provide a basic description of the product(s)/service(s), how they will be produced, and what makes them unique
4. Market and Customer Analysis: Provide a general description of the market, then use facts and data to demonstrate why specific segments of that market, or groups of target customers, will buy your product/service. Specifically describe the unique advantages of your business to these customers.
5. Competition: Describe the competitors that exist for your target customer segments, followed by an explanation of how your business will compete against them
6. Pricing: Explain how each product/service will be priced, why that price is competitive, and what the expected profit margin will be
7. Sales Forecast: Include a month by month estimate of the volume of sales by major product/service category for a minimum of 18 months
8. Advertising and Sales: Describe how you will promote your product/service (including online marketing). Specifically explain how these methods will reach your target customers
9. Operations: Describe the daily operations of the business: where it will be located, what processes will be performed, what equipment is required, who will do what, how your products will be distributed to your customers, etc.
10. Business Structure and Organization: The legal entity for your business and why it was chosen. Describe you organization, including all business supports that you will require to be successful (ie. accounting/bookkeeping services, web services, sales assistance, and transportation)
11. Practical Steps to Get Started: List the licenses, permits, certificates, tax registration, zoning, training, insurance, bonding and other requirements that you need to meet in order to start up your business. For each one tell how you will meet the requirement.
12. Operating Expenses: Provide a complete list of estimated costs that will be required to run the business. For all expenses that will be paid each month, show the monthly amount. For any expenses that are paid less often, show the estimated month that the payment will be due.
13. Start-up Costs: Provide a complete list of all purchases and expenditures required to get the business started
14. Financial Information: The minimum requirement is an 18 month cash flow statement for the business based on the sales forecast. Additional financial information may be required depending on the specific business. If the business is currently or has previously been in operation, financial statements or tax returns for two previous years should be included. A personal financial statement and a credit report will be required for all owners or investors with more than a 10% share in the business venture.

15. Risks and Weaknesses: Every new business has risks and weaknesses. List yours, followed by what you need to do to protect your business from them.
16. Three Reference Letters: Letters supporting the client's self-employment plans including recommendations from previous employers and letters of commitment from potential clients/customers.

Purchase List

-- Contact Information --

Client Name:	
DVRS#:	
Counselor Name:	
Date:	
Revised Date:	

Does the form Special Requirements for Items on the Purchasing List (Attachment I) need to be included? (Y/N)

- **For any vendor listed on the Purchase List Form that is not an approved vendor, attach a W-9**
- **Once approved, any items under $500 may be purchased locally by the counselor**
- **Please include client (or counselor) delivery address and contact information below ('Ship To' column on Purchase List Form):**

CLIENT Delivery Address and Contact Information	
Name:	
Address:	
City/Zip:	
Client Phone No.	

COUNSELOR Delivery Address and Contact Information	
Name:	
Address:	
City/Zip:	
Counselor Phone No.	

Policy Directive #03-2010 - Self-Employment Attachment H

Purchase List

-- Tools/Equipment Items --

Item	Qty	Manufacturer Name & Part #	Description (If item is used, please indicate)	Cost Each	Total	Preferred Supplier: Address, Phone, Fax, Contact	Approved Vendor (Y/N)	Ship To: Client/Cslr
					$0.00			
					$0.00			
					$0.00			
					$0.00			
					$0.00			
					$0.00			
					$0.00			
					$0.00			
					$0.00			
					$0.00			
					$0.00			
					$0.00			
					$0.00			
					$0.00			
					$0.00			
					$0.00			
					$0.00			
					$0.00			
					$0.00			
					$0.00			
					$0.00			
					$0.00			
					$0.00			
					$0.00			
					$0.00			

Tools/Equipment ItemsTotal: $0.00

Policy Directive #03-2010 - Self-Employment

Attachment H

Purchase List
-- Miscellaneous Items --

Description	Use	Duration	Cost	Purchasing Method & Responsibility

Misc. Items Total: $0.00

Special Requirements for Items on the Purchase List

1) Special Delivery Requirements (ie. inside delivery, special location)
Note: For small pieces of equipment, delivery to the counselor's shipping address is usually preferred because of security, accounting, logistical and other reasons. Larger equipment can be shipped to the consumer's preferred secure delivery location.

2) Describe Delivery Location (critical for freight deliveries)

- Type (Residence, Urban Business location, Rural Business location, etc.)
- Street or Road Access Exists?
- Loading Dock Available?
- Will the equipment fit through the delivery doors?
- Is floor of building paved, dirt, concrete, gravel, plank, etc?

3) Installation and Setup Requirements (if necessary)

4) Special Utilities Requirements (e.g., electrical, plumbing, or phone line if necessary)

5) Equipment Training Requirements (if necessary)

6) Time frame for Delivery

- Is consumer ready to accept delivery?
- If NOT, indicate estimated delivery acceptance date:

Client Contribution Worksheet

Client: _____
Counselor: _____
VR#: _____
Date: _____

1. Total Division Investment Requested $_____

2. Percent of Client Contribution _____%
(From Table 1 in Section II)

3. Minimum Client Contribution Required $_____

Itemized List of Client Contributions:

Description of Contribution	Dollar Amount	Method of Estimating Value	Date Contributed	Date Confirmed by Counselor	Comments
Total Client Contribution*	$				

***Must equal or exceed the amount listed for #3 above**

Client Signature _____ Date _____

Counselor Signature _____ Date _____

Self-Employment Agreement

North Carolina Division of Vocational Rehabilitation Services
Department of Health and Human Services

The North Carolina Division of Vocational Rehabilitation Services (hereinafter called the Division) and _____ (hereinafter called the Client) agree to the following:

A. Definitions:

Investment Term – The period of time defined in Section II, Table 1 of the Interim Policy and Procedure Directive #02-2012, which is based on the level of the Division's investment.

Client Contribution – The percentage of investment resources required by the Client based on the level of the Division's investment.

Successful Self-Employment Outcome – Accomplished when the client achieves the sustained wage level of at least 90 days as agreed to in the IPE.

B. Terms and Conditions:

This Agreement is binding until the case is closed and moved into Status 26 or until the end of the investment term, whichever is later.

C. General Agreements:

1. Client agrees to comply with all applicable federal, state, and local regulations and statutory requirements (including income reporting and filing and paying taxes);

2. Client agrees to purchase and maintain appropriate insurance to cover the Client and the business in case of an incident;

3. Client agrees to maintain a minimum of 51% ownership in the business venture;

4. Client agrees to report any changes that may affect the planned program to their counselor and understands that any changes or additions to the plan must be discussed and approved prior to implementing the changes;

5. Client agrees to cooperate with the Division's monitoring requirements including the submission of the Business Performance Report (Attachment L) monthly for the first year after signing this agreement, and quarterly for the investment term.

D. Purchase List

1. Division agrees to directly purchase or provide funds for the purchase of the items on the Purchase List (appended to this Agreement as Attachment H). These purchases will be governed by the policies, rules, regulations of the Division. The specific manufacturers, suppliers and costs of the items will be determined by the Division Purchasing and Property Control Department. When additional information is needed for the purchase or delivery of

items on the Purchase List, the form Special Requirements for Items on the Purchase List (Attachment I) will be appended to this Agreement.

2. Division and Client agree that the items on the Purchase List comprise the entire and complete list of items to be funded by the Division. New items may not be substituted for those on the list, and if items are not purchased, any funds set aside for the original item return to the Division and may not be used for any other purpose.

E. Investment Term

1. Division and Client agree that the Investment Term is _____ years from the signing of this agreement.

2. Client agrees that all tools, equipment and other assets on the Purchase List are the property of the Division until the case is closed with a successful outcome, or the end of the Investment Term, whichever is later, at which time ownership passes to the Client. It is understood if a business discontinues operation, or there is fraud or misuse, the Division has the right to repossess the tools, equipment and all other assets for re-issue.

3. During the period of Division ownership the Client agrees to the following:
   - The Division retains unrestricted first lien on the equipment
   - Use of the equipment is for only the purposes intended
   - Do not relocate the equipment without first obtaining prior approval from the Division
   - Provide for proper care, maintenance and storage of the equipment
   - Maintain appropriate and adequate insurance for the equipment (vehicles and added modifications)
   - Do not trade or otherwise dispose of the equipment without first contacting the Division
   - Do not lease, sublease, rent, or lend the item(s)
   - Return tools, equipment and/or other assets not being used in the business
   - All items are subject to recovery by the Division at any time prior to successful case closure or the end of the investment term.

4. The Unit Manager shall file for a UCC-1 for all items over $1,500. A UCC-1 can be filed for other items at the discretion of the Unit Manager.

F. Client Contribution Agreement

1. Client agrees to contribute to the business _____ % of the total cost shown on the Purchase List or $ _____.

2. Monetary values will be assigned using the calculation methods in Section VI of the Interim Policy and Procedure Directive #02-2012.

3. Client agrees to contribute all items listed on the Client Contribution Worksheet (appended to this Agreement as Attachment J).

4. Client agrees to report contribution of items on Attachment J to his or her Counselor, provide evidence of contribution, and allow Counselor or Division representative to inspect items as needed.

G. Successful Self-Employment Outcomes

1. The agreed upon target for a successful outcome is an owner's draw or salary of $_____ a month for a duration of _____ months.

2. The case can be closed when this target is reached. If the target has been reached but the investment term is still in effect, this Contract remains in effect for the remainder of the investment term.

H. Special Requirements and Contingencies

_____

Client's Printed Name: _____

Client's Signature: _____ Date Signed _____

Counselor's Signature: _____ Date Signed _____

Chief of Policy's Signature:_____ Date Signed _____

Business Performance Report

Client Name _____ *Date (Month/Yr)* _____
VR# _____ *Counselor Name* _____
Mailing Address _____
Phone # _____

1. Financial Performance: Closure goal (Monthly Owner's Draw/Salary):_____
Duration: ____/months

	Projected Current Month (from Cash Flow Statement in Business Plan)	**Actual Current Month** (from Profit and Loss Report from bookkeeper)	**Year to Date Results**
Revenues	$	$	
Expenses	$	$	
Owner's Draw	$	$	
Net Profit	$	$	

2. Progress on Last Month's Action Steps:

3. Other Positive Outcomes:

4. My Most Pressing Issues/Concerns:

5. Actions I Will Take This Month:

Client Signature _____ Date_____

Counselor Signature _____ Date_____

North Carolina Department of Health and Human Services
Division of Vocational Rehabilitation Services
Voice (919) 855-3500 • TDD (919) 855-3579 • Fax (919) 733-7968 • Toll Free (800) 689-9090

Beverly Eaves Perdue, Governor
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Courier # 56-20-07

MEMORANDUM

To: All Staff Assigned Volume I

From: Neil Mac Britt – Chief of Policy

Date: September 14, 2012

Re: **Interim Policy and Procedure Directive #03-2012**
Instructions for Handling Milestone Job Development Payments for Authorization Payment CRP Programs

---

Introduction:

Effective October 1, 2012 we are implementing a milestone payment system for supported employment and work adjustment job coaching services for those CRP's currently under an hourly rate. The milestone payment will only be applied to the job development (JD) phase for supported employment (SE) and work adjustment job coaching (WAJC). All other phases of these services will remain under the current hourly rate of payment.

The agency will be working with our CRP Steering Committee and other stake holders to develop full implementation of a milestone system of payment for all phases of WAJC and SE for authorization programs by July 1, 2013.

This new payment system will allow us to move services in a direction that establishes accountability and less paperwork for CRP and VR staff. This will also allow focus on positive outcomes for our consumers vs. the process and activities that lead to outcomes.

Authorization payment system CRP programs will be able to continue hourly rate billing for supplemental evaluations, intensive training and work adjustment training through July 1, 2013.

Supported Employment Cases
***(Carried over after Oct 1st 2012)*:**

Current cases carried over into milestone payment system (beginning Oct 1st 2012):

Tier 1: If total payments < $2,000 at the time of placement then the milestone payment will be made for the difference between the sum amount paid and $2,000, with an additional closure payment of $750 for status-26.

Tier 2: If the total payments are between $2,000 and $2,500 at the time of placement then the milestone payment will be made for the difference between the sum amount paid and $2,500, with an additional closure payment of $250 for status-26.

Tier 3: If the total payments at time of placement are between $2,500 and $2,750 then the milestone payment will be made for the difference between the sum amount paid and $2,750, with no additional closure payment will be made for status-26.

Tier 4: If the total payments > $2,750 at the time of placement then the milestone payment will be made for the $250, with manager approval, and no additional closure payment will be made for status-26.

For the current CRP, authorization numbers for JD effective prior to 10/1/12 must be listed on the milestone invoice form and sent to the State Office to process for payment.

Milestone Chart for Supported Employment: New Cases Served Beginning Oct 1, 2012

Tier	JD Milestone Payment	Additional Status-26 Payment	New Cases After Oct 1
1	$2,000	$750	1st Placement
2	$500	$250	2nd Placement
3	$250	$0	3rd Placement
4	$250	$0	4th Placement*

***Any placements beyond the 3rd require unit manager approval and will be paid at the rate of $250.**

Work Adjustment Job Coaching Cases
(Carried over after Oct. 1st 2012)

Current cases carried over into milestone payment system (beginning Oct 1st 2012):

Tier 1: If the total payment amount is less than $2,000, then the milestone payment will be made for the difference up to $2,000.

Tier 2: If the total payment amount is greater than $2,000 but less than $2,500, then the milestone payment will be made for the difference up to $2,500.

Tier 3: If the total payment amount is greater than $2,500 but less than $2,750, then the milestone payment will be made for the difference up to $2,750.

Tier 4: If the total payment amount exceeds $2,750, a milestone payment of $250 may be made with unit manager approval

For the current CRP, authorization numbers for JD effective prior to 10/1/12 must be listed on the milestone invoice form and copies of intervention timesheets sent to the State Office to process for payment.

- The total JD and training hours should not exceed 160 hours total according to policy. If additional training hours are required, the unit manager must approve.
    - 1st placement
        - $2,000.00 equals approx. 58.25 hours of JD time
        - 101.75 hours remain for training
    - 2nd placement
        - $500.00 equals approx. 14.50 hours of JD time
        - 87.25 hours remain for training
    - 3rd placement
        - $250.00 equals approx. 7.25 hours of JD time
        - 80 hours remain for training

***Unused training hours will not be applied to training provided as part of a second or third placement**

Procedures

The following procedures should be utilized to authorize job development under the milestone payment system for authorization based programs:

1. An authorization, Case Service Invoice (CSI) and Milestone Payment Request form must be prepared for each tier of job development and milestone requested from the current CRP. This is the agency required evidence that the counselor and CRP have agreed to the purchase of this service and payment for milestone achievement. All milestone payment must have the above mentioned documents included to be processed for payment to include 26 closure payments.

2. The Case Service Invoice should be completed by the vendor and VR counselor for each authorization issued to the CRP for the current vendor. Fiscal Services will fill the amount in once the calculations are done and adjust the authorization amount accordingly

3. Staff should make sure the RCC code on the authorization is 2C05 for any Work Adjustment services and one of the statewide 1300 series codes for Supported Employment.

4. The authorization amount should be $1.00 with a description that states the following as applies:

    - **Job development under milestone payment system after placement and 3 days of employment or**
    - **Job development for placement #1, #2, #3 #4 after 3days of employment (indicate: SE or WAJC)**
    - **26 closure payment for placement #1,#2,#3,#4**

5. CRP's should be issued an agency developed milestone payment request form to be completed by the vendor and signed off on by the counselor verifying the placement and 3 days on the job.

6. The milestone payment request form must have current and any historical authorization number(s) for current vendor as appropriate for cases carried over prior to 10-1-12.

7. Milestone payment request form(s) for job development (JD) under work adjustment Job coaching (WAJC) must have copies of intervention time sheets to coincide with authorization number(s) for current vendor services prior to 10-1-12.

8. The milestone payment request form must have current and any historical authorization number(s) for current vendor as appropriate for cases carried over prior to 10-1-12.

9. Supplemental Evaluations are limited to no more than **25 hours** as approved by counselor and must address questions as prepared by the counselor.
   Exceptions must be approved by Unit Manager

10. All cases carried over to the new milestone payment system must be issued new authorizations, case service invoices and milestone payment request forms. No billing can be accepted which reflect hourly services provided after **October 1st 2012.**

All billing for services prior to October 1st 2012 should be processed as quickly as possible in order for fiscal to appropriately determine the milestone payment for carry over cases. Milestone payment request will not be processed by fiscal until previous authorizations and hourly services are completely reconciled as verified through VR case management system.

If you have questions involving rates, please contact Trish Harper via email at trish.harper@dhhs.nc.gov or by phone (919) 855-3592; TDD (919) 855-3579; Fax (919) 733-7968

For any billing questions, please contact Tina Grad via email at tina.grad@dhhs.nc.gov or by phone (919) 855-3595.

Supported Employment
Job Development

Milestone Payment Request Form

VENDOR INFORMATION (Name): _____

VR Client Name_____**VR#** _____

Current DVRS Authorization Number _____

Historical DVRS Authorization Numbers _____
(This includes any authorizations for JD services with current vendor prior to 10/1/12)

Date Client Accepted in Program _____

<u>Job Placement</u>

Placement Occurrence **1st** **2nd** **3rd** **4th (Requires UM Approval)**

Competitive Employment employer name, address, and phone number
_____

_____

Date Competitive Employment Began_____

3 Dates of Consecutive Employment _____

<u>26 Payment Request</u>

Stabilization beginning and ending dates_____

90 Days of Competitive Employment Begin and end dates_____

Vendor Signature _____ **Date**_____

Counselor Approval_____ **Date**_____
(Signature is confirmation that client employment has been verified)

Unit Manager Approval_____ **Date**_____

State Office Approval_____ **Date**_____

Original: **State Office—Fiscal Services**
cc: **Client Folder**

Work Adjustment
Job Development

Milestone Payment Request Form

VENDOR INFORMATION (Name): _____

VR Client Name_____ **VR#**_____

Current DVRS Authorization Number _____

Historical DVRS Authorization Numbers _____
(***This includes any authorizations for JD services with current vendor prior to 10/1/12)***
******Please include all intervention timesheets with this milestone payment request******

Date Client Accepted in Program _____

Milestone Reached **Job Placement**

Placement Occurrence **1st** **2nd** **3rd** **4th (Requires UM Approval)**

Competitive Employment employer name, address, and phone number:

_____

_____

Date Competitive Employment Began_____

3 Dates of Consecutive Employment _____

Vendor Signature _____ **Date**_____

Counselor Approval_____ **Date**_____
(Signature is confirmation that client employment has been verified)

Unit Manager Approval_____ **Date**_____
(4th Placement and exceptions)

State Office Approval_____ **Date**_____

Original: **State Office—Fiscal Services**
cc: **Client Folder**

North Carolina Department of Health and Human Services
Division of Vocational Rehabilitation Services

Pat McCrory
Governor

Aldona Z. Wos, M.D.
Ambassador (Ret.)
Secretary DHHS

Linda S. Harrington
Division Director

MEMORANDUM

To: All Staff Assigned Volume I

From: Neil Mac Britt – Chief of Policy

Date: **February 25, 2013**

Re: **Interim Policy and Procedure Directive #01-2013: Staff Use of Social Media**

The purpose of this Directive is to address the use of Social Media and Social Networking Sites by Division staff, specifically communications with active consumers of the Division. This Directive was developed in accordance with the broader DHHS Policy on Social Networking/ Social Media Sites and with the Division's policy on Confidentiality of Client Information (Volume I and VIII).

This Directive is effective immediately.

- Employees are allowed to have personal social networking sites or interactive websites not maintained or located on a state-operated server. These sites must remain personal in nature and be used to share personal opinions and non-work related information. This helps ensure a distinction between personal and agency views. Employees must be certain that communications on any personal social networking sites do not interfere with their work during normal business hours. This excludes personal LinkedIn or similar networking tools for purposes of outreach to potential employers of the Division's consumers for purposes of basic contact not involving personal views or consumer-specific information.

- **Employees shall not use their personal social networking accounts to contact or communicate with consumers they are currently serving.** For situations in which staff have already made contacts with clients (or vice versa) on Facebook, twitter, MySpace, Google+ or others, these contacts shall cease with a brief communication by staff to the individuals explaining the termination. On Facebook this would involve "unfriending" or on Twitter "unfollowing".

- No confidential Division information shall be posted on any social media site.

- Employees should never use their state email account or password in conjunction with a personal social networking site.

- Email communications with consumers of the Division must be secure and confidential and generally must occur over state-operated servers and email networks.

- At this time, no Division unit office, section, region or staff member shall have any social media, or social networking site representing the Division.

- Division staff may utilize social networking sites to locate consumers by accessing the consumer's public Facebook or social network page to determine if contact information is available, much the same way a person would use a telephone directory to locate someone. However, staff must not attempt to contact consumers on Facebook. Social media access and use involving State equipment and resources are subject to the DHHS Computer Usage Policy at all times.

- DHHS has one official YouTube channel. No other YouTube channels are authorized. All work-related submissions for this channel must be approved by the DHHS Office of Public Affairs before posting and only after receiving approval through existing NC DVRS review and publication procedures.

- Personal views made and posted on YouTube shall not contain professional and agency views or information.

- Failure to observe and abide by this Directive may result in disciplinary action which may include dismissal.

North Carolina Department of Health and Human Services
Division of Vocational Rehabilitation Services

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Ambassador (Ret.)
Secretary DHHS

MEMORANDUM

To: All Staff Assigned Volume I

From: Neil Mac Britt – Chief of Policy

Date: **June 17, 2013**

Re: **Interim Policy and Procedure Directive #02-2013:**
1281 Budget Suspension

Effective July 1, 2013 the 1281 budget will be suspended indefinitely. This directive provides clarification regarding procedures for handling 1281 authorizations currently in effect in concurrent IL/VR cases through July 1, 2013.

Effective immediately, no further services should be authorized using the 1281 budget. Services required for a primary vocational purpose should be authorized using VR funds (following VR policy). Likewise services required for a primary independent living purpose should be authorized using IL funds (following IL policy).

IL counselors in particular should be aware that they can no longer plan or provide services subject to financial need using VR financial criteria/policy to sponsor IL services (subject to financial need) with a primary independent living purpose. IL financial need must be established to provide services from IL funds.

All 1281 budget authorizations in current cases that are not expected to be paid by the last check write of the 2012-2013 state fiscal year (projected to be June 24, 2013) must be deleted and authorized using either the VR or IL counselor's case service budget – depending on whether the service is for VR or IL purposes as described above.

Current cases with outstanding authorizations in which the client does not meet the IL needs test (VR financial status used) but require an IL authorized service should be authorized by IL with documentation on a Progress Review explaining that these services were previously approved through utilization of the 1281 budget and will be honored by the IL program. No additional services subject to financial need should be authorized by IL unless the client meets the IL financial needs test.

NOTE – SPECIAL CIRCUMSTANCES PERTAINING TO PERSONAL ASSISTANCE SERVICES (PAS):
PAS currently authorized using the 1281 budget will remain in place and paid out of 1281 as currently authorized through the last GT Payroll Period of the current SFY which is June 16 – June 29. A new authorization for payroll period of June 30, 2013 – December 31, 2013 will be issued out of the regular VR case service budget until other funding sources are identified and/or the case can be served by IL for PAS.

North Carolina Department of Health and Human Services
Division of Vocational Rehabilitation Services

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MEMORANDUM

To: All Staff Assigned Volume I

From: Neil Mac Britt – Chief of Policy

Date: July 1, 2013

Re: **Interim Policy and Procedure Directive #03-2013:**
Discontinuation of Division Contributions Towards Vehicles for Clients
(Section 2-22-1: Purchases; Section 2-18-2: Vehicle Modifications)

Effective immediately, the Division will no longer financially assist towards purchasing - leasing the base vehicle (chassis*) for purposes of modifications for clients considered Most Significantly Disabled (MSD). The Division will continue to assist with the costs for required adaptive modifications of client/family owned or client/family leased to purchase vehicles subject to the client meeting the financial needs test. In vehicle modification projects, if the client does not already own a vehicle that can be suitably modified, the client will need to fully fund the base vehicle (chassis) portion of the project. Some vehicle modifications will require the purchase of a vehicle with the factory installed dropped floor conversion as part of the required modifications. The Division can fund the factory installed dropped floor conversion portion of the vehicle purchase as part of the modification package. The client must present evidence (receipt of transaction) of their payment of the full cost towards the base vehicle chassis before the Division can fund the dropped floor conversion.

This directive does not affect vehicle purchases that have already been approved by the Chief of Policy prior to July 1st. However, those that have not been approved will need to go back to the Counselor for a determination of whether the client can cover the full cost of the base vehicle chassis before proceeding further with the process.

*definition of chassis – the base unmodified vehicle

North Carolina Department of Health and Human Services
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MEMORANDUM

To: All Staff Assigned Volume I

From: Neil Mac Britt – Chief of Policy

Date: **October 8, 2013**

Re: **Interim Policy and Procedure Directive #04-2013 – Revised from October 3rd: Measures to Reduce Service Expenditures due to Federal Shutdown**

Due to cash flow management concerns related to the recent Federal shutdown of unknown duration, the Division is implementing immediate measures to reduce service expenditures. These procedures apply to current and future cases.

Overall, approach the planning and provision of services in a fiscally conservative manner. Only services absolutely required to participate in a rehab plan should be authorized. Services such as clothing, transportation, rent and other maintenance should be closely monitored and only authorized in small increments if absolutely required.

Effective immediately and until further notice:

1. Submit **all invoices** to the Fiscal Services section of the state office for further review. Do NOT forward them to the Controller's Office until further notice.
2. All contracts (PUR, SUR, TE programs, QST and Project Search) for direct client services will cease, effective tomorrow October 9, 2013. Additionally, no authorizations may be issued for job development/job placement, supplemental evaluations, community-based assessments (CBA) or intensive training at authorization-based CRPs. Any invoices for open authorizations are subject to #1 above – submit to the fiscal services section of the state office.
3. Dental and visual services should only be authorized if the client is at extreme medical risk. Until further notice these services need to be approved in advance by the policy office. Dental and visual services should not be provided for intercurrent illness purposes.
4. Diagnostic psychological services must only be authorized after maximum efforts have been taken to secure existing psychological records from treatment providers. If a client does not have a current treatment provider they must be referred to the LME/Managed Care Provider for psychological services.
5. For all new cases involving transportation, the mileage rate can be negotiated down to one half of the IRS rate if the client's transportation needs related to their rehab plan can still be met at the reduced rate.
6. For all new cases the Division maximum allowed for maintenance is $350 per month.

North Carolina Department of Health and Human Services
Division of Vocational Rehabilitation Services

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MEMORANDUM

To: All Staff Assigned Volume I

From: Neil Mac Britt – Chief of Policy

Date: October 17, 2013

Re: **Interim Policy and Procedure Directive #05-2013:**

CANCELLATION of Interim Policy and Procedure Directive #04-2013 – Revised from October 3: Measures to Reduce Service Expenditures due to Federal Shutdown

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The Policy Directive issued October 08, Interim Policy and Procedure Directive #04-2013 Measures to Reduce Service Expenditures due to Federal Shutdown, is cancelled effective today. The Division will return to its normal business operations immediately.

North Carolina Department of Health and Human Services
Division of Vocational Rehabilitation Services

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****OBSOLETE - EFF. 8/1/2014 ****
This policy has been incorporated into Volume I, Chapter 2, Section 2-5: Equipment

MEMORANDUM

To: All Staff Assigned Volume I

From: Neil Mac Britt – Chief of Policy

Date: **April 24, 2014**

Re: **Interim Policy and Procedure Directive #01-2014: Durable Medical Equipment and Supplies**

Definitions:

Durable Medical Equipment - Durable medical equipment (DME) is that which (a) can withstand repeated use;(b) is primarily and customarily used to serve a medical purpose; (c) generally is not useful to a person in the absence of an illness or injury; and (d) is appropriate for use in the home. DME includes but is not limited to items such as manual and power wheelchairs, scooters, C-Pap equipment, stair-lifts, lift chairs, walkers and crutches.

Durable Medical Supplies – Durable medical supplies are non-durable supplies that (a) are disposable, consumable, and non-reusable in nature;(b) cannot withstand repeated use by more than one beneficiary;(c) are primarily and customarily used to serve a medical purpose;(d) are not useful to a beneficiary in the absence of illness or injury; and (e) are ordered or prescribed by a physician, physician's assistant, or nurse practitioner.

Emergency Purchase – A purchase that must be expedited when following the standard purchasing procedures would jeopardize the client's health, safety or impede the rehab process. There must be written justification in the case record to explain the circumstances. Counselors must consult with Purchasing staff before conducting an emergency purchase.

Preferred Vendor – After soliciting bids, the selection of a particular vendor when other vendors can provide the equipment at a lower cost. Written documentation justifying this request must be in the case record and must be included with the Service Justification Packet.

Service Justification Packet – Information required by the Chief of Policy and Purchasing staff in order to approve DME purchases and carry out purchasing procedures when applicable. The service justification packet is required when there is a request to:

- Purchase items that exceed local purchasing limits
- Waive Comparable benefits
- Purchase off the state term contract when the DME is available on the STC
- Purchase from a preferred vendor
- Sole source the purchase

The packet should include a narrative explanation of the request for purchase with verification and/or documentation to support the request. Medical records, equipment evaluation and specifications, prescription, vendor quotes, Financial Needs Survey with supporting verification and documentation of comparable benefits must also be included.

Sole Source/Competition Waiver – The selection of one vendor without following bidding procedures – waiving competition for the purchase of equipment. Written documentation substantially justifying this request must be in the case record and must be included in the Service Justification Packet. According to 01 NCAC 05B.1401 (NC Administrative Code), a waiver of competition can be considered if the purchase is under the agency's delegation and conditions permitting waiver are validated by the Purchasing Officer. Conditions permitting waiver-- subject to approval-- include situations where:

(a) performance or price competition is not available;
(b) a needed product or service is available from only one source of supply;
(c) emergency action is indicated;
(d) competition has been solicited but no satisfactory offers received;
(e) standardization or compatibility is the overriding consideration;
(f) a donation predicates the source of supply;
(g) personal or particular professional services are required;
(h) a particular medical product or service, or prosthetic appliance is needed;
(i) a product or service is needed for the blind or severely disabled and there are overriding considerations for its use;
(j) additional products or services are needed to complete an ongoing job or task;
(k) where products are bought for "over the counter" resale;
(l) where a particular product or service is desired for educational, training, experimental, developmental or research work;
(m) equipment is already installed, connected and in service, and it is determined advantageous to purchase it;
(n) where the amount of the purchase is too small to justify soliciting competition or where a purchase is being made and a satisfactory price is available from a previous contract;
(o) Where a used item(s) is available on short notice and subject to prior sale.

Procedures to Purchase Durable Medical Equipment (DME)

In order to purchase DME the counselor must establish the need for DME and obtain an evaluation for specifications. When purchasing wheelchairs, a Seating Evaluation should be obtained from an independent source, such as a wheelchair/seating clinic at a rehabilitation center/hospital. If no clinic is available or would result in significant delay, the counselor should use a state term contract provider, or other provider that has staff qualified with Assistive Technology Professional (ATP) Certification. This certification is administered by RESNA and a directory is available on their web site www.resna.org.

A prescription is required to purchase durable medical equipment and must be included with the authorization or purchase order and specifications to the vendor. State Term Contracts (STC) must be used for the purchase of DME when the required equipment is available through this

means (Department of Administration - Division of Purchase & Contract: www.doa.state.nc.us). Counselors are required to check the State Term Contract for availability of needed equipment (The Division's Purchasing Section is available to help Counselors determine if a durable medical item is on STC). If the DME costs more than $500 the Equipment Security Agreement must be completed and filed in the case.

DME available on State Term Contract - Procedures

1. Obtain a quote from the STC vendor that lists the manufacturer's suggested retail price (MSRP) as documented on the manufacturer's order form when available or alternately the price quote obtained from the manufacturer; the percent discount applied to the MSRP; and the final price quote.

2. Add the service to the IPE. If additional approvals are required, this should be clearly stated on the IPE. Based on cost, the service will be classified according to three (3) thresholds.

    - ≤ $500 – No additional supervisor approvals required.
    - > $500 and < $10,000 – UM approval is required. If approved, proceed to step #3.
    - ≥$10,000 –Chief of Policy approval is required. The counselor shall assemble and submit a service justification packet to the Chief of Policy. If approved, proceed to step #3.

3. Once the planned service is approved field staff issues an authorization to the STC vendor at the contracted amount which includes shipping and delivery charges.

NOTE – If durable medical equipment is needed as part of the preliminary or comprehensive assessment the same approval thresholds apply. Documentation in the case record should clearly indicate approval if required.

- If client has comparable benefits (Medicaid, Medicare, Private Health Insurance) the vendor must be informed at time of authorization and must file with the comparable benefit first. The vendor will receive an Explanation of Benefits (EOB) from the comparable benefit. If the EOB shows that the comparable benefit does not pay up to the contract amount for the item, the vendor can submit an invoice to the Division for the difference between the paid amount and the STC contract amount.
- If client does not have comparable benefits, then the vendor bills VR for full contracted amount.

DME not available on State Term Contract - Procedures

1. Verify that the item(s) are not available on the State Term Contract. Determine the estimated cost of the equipment.

2. For equipment estimated to cost ≤ $2500, the bid process should be completed by the counselor. The counselor should obtain a minimum of three (3) quotations as part of the bid process. Written quotes obtained from each of the vendors must include the MSRP as documented on the manufacturer's order form when available or alternately the price quote obtained from the manufacturer and the discounted price quote. The quotes must be maintained in the case record.

For equipment estimated to cost >$2500 a formal bid process will be completed by DVRS State Purchasing Section.

3. When the bids are received add the service to the IPE. The service will be classified according to three thresholds which determine whether additional approval is required. If additional approvals are required, this should be clearly stated on the IPE.

   <_ $500 – No additional supervisor approvals required.
   >$500-$2500 – UM approval is required. If approved, proceed to step #4.
   >$2500 Chief of Policy approval is required. The counselor shall assemble and submit a service justification packet to the Chief of Policy for approval. If approved proceed to step #4.

4. When the vendor has been selected through the bid process, the authorization shall be issued to the winning vendor for the bid amount. The individual (counselor or DVRS State Purchasing Section) that completed the bid process issues the authorization.

NOTE – If durable medical equipment is needed as part of the preliminary or comprehensive assessment the same approval thresholds apply. Documentation in the case record should clearly indicate approval if required.

Comparable Benefits

Comparable benefits must be utilized when available in the purchase of Durable Medical Equipment and supplies. Medicare, Medicaid, and/or private health insurance must be marked accordingly on the Division's case service authorization, unless in the "Less Resource Section" it has been ruled out with supporting documentation or the Chief of Policy has approved waiver of the benefits (see 3-11-3 Comparable Benefits). Additionally, see SECTION 1-17 Case Service Authorization, 1-11: Invoice Processing, for further instructions and procedures for purchasing and accounting for the comparable benefit.

Medicare:

Medicare recipients in select areas of NC will have special procedures via CMS DMEPOS (Centers for Medicare Services CMS; Durable Medical Equipment, Prosthetics, Orthotics and Supplies). The select areas can be identified by CMS website http://www.medicare.gov/supplierdirectory/search.html
In these select areas, only CMS sanctioned providers (physicians and vendors) may be used for Medicare**.** For all other areas of the state that are outside the CMS sanctioned provider areas, a vendor is selected that accepts Medicare following the procedures detailed above.

Clients having Medicare are expected to use their comparable benefit. In situations where the Counselor establishes that the client does not have the funds/resources to pay their Medicare copay, the Chief of Policy must approve an exception for the Division to waive or pay the Medicare copay.

Medicaid:
The Division cannot invoice for durable medical purchases when the client has Medicaid, and the needed durable medical equipment is approved for Medicaid purchase. The Division can consider sponsorship of non-covered components. The Chief of Policy must approve an exception for the Division to waive Medicaid.

Private Health Insurance
Clients having private health insurance are expected to utilize their comparable benefit. When a client's primary health insurance has approved a durable medical purchase and will be the primary payer, the Division may only consider sponsorship of non-covered components. In situations where the client is unable to access their private health insurance because of an inability to pay the deductible or copay, the Chief of Policy must approve an exception for the Division to waive the insurance, or pay the copay or deductible.

North Carolina Department of Health and Human Services
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****OBSOLETE** EFF. 2/3/2015**
Issue has been resolved

MEMORANDUM

To: All Staff Assigned Volume I

From: Neil Mac Britt – Chief of Policy

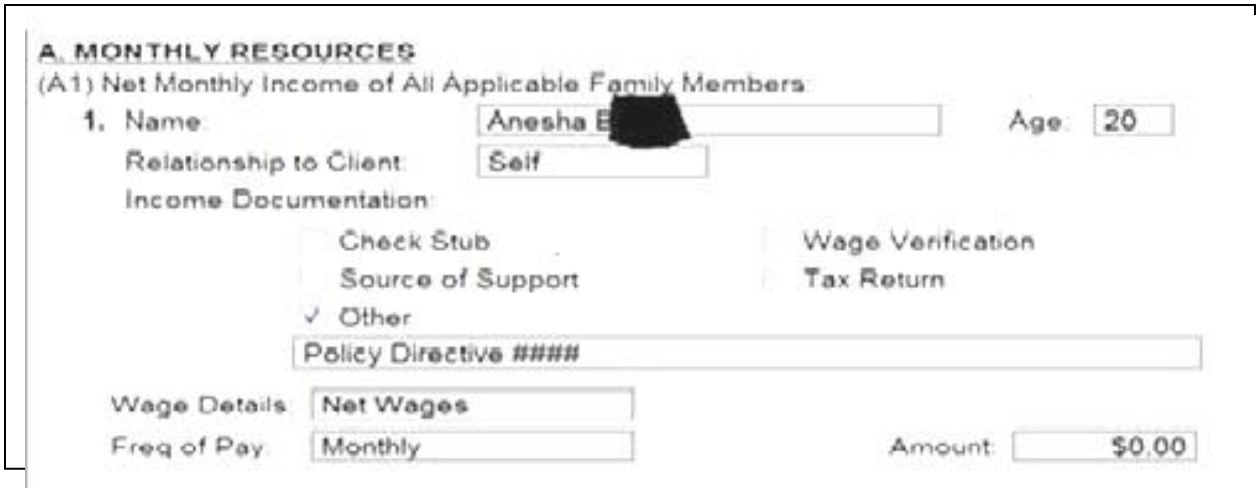
Date: **June 16, 2014**

Re: **Interim Policy and Procedure Directive #02-2014:**
Excess Income "Workaround" in BEAM

BEAM functionality includes restrictions regarding how much users can authorize for a service based on the estimated Agency expenditure on the financial needs survey. In order to allow users to authorize for services when authorizations have been issued for the total VR contribution amount on the Financial Needs Survey the following procedures in this directive must be followed when the following Financial Needs Categories are selected:

- Extenuating Circumstances
- Excess Income Applied
- SSI/DI with comparable benefits

1. Add the financial form to the electronic case in BEAM and complete it in an accurate (real) manner indicating that excess resources applied, extenuating circumstances or SSI/DI with comparable benefits is the financial needs category that applies to the client.
2. Print and sign the financial form.
3. Immediately add a new financial form to the electronic case file in BEAM where Section A1 is completed in the following manner:


A. MONTHLY RESOURCES
(A1) Net Monthly Income of All Applicable Family Members
1. Name: Anesha E[redacted] Age: 20
Relationship to Client: Self
Income Documentation:
Check Stub
Wage Verification
Source of Support
Tax Return
✓ Other
Policy Directive ####
Wage Details: Net Wages
Freq of Pay: Monthly
Amount: $0.00

Section F in this manner:

F. EXCESS RESOURCES

Excess Monthly Income		(C)	$0.00
X Appropriate Time Period			6 mos
Total Excess Resources	(C) x (3 or more months) =	(F1)	$0.00
Assets		(D)	$0.00
Contributions		(E)	$0.00
Total	(F1) + (D) + (E) =	(F)	$0.00

The number of months entered should be the same as that entered on the "real" financial. This will allow BEAM to accurately track the expiration date for the financial. Leaving this blank will result in a "shelf life" of 12 months for this financial as opposed to the intended time period recorded on the "real" financial (in this example 6 months).

Finally complete Section I in this manner:

I. FINANCIAL NEED CATEGORY

Yes, This individual meets the economic needs test (Section B)

4. Date and electronically sign the work around financial form.
5. Do not print or obtain signatures on the work around financial statement. This is an internal document, and should not be shared or discussed with the client.

North Carolina Department of Health and Human Services
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MEMORANDUM

To: All Staff Assigned Volume I

From: Neil Mac Britt – Chief of Policy

Date: June 16, 2014

Re: **Interim Policy and Procedure Directive #03-2014:**
BEAM Service Structure and Service Selection

Background

In conjunction with implementing the Division's new BEAM case management system, client services will be re-labeled and categorized. Prior to BEAM implementation, the Division relied on two classification systems to manage services being planned, provided, and purchased for clients. On IL and VR plans, the Division used service labels that mostly corresponded with federal service types as required by the RSA-911 and RSA-704 reports. This resulted in 28 available service categories on the VR plan and 23 available service categories on the IL plan. There has been no service classification used for issuing authorizations. The Division used case service (CS) codes to classify services at the time of invoicing. There have been more than 75 unique case service codes used for categorizing invoices.

The Division's previous case management system enabled administrative users to roll-up the two separate service classifications to generate federal and state reports, but did not include controls to prevent the user from creating an authorization for a service that should be prohibited according to casework policy due to the client's status and/or whether or not the service had been previously approved on the client's plan. BEAM will, however, create an association between the client's plan and the authorizations that are generated for planned services. Therefore, rather than two disjointed classification systems, BEAM will utilize a single service classification system that will be used for selecting services on plans and authorizations as well as generating state and federal reports.

Standards for BEAM Service Classification

- **Services are labeled using familiar terminology specific to the needed service.** Attempts have been made to use labels that more specifically describe what service is being planned/authorized in order to clearly communicate with the client, representative, or vendor, to match terminology used in casework policy, and to generate reports with consistent information. The intent is to remove some of the guesswork in determining how a service should be classified.
- **Services are associated with many automated controls that are maintained by the Division's BEAM system administrators.** The Division will use controls to determine the following:
    - how the service is federally reported
    - which account the service pulls money from when it is authorized
    - whether or not there are maximum rates or quantities
    - whether or not there are exceptions to maximum rates/quantities
    - which users are permitted to approve exceptions to service maximums
    - where in the system approval for exceptions are granted

  There are many other controls that may be maintained for services. Controls will be used to automate many of the Division's casework policies and approvals.
- **Services are added to plans and authorizations using a pick list.** This method assures uniformity and allows the system to run queries on the dollars spent on a service or the numbers of clients receiving a service. On plans and authorizations, users may add more detailed service information in free-text form beneath the selected service. This free-text information is not incorporated into reports or queries.
- **Some services are set up according to a "parent/child" hierarchy.** Some services have "child" services which inherit the basic qualities or controls of the parent service. "Child" services are generally sub- categories of a "parent" service and may have more stringent controls than the "parent" service. Once a client's plan has been approved by all required parties for a particular "parent" service to be provided by a specific vendor, then any of the "parent" service's "child" services can be authorized to the vendor. *Not all services will have "child" services. Also, if a service does have "child" services, the hierarchy of services currently only goes one level deep. (There are no "grandparent" relationships in service set-up).*

  Ex: Parent service: Assistive Technology Devices – Off Contract
  Child services: Adaptive Vocational Equipment
  Aids for Daily Living

- **A service is only connected to the vendors that provide the service.** The relationships between services and vendors are maintained by a DVRS BEAM system administrator. BEAM will not allow a user to plan a service or authorize a service to a vendor that does not provide the specific service.

- **Some services are duplicated in the system to represent qualities and controls that are *almost* identical, but not quite.** In general, only viable options should be available for selection based on qualities of the client or the user. However, users should take care to select the correct service as this will dictate rate maximums and approval flows that follow.

Ex: A user should take care when selecting "Assistive Technology Devices – **Off** Contract" versus "Assistive Technology Devices – On Contract as a service on the plan. **Selecting the correct service** will assure that State Office Policy and Purchasing are involved to approve and purchase the item if required.

BEAM Service Selection

Volume I casework policies apply when authorizing services for clients to access the application process, when authorizing services as part of the preliminary assessment, when selecting services on a trial work or extended evaluation plan, and when planning and authorizing services as part of the comprehensive assessment and IPE or IL Service Plan.

BEAM provides a mechanism for selecting services within authorization and plan forms that reduces the service pick list to only those options which are valid based on factors including the client's program, status, and other client characteristics. Additionally, BEAM CRP referral forms will limit the service options on the referral form based on characteristics of the specific client, the type of referral form, and the CRP vendor. The system's methods of filtering out non-valid service options do not absolve the counselor of his/her responsibility to apply casework policies and practices otherwise stated in this manual to discern which services should be planned or authorized according to the client's informed choice. The Division maintains its responsibility for planning and authorizing those services that are required to assist eligible individuals in planning for or achieving their independent living or employment goals.

A complete list of BEAM services available for DVRS users can be accessed by the BEAM PDQ, *View All DVRS Activated Services*.

North Carolina Department of Health and Human Services
Division of Vocational Rehabilitation Services

Pat McCrory
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Ambassador (Ret.)
Secretary DHHS

OBSOLETE - EFFECTIVE IMMEDIATELY
(Does not work properly)

MEMORANDUM

To: All Staff Assigned Volume I

From: Neil Mac Britt – Chief of Policy

Date: June 26, 2014

Re: **Interim Policy and Procedure Directive #04-2014: Workaround Procedure for Classifying a Client as Non-SD Category 5 – Order of Selection**

Because of an issue in the way BEAM is currently configured for Order of Selection and Significance of Disability, a temporary workaround procedure is required for the processing of cases that are **non-SD (Order of Selection Category 5)**. Per policy, individuals with a non-significant disability do not require multiple services over an extended period of time. However, temporarily and until programming by the software vendor can be carried out to correct this issue, the system will require staff to select the additional criteria of "Multiple services over an extended period of time" before category 5 (non-SD) can be chosen. Until further notice, please adhere to the following procedure for the selection of non-SD, category 5 Order of Selection:

1. Select an impairment or impairments.
2. Select the appropriate functional capacity deficit areas. These should all be non-serious.
3. Select "Multiple services over an extended period of time" for additional criteria.
4. Attach a Case Note to the Eligibility Decision with the following statement: "This is a temporary "workaround" procedure for classifying clients as non-SD category 5 Order of Selection – in accordance with Policy Directive #04-2014".
5. Send an email to Jennifer Mitchell, Client Data Specialist/BEAM System Admin, providing the client's name and Social Security number in an encrypted attachment. This is necessary for auditing purposes.

The field will be notified when this workaround is no longer necessary and this policy directive can be cancelled.

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Elizabeth W. Bishop
Division Director

MEMORANDUM

To: All Staff Assigned Volume I

From: Neil Mac Britt – Chief of Policy

Date: July 2, 2014

Re: **Interim Policy and Procedure Directive #05-2014: Services Converted from CATS to BEAM**

As we transition from CATS to BEAM we have discovered that there are various conversion issues in which services, plan types, and job choices do not convert properly from CATS to BEAM. In BEAM, adding a core service, changing the plan type and changing the job choice all require amendments with client signatures.

- If a core service does not convert, the service will need to be added to the plan – triggering an amendment.
- If a vendor for a core service is not on the plan, such as vendors for ancillary services in physical restoration cases, an authorization cannot be generated – triggering an amendment as well.
- Supported Employment cases in BEAM must be identified by the SE plan type (not General VR plan type) – triggering an amendment in all converted Supported Employment cases.
- BEAM converts the original job choice in CATS, not an amended job choice in CATS.

For the purposes of transitioning to BEAM, if the service was appropriately planned in CATS, and due to conversion issues does not appear on the BEAM plan or cannot be authorized, or the amended job choice in CATS is not recognized, the following procedures should be followed:

- Complete the amendment by adding the core service (i.e. supported employment, medical treatment – undetermined vendor) changing the plan type or changing the job choice on the BEAM plan.
- The counselor and supervisor, if required, should electronically sign and date the amendment.
- Print the amendment.

- If the client is readily available, s/he should sign and date the amendment.
- Electronically sign and date the amendment for the client.

However, if the client is not readily available, and if obtaining a signature would result in a delay of services, the requirement to obtain a client signature is waived:

- Sign and date the amendment for the client.
- Print the amendment and attach to the CATS version.
- Enter a case note explaining that the client signature is not required due to a conversion issue, and reference this policy directive.

Waiving the requirement to obtain a client signature on the amendment is **ONLY** for cases in which a service, plan type for SE cases or amended job choice does not convert from CATS to BEAM and **ONLY** if obtaining the client's signature would result in a delay of service.

If there are questions about whether a client's signature should be obtained for converted cases, please consult with your supervisor and/or QDS.

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Elizabeth W. Bishop
Division Director

****OBSOLETE** EFF. 10/15/2014****
Issue has been resolved

MEMORANDUM

To: All Staff Assigned Volume I

From: Neil Mac Britt – Chief of Policy

Date: **October 1, 2014**

Re: **Interim Policy and Procedure Directive #06-2014:**
Waiver of Client Signature for SSI/SSDI "Work Around"

This policy directive waives the requirement to obtain a client signature on the Financial Needs Survey for cases in which SSI/SSDI information was not entered in BEAM during 8-14-14 and 9-12-14 for the Financial Category "SSI/SSDI with Comparable Benefits".

Counselors should adhere to the following instruction for cases in which SSI/SSDI information was not entered in BEAM during 8-14-14 and 9-12-14:

For VR: Cases in which the consumer is presumptively eligible under his/her own disability:

1. Using the PDQ: "All VR Cases Determined Eligible (Status 10) within a Date Range," locate the clients for whom you entered the $0 amount at eligibility determination. Using this PDQ will narrow down the list and assist you in identifying clients for whom changes may need to be made.

2. Go to the Intake Form and enter the amount of the appropriate SSI/SSDI amounts in the field. Be sure that the amount you enter is for the **Consumer's Disability** and not that of a family member. The Intake Form will be unlocked for users to edit for a period of **Two Weeks ending October 15.** Please get any SSI/SSDI amounts entered within this time frame.

3. Libera will run a script to change the N to Y on the Presumption of Eligibility field on the Certificate of Eligibility for any case where there is a value greater than 0 in this field.

4. Add the Case and Closure Form.
5. Enter the SSI/SSDI information on this form.
6. Add a new Financial Needs Survey. You will now have the option to choose a category of “SSI/SSDI recipient” or “SSI/SSDI with Comparable Benefits Recipient”.
7. Supervisor approval will be needed for the Financial Needs Survey for the category of “SSI/SSDI with Comparable Benefits”
8. The client signature should be electronically signed, but it is not required to obtain a hard copy signature.
9. The updated Financial Needs Survey should be attached to the Financial Needs Survey with hard copy signature completed during 8-14-14 and 9-12-14.
10. Maintain the verification of the benefits in the file.

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OBSOLETE - EFFECTIVE 8/1/2018
Replaced by Interim Policy and Procedure
Directive #03-2018

MEMORANDUM

To: All Staff Assigned Volume I

From: Neil Mac Britt – Chief of Policy

Date: **October 15, 2014**

Re: **Interim Policy and Procedure Directive #07-2014:**
Documents to be Signed and Retained in the Case Record

Until we have a completely paperless case management system, it will be necessary to maintain a hard copy case record. This policy directive identifies specific documents that must be printed and maintained in the hard copy case record. All documents that require a client/guardian signature must be printed in their entirety, signed by the client/guardian, and retained in the case record. There are other documents that must be printed and given to the client. For auditing purposes and consistency, these documents should also be copied for the case record.

Specific documents include:

- Agreement of Understanding/Application
- Release of Information Forms
- Eligibility Decision Letter
- Eligibility Decision Changes (i.e. addition of secondary impairment) – print or snapshot previous decision in BEAM
- SD Upgrade – print or snapshot previous decision in BEAM
- Financial Needs Survey - when client signature is required
- IPE/IL Service Plan
- Progress reviews
- Annual reviews

- Revisions
- Amendments
- Documents (email correspondence, memos) verifying approval external to BEAM. Examples include MFP, DPP, policy exceptions
- Documents created by a CIC, AUM that require approval by UM. Examples include status 26 closures, FNS with categories of excess income applied and extenuating circumstances.

It is not required to print and retain the following, but at the discretion of the counselor may be printed and retained in the case record:

- WRAP
- Authorizations
- Joint VR/IL Cases – not required to print concurrent documents

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****Obsolete** - Effective May 1, 2016**

MEMORANDUM

To: All Staff Assigned Volume I

From: Neil Mac Britt – Chief of Policy

Date: **January 30, 2015**

Re: **Interim Policy and Procedure Directive #01-2015: IPS SE Model**

Effective Date: February 1, 2015

The purpose of the Individual Placement and Support (IPS) Supported Employment (SE) Model is to provide SE services to our most significantly disabled (MSD) consumers with SMI or SPMI who have not been successful in other employment models and who express an interest in maintaining long term employment and require assistance in securing, learning and maintaining a job.

IPS SE services are comprised of the following:

1. Career Profile (funded by alternate sources)
2. IPS SE Job Development and Retention (IPS SE Milestone 1)
3. IPS SE Job Support and Vocational Recovery (IPS SE Milestone 2)
4. IPS SE Closure (IPS SE Milestone 3)
5. Peer Support Services (funded by alternate sources)
6. Behavioral Health Interventions (funded by alternate sources)
7. Long Term Vocational Supports (funded by alternate sources)

Funds from the Division, as well as alternate sources(s), shall comprise 100% of the blended funding for IPS SE services. VR will fund the above Milestone services, payable one time per life of the case, without regard to any comparable benefits, including Medicaid. Alternate funding, including Medicaid, will sponsor the components once VR funding has been exhausted for each Milestone.

Service Definitions:

IPS SE Job Development and Retention Milestone (Milestone IPS SE 1)
IPS SE Job Development and Retention involves consumer specific job development and placement and time spent analyzing information relevant to a consumer's job

development/placement. The Contractor shall locate jobs through networking with employers, businesses and community leaders resulting in securing a position that matches the skills, abilities, motivation, interests, needs, and goals of the consumer to ensure the greatest chance of success on the job. The consumer shall be hired and maintain employment for three (3) days with documented job supports provided during the three (3) days. The placement must be in a position that matches the vocational goal on the Individualized Plan for Employment (IPE) or the amended/agreed upon vocational goal.

a) The IPS SE Vendor shall have scheduled face-to-face meetings at least monthly with Division counselors to discuss progress in job search.
b) The IPS SE Vendor shall provide the Division a written monthly summary of job development activities for each consumer through BEAM including the Employer Contact Log, Individualized Job Support Plan (IJSP), and updated Person Centered Plan (PCP) with support goals.
c) The IPS SE Vendor shall notify the Division (in writing) when the consumer has accepted employment. Upon approval, the Contractor shall complete and submit the New Hire Form to the Division through BEAM.
d) The IPS SE Vendor shall submit the IPS SE Job Development and Retention Outcome and the required documentation, (monthly job development summary, employer contact log, IJSP, and updated PCP, and new hire form), through BEAM for payment within five (5) working days of the successful completion of the service.

IPS SE Job Support and Vocational Recovery Milestone (Milestone IPS SE 2)
IPS SE Job Support and Vocational Recovery Milestone shall include the needed supports that are consumer driven in order to be successful on the job. These supports result in the consumer beginning vocational recovery which marks the start of long term vocational support.

IPS SE Job Support and Vocational Recovery shall meet the needs of the consumer and may include behavioral health intervention, assistance from family members, friends, coworkers, natural supports, and the IPS SE Vendor. IPS SE Job Support and Vocational Recovery may be delivered on or off the job site, depending on the needs and requests of the consumer. IPS SE Job Support and Vocational Recovery may also include employment advocacy time (time spent advocating for the consumer with persons at the employment site for purposes directly related to employment), non-employment advocacy time, and community resource training.

The IPS SE Vendor shall meet weekly with the consumer minimally for the first month either on or off the job site as determined by the needs and requests of the consumer. At the end of the first month, in consultation and agreement with the consumer and Division, the consumer begins Vocational Recovery, and long term vocational support starts.

In all cases, the IPS SE Job Support and Vocational Recovery phase shall include the following elements and subsequent documentation:

a) The IPS SE Vendor shall identify and/or provide different types of supports necessary for the consumer to be successful in employment. The Individualized Job Support Plan (IJSP) and the Person Centered Plan (PCP) will be maintained in the consumer file. The IPS SE Vendor shall provide the PCP to the Division.

b) The IPS SE Vendor shall complete a weekly summary of the consumer's progress toward completing the job support plan. Documentation shall be maintained in the consumer file.
c) The IPS SE Vendor shall inform the consumer and the Division that Vocational Recovery has begun when the objectives on the individualized job support plan have been completed. Documentation to support the start date of Vocational Recovery shall be provided to the Division.
d) The IPS SE Vendor shall schedule and participate in monthly staffings with the consumer and Division to update progress towards meeting the consumer's vocational goal with a written report submitted to the Division through BEAM within five (5) working days of the staffing.
e) The IPS SE Vendor shall submit IPS SE Job Support and Vocational Recovery Milestone and the required documentation, (IJSP, updated PCP, weekly progress reports, staffing reports), through BEAM for payment within five (5) working days of the successful completion of the service.

IPS SE Closure Milestone (Milestone IPS SE 3)
IPS SE Closure Milestone is established when the consumer has worked at least 90 days after Vocational Recovery begins and LTVS services have been agreed upon by the Division, Employment Specialist and the Consumer.

a) The IPS SE Vendor shall provide a written plan for the provision of LTVS.
b) The Contractor shall submit 30, 60, and 90 day job support notes. The IPS SE Vendor shall submit IPS SE Closure Milestone and the required documentation, (job support notes and LTVS written plan), through BEAM within five (5) working days of the successful completion of the service.

Effective February 1, 2015, contracts with three vendors have been established. These vendors are UNC Center for Excellence in Community Mental Health (Chapel Hill and Alamance), Easter Seals (Raleigh and Smithfield), and Meridian (Sylva).

In addition to meeting the Division's eligibility requirements for supported employment, consumers receiving IPS SE services meet at least one of the following criteria:

1. An individual diagnosed with serious mental illness (SMI) defined as an individual who is 18 years of age or older with a mental illness or disorder that impairs or impedes functioning in one or more major areas of living and is unlikely to improve without treatment, services and/or supports as documented in the consumer's behavioral health data, and or;
2. An individual with severe and persistent mental illness (SPMI) defined as a person who is 18 years or older with a mental illness or disorder so severe and chronic that it prevents or erodes development of functional capacities in activities of daily living such as personal hygiene and self-care, decision making, interpersonal relationships, social transactions, learning and recreational activities and/or;
3. An individual receiving Supplemental Security Income (SSI) or Social Security Disability Income (SSDI) due to mental illness.

Additionally, consumers currently receiving traditional SE from these providers will continue to receive traditional SE, and will not be allowed to transition to the IPS Model. Consumers currently receiving traditional SE from other providers may elect to receive IPS SE services if appropriate.

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Secretary DHHS

Claudia B. Horn, M.S.
Senior Director

Elizabeth W. Bishop
Division Director

MEMORANDUM

To: All Staff Assigned Volume I

From: Neil Mac Britt – Chief of Policy

Date: **April 1, 2015**

Re: **Interim Policy and Procedure Directive #02-2015: Changes to Paper-Based Financial Needs Survey (FNS) and Completion of the Electronic FNS**

Due to revisions to the 1040 tax form by the IRS and changes to North Carolina income tax withholding percentages the paper version of the Financial Needs Survey worksheet, accessible via the agency intranet, has been updated.

Changes are limited to the tax worksheet portion of the form and include:

1. Change in the 1040 line used to determine gross federal tax withheld. This information was found on Line 61 of previous versions of the 1040. It is now appears on Line 63.
2. North Carolina income tax withholding was reduced from 7% to 5.8%. (Please see usage note below).

DVR has requested that Libera update the electronic version of the form in BEAM to reflect these changes. Until that development has been completed users should take the following action:

1. Enter information from Line 63 of the 1040 form despite BEAM's instructions to use Line 61

LINE 1 (Net Wages)

Calculate monthly net income using the 1040

Form 1040, line 7 (gross wages)

Form 1040, line 61 (gross federal tax w/h)

Calculate the state w/h tax (if return is not available) (use a rate of 7% of line 7)

Net annual wage income

divide by 12 (months)

Net monthly wages (calculated)

2. The state withholding calculation in BEAM is automated and users cannot edit the result. Until such time as Libera makes this correction continue to use the amount calculated at the old 7% rate. Please note this will NOT have a negative impact on the client's determination of financial need as the erroneous calculation resulting from use of the higher rate acts in favor of the client.

LINE 1 (Net Wages)

Calculate monthly net income using the 1040

Form 1040, line 7 (gross wages)

Form 1040, line 61 (gross federal tax w/h)

Calculate the state w/h tax (if return is not available) (use a rate of 7% of line 7)

Net annual wage income

divide by 12 (months)

Net monthly wages (calculated)

Usage Note: To avoid a discrepancy between the calculated result on the paper form and the calculated result in BEAM for NC withholding, users should continue to use the 7% when making the calculation until such time as the electronic form edits are complete.

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****OBSOLETE** EFF. **11/1/2017**
Replaced by PD #08-2017

MEMORANDUM

To: All Staff Assigned Volume I

From: Neil Mac Britt – Chief of Policy

Date: **May 15, 2015**

Re: **Interim Policy and Procedure Directive #03-2015: Post-Secondary Training Programs for Persons with Intellectual/Developmental Disabilities (I/DD)**

Post-secondary training programs for persons with I/DD are those programs that have been funded through Transition and Postsecondary Programs for Students with Intellectual Disabilities (TPSID) grants and/or those which have been approved as Comprehensive Transition and Postsecondary programs (CTPs) according to the Higher Education Opportunity Act of 2008. TPSIDs/CTPs are intended to promote inclusion of students with I/DD in academic institutions through participation in coursework, integrated work experiences, and extracurricular activities. As a part of these inclusive experiences, students focus on academic enrichment, socialization, independent living, and vocational skills. CTPs may be found in colleges, universities, or community colleges. Students admitted to CTPs may be eligible for Pell Grant, Federal Supplemental Educational Opportunity Grant (FSEOG), or Federal Work Study (FWS). Post-secondary training programs for persons with I/DD vary in the type of programming, program length, and cost. Some programs combine TPSID funds with other grants to provide programming at no charge to the student. Some programs offered by community colleges are coordinated through the college's continuing education departments.

VR Counselors are encouraged to provide guidance and counseling for students with I/DD who are interested in attending post-secondary training programs as an option for improving one's job readiness. As a part of informed choice, factors that potential students may consider include the specific program admission requirements, the length of the training program, the location of the program, the cost of the program, adult services required to support one's participation in the program, and the student's anticipated place of residence upon completion of the training program. Students in post-secondary training programs should not be excluded from services offered by a community rehabilitation program, such as community based assessment or vocational evaluation, if one of these services is required as a part of the individual's

rehabilitation. CRP services shall not be duplicative and the student's availability and readiness to pursue a competitive employment outcome shall be considered. Students in their final semester may be referred for supported employment services. The student's intended permanent residence should be considered when selecting a community rehabilitation provider. The VR counselor shall obtain grade/progress reports on the student's course-related activities for each semester sponsored by the Division. VR sponsorship may be discontinued if reports demonstrate a student's lack of progress (e.g., failure to attend/participate in internship, consistent decline in work behaviors and job readiness skills).

The Division may sponsor up to 6 college/university credit hours per semester for career readiness coursework and internship supervision coursework associated with a student's participation in internship activities and occurring during the student's final year of the program. The host training institution must be an approved vendor according to the Division's requirements for post-secondary training vendors. Financial assistance is limited to those courses and rates outlined in Volume V. Programs not found in Volume V, including out-of-state programs, should be reviewed with the Program Specialist for Transition Services prior to committing the Division's financial support. For community college programs offered to students with I/DD, if the program also includes technical or continuing education coursework that results in a specific vocational certification, such as a CNA certification course, the counselor may consider VR sponsorship for this course(s) separately according to Section 2-20-2, Vocational Training. For programs engaging students in coursework to support a self-employment goal, the counselor shall reference Division policies regarding self-employment. As a work readiness service, VR sponsorship of internship coursework is not subject to financial need. However, comparable benefits must be utilized.

[Higher Education Opportunity Act, P.L. 110-315, Section 709]

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****OBSOLETE - EFFECTIVE 9/16/2016****
Replaced by Interim Policy and Procedure Directive #06-2016

MEMORANDUM

To: All Staff Assigned Volume I
From: Neil Mac Britt – Chief of Policy
Date: June 17, 2015
Re: Interim Policy and Procedure Directive #04-2015:
Revisions to Self-Employment Policy; Effective July 1, 2015

Self-Employment

I. Introduction

Organization and Objectives

The Division supports self-employment as an important employment alternative for eligible clients. The objectives of this policy are: (1) to outline the conditions under which the Division will support self-employment; (2) to provide a clear and disciplined process to evaluate and select clients who have a high probability of succeeding in the small business of their choice; and (3) to provide follow-up and tracking that will both assist the client to succeed long-term and help ensure that Division resources are successfully invested.

The policy is divided into the following sections:

- Introduction (I)
- Scope and Conditions of Division Support (II)
- Successful Self-Employment Outcomes (III)
- Roles and Responsibilities (IV)
- Self-Employment Evaluation and Direction Setting (SEEDS) (V)
- Self-Employment Application Process (VI)
- Approval Process for Division Support of Self-Employment (VII)
- Self-Employment Follow-up and Outcome (VIII)
- Policy Forms & Attachments

The attachments provide detailed procedures, forms and other resources to implement the policy.

To reduce the risks inherent in self-employment for the Division, the processes and procedures required by this policy involve a level of complexity not found in traditional employment. As a result, the client and the Counselor must be prepared to commit to a substantial amount of investigation, analysis and evaluation in order to complete this process. This work will take time, and it will not be unusual for this process to take six months or more to complete.

During this process many clients will change their minds and ask for traditional employment, realizing that self-employment is not for them, or that their small business proposal is not feasible. However, many clients who successfully complete the requirements of this process are also able to meet the demands of small business ownership and become successful entrepreneurs.

An electronic copy of this policy, all the forms required for its completion, as well as training, reference and resource materials to aid in the process are all located on the Program Policy, Planning and Evaluation (PPPE) intranet site at the following address: http://hrdvr03.dvr.dhhs.state.nc.us/division/sections/pppe/index.htm.

Division services specifically related to the establishment or restructuring of a small business are subject to Division policies on financial need and comparable benefits relative to the service being provided. Any exceptions to this policy must be approved by the Chief of Policy.

Application of the Policy: Unit and State Approvals

All the requirements set forth in this policy are applicable for self-employment proposals which will require $2,500 or more in Division support. Proposals for less than $2,500 can be approved at the unit level without submitting a formal application package to the Chief of Policy. However, the approval decision at the unit level must abide by Section II, Scope and Conditions of Division Support, and Section III, Successful Self-Employment Outcomes. In addition, proposals for less than $2,500 will be reviewed by the Small Business Specialist prior to final approval at the unit level. The Small Business Specialist will assist the unit in performing a streamlined profitability analysis for the business. The unit and the Small Business Specialist will jointly determine if any other elements of the SEEDS process would help to quantify risks or help to ensure the future success of the business.

II. Scope and Conditions of Division Support

Scope of Support

The scope of the Division's support for self-employment covers the following situations:

- the client is attempting to initiate a new small business venture
- the client is attempting to resume a small business operation that was interrupted due to impediments caused by the client's disabling condition. (Division support will not be available when a client attempts to resume a small business that failed

due to economic instability, poor business administration, or other circumstances unrelated to the client's disabling condition.)

- the client is pursuing a model of Supported Self-Employment for which he or she has identified a support team to account for all of the functions of the business, and in which the client is performing at least one essential function of the business. This type of operation will only be considered for individuals who are classified as MSD (Most Severely Disabled) and who require supported employment.

The Division shall not provide support for any proposed self-employment venture that:

- has the Division as its only funding source
- is a not-for-profit organization
- is classified as a corporation, except for Single Member Limited Liability Companies which are allowed
- violates state, federal or local laws or regulations
- represents a hobby rather than a competitive business venture
- is highly speculative in nature
- is a network or pyramid marketing business in which a portion of the earnings are based on the recruitment of downline representatives
- is already in full operation and consistent with the client's job goal (this does not preclude the Division from providing rehabilitation services related to job retention or job re-entry for persons already self-employed, but does limit the Division from providing support intended to maximize the earnings or productivity of the business for reasons not related to the individual's disability)
- presents a conflict of interest for the Division (e.g., funding a family business in which a family member of the client is a Division employee, or involvement in ventures which would inhibit the Division from effectively carrying out its mission)

Conditions Required for Business Support

The minimal requirements for a business to be considered for support by the Division are:

- client must be 18 years or older
- business owner must agree to become fully compliant with all federal, state and local laws; possess all applicable licenses and permits; and fulfill all tax obligations
- client must represent a minimum of 51% ownership in the business venture at the time the proposal is submitted and throughout the investment period; AND
- client must invest resources in the business as shown in Table 1

Scope of Allowable Purchases

The Division may consider support for goods and services that are required to assist the client in achieving a successful self-employment outcome. If the business proposal is approved (see Section VII), the Division may consider the most cost-effective solution for the items described on the business proposal Purchase List (Attachment H). All purchases, whether rehabilitative or not, are subject to specific purchasing policies addressed elsewhere in Volume I.

Purchase List line item requests that will be considered:

- equipment, inventory and supplies
- expenses related to professional services
- up to six months of business rent, insurance, utilities, etc.
- home or office up fit (in addition to home or workplace modifications) which comply with Section 504 of the Rehabilitation Act, ADA Accessibility Guidelines and NC Accessibility Codes
- funds for licensure, certification and related start-up costs
- online business needs including web site design, search engine optimization, online sales tools and social marketing

Purchase List line item requests that will not be considered:

- franchise fees or expenses unique to a franchised operation
- guns, ammunition or explosives
- purchases of "good will" or an intangible saleable asset associated with the reputation of a business and its relation with its customers
- refinancing or offset of existing debt or tax liability
- purchases of less than commercial grade equipment when commercial grade alternatives are available
- purchase of any real estate, land or structures
- costs to renovate or to correct structural or utility deficiencies on leased properties
- working capital, reserves or funding for salaries or wages

Division Investment and Client Contribution

In order to ensure that the client has the ongoing support required for successful operations and can sustain the business post-closure, the Division has established guidelines for a client's contribution to the business. Table 1 shows the percentage that must be invested by the client in order for the Division to provide different levels of support. For any request of support, the client must document that he or she will contribute a minimum of 10% (e.g., if a client requests $1,000, the client must provide additional resources totaling a minimum of $100). The contribution percentage increases based on the amount of the Division's investment as shown in Table 1. The resources invested by the client to reach the required percentages can include money from savings, loans, partners or family members; or office space, office equipment, inventory and other assets. The client's contribution will be listed on the Client Contribution Worksheet (Attachment J) and is part of the Self-Employment Agreement (Attachment K).

The Division may elect to take a secondary lien (subordinated) position on purchased items to help clients secure debt financing from a vendor, bank or other lending institution. Loans to support the small business will count as part of the client contribution. Additional funding requested by the client after the Division's initial investment is subject to the contribution requirements and maximums.

The Division's maximum contribution applies to the life of the case. This maximum and the matching requirement do not apply to expenses assumed by the Division which are

related to the individual's disability (i.e., workplace modifications or adaptive equipment). Other policies specific to rehabilitation services are still applicable, however. Exceptions to the Division's maximum investment must be approved by the Chief of Policy.

The level of investment by the Division also determines the investment term, which is the length of time that the Self-Employment Agreement is in effect (see Section VII). The investment term is set by either the point of successful case closure or the timeframe in Table 1, whichever comes last.

Table 1: Levels of Division Investment and Client Contribution

Client Contribution	Division Maximum Investment	Investment Term	Business Plan
More than 50% of requested funds	$20,000 - $50,000	5+ years	Required
More than 30% of requested funds	$10,000 - $19,999	3-5 years	Required
More than 25% of requested funds	$2,500 - $9,999	2-3 years	Required
10% of requested funds	$1 - $2,499	1 year	Encouraged

III. Successful Self-Employment Outcomes

Closure Requirements

All closure criteria outlined in Volume I, *Section 6-1, Successful Employment Outcome After IPE Completion – Case Status Code 26* apply to small businesses. The progress towards a successful outcome will be monitored through the Business Performance Management process outlined in Section VIII. In addition, closure shall be determined by meeting the requirements in either (1) or (2) below:

1. The client has paid him or herself an owner's draw/salary from the profits of the business that is equal to or exceeds the minimum wage for a minimum of 3 months. This monthly payment is documented in Section G.1. of the Self-Employment Agreement (Attachment K), and the minimum wage calculation is based on dividing the monthly payment by 40 hours for full-time work or fewer hours a month for part-time work. Monthly Business Performance Reports (Attachment L) and financial statements can be used to document the owner's draw/salary and hours worked.

OR

2. The client has not met the criteria set forth in (1) above, but the business has generated profits and been in operation for at least 9 months. If during this time

the client has chosen to reinvest profits back into the business, or keep them as business savings, and these profits are adequate to support an owner's draw/salary equal to or exceeding minimum wage (based on an estimated 40 hours work week for full-time or fewer hours for part-time), even if the client chooses not to take an owner's draw/salary within this time period, then the case will be closed successfully and minimum wage will be reported at closure.

After 9 months of operation if the business does not meet the criteria in either (1) or (2) above, the case is to be referred to the Small Business Specialist who will devise a plan of action to achieve the results within an additional 4 months of operation. Following this period if the business has not yet met one of these two outcomes, a decision will be made to keep the case open to monitor future operations and to consider other alternatives in consultation with the Chief of Policy and the Small Business Specialist.

Identifying the Goal of Self-Employment

At the point when self-employment is planned on the IPE, the Counselor and client must agree on which of these categories apply:

For clients receiving SSI/SSDI:

- goal of self-employment is to achieve income that is supplemental to SSI or SSDI; OR
- goal of self-employment is to support oneself without reliance on SSI/SSDI and achieve self-sufficiency; OR

For clients not receiving SSI/SSDI:

- goal of self-employment is to achieve employment that is compatible with a client's impairment and which allows for financial independence.

IV. Roles and Responsibilities

When a client identifies self-employment as his or her vocational goal, it will require a team of people, both inside and outside of the Division, working together to achieve a successful small business operation. The following matrix summarizes some key roles and responsibilities for these team members:

Role	Responsibilities
Client	• Identify employment goal • Complete the Preliminary Business Assessment • Participate in the SEEDS Evaluation including completion of all required assessments and presentation of all required information • Participate in the site visit • Follow-up on business training and counseling • Create Business Plan • Compile Purchase List • Complete Client Contribution Worksheet • Sign and comply with the Self-Employment Agreement • Complete Business Performance Reports and meet with counselor

Counselor	• Perform Preliminary Business Assessment and determine next steps • Lead client through SEEDS Evaluation, including ordering all assessments and reviewing all data, connecting client with business resources, assisting with Business Plan, and rating SEEDS. • Arrange and participate in the site visit • Based on ratings, redirect client to more traditional employment, work with client to improve the rating(s), or move client along in the process • Assist the client in compiling application information • Sign the Self-Employment Agreement • Support the client with community business resources during the start-up and ongoing operations • Determine when a successful outcome has been achieved • Redirect the client to alternative employment based on the current performance trends and future prospects of the business
Psychological Evaluator	• Perform a psychological assessment using referral form provided
Vocational Evaluator	• Perform a vocational assessment using the referral form provided • Provide ongoing consultation to counselor and client as needed • Conduct a site visit with the Counselor and client as appropriate
Business Relationship Representative	• Provide input as requested into the feasibility of the business • Use contacts in community to support client's business as appropriate
Unit Manager	• Approve client moving from the Fit to the Feasibility Evaluation • Approve client starting the application process
Regional Rehabilitative Engineers & Rehabilitation Technology Specialist	• Provide input and assistance as required into the feasibility, choice and management of technical and transportation equipment and site modification
Small Business Specialist	• Recommend to the policy development team updates to the Self-Employment Policy • Provide training and education for Division staff • Oversee the SEEDS process and procedures statewide • Track performance of self-employment program • Network statewide to provide support at field level • Coordinate requests at the state level • Assist regional, unit and field staff as needed
Chief of Policy	• Give final approvals based on policy and staff recommendations • Direct changes to policy, processes and procedures
Community Self-Employment Resources	• Provide training, counseling and mentoring to clients
Self-Employment Review Committee	• This committee, made up of members from Policy PPE and other DVRS functions, approves/disapproves small business applications and provides oversight and guidance on all self-employment related policy.
Small Business Advisory Committee	• Provides outside expertise to the Division to provide resources, review business plans, identify opportunities and solve problems

Community Self-Employment Resources for Training, Counseling and Mentoring

It is the intent of the Division to provide community self-employment resources to support clients with appropriate training, counseling and mentoring. This support can come in various forms, such as training clients on how to write business plans, counseling clients on specific technical needs, or mentoring clients to ensure the success of their ongoing operations.

The main resource for training is the Small Business Centers (SBC) in each of the community colleges throughout the state. The SBCs sponsor a series of classes that include entrepreneurial skills, writing business plans, small business start-up, and small

business management. Counseling and mentoring, including assistance in writing the business plan, can be provided by the SBC, a local SCORE chapter or from another business organization. See the Self-Employment web page on the PPPE Intranet site (http://hrdvr03.dvr.dhhs.state.nc.us/division/sections/pppe/index.htm) for more information and instructions.

Division staff will network with small business professionals across the state to improve access to these and other organizations for our clients. A formal Small Business Advisory Committee will assist the Division in aligning resources across the state to support our clients and to assist in proposal evaluation and problem solving. If additional resources are needed, the Counselor should contact the Division's Small Business Specialist.

V. Self-Employment Evaluation and Direction Setting (SEEDS)

Overview of the SEEDS Evaluation Process

As part of the Comprehensive Assessment, the SEEDS evaluation will be used to determine whether the Division will support a client's small business goal. The SEEDS evaluation begins with a Preliminary Business Assessment and then moves into two major evaluations, a Fit Evaluation and a Feasibility Evaluation. Each evaluation consists of three areas and all six areas are rated by the Counselor to determine whether the client continues on the self-employment track or is redirected to traditional employment.

The SEEDS Ratings

The SEEDS rating process provides a standardized method to evaluate the readiness of a client to move forward with their small business request. Table 2 below shows the goal of each evaluation, how to gather evidence in each area, and how to evaluate that evidence to assign a SEEDS rating. In addition, the Counselor should gather other relevant information in each area, and use their professional judgment when assigning their ratings.

The definitions for each of the four rating levels are given in Table 3 below, along with the actions associated with each.

The result of this evaluation process is a numeric rating from 1-4 for all six SEEDS evaluation areas. These ratings, along with Counselor comments justifying the selection, are input into the SEEDS Rating Form (Attachment B) and submitted with the application package. After the Self-Employment Review Committee meets to discuss the application package, they will complete the State Office Comments and Final Rating columns of the SEEDS Rating Form.

Table 2: Assigning the SEEDS Ratings

Area	Goal	How to Gather Evidence	How to Assign Numeric Ratings
Personality Fit	To determine if the client has the personality and entrepreneurial traits needed for self-employment	• Review psychological and vocational evaluations • Observe whether the client approaches the self-employment process with an entrepreneurial and professional attitude	1 = Core personality unsuited for self-employment 2 = Personality not a good fit for self-employment because of specific behaviors and traits 3 = Personality potentially suited for self-employment if some behaviors or traits are changed 4 = Personality well suited for self-employment
Vocational Fit	To determine if client has the vocational and business management skills, abilities and knowledge required	• Review vocational evaluation • Determine compatibility of work activities with impairment • Investigate previous work history and other experiences	1= Lack of skills, abilities, and/or knowledge are barrier to moving forward 2 = Need to close significant gaps 3 = Some areas of improvement identified 4 = Fully able to take on requirements of small business
Financial Fit	To determine if the client has (1) the ability to manage money responsibly, and (2) sufficient financial support for the business	• What does the credit report tell us about the client's history of managing money? Are any delinquent accounts or collection agency contacts part of an overall chronic pattern, or can you explain these in the context of the client's impairment? • Does the personal financial statement show positive net worth, low levels of current liabilities and some liquid personal assets? Can the client cover ongoing expenses during business start-up? • Does the monthly personal budget show that the client is comfortable with financial planning? Do they have any additional cash to cover unexpected expenses?	1 = Significant problems with negative net worth, monthly deficits and/or chronic bad credit 2 = Numerous credit, debt or liquidity problems have been identified 3 = Specific financial improvement needed prior to business start up 4 = Handles finances responsibly and has sufficient resources to cover expenses during the start up

Table 2 (continued)

Area	Goal	How to Gather Evidence	How to Apply Numeric Ratings
Market Feasibility	To determine if there are markets and customers for the proposed product/service	Evaluate the marketing section of business plan to determine: • Are there specific markets and customers identified and ways to reach them? • Are the strengths and weaknesses of competitors understood? • Does the product/service have a competitive advantage for the target customers?	1 = No realistic market identified and/or no competitive advantage 2 = Markets identified and advantage mentioned but little data about or understanding of customers and competitors 3 = Market and competitive advantage identified but additional data needs to be collected 4 = Has clear advantage in specific market(s)
Revenue Feasibility	To determine if the projected sales revenues are based on solid assumptions of price and volume	Evaluate the sales revenue line from the cash flow statement to determine: • Are sales revenues calculated using prices substantiated by the marketing plan? • Are sales revenues based on realistic volume estimates from the sales forecast?	1 = Very weak connection between sales revenue and market; little understanding by client 2 = Insufficient facts and data to substantiate pricing and volume numbers 3 = Provides evidence to support market, pricing and sales assumptions, however some important information is missing 4 = Clear, convincing link between market, price and sales forecast assumptions
Long-term Profitability	To determine if the proposed business can produce the necessary working capital during start up and the expected profit during ongoing operations	Evaluate the cash flow statement to determine: • Are all the expenses accounted for? • Is the cash flow statement positive at the end of each month with sufficient buffer for unexpected events? • Does the owner's draw or salary meet or exceed the successful outcome target? Are there any reasons that the business will be unable to meet the projected long-term profitability (ie. changing regulatory requirements, future market demands, new skills or capabilities required)?	1 = Negative or unrealistic cash flow shows that the business concept will not work. Other significant barriers exist to long-term profitability. 2 = Cash is inadequate to meet start up or profit expectations. Other significant problems exist that will prevent long term profitability 3 = More investigation is needed in specific areas to be confident of long-term profitability 4 = Cash is more than adequate based on plan and reasonable contingencies. No barriers identified to reaching a successful outcome.

Table 3: Definition of Ratings/Actions to Be Taken

Rating	Definition	Action
1	Inadequate to proceed with self-employment	*Stop small business process* and pursue other employment goals
2	Major improvements needed before application can be considered by State Office for review	Significant improvements need to be made prior to submitting application to State. Unit will determine if gaps identified can be closed, and decide whether to pursue corrective actions at unit level.
3	Specific, usually minor, deficiencies noted in SEEDS which can be corrected prior to business start up	Rating allows application to be submitted to State with a request for a Self-Employment Corrective Action Plan to correct deficiencies
4	Fully meets requirements	Rating allows application to be submitted to State, and for application to be considered for approval

The Self-Employment Corrective Action Plan

The purpose of a Self-Employment Corrective Action Plan (see Attachment C) is to document specific action steps that need to be completed by the client before a final decision can be made by the Self-Employment Review Committee. As noted in Table 3, a rating of 3 allows the application to be submitted to the State with a request that a Self-Employment Corrective Action Plan be created to correct the deficiencies. Therefore any rating of 3 on the SEEDS Rating Form must clearly identify the area's deficiency and the recommended steps to correct it.

The Self-Employment Review Committee will determine when a Self-Employment Corrective Action Plan will be needed, and will work with the Counselor and the client to come up with the action steps and due dates in the plan. The Small Business Specialist will monitor the plan for completion, and the Self-Employment Review Committee will determine if the corrective actions taken are sufficient to move forward with the self-employment process.

Flowcharts of the SEEDS Process

The process flowcharts below illustrate the main actions and decisions in the SEEDS process. Following these flowcharts are descriptions of each evaluation step. The instructions and forms needed to complete the evaluations are included in the Attachments at the end of the Policy.

Chart A – Self-Employment (SEEDS) Flowchart
Preliminary Assessment to Fit Evaluations

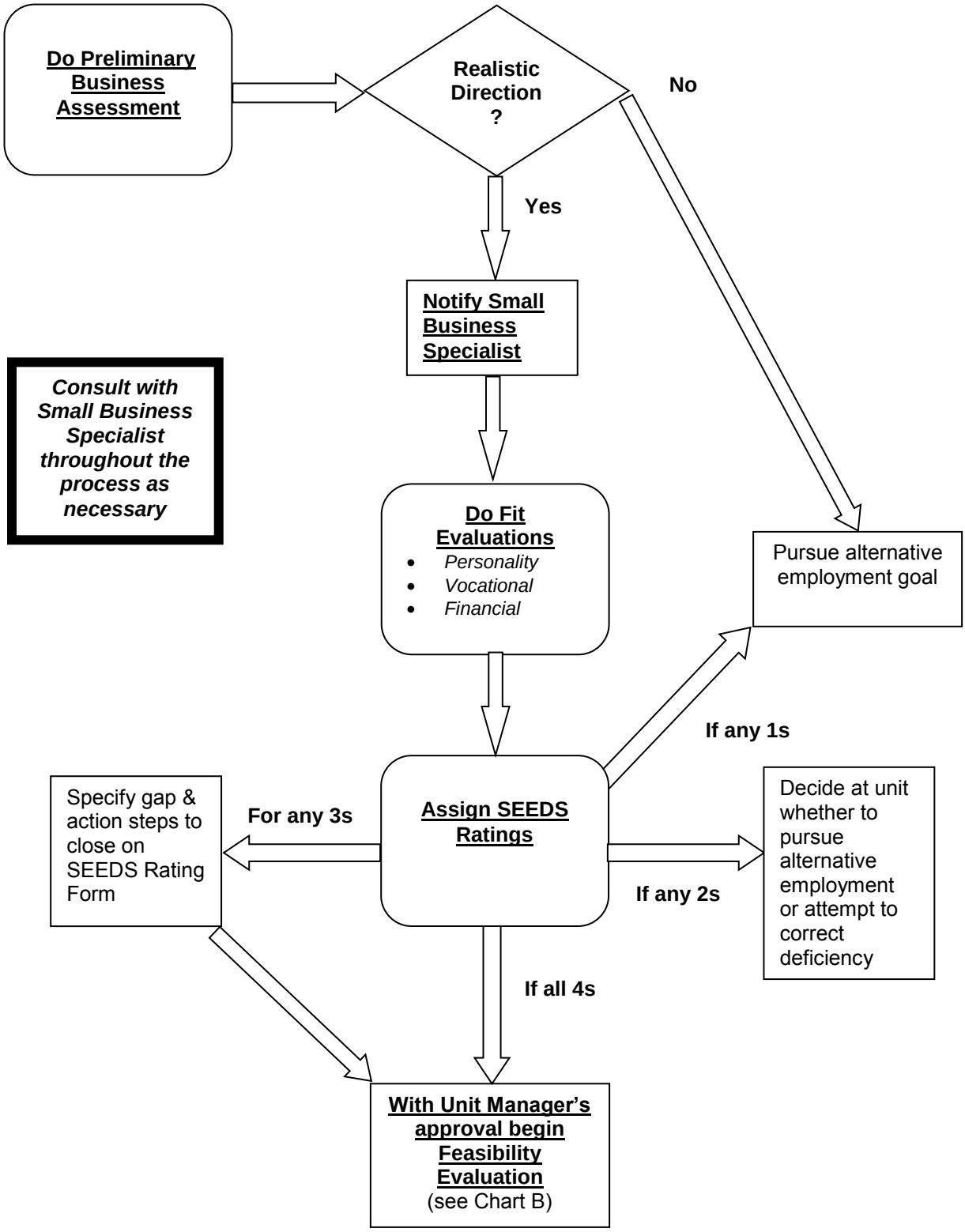
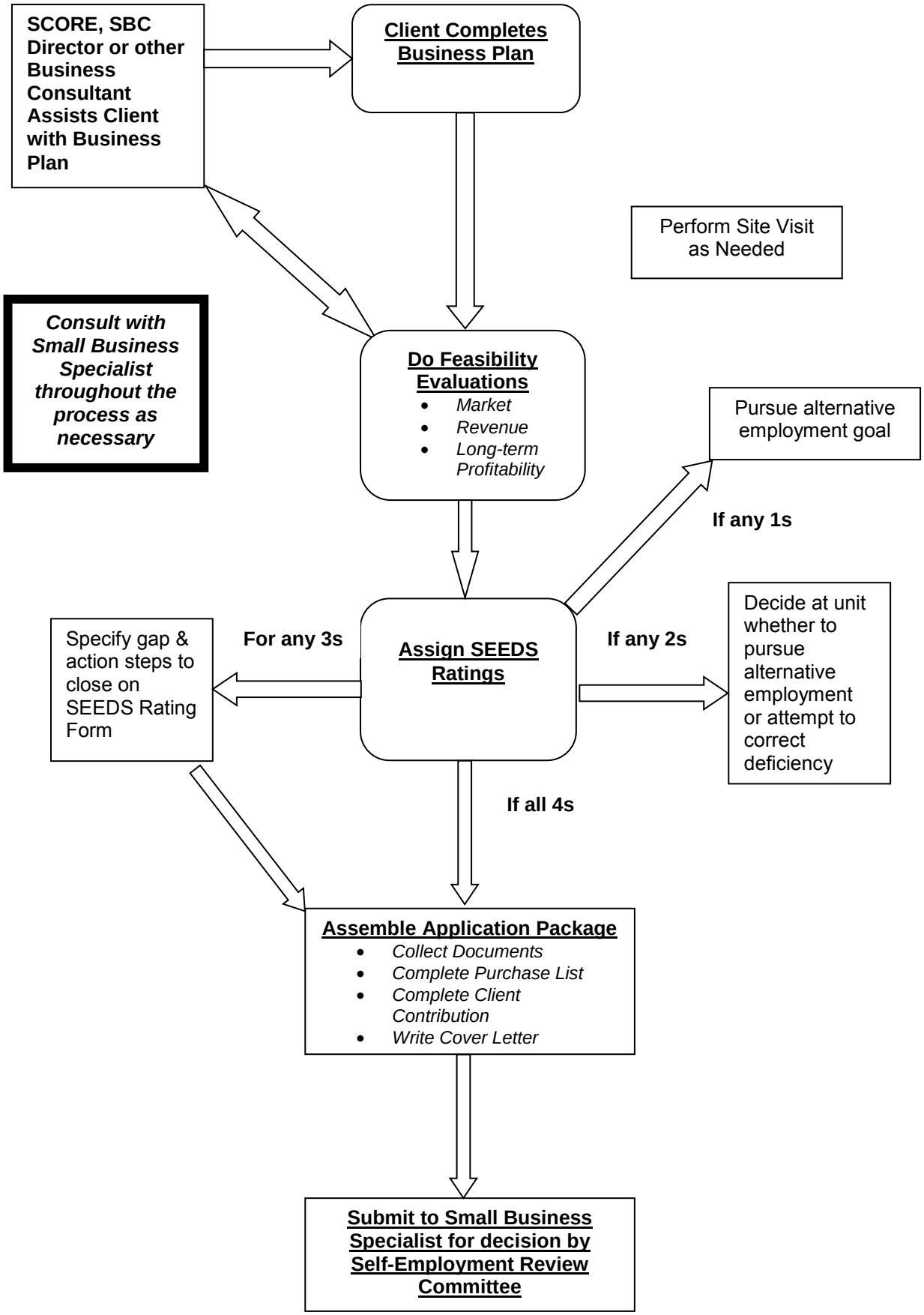


Chart B – Self-Employment (SEEDS) Flowchart

Feasibility Evaluation to Review Committee



The Preliminary Business Assessment

Before any detailed evaluation begins, there needs to be a preliminary assessment to determine if self-employment in the proposed business meets the overall intent of the policy and the needs of the client. The client will fill out the Preliminary Business Assessment form (see Attachment A) and present it to his or her Counselor. Based on this assessment and discussions with the client and others, the Counselor will determine: (1) is the business proposed within the scope of what the Division can support, (2) does the business idea appear to be a reasonable commercial venture, and (3) can the client to do the work and make a profit. If there are concerns about the compatibility of the chosen business with the client's impairment, these concerns should be explored carefully at this initial step.

If self-employment appears to be the best outcome for a client, but there is not a clear business direction, then this step should be used to brainstorm opportunities. Starting with a "client-centered" approach, ideas can come from a wide range of client skills, interests, experiences and aptitudes, and this brainstorming can include client's family and friends, other support personnel and other DVRS staff. If there are potential markets for this idea(s) and profits to be made, then the Preliminary Business Assessment form should be completed.

If the business concept does not merit further investigation, the Counselor should redirect the client to alternative employment. If the decision is to move forward with SEEDS, the Counselor should notify the Small Business Specialist.

The Fit Evaluation

This evaluation focuses on three areas: (1) the fit of the client's personality for self-employment, (2) the adequacy of the client's skills, abilities and knowledge for the work and for running a business, and 3) the client's ability to manage money and to provide financial support for the business. The Counselor will gather evidence from a number of sources to apply a SEEDS rating for each area, as explained below and summarized in Table 2.

For clients pursuing Supported Self-Employment, the personality and vocational evaluations may be achieved by alternative methods. The Vocational Evaluator may assist with task analyses of the various essential functions of the desired job. This evaluation, together with a supplemental evaluation of the client's ability to complete a minimum of one essential function (as defined in the client's Preliminary Business Assessment), and a review of the business support team's commitment/ability to meet the remaining essential functions, can determine the personality and vocational fit for self-employment.

> ***Personality Fit*** – A full psychological evaluation is required to complete this step. The purpose of this evaluation is to determine whether the client's personality is a fit for self-employment by assessing the client's entrepreneurial abilities and their capacity to start and operate his/her chosen business. The Counselor provides to the psychologist the Psychological Evaluation for Self-Employment - Referral Form included as Attachment D, adding to the standard

questions any additional information about the client or the business that would assist in the evaluation.

If the client has had a recent psychological evaluation that addresses these concerns, there is no need for an additional one. A request can be made to the Chief of Policy to waive the requirement for a psychological evaluation if the Unit Manager believes the evaluation is not necessary because of the nature of the disability, the presence of other existing data that addresses psychological fit, etc.

To rate this area, information from the formal psychological evaluation should be combined with observations of the client's ability to complete the business plan, and a determination of whether, throughout the process, the client's behavior matched that expected of a business owner.

Vocational Fit – The purpose of this evaluation is to determine if the client has both the vocational skills needed to produce the business' specific product/ service and the business management skills to run the business. The business management skills include knowledge of and experience in finance and accounting, marketing and sales, customer service and planning, along with the appropriate entrepreneurial traits. The Counselor provides to the Vocational Evaluator the Vocational Evaluation for Self-Employment - Referral Form included as Attachment E, adding to the standard questions any additional information about the client or the business that would assist in the evaluation. Any training, rehabilitation, work experience or other activities recommended in the evaluation can be included as part of the IPE.

Financial Fit – The purpose of this evaluation is twofold: first, to determine if the client has managed his/her finances responsibly in the past, and second, to determine if the client has the financial resources to support the business until it is able to make a profit. This step consists of three elements: the client's credit report and score, his/her Personal Financial Statement Form and Monthly Personal Budget Plan (see Attachment F).

To complete the first step, the client will order his/her credit report and score at https://www.annualcreditreport.com/cra/index. The credit report is free and there is a minimal cost for the score, and both can be ordered at this web site from any of the three affiliated credit agencies. This provides DVRS with the information to judge whether or not the client has responsibly managed his/her finances in the past, and whether, if needed, the client could potentially qualify for a bank loan or line of credit.

The Personal Financial Statement and Monthly Personal Budget Plan should be filled out by the client, and will give the Counselor insight into how he/she currently manages money and what financial resources are available to support the small business. (Note: The level of resources needed to support the business, particularly during start-up, may not be known at this time. Therefore,

it may be necessary to revisit and rescore the Financial Fit after the cash flow statement is done.)

When needed, Counselors will refer clients on SSI or SSDI to a Social Security Benefits Specialist to clarify how self-employment could impact their payments, and how Social Security programs, including the PASS Plan, could benefit their small business.

Using Table 2 the Counselor will assign a rating for the client on all three Fit Evaluations. If all ratings are 3 or 4 the client is a candidate to begin the Feasibility Evaluation. The Counselor, in consultation with the Unit Manager, decides whether to move into the Feasibility Evaluation, and whether this is to occur as a continuation of the comprehensive assessment in status 10, or if it is to be planned on the IPE and carried out in status 12. If the Feasibility Evaluation is to be carried out in status 12, the Counselor should develop the IPE with a goal of self-employment (or Supported Self-Employment), which must be approved by the Unit Manager.

If any of the ratings are below 3, the Counselor will determine if there is training, counseling or other support that can correct the problem(s) identified and raise the SEEDS rating. If mitigation is not possible, the Counselor shall assist the client in identifying an alternate employment goal, which may be employment in the desired vocation under the supervision of someone else. As part of this decision process, the Counselor must determine if the expected employment outcome resulting from self-employment outweighs the risks associated with the investment of the client's and Division's resources and time.

<u>The Feasibility Evaluation</u>

Once the client has been determined through the Fit Evaluation to be a good match for self-employment, then the Counselor needs to determine if the client's proposed business is feasible. This Feasibility Evaluation may be completed as a continuation of the comprehensive assessment in status 10, or may be planned on the IPE and provided as a guidance and counseling service. The Feasibility Evaluation will focus on three critical success factors – Market Feasibility, Revenue Feasibility and Long-term Profit Feasibility – all of which come from sections of the business plan.

For clients pursuing Supported Self-Employment, the completeness, quality and commitment of the business support network will be a major focus in the Feasibility Evaluation. The Business Structure and Organization section of the business plan must include a complete analysis of the support needed by the client to successfully operate the business, including the skills and experience of the support personnel, their reliability and commitment and their ability to function well as a team.

The Business Plan

The client is responsible for completing the business plan, but the Counselor will assist in moving the process forward and will work with the Small Business Specialist to identify the best business resource to help with the business plan. If the client does not have the background to write the plan, then a training class on how to write a business plan may be required before this step can begin. Any

training required shall be planned on the IPE. Because of the complexity and time requirements of business planning, once this step has begun, all parties must be committed to see the process through.

During the business planning process, the Counselor should work with the client to compile a list of equipment, materials, licenses, training and other resources which will be required to make the business successful. This list should be included under Start-up Costs in the business plan and will be used to complete the Purchasing List (Attachment H) required in the application process, and to determine what resources the client will include in their Client Contribution Worksheet (Attachment J).

Once the business plan is complete, the Counselor will apply SEEDS ratings to the three areas of the Feasibility Evaluation, using Table 2 as a guide. The Counselor should consult with the Small Business Specialist and/or the local small business resource to help with this evaluation.

Market Feasibility – This determines if there is a market and customers for the proposed product or service, and whether the product or service has a competitive advantage for those customers.

Revenue Feasibility – This asks whether the customers will actually pay money for the product or service, by determining if the projected sales revenue is based on solid assumptions about price, volume and customers.

Long-term Profit Feasibility – This determines if the proposed business can produce the necessary working capital during start-up and the expected profit during ongoing operations.

If the Feasibility ratings are 3 or 4, and, based on the overall SEEDS evaluation, the client and Counselor are committed to moving forward, then the Unit Manager must agree and sign off on the SEEDS Rating Form.

As with the Fit Evaluation, if any of the ratings are below 3, the Counselor will determine if there is training, counseling or other support that can correct the problem(s) identified and raise the SEEDS rating. If mitigation is not possible, the Counselor shall assist the client in identifying an alternate employment goal, which may be employment in the desired vocation under the supervision of someone else.

<u>Use of Status Codes in the SEEDS Process</u>

For new cases, the Fit Evaluation shall be completed in status 10. If a self-employment goal is determined to be a good fit for the client, then there are two options for completion of the Feasibility Evaluation:

- The preferred option is for the Feasibility Evaluation to be completed as part of the comprehensive assessment in status 10; however

- It may be planned and carried out as a guidance and counseling service on the IPE and the case placed in status 12. The IPE will only include guidance and counseling (the Feasibility Evaluation) and any training services related to the client completing the self-employment process. If the Feasibility Evaluation is satisfactory, and the self-employment plan is approved for sponsorship by the Division, the IPE will be amended to plan the specific services for purchases of goods and services to establish the business. The Counselor, in consultation with the Unit Manager, makes the determination of whether the Feasibility Evaluation is to occur in status 10 or in status 12 under the IPE.

When a client under an existing plan for traditional employment wants to explore self-employment, the plan should be amended to add a guidance and counseling service for the Fit and Feasibility Evaluations. If the application is approved, another amendment should be made to change the job goal and add the services required to implement the plan.

Site Visits and Vehicle/Trailer Inspections

During the preparation of the business plan the client may decide on a specific location for the business. If this location is known and can be inspected, the Counselor will arrange a site visit with a Vocational Evaluator. The purpose of the visit will be to identify any problems or barriers to the successful operation of the business at this location.

The regional Rehabilitation Engineers and the State Office Rehabilitation Technology Specialist are additional resources available to the Counselor. The Rehabilitation Engineers can assist with site reviews if the need for modifications or upfits are anticipated and can also assist as a staff consultant for specialized equipment needs, modifications, and any work that may need to be done to have equipment interface with the building or worksite. The Rehabilitation Technology Specialist is also available to assist with worksite-related assistive technology needs.

When the client provides a vehicle and/or trailer that are necessary for the success of the business, a Rehabilitation Engineer needs to determine whether the equipment is capable of performing the required business functions. This evaluation includes but is not limited to an assessment of the equipment's condition and capacities.

Evaluating Business Partners and Other Major Supporters

If the client owns at least 51% of the business but less than 100%, OR if the client is pursuing a goal of Supported Self-Employment, then the Counselor may request that the other owner(s) or business support person(s) participate in the SEEDS evaluation. This would be particularly important if the other owners were providing any of the expertise or financial backing being assessed in the Fit Evaluation. Similarly, if a spouse, relative or friend is going to play a significant role in the business, the Counselor may request his/her participation in the SEEDS evaluation. Financial documentation will be required prior to the final approval for any partner owning 10% or more of the business.

For clients pursuing Supported Self-Employment, the client is responsible for identifying the specific network of persons providing small business supports. Each business support person in a Supported Self-Employment plan shall be required to submit a letter of commitment summarizing the nature of the support, the qualifications or experience he or she has to provide the support, and the amount of time and the time period for which the support is being offered.

VI. Self-Employment Application Process

The Self-Employment Application

Once the Unit Manager has approved the IPE and the SEEDS Ratings Form (Attachment B), the Counselor can begin compiling the application package. The application package includes the following elements:

1. Client Data – R-4, Eligibility Decision, DVR 0116 and supporting financial documentation, IPE and subsequent amendments, pertinent medical and/or psychiatric/psychological evaluations
2. SEEDS Evaluation – SEEDS Rating Form (DVR 0603, Attachment B), Preliminary Business Assessment (Attachment A), Psychological Evaluation, Vocational Evaluation, Credit Report and Score, Personal Financial Statement and Monthly Personal Budget Plan (Attachment F)
3. Complete Business Plan (required for requests of $2500 or more) (Attachment G)
4. Site Visit Evaluation (if location is known)
5. Division Purchasing Information, including the Purchase List (DVR 0607, Attachment H) and the Special Requirements for Items on the Purchase List (Attachment I)
6. Client Contribution Worksheet (DVR 0609, Attachment J)
7. Letters of Commitment (for Supported Self-Employment proposals only)
8. Cover Letter summarizing the rationale for approval

Division Purchasing Information

The Counselor will assist the client in developing a Purchase List (Attachment H) of items/services taken from the Start-up Expenses section of the business plan. Attachment H has three parts: (1) contact information, (2) details for tools and equipment, and (3) details for miscellaneous items. The Tools/Equipment Items list should include the quantity, the manufacturer's name and part number, a specific description, the cost, the preferred supplier, whether or not this is an approved vendor, and the ship to location. The Miscellaneous Items list is for such things as professional services, licenses and insurance. Attachment I (Special Requirements for Items on the Purchase List) should be included when additional information such as the delivery location and schedule, installation, utility requirements, or training is needed.

If a specific brand of equipment or product is requested for the business, then the counselor must provide a written letter of justification as to why no other functional equivalent equipment or product can be used. If a specific vendor is requested for the business, then the counselor must provide a written letter of justification as to why this

vendor would better serve the client's needs over any other vendor. If requesting a sole source vendor, then the counselor must provide a letter from the manufacturer/supplier confirming they are the only manufacturer/supplier that can provide the product.

Client Contribution Worksheet

The application must include a Client Contribution Worksheet (see Attachment J), which is an itemized list of the investment contribution that the client will be making to meet the requirement in Section II. The resources invested by the client to reach the required percentage can include money from savings, loans, partners or family members; or office space, office equipment, inventory, or other assets. Each investment must be itemized on the form. The value of non-monetary assets will be calculated as follows:

Table 4: Estimating Client Contributions for Self-Employment

Category	Method of Estimating Value
New equipment, tools, etc.	Purchase price
Used equipment, tools, etc.	Estimated fair market price
Home office space	Calculation used by IRS
Other items	Estimated fair market price

At the time of application, the total contribution on the Worksheet must equal or exceed the required amount stipulated in Table 1. The actual purchase or allocation of client resources to the business does not have to begin until the application is approved by the Division. Once the approval is given, the client must begin contributing the items listed under the Client Contribution Agreement section of the Self-Employment Agreement (Attachment K).

VII. Approval Process for Division Support of Self-Employment

For requests of $2500 or more, a full business plan and all parts of the application package must be submitted to the Chief of Policy for approval. Unit approvals will follow the requirements outlined in Section 1, Application of the Policy: Unit and State Approvals.

The Chief of Policy shall review the application package for accuracy and completeness and for fitness and feasibility. The Chief of Policy may consult with the Purchasing Manager to conduct research on comparable pricing and alternative solutions. The Chief of Policy may submit any requests to the Small Business Advisory Committee for an external evaluation. After this review is completed, applications will be approved, disapproved, or returned to the Counselor with a Self-Employment Corrective Action Plan or with a request for clarification or additional information. The SEEDS Rating Form will be returned with ratings and comments from the State Office. If the application is approved and an IPE has not been developed (i.e. case is in status 10), the Counselor must do so in partnership with the client.

The Self-Employment Agreement

For approved applications requesting $2500 or more in funding, a Self-Employment Agreement will be required (see Attachment K). The Chief of Policy shall issue the Self-Employment Agreement which must be signed by both the Counselor and the client (and additional business partners as appropriate). The Self-Employment Agreement lists the agreements made by the Division and the client and the obligations of each. It includes the responsibilities of the client prior to the purchase of goods - such as acquiring necessary licenses, permits, and insurance - along with obligations up to and beyond case closure. The Investment Agreement in Section E includes the Division's Security Agreement which outlines the client's obligations to the Division for the items purchased. Section E also requires the filing of a UCC-1 for all items over $1,500, which will be done by the State Office. The Self-Employment Agreement must be signed by the client prior to the Division purchasing any services/goods. Any violation of the Self-Employment Agreement may result in the Division reclaiming any or all funds distributed to the client in the form of repossessed materials and/or returned monies.

VIII. Self-Employment Follow-up and Outcome

Follow-up Assistance

After the application has been completed and the purchases made, many clients will face new problems during the start-up phase of the business. It is very important to the long-term success of these start-ups that business mentors be available to the clients. Counselors should help connect or re-connect clients, with an SBC, SCORE or other mentor to provide ongoing support.

Pre-Closure Visit

Prior to successful closure, the Counselor shall conduct a site visit to observe the business and to verify proper use of the equipment/supplies/services provided by the Division. If the client fails to follow the terms of the Self-Employment Agreement or fails to cooperate during a site visit prior to case closure, then the Division shall take actions to reclaim those items purchased to support the business.

Business Performance Reporting and Closure

Division funded businesses must submit a Business Performance Report (see Attachment L) on a monthly basis for a minimum of 6 months (due by the 10th of each month), and then quarterly until closure. This report must be accompanied by a monthly business financial report, and a copy of these reports (electronic format preferred) is to be sent to the Small Business Specialist. The purpose of this report is to monitor the health of the start-up business. If significant problems or negative trends are identified, the client should seek help from the SBC, SCORE or another business mentor and the Counselor should ask for help from the State Office.

The case can be closed when the Business Performance Report and accompanying financial reports meet the profit target set in the Self-Employment Agreement, and meet the closure requirements outlined in Section III.

Any requests by the client for additional Division support following the initial approval will be responded to based on past business performance and future prospects. Requests will be guided by the limits outlined in Section II, Table 1 and in Section VII.

The Division reserves the right to request financial reports at any point throughout the investment term. Expenses associated with these responsibilities are to be accounted for in the original business plan.

Preliminary Business Assessment

Client: _____
Counselor: _____
VR#: _____
Date: _____

1. Please check the self-employment option that most applies to you:
   ___ I want to start my own business
   ___ I own a business and want to expand
   ___ I want to acquire an existing business
   ___ I want to restart a business that failed
   ___ I want to expand a hobby into a business
   ___ Other (Specify _____)

2. Do you plan on owning at least 51% of the business? ___ Yes ___ No

3. Is the business a for-profit entity? ___ Yes ___ No

4. Describe your business, including your customers & markets

5. Explain how and why this business will be a profitable venture

6. List your skills, aptitudes and experience that will allow you to succeed

7. Explain how this business is compatible with your impairment

8. Tell what monthly wage you expect to make and when you expect to make it

SEEDS Rating Form

Client Name: _____ Client ID#: _____

Counselor: _____ Date Submitted: _____ _____
Unit State Office

Instructions:
- Use the criteria in Table 2 to assign the Unit Office Rating, and in the comments field summarize the evidence used to come up with the rating
- The State Office will fill in the State Office Comments and the Final Rating columns

Area	Counselor Comments	Unit Office Rating	State Office Comments	Final Rating
Personality Fit				
Vocational Fit				
Financial Fit				
Market Feasibility				
Revenue Feasibility				
Long-term Profit Feasibility				

Unit Manager Approval: *I have reviewed and verify the scores listed above, and I am in support of this client's proposal proceeding for State Office review.*

Signature: _____

Self-Employment Corrective Action Plan

Client Name: _____ Client ID#: _____

Counselor: _____ Date: _____

- Note: Corrective Action Plan will be initiated by State office

Area	Improvement Required	Corrective Action Steps Agreed To	Due Date	Comments	Completion Date

Client's Signature: _____ Date Signed _____

Counselor's Signature _____ Date Signed _____

Chief of Policy's Signature _____ Date Signed _____

Psychological Evaluation for Self-Employment Referral Form

NC Division of Vocational Rehabilitation Services

Date: _____
Client Name: _____
Client VR#: _____
Counselor Name: _____
Psychologist: _____

1. Description of business (DVRS to complete):

2. Specific challenges/risks/concerns surrounding self-employment for this client (DVRS to complete):

3. Questions to be included in evaluation:

a) Does the client have the psychological stability to handle the multiple priorities and stresses of business ownership?

b) Does the client have the judgment and organizational skills to manage a business?

c) Does the client have the cognitive abilities to think strategically about the future of the business?

d) Does the client have the emotional balance to be able to deal constructively with upset customers and other conflicts that will arise with business ownership?

e) Can the client go out and sell the business to strangers and gain their loyalty so that they become return customers?

f) Does the client have the entrepreneurial traits needed to be successful?

g) Can the client perform the executive functions needed in business?

h) Are there any psychological factors that would hinder the client's ability to perform the functions of their chosen business?

4. Other questions to include in the evaluation (DVRS to complete as needed)

Vocational Evaluation for Self-Employment – Referral Form

NC Division of Vocational Rehabilitation Services

Date: _____
Client Name: _____
Client VR#: _____
Counselor Name: _____
Vocational Evaluator: _____

1. Description of the business (DVRS to complete)

2. Specific challenges/risks/concerns surrounding self-employment for this client (DVRS to complete)

3. Questions to be addressed in the evaluation:

a) What is the client's previous experience in this business field? Does the client have other work, education or life experience to help them be successful?

b) Does the client have the aptitudes, abilities and skills to be successful as an owner of this business (i.e. perform the executive functions, the operational processes, the sales and marketing, customer services, accounting and record keeping)? What supports would be required to improve the chances of success?

c) Does the client have the drive and determination to be successful?

d) Discuss how the client's impairment(s) impact the chances for success, and what supports and accommodations would improve these chances?

e) What other barriers to self-employment are there for this client? What can be done to overcome these barriers?

f) Would supported self-employment be an option for this client (see Directive #02-2012 Section II Scope of Support and following sections)

g) If self-employment is not recommended, what types of jobs would be a good match for this client?

4. Other questions to include in the evaluation (DVRS to complete)

(Note: In pre-evaluation meeting with Vocational Evaluator please provide additional information as needed.)

Personal Financial Statement and Monthly Budget

Name: _____ ***Date:*** _____

Personal Financial Statement

Instructions: Enter whole dollar amounts into unshaded areas of columns "A" and "L." List detail where requested. Add other categories in blank spaces which apply.

To Calculate: (1) Add column "A" (**2)** Add column "L" **(3)** Subtract column "L" total from column "A" total.

Current Personal Assets	A	Current Personal Liabilities (Enter loan/debt balances, not monthly payment amts.)	L
Cash/Checking Account		Credit Card Debts (please list)	
Savings Account			
Stocks/Bonds/CD's			
Accounts/Notes Receivable			
		Alimony	
		Child Support	
Home – Current Value		Home Mortgage	
Additional Real Estate Value		Additional Real Estate Mortgage	
Autos/Other Vehicle Values		Auto Loan(s)	
		School Loans (incl. deferred loans)	
Other Assets (please list)		Other Loans (please list)	
		Federal Tax Liability	
		State Tax Liability	
TOTAL ASSETS		**TOTAL LIABILITIES**	

NET WORTH: (ASSETS – LIABILITIES)	

Monthly Personal Budget Plan

Instructions: Enter whole dollar amounts as applicable. Check calculations for accuracy.

INCOME – Monthly

	Enter whole dollar amts			Enter whole dollar amts
List all household income	**Amount**		**List all household income**	**Amount**
1.			5.	
2.			6.	
3.			7.	
4.			8.	
			Total Income	

EXPENSES – Monthly

Home	**Amount**		**Entertainment**	**Amount**
Cable TV			Dining Out	
Cell Phone			Gym Fees/Club Memberships	
Computer Internet			Movies/Plays/Concerts	
Home Phone			Music CDs, Books	
Home Repairs/Maintenance			Sports Equipment/Team Dues	
Homeowner's/Renter's Insurance			Vacation	
Mortgage/Rent			Video/DVD Rentals	
Real Estate Taxes			Other	
Utilities (Gas/Electric)			**Entertainment Totals**	
Water/Trash				
Other				
Home Totals				
Transportation	**Amount**		**Health**	**Amount**
Auto Gas/Oil			Copayments/Deductibles	
Auto Insurance			Dental Insurance	
Auto Licensing			Disability Insurance	
Auto Repair			Health Insurance	
Car Wash			Life Insurance	
Public Transportation			Over-the-Counter Drugs	
Other			Prescriptions	
Transportation Totals			Other	
			Health Totals	
Daily Living	**Amount**		**Financial**	**Amount**
Alimony			Savings	
Child Care/Child Support			Retirement (401K, IRA, etc.)	
Church Tithing			Credit Card Payments	
Clothing Purchases			Loans not otherwise listed	
Donations/Charity			Other (please list)	
Gifts				
Groceries				
Laundry/Dry Cleaning			**Financial Totals**	
Pet Care (food, vet, boarding)				
Personal Care – Other items				
Postage				
Salon/Barber				
School Supplies				
School Loans				
Subscriptions/Newspaper				
Other				
Daily Living Totals				
			Total Expenses	
			Money Remaining (*Income minus Expenses*)	

Business Plan Components

All business plans must cover the content listed below, preferably in the format shown. An example of a business plan is available on the intranet site, as is an Excel spreadsheet that can be used to create the cash flow statement required in #13 below.

1. Executive Summary: Provide a short summary of the intended business
2. Company and Personal Background: Include information on the ownership of other small businesses, employment background and relevant personal experience
3. Product/Service: Provide a basic description of the product(s)/service(s), how they will be produced, and what makes them unique
4. Market and Customer Analysis: Provide a general description of the market, then use facts and data to demonstrate why specific segments of that market, or groups of target customers, will buy your product/service. Specifically describe the unique advantages of your business to these customers.
5. Competition: Describe the competitors that exist for your target customer segments, followed by an explanation of how your business will compete against them
6. Pricing: Explain how each product/service will be priced, why that price is competitive, and what the expected profit margin will be
7. Sales Forecast: Include a month by month estimate of the volume of sales by major product/service category for a minimum of 18 months
8. Advertising and Sales: Describe how you will promote your product/service (including online marketing). Specifically explain how these methods will reach your target customers
9. Operations: Describe the daily operations of the business: where it will be located, what processes will be performed, what equipment is required, who will do what, how your products will be distributed to your customers, etc.
10. Business Structure and Organization: Include the legal entity for your business and why it was chosen. Describe you organization, including all business supports that you will require to be successful (ie. accounting/bookkeeping services, web services, sales assistance, and transportation)
11. Practical Steps to Get Started: List the licenses, permits, certificates, tax registration, zoning, training, insurance, bonding and other requirements that you need to meet in order to start up your business. For each one tell how you will meet the requirement.
12. Operating Expenses: Provide a complete list of estimated costs that will be required to run the business. For all expenses that will be paid each month, show the monthly amount. For any expenses that are paid less often, show the estimated month that the payment will be due.
13. Start-up Costs: Provide a complete list of all purchases and expenditures required to get the business started. For items that you are requesting DVRS to purchase, include an explanation for why this item is critical to the business' success.
14. Financial Information: The minimum requirement is an 18 month cash flow statement for the business based on the sales forecast. Additional financial information may be required depending on the specific business. If the business is currently or has previously been in operation, financial statements or tax returns for two previous years should be included. A personal financial statement and a credit report will be required for all owners or investors with more than a 10% share in the business venture.
15. Risks and Weaknesses: Every new business has risks and weaknesses. List yours, followed by what you need to do to protect your business from them.
16. Three Reference Letters: Letters supporting the client's self-employment plans including recommendations from previous employers and letters of commitment from potential customers.

Purchase List
-- Contact Information --

Client Name:	
DVRS#:	
Counselor Name:	
Date:	
Revised Date:	

Delivery Information (for Ship To column on Purchase Lists)

CLIENT Delivery Address and Contact Information	
Name:	
Address:	
City/Zip:	
Client Phone No.	
Email:	

COUNSELOR Delivery Address and Contact Information	
Name:	
Address:	
City/Zip:	
Counselor Phone No.	
Email:	

Instructions for Filling Out Purchase Lists (See tabs below)

1. Include all items that DVRS is being requested to purchase on either the Tools & Equipment or the Misc Items tabs below
2. Any item for less than $500 may be purchased locally by the counselor
3. Use the following link to determine if the item is on a state contract and include the relevant vendor information:
   http://www.pandc.nc.gov/keyword.asp
4. For any vendor you list that is not an approved state vendor, attach a W-9 signed by the vendor
5. If you have any special delivery requirements please include Attachment I, Special Requirements for Items on the Purchasing List
6. Purchasing needs **accurate and complete descriptions** of all items on the list, as shown in the example on the Tools and Equipment tab.

(As the example illustrates, a web link in the Description column to the exact item is an excellent way to provide a complete description.)
Remember, providing accurate and complete information upfront will eleiminate substantial delays for your consumer.

Self-Employment Attachment H

Purchase List

-- Tools/Equipment Items --

Item	Qty	Manufacturer Name & Part #	Description (If item is used, please indicate)	Cost Each	Total	Preferred Supplier: Address, Phone, Fax, Contact	Approved Vendor (Y/N)
SAMPLE							
Vertical File Cabinet	*2.00*	*Staples - Item: 495800 Model: 13450*	http://www.staples.com/staples-Vertical-File-Cabinet-26-1-2-inch-4-Drawer-Legal-Size/product_495800	*$249.99*	*$499.98*	*Staples, Inc. 1101 Berkley Blvd. Goldsboro, NC 27534; p 919-778-1588; f 919-778-1222; Attn: Beckyboo*	*Y*
					$0.00		
					$0.00		
					$0.00		
					$0.00		
					$0.00		
					$0.00		
					$0.00		
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					$0.00		
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					$0.00		
					$0.00		
					$0.00		
					$0.00		
					$0.00		
					$0.00		
					$0.00		
					$0.00		

Tools/Equipment ItemsTotal: _____

Self-Employment

Attachment H

Purchase List
-- Miscellaneous Items --

Description	Use	Duration	Cost	Purchasing Method & Responsibility

Misc. Items Total: $0.00

Special Requirements for Items on the Purchase List

1) Special Delivery Requirements (ie. inside delivery, special location)
Note: For small pieces of equipment, delivery to the counselor's shipping address is usually preferred because of security, accounting, logistical and other reasons. Larger equipment can be shipped to the consumer's preferred secure delivery location.

2) Describe Delivery Location (critical for freight deliveries)

- Type (Residence, Urban Business location, Rural Business location, etc.)
- Street or Road Access Exists?
- Loading Dock Available?
- Will the equipment fit through the delivery doors?
- Is floor of building paved, dirt, concrete, gravel, plank, etc?

3) Installation and Setup Requirements (if necessary)

4) Special Utilities Requirements (e.g., electrical, plumbing, or phone line if necessary)

5) Equipment Training Requirements (if necessary)

6) Time frame for Delivery

- Is consumer ready to accept delivery?
- If NOT, indicate estimated delivery acceptance date:

Client Contribution Worksheet

Client Name: _____
Client ID #: _____
Counselor: _____
Date: _____

1. Total Division Investment Requested $ _____
2. Percent of Client Contribution _____ %
   (From Table 1 in Section II)
3. Minimum Client Contribution Required $ _____

Itemized List of Client Contributions:

Description of Contribution	Dollar Amount	Method of Estimating Value	Date Contributed	Date Confirmed by Counselor	Comments

Total Client Contribution* $ _____

***Must equal or exceed the amount listed for #3 above**

Self-Employment Agreement

North Carolina Division of Vocational Rehabilitation Services
Department of Health and Human Services

The North Carolina Division of Vocational Rehabilitation Services (hereinafter called the Division) and _____ (hereinafter called the Client) agree to the following:

A. Definitions:

Investment Term – The period of time defined in Section II, Table 1 of the Interim Policy and Procedure Directive #02-2012, which is based on the level of the Division's investment.

Client Contribution – The percentage of investment resources required by the Client based on the level of the Division's investment.

Successful Self-Employment Outcome – Accomplished when the client achieves the sustained wage level of at least 90 days.

B. Terms and Conditions:

This Agreement is binding until the case is closed and moved into Status 26, or until the end of the investment term, whichever is later.

C. General Agreements:

1. Client agrees to comply with all applicable federal, state, and local regulations and statutory requirements (including income reporting and filing and paying taxes);

2. Client agrees to purchase and maintain appropriate insurance to cover the Client and the business in case of an incident;

3. Client agrees to maintain a minimum of 51% ownership in the business venture;

4. Client agrees to report any changes that may affect the planned program to their counselor and understands that any changes or additions to the plan must be discussed and approved prior to implementing the changes;

5. Client agrees to cooperate with the Division's monitoring requirements including the submission of the Business Performance Report (DVR 0613) monthly for the first six months after signing this agreement, and quarterly until closure.

D. Purchase List

1. Division agrees to directly purchase or provide funds for the purchase of the items on the Purchase List (appended to this Agreement as Attachment H). These purchases will be governed by the policies, rules, regulations of the Division. The specific manufacturers, suppliers and costs of the items will be determined by the Division Purchasing and Property

Control Department. When additional information is needed for the purchase or delivery of items on the Purchase List, the form Special Requirements for Items on the Purchase List (Attachment I) will be appended to this Agreement.

2. Division and Client agree that the items on the Purchase List comprise the entire and complete list of items to be funded by the Division. New items may not be substituted for those on the list, and if items are not purchased, any funds set aside for the original item return to the Division and may not be used for any other purpose.

E. Investment Term and Agreement

1. Division and Client agree that the Investment Term is _____ years from the signing of this agreement.

2. Client agrees that all tools, equipment and other assets on the Purchase List are the property of the Division until the case is closed with a successful outcome, or the end of the Investment Term, whichever is later, at which time ownership passes to the Client. It is understood if a business discontinues operation, or there is fraud or misuse, the Division has the right to repossess the tools, equipment and all other assets for re-issue.

3. During the period of Division ownership the Client agrees to the following:
   - The Division retains unrestricted first lien on the equipment
   - Use of the equipment is only for the purposes intended
   - Do not relocate the equipment without first obtaining prior approval from the Division
   - Provide for proper care, maintenance and storage of the equipment
   - Maintain appropriate and adequate insurance for the equipment (vehicles and added modifications)
   - Do not trade or otherwise dispose of the equipment without first contacting the Division
   - Do not lease, sublease, rent, or lend the item(s)
   - Return tools, equipment and/or other assets not being used in the business
   - All items are subject to recovery by the Division at any time prior to successful case closure or the end of the investment term.

4. The State office shall file for a UCC-1 for all items over $1,500.

F. Client Contribution Agreement

1. Client agrees to contribute to the business _____ % of the total cost shown on the Purchase List or $ _____.

2. Monetary values will be assigned using the calculation methods in Section VI of the Interim Policy and Procedure Directive #02-2012.

3. Client agrees to contribute all items listed on the Client Contribution Worksheet (appended to this Agreement as Attachment J).

4. Client agrees to report contribution of items on Attachment J to his or her Counselor, provide evidence of contribution, and allow Counselor or Division representative to inspect items as needed.

G. Successful Self-Employment Outcomes

1. The agreed upon target for a successful outcome is an owner's draw or salary of $_____ a month for a duration of _____ months.

2. The case can be closed when this target is reached and the requirements of Section III of the Interim Policy and Procedure Directive #02-2012 have been met. If these requirements have been met but the Investment Term is still in effect, this Contract remains in effect for the remainder of the Investment Term.

H. Special Requirements and Contingencies

Client's Printed Name: _____

Client's Signature: _____ Date Signed _____

Counselor's Signature: _____ Date Signed _____

Chief of Policy's Signature:_____ Date Signed _____

Business Performance Report

Client Name: _____ *Date (Month/Yr.):* _____
Client ID#: _____ *Client Phone #:* _____
Mailing Address: _____ *Profit Target/Mo.:* _____
Counselor: _____

1. Performance Summary:

	Projected Current Month (from Cash Flow Statement in Business Plan)	**Actual Current Month** (from Profit and Loss Report from bookkeeper)	**Year to Date Results**
Revenues	$	$	
Expenses	$	$	
Owner's Draw	$	$	
Net Profit	$	$	

Estimated Hours Worked in Current Month: _____

2. Progress on Last Month's Action Steps:

3. Other Positive Outcomes:

4. My Most Pressing Issues/Concerns:

5. Actions I Will Take This Month:

Client Signature _____ Date_____

Counselor Signature _____ Date_____

North Carolina Department of Health and Human Services
Division of Vocational Rehabilitation Services

Pat McCrory
Governor

Richard O. Brajer
Secretary

Claudia B. Horn, M.S.
Senior Director

Elizabeth W. Bishop
Division Director

MEMORANDUM

To: All Staff Assigned Volume I

From: Vicky Miller – Chief of Policy

Date: August 21, 2015

Re: **Interim Policy and Procedure Directive #05-2015: Policy Transition Plan – In-School Work Adjustment (ISWA)**

Effective September 1, 2015

Procedures for dealing with students currently receiving ISWA are identified in this time limited transition plan. See attached for details.

Policy Transition Plan - ISWA

Revised In-School Work Adjustment (ISWA) policy will go into effect on **9/1/2015.** The policy changes will have impacts on clients currently receiving the service as well as schools/school systems who currently have ISWA agreements with DVRS. Below is a summary of the major changes and how we will transition from the prior policies to the new policies.

Summary of Change: All schools/school systems will need to sign new ISWA agreements to replace the existing agreements. Revising the ISWA agreement to be consistent with our policies and practice is a requirement of the corrective action plan from VR's 2014 State Audit. According to the corrective action plan, system agreements should be signed and effective by 10/15/15 in order to continue ISWA for a particular school.

Plan for Transitioning to the New Policy: Revised ISWA system agreements will be finalized and distributed to schools/school districts beginning 9/1/15. VR revised policy will be available and updated online. UMs will have been trained on the new policy in order to address/escalate concerns from schools in signing agreements.

Summary of Change: School personnel need to be trained on new policy and procedures.

Plan for Transitioning to the New Policy: While the system agreements are being circulated for signature, VR Counselors should begin training relevant school personnel on the revised policies/procedures contained in the system agreement and VR Volume I. VR Transition Counselors will be provided with training materials (PowerPoint and sample forms) to aid in explaining the service and to promote consistent messaging to school personnel. Once school staff have been trained and the revised agreement has been signed, then school/VR staff will be positioned to provide the service according to the new policies.

Summary of Change: Students who have never received ISWA but who require it under the new policies will need to initiate the service according to the new policies.

Plan for Transitioning to the New Policy: VR Counselors should not initiate ISWA for new students (those students for whom ISWA is appropriate under the new policies, but who have never received ISWA services before) UNTIL THE REVISED SYSTEM AGREEMENT FOR THE CLIENT'S SCHOOL HAS BEEN FULLY SIGNED. VR Counselors should notify school personnel of this service pause for new students.

Once the revised agreement has been signed for the client's school, then the VR Counselor may proceed with planning/providing the ISWA to the student according to the revised policies. It is advised that the VR Counselor hold a Service Initiation Meeting with students who are new to ISWA that includes the student, the VR Counselor, school personnel, and parent/guardian (if applicable and wherever possible). Appropriate consent should be obtained prior to this meeting. During this meeting, the team can review the student's pre-assessment and complete the ISWA Student Agreement form to assure that all parties have a good understanding of the service. Once ISWA has been determined appropriate for the student, it should be added to the student's IPE.

Summary of Change: Students who were receiving ISWA in the spring of 2015 under the old policies will need to be transitioned to procedures and practices under the new policies.

Plan for Transitioning to the New Policy: For students who are in the middle of receiving ISWA services and who, under the new policies

- have an IPE
- require ISWA as an *adjustment* service
- have not yet exhausted 9 months of ISWA
- have not yet become competitively employed

- have an IEP
- are classified as SD or MSD
- are engaged in ISWA activities that are consistent with the student's IPE,

the VR Counselor shall continue ISWA stipends per the old policy and system agreements UNTIL THE REVISED SYSTEM AGREEMENT FOR THE CLIENT'S SCHOOL HAS BEEN FULLY SIGNED.

Once the revised system agreement has been fully signed, the VR counselor shall meet with each student for a Service Continuation Meeting. During this meeting, a new *Monthly In-School Work Adjustment Student Evaluation Form* shall be completed in order to determine the target areas for that student for the remainder of the ISWA time period and to re-establish a monetary incentive amount for that student based on the student's progress so far and the remaining goals to be achieved.

- If the evaluation indicates that the student no longer requires ISWA (no identifiable target goals) and there is no prior written commitment as to a specific length of the service, then the VR Counselor should end the ISWA service on the IPE with one month's notice.
- If the evaluation indicates that the student still requires ISWA services according to the new policy criteria, except that the student has already completed 9 months of ISWA AND VR has previously committed in writing to providing more than 9 months of ISWA, the VR Counselor shall review and complete the *In-School Work Adjustment Student Agreement* form with the student, parent (if applicable), and school personnel and indicate a training period that when added to the number of months already completed by the client, equals the amount of time previously agreed upon in writing.
- If the evaluation indicates that the student still requires ISWA services according to the new policy criteria, VR has not previously committed to more than 9 months of ISWA for the student, and the student has not yet exceeded 9 months, then the VR Counselor shall review and complete the *In-School Work Adjustment Student Agreement* form with the student, parent (if applicable), and school personnel and indicate a training period that, when added to the number of months already completed by the client, does not exceed 9 months. The student agreement form outlines the new policies and seeks agreement from the student, school personnel, and parent/guardian (if applicable) to continue to receive ISWA under the new policies. VR Counselors should take time to explain the impact of the new policies on the monetary incentive amount (the amount may be adjusted based on student performance). Students may opt out of ISWA if they do not wish to participate under the new policies. In this situation, the ISWA service should be ended on the IPE. Other VR services should continue according to the client's IPE.

For students who will continue to participate in ISWA, the monetary stipend amounts will be adjusted to correspond with the student's score on the *Monthly ISWA Student Evaluation Form*.

Summary of Change: Some school districts/schools may elect to discontinue ISWA system agreement with VR.

Plan for Transitioning to the New Policy: For schools/districts that do not wish to continue ISWA agreements with VR, ISWA services shall be terminated to students in those schools/districts. VR Counselors shall notify participants in writing as soon as possible once the school/district has communicated the decision, and the student shall be given one month's notice prior to service termination (i.e., process payment for the current month and discontinue further ISWA services). The student's IPE shall be amended to reflect the service termination.

North Carolina Department of Health and Human Services
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Senior Director

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Division Director

MEMORANDUM

To: All Staff Assigned Volume I

From: Vicky Miller – Chief of Policy

Date: September 18, 2015

Re: **Interim Policy and Procedure Directive #06-2015: Transition Plan for Existing Status 10 Cases**

Effective October 1, 2015

Any case that has been in status 10 for 60 days or more must be reviewed and a decision made within 30 days to either:

- Develop an IPE
- Extend the timeframe and complete the Extension form
- Close the case

Vocational Rehabilitation Services
HEALTH AND HUMAN SERVICES

CLAUDIA B. HORN
Senior Director

KENNETH W. GIBBS
Interim Division Director

Obsolete - Effective 3/1/2017
Replaced by Policy Directive #04-2017

MEMORANDUM

To: All Staff Assigned Volume I

From: Vicky Miller – Chief of Policy

Date: **February 2, 2016**

Re: **Interim Policy and Procedure Directive #01-2016: FNS Allowable Net Monthly Income Table**

Effective February 15, 2016

Increase in Allowed Net Monthly Income Amounts on Financial Needs Survey

Due to changes in federal poverty guidelines the following increases to Allowed Net Monthly Income will go into effect on February 15, 2016

Family Size	Poverty Guideline (100% Annual)	Poverty Guideline (125% Monthly)
1	11,880	1238
2	16,020	1669
3	20,160	2100
4	24,300	2531
5	28,440	2963
6	32,580	3394
7	36,730	3826
8	40,890	4259
> 8	+4,160	+433

The paper-based form, available on the agency Intranet, and the electronic form, in BEAM, have been updated accordingly. Those using the paper-based form in the field should verify that they have the latest version of the form. The following will appear at the top of the current paper-based form:

Financial Needs Survey Worksheet (effective 02/15/2016)

Vocational Rehabilitation Services
HEALTH AND HUMAN SERVICES

CLAUDIA B. HORN
Senior Director

KENNETH W. GIBBS
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Obsolete - Effective 3/1/2017
Replaced by Policy Directive #03-2017

MEMORANDUM

To: All Staff Assigned Volume I

From: Vicky Miller – Chief of Policy

Date: **April 1, 2016**

Re: **Interim Policy and Procedure Directive #02-2016: Voter Registration**

Effective April 1, 2016

Voter Registration Policy

Background:
The National Voter Registration Act (NVRA) of 1993 was enacted to enhance voting opportunities for citizens, including individuals with disabilities who have historically low voter registration rates. NVRA requires that voter registration and the opportunity to update voter registration is made available to applicants and clients receiving services from designated State Agencies.

VR/IL staff are required to provide the same level of assistance in completing the Voter Registration Form as would be offered in the completion of other agency forms. It should be explained to the client that registering or declining to register to vote will not affect services provided by the Division. Agency staff must not seek to influence a client's political preference or party affiliation and must refrain from displaying campaign bumper stickers, wearing campaign or party buttons, pins etc. while conducting voter registration business.

Procedures:
VR/IL staff must make voter registration available and must complete a Voter Registration Preference form when the following occur:

- Application for VR/IL services
- Change of address
- Change of name
- Implementation of Post-Closure services

When assisting a client, the official question to ask discretely is ***"If you are not registered to vote where you live now, would you like to apply to register to vote here today?"***

The appropriate option should be selected on the Voter Registration Preference Form:

- YES, I would like to apply to register/preregister to vote here today
- YES, I would like to apply to register/preregister to vote, but I will take a voter registration application home to complete at a later time
- NO, I am declining the opportunity to register/preregister to vote today
- I am ALREADY REGISTERED to vote at my current address
- I am ALREADY REGISTERED but I would like to update my voter registration information. I will complete a voter registration Application/Update form for this purpose

The Voter Registration Preference Form should be signed and dated by the individual. The Spanish version of the Voter Registration Preference form is available on the NC State Board of Election website. If he/she refuses to complete this form the VR/IL staff should print the individual's name and date of birth, print and initial the form.

If the individual wishes to apply to vote or chooses to update his/her information they should be given the North Carolina Voter Registration Application Form. They may complete the form with VR/IL assistance, or may choose to take the form to complete at a later time. These forms need to be requested through the NC State Board of Elections and an adequate supply is to be on hand at every location clients are served. It is imperative that all forms used by the Division to be coded with the agency code "02" at the top so that it can be tracked appropriately.

Each unit office shall have a designated NVRA site coordinator who is responsible for sending newly completed, updated Voter Registration forms and the Voter Registration Preference forms to the appropriate county Board of Elections within five workdays. In turn, each satellite office will have a designated NVRA coordinator who is responsible for collecting and sending newly completed, updated Voter Registration forms and the Voter Registration Preference forms to the unit office designated coordinator.

In order to reduce mailing expenses and improving tracking, site coordinators are strongly encouraged to utilize the electronic reporting portal available through the NC State Board of Election website to regularly enter the information from the Voter Registration Preference Forms. If the electronic portal is used, then only completed Voter Registration forms (in contrast to Voter Registration Preference Forms) need to be mailed/delivered to the respective county board of elections.

Retention of records

Copies of all mailed or faxed transmittals submitted to the county Boards of Elections shall be retained in the respective unit/satellite offices for a period of 2 years for auditing purposes. No copies of completed Voter Registration forms shall be retained.
All submissions via the electronic portal shall be documented and initialed as entered (via the portal) on the corresponding transmittal forms that are then retained for the 2 year period.

Reporting of data

When a consumer responds to the Voter Registration Preference Form, it is important for the electronic version in BEAM to be signed and retained in the system for our internal reporting purposes. The State Board of Elections NVRA section has also agreed to provide the Division regular reports that should reflect the number of Voter Registration Preference Forms submitted via the NVRA electronic portal and those submitted to each county board of elections. For increased accuracy, it is strongly encouraged to use the electronic portal to submit Preference Form information.

Resources

NC State Board of Elections:
website: http://www.ncsbe.gov/Elections/NVRA
Phone: 1-866-522-4723

[52 U.S.C. § 20501 - 52 U.S.C. § 20511; NCGS §163-82.20]

Vocational Rehabilitation Services
HEALTH AND HUMAN SERVICES

CLAUDIA B. HORN
Senior Director

KENNETH W. GIBBS
Interim Division Director

MEMORANDUM

To: All Staff Assigned Volume I

From: Vicky Miller – Chief of Policy

Date: **April 19, 2016**

Re: **Interim Policy and Procedure Directive #03-2016: Individual Placement and Support (IPS) Service Policy**

Effective May 1, 2016

Individual Placement and Support (IPS) is a person-centered, behavioral health service with a focus on employment, that provides assistance in choosing, acquiring, and maintaining competitive paid employment in the community for individuals 18 years and older with severe mental illness for whom employment has not been achieved or employment has been interrupted or intermittent. Research demonstrates that individuals who obtain competitive employment through IPS services have increased income, improved self-esteem, improved quality of life, reduced symptoms, and reduced mental health utilization. A supporting principle of IPS is the Integration of Mental Health Services and Rehabilitation. The IPS team may include case managers, therapists, counselors, nurses, housing specialists, peer specialists, substance abuse specialists, and medication prescribers in addition to the Employment specialist, and the VR counselor.

In addition to an individual being at least 18 years old, the following criteria must be met for consideration of IPS Services:

A. Has a primary diagnosis of Serious Mental Illness (SMI) that includes Severe and Persistent Mental Illness (SPMI) and can include co-occurring disorders such as Substance Use. This may include a primary substance use disability with a secondary disability of mental illness.

AND

B. Experiences difficulties in at least two or more of the following areas:
   1. In or at risk of placement in a congregate setting or difficulty maintaining safe living situations, including homelessness

2. Co-occurring mental health and substance use disorders
3. High risk of crisis diversion, intervention, including hospital transitions
4. Difficulty effectively using traditional office-based outpatient services
5. Difficulty with daily living, communication, interpersonal skills, self-care, self-direction
6. High risk or recent history (within 12 months) of criminal justice involvements (such as arrest, incarceration, probation)

AND

C. Expresses the desire to work, and has an established pattern of unemployment, underemployment, or sporadic employment; and requires assistance in obtaining or maintaining employment in addition to what is typically available from the employer because of functional limitations as described above and behaviors associated with the individual's diagnosis

To consider IPS for an individual, the above criteria must be met. The case record must contain documentation of disability according to VR policy standards. The intended targeted population for IPS services is individuals classified Most Significantly Disabled individuals (MSD). The VR Counselor is required to consider functional limitation capacity areas broadly and gather information from the IPS Team and individual that may assist in determining hidden factors that warrant the need for ongoing, indefinite wrap around support. In rare instances an individual may not meet the MSD criteria but will benefit from the wrap around supports offered by this model of employment. Consultation with the Program Specialist for Mental Health and Substance Abuse is recommended if there are questions regarding the appropriateness of providing IPS services to a client classified as Significantly Disabled (SD). Under no circumstances will a client classified as non-SD be considered for IPS services. IPS Services are comprised of the following:

1. **Intake**: A document including demographic information, disability information and completed by the IPS provider.
2. **Career Profile**: A document in which the employment specialist records job preferences, work history, education history, strengths, legal history and other information pertinent to a person's employment or education goals. This information is gathered through interviews with the consumer, therapist, and family members.
3. **IPS Job Development and Retention**: A systematic approach to job development very similar to NCDVR dual customer approach. Includes (3) three days of documented supports.
4. **IPS Job Support and Vocational Recovery**: Job Support begins on day 4 (four) of employment and may be conducted on or off job site. These services may involve development of stress management techniques to be used at home or on the job, organization of activities of daily living to ensure a smooth transition to work, or other non-traditional activities to promote success at work. IPS Job Support ends on the agreed upon date that the VR counselor and IPS team feel the consumer is stable on the job. Vocational Recovery begins the following day and begins the provision of indefinite supports. The

90 day employment counts begins when vocational recovery/indefinite support is initiated.

5. **IPS Closure**: Occurs 90 days after indefinite supports begin and all other services on the IPE have been completed.
6. **Peer Support**: Services provided by an individual with lived experience of mental illness who is hired as part of the IPS team and provides supports that will enhance the service delivery.
7. **Behavioral Health Interventions**: Interventions provided by the therapist, case manager, or psychiatrist to enhance success at work.
8. **Indefinite Support**: Supports offered through Peer Specialists, Mental Health therapists, Employment Specialists and other members of the IPS team once Vocational Recovery begins.
9. **Supported Education**: Occurs when a consumer's educational goal is related to the employment goal. The IPS Team, including the VR Counselor, may provide supports such as assistance in researching training options, establishing learning accommodations, investigating financial aid, and assisting with the development of effective study habits. The VR Counselor may consider funding the training. This service would not generally be provided simultaneously with employment services, but would be appropriately utilized when training is a viable option and would enhance employability.

In an effort to promote sustainability of IPS, the IPS Team uses braided funding to pay for services. When we have an NCDVR issued IPS contract, the following occurs:

1. Intake (Funded by alternate sources)
2. Career Profile (Funded by alternate sources)
3. IPS Job Development and Retention (IPS Milestone funded by VR)
4. IPS Job Support and Recover (IPS Milestone funded by VR)
5. IPS Closure (IPS Milestone funded by VR)
6. Peer Support Services (Funded by alternate sources)
7. Behavioral Health Interventions (Funded by alternate sources)
8. Indefinite Support (Funded by alternate sources)

Funds from NCDVR as well as alternate sources shall comprise 100% of the braided funding for IPS services. NCDVR milestones are payable one time per life of the case, without regard to any comparable benefits, including Medicaid. Alternate funding, including Medicaid will sponsor the components once the VR milestones have been exhausted.

If an IPS Contractor does not have NCDVR funding, all service delivery is funded by the LME/MCO. NCDVR continues to be an active participant in the service delivery regardless of funding source. Supporting documents as indicated below should be requested from the IPS provider.

Milestone Definitions:

IPS Job Development and Retention Milestone 1 ($3200)
IPS Job Development and Retention involves consumer specific job development and placement and time spent analyzing information relevant to a consumer's job development/placement. The Contractor shall locate jobs through networking with employers, businesses and community leaders resulting in securing a position that matches the skills, abilities, motivation, interests, needs, and goals of the consumer to ensure the greatest chance of success on the job. The consumer shall be hired and maintain employment for three (3) days with documented job supports provided during the three (3) days. The placement must be in a position that matches the vocational goal on the Individualized Plan for Employment (IPE) or the amended/agreed upon vocational goal.

a) The IPS Contractor shall have scheduled face-to-face meetings at least monthly with Division counselors to discuss progress in job search.
b) The IPS Contractor shall provide to the Division a written summary of job development activities for each consumer through BEAM including the Employer Contact Log, Individualized Job Support Plan (IJSP), and updated Person Centered Plan (PCP) with support goals.
c) The IPS Contractor shall notify the Division (in writing) when the consumer has accepted employment. Upon approval, the Contractor shall complete and submit the New Hire Form to the Division through BEAM.
d) The Contractor shall submit the IPS Job Development and Retention Outcome and the required documentation, (monthly job development summary, employer contact log, IJSP, and new hire form), through BEAM for payment within five (5) working days of the successful completion of the service.

IPS Job Support and Vocational Recovery Milestone 2 ($1600)
IPS Job Support and Vocational Recovery Milestone shall include the needed supports that are consumer driven in order to be successful on the job. The length of time in this milestone is individualized based on consumer need and *typically* lasts about 30 days. However, an individual may require more or less job support intensity when initially employed based on their work experience and disability. These supports result in the consumer beginning vocational recovery which initiates the indefinite supports.

IPS Job Support and Vocational Recovery shall meet the needs of the consumer and may include behavioral health intervention, assistance from family members, friends, coworkers, natural supports, and the Contractor. IPS Job Support and Vocational Recovery may be delivered on or off the job site, depending on the needs and requests of the consumer. IPS Job Support and Vocational Recovery may also include employment advocacy time (time spent advocating for the consumer with persons at the employment site for purposes directly related to employment), non-employment advocacy time, and community resource training.

At a minimum, the Contractor shall meet weekly with the consumer for the first month either on or off the job site as determined by the needs and requests of the consumer.

At the end of the first month, in consultation and agreement with the consumer and the Division, the consumer begins Vocational Recovery, and indefinite supports start.
In all cases, the IPS Job Support and Vocational Recovery phase shall include the following elements and subsequent documentation:

a) The Contractor shall identify and/or provide different types of supports necessary for the consumer to be successful in employment. The Individualized Job Support Plan (IJSP) will be maintained in the consumer file.
b) The Contractor shall complete a weekly summary of the consumer's progress toward completing the job support plan. Documentation shall be maintained in the consumer file.
c) In consultation with the consumer, the Contractor shall inform the Division that Vocational Recovery has begun when the objectives on the individualized job support plan have been completed. Documentation to support the start date of Vocational Recovery shall be provided to the Division.
d) The Contractor shall schedule and participate in monthly staffings with the Division to update progress towards meeting the consumer's vocational goal with a written report submitted to the Division through BEAM within five (5) working days of the staffing.
e) The Contractor shall submit IPS Job Support and Vocational Recovery Milestone and the required documentation, (IJSP, weekly progress reports, staffing reports), through BEAM for payment within five (5) working days of the successful completion of the service.

IPS Closure Milestone 3 ($2000)

IPS Closure Milestone is established when the consumer has worked at least 90 days after Vocational Recovery begins, and the Division has successfully closed the case file.

a) The Contractor shall provide a written plan for the provision for indefinite supports. Indefinite supports are individualized services that are provided as often and as long as the person needs it to maintain successful employment.
b) The Contractor shall submit 30, 60, and 90 day job support notes. The Contractor shall submit IPS Closure Milestone and the required documentation, (job support notes and indefinite supports written plan), through BEAM within five (5) working days of the successful completion of the service.

IPE Considerations:

The IPS plan type will be auto-populated if answering yes to any of the IPS questions on the Certification of Eligibility form. If it is determined that IPS services are NOT going to be provided the plan type can be changed. Do not edit the questions on the Certification of Eligibility form.

When adding IPS to the IPE, the VR counselor should add a statement in the Counselor Comment section addressing the ongoing, indefinite supports provided after VR case closure. These support typically last a year, although a client may choose to end these services before receiving them for a year.

Vocational Rehabilitation Services
HEALTH AND HUMAN SERVICES

CLAUDIA B. HORN
Senior Director

TARA K. MYERS
Division Director

****OBSOLETE** EFF. 1/17/2017**
replaced by PD #01-2017

MEMORANDUM

To: All Staff Assigned Volume I

From: Vicky Miller – Chief of Policy

Date: **September 2, 2016**

Re: **Interim Policy and Procedure Directive #04-2016: WIOA - Subminimum Wage Requirements**

Effective: September 16, 2016

Subminimum Wage Requirements
If an individual earning subminimum wage becomes known to VR, the Workforce Innovation and Opportunity Act (WIOA) section 511 requires that:

1. VR must provide career counseling and information and referral to other available local programs to assist with achieving competitive integrated employment.

2. The subminimum wage employer must inform the individual about self-advocacy, self-determination and peer mentoring training opportunities if available. The training opportunities must not be provided by an entity that has any financial interest in the individual's employment outcome, including any entity that holds a section 14 (c) certificate.

For individuals who were already employed at subminimum wage when section 511 took effect (July 22, 2016), the individual must receive career counseling and information and referral services at least once a year.

For individuals who begin employment at subminimum wage on or after the effective date of section 511 (July 22, 2016) the individual must receive career counseling and information and referral services every six months for the first year after beginning employment and annually thereafter.

For individuals working at subminimum wage for employers with fewer than 15 employees VR must also inform the individual about self-advocacy, self-determination and peer mentoring training opportunities available.

The required timeframe in which to provide the above noted services begins on the date the individual becomes known to VR. An individual can become known to VR by any method including self-referral or referral from any other source.

Informed Choice and Participation Refusal

Individuals with disabilities continue to have a continuum of choices and options for employment ranging from competitive integrated employment to employment in Adult Development Vocational Programs (ADVP). Therefore, individuals with disabilities choosing to pursue or continue in subminimum wage may do so; however, the requirements noted above must be satisfied before the employer hires or continues to employ them at subminimum wages. If the individual refuses to participate in these required activities *Form VR-0511-AW: Waiver for Documenting Refusal of Services Required of Section 511* must be completed and provided to the individual within 10 calendar days of participation refusal.

Career Counseling/Information & Referral Documentation Requirements

Documentation of completion must be provided to the individual as soon as possible, but no later than 30 calendar days after completion of the career counseling unless there are exceptional and unforeseen circumstances. The following forms are required:

- Form VR-0511-C: Certificate of Completion for Career Counseling
- Form VR-0511-IR: Information and Referral Services Report (list of programs/agencies individual was referred to)
- Form VR-0511-DOC: Record of Transition & PETS Services Received (documentation of services provided as required by Section 511)

A copy of each must be given to the individual and the employer and a copy retained by the local VR office.

Additional requirements for Youth with Disabilities

A Youth with a Disability is defined as an individual with a disability between the ages of 14 and 24.

In order for a Youth with a Disability to be placed in a subminimum wage setting the following must occur prior to employment:

1. The individual must receive either PETS services from VR while qualifying as a Student with a Disability or transition services under IDEA from a school setting.

2. The individual must apply for VR services and:

    a. The individual must be determined ineligible for VR services. An individual cannot be determined ineligible due to the severity of the disability without first engaging in a trial work plan (Section: 3-3). SSI/SSDI recipients must be presumed eligible if they intend to reach an employment outcome.

    OR

    b. The individual must be determined eligible and after receiving services under an IPE for a reasonable period of time be unsuccessful in achieving competitive integrated employment. A reasonable period of time is defined as the anticipated time frame to receive services on the IPE. For supported employment this may be 24 months with extensions if justified.

AND

3. VR must provide career counseling and information about and referral to other resources available locally that offer employment-related services and supports designed to enable

the individual to explore, discover, experience and attain competitive integrated employment.

The above noted must be documented clearly in the VR case file. Before employing a youth at subminimum wage the employer with a special wage certificate must review written documentation of the above and maintain a copy. An updated and fully completed *Form VR-0511-DOC: Record of Transition & PETS Services Received* should adequately document the PETS and Transition services the individual has received and the outcome of the VR program's efforts to assist the individual to obtain competitive integrated employment. This should be viewed as a legal document that will be audited.

<u>Documentation Requirements</u>

- The following documents must be provided to the individual no later than 30 days after completion of the specific service or decision:
    - Form VR-0511-C: Certificate of Completion for Career Counseling (one completed for each PETS service received)
    - Form VR-0511-DOC: Record of Transition & PETS Services Received
    - Certificate of VR Eligibility/Ineligibility
    - Supported Employment Progress Reviews/Documentation
- Form VR-0511-YW: Waiver for Documenting Refusal of Services Required of Section 511 (youth age 14-24). Documents when such individuals do not wish to apply for VR services or participate in required section 511 activities. Must be completed with a copy given to the individual within 10 days after refusing participation.

Vocational Rehabilitation Services
HEALTH AND HUMAN SERVICES

CLAUDIA B. HORN
Senior Director

TARA K. MYERS
Division Director

****OBSOLETE - EFFECTIVE 1/3/2017****
This Directive has been replaced by Policy Directive #08-2016

MEMORANDUM

To: All Staff Assigned Volume I

From: Vicky Miller – Chief of Policy

Date: **September 2, 2016**

Re: **Interim Policy and Procedure Directive #05-2016: WIOA – Transition and Pre-Employment Transition Services (PETS) Definitions**

Effective: September 16, 2016

The following definitions pertain to transition services and PETS included in the Workforce Innovation and Opportunity Act (WIOA). As new transition and PETS services are implemented it will be important to understand the target groups and scope of services.

Definitions

Student with a Disability is an individual age 14-21 participating in a secondary, postsecondary, or other recognized educational program, including homeschool and non-traditional secondary educational programs, and is:

- Eligible for and receiving special education or related services under an IEP in accordance with the Individuals with Disabilities Education Act (IDEA);

  OR

- A student who meets the definition of an individual with a disability for purposes of Section 504 of the Rehabilitation Act, as amended by WIOA

Students with Disabilities may or may not meet the VR eligibility criteria and remain in this category until they are no longer a student or reach age 21, whichever is sooner.

Youth with a Disability is an individual with a disability between the ages of 14 and 24. This includes individuals in secondary school, high school graduates, high school dropouts, and students in post-secondary training. Youth with Disabilities means more than one Youth with a Disability.

Potentially Eligible includes all Students with a Disability, regardless of whether they have applied for or have been determined eligible for VR services. This term is unique to implementing pre-employment transition services and is not applicable to any other Vocational Rehabilitation service.

Reportable Individuals include Students with Disabilities who are receiving pre-employment transition services regardless of whether they have applied for Vocational Rehabilitation services or are receiving these services under an Individualized Plan for Employment.

Pre-Employment Transition Services are available only to individuals who meet the definition of a "Student with a Disability". These services are designed to help students with disabilities to identify career interests that will be further explored through additional Vocational Rehabilitation services such as transition services.

Scope of Pre-Employment Transition Services
A wide variety of pre-employment transition services are designed to be an early start at job exploration for Students with Disabilities. These activities are not to be used as assessment services for the purpose of determining whether additional vocational rehabilitation services are needed, or if the individual will be successful in employment.

Examples of the five (5) "required" activities and how they may be provided in either a group or individualized setting include, but are not limited to, the following:

1. **General job exploration counseling** may be provided in a classroom or community setting and include information regarding in-demand industry sectors and occupations, as well as non-traditional employment, labor market composition, administration of vocational interest inventories, and identification of career pathways of interest to the students. Job exploration counseling provided on an individual basis might be provided in school or the community and include discussion of the student's vocational interest inventory results, in-demand occupations, career pathways, and local labor market information that applies to those particular interests.

2. **Work-based learning experiences in a group setting** may include coordinating a school-based program of job training and informational interviews to research employers, work-site tours to learn about necessary job skills, job shadowing, or mentoring opportunities in the community. Work-based learning experiences on an individual basis could include work experiences to explore the student's area of interest through paid and unpaid internships, apprenticeships (not including pre-apprenticeships and Registered Apprenticeships), short-term employment, fellowships, or on-the-job trainings located in the community. These services are those that would be most beneficial to an individual in the early stages of employment exploration during the transition process from school to post-school activities, including employment. Should a student need more individualized services (e.g., job coaching, orientation and mobility training, travel expenses, uniforms or assistive technology), he or she would need to apply and be determined eligible for vocational rehabilitation services and develop and have an approved individualized plan for employment.

3. **Counseling on opportunities for enrollment in comprehensive transition or postsecondary educational programs at institutions of higher education in a group setting** may include information on course offerings, career options, the types of academic and occupational training needed to succeed in the workplace, and postsecondary opportunities associated with career fields or pathways. This information may also be provided on an individual basis and may include advising students and parents or representatives on academic curricula, college application and admissions processes, completing the Free Application for Federal Student Aid (FAFSA), and resources that may be used to support individual student success in education and training, which could include disability support services.

4. **Workplace readiness training** may include programming to develop social skills and independent living, such as communication and interpersonal skills, financial literacy, orientation and mobility skills, job- seeking skills, understanding employer expectations for punctuality and performance, as well as other “soft” skills necessary for employment. These services may include instruction, as well as opportunities to acquire and apply knowledge. These services may be provided in a generalized manner in a classroom setting or be tailored to an individual’s needs in a training program provided in an educational or community setting.
5. **Instruction in self-advocacy in a group setting** may include generalized classroom lessons in which students learn about their rights, responsibilities, and how to request accommodations or services and supports needed during the transition from secondary to postsecondary education and employment. During these lessons, students may share their thoughts, concerns, and needs, in order to prepare them for peer mentoring opportunities with individuals working in their area(s) of interest. Further individual opportunities may be arranged for students to conduct informational interviews or mentor with educational staff such as principals, nurses, teachers, or office staff; or they may mentor with individuals employed by or volunteering for employers, boards, associations, or organizations in integrated community settings. Students may also participate in youth leadership activities offered in educational or community settings.

Transition Services are Vocational Rehabilitation services available to students and youth with disabilities. They are outcome-oriented and promote movement from school to post-school activities, including postsecondary education, vocational training, and competitive integrated employment. As such, transition services may include job-related services, such as job search and placement assistance, job retention services, follow-up services, and follow-along services, based on the needs of the individual. Individualized transition services must be provided to students and youth with disabilities who have been determined eligible for VR services in accordance with an approved Individualized Plan for Employment. Transition services may also be provided in group settings to students and youth with disabilities.

Vocational Rehabilitation Services
HEALTH AND HUMAN SERVICES

CLAUDIA B. HORN
Senior Director

TARA K. MYERS
Division Director

MEMORANDUM

To: **All Staff Assigned Volume I**
From: **Vicky Miller – Chief of Policy**
Date: **September 16, 2016**
Re: **Interim Policy and Procedure Directive #06-2016:**
Revisions to Self-Employment Policy; Eff: September 16, 2016

Self-Employment

I. Introduction

Organization and Objectives

The Division supports self-employment as an important employment alternative for eligible clients. The objectives of this policy are: (1) to outline the conditions under which the Division will support self-employment; (2) to provide a clear and disciplined process to evaluate and select clients who have a high probability of succeeding in the small business of their choice; and (3) to provide follow-up and tracking that will both assist the client to succeed long-term and help ensure that Division resources are successfully invested.

The policy is divided into the following sections:

- Introduction (I)
- Scope and Conditions of Division Support (II)
- Successful Self-Employment Outcomes (III)
- Roles and Responsibilities (IV)
- Self-Employment Evaluation and Direction Setting (SEEDS) (V)
- Self-Employment Application Process (VI)
- Approval Process for Division Support of Self-Employment (VII)
- Self-Employment Follow-up and Outcome (VIII)
- Policy Forms & Attachments

The attachments provide detailed procedures, forms and other resources to implement the policy.

To reduce the risks inherent in self-employment for the Division, the processes and procedures required by this policy involve a level of complexity not found in traditional employment. As a result, the client and the Counselor must be prepared to commit to a substantial amount of investigation, analysis and evaluation in order to complete this process. This work will take time, and it will not be unusual for this process to take six months or more to complete.

During this process many clients will change their minds and ask for traditional employment, realizing that self-employment is not for them, or that their small business proposal is not feasible. However, many clients who successfully complete the requirements of this process are also able to meet the demands of small business ownership and become successful entrepreneurs.

An electronic copy of this policy, all the forms required for its completion, as well as training, reference and resource materials to aid in the process are all located on the Program Policy, Planning and Evaluation (PPPE) intranet site at the following address: http://hrdvr03.dvr.dhhs.state.nc.us/division/sections/pppe/index.htm.

Division services specifically related to the establishment or restructuring of a small business are subject to Division policies on financial need and comparable benefits relative to the service being provided. Any exceptions to this policy must be approved by the Chief of Policy.

Application of the Policy: Unit and State Approvals

All the requirements set forth in this policy are applicable for self-employment proposals which will require $2,500 or more in Division support. Proposals for less than $2,500 can be approved at the unit level without submitting a formal application package to the Chief of Policy. However, the approval decision at the unit level must abide by Section II, Scope and Conditions of Division Support, and Section III, Successful Self-Employment Outcomes. In addition, proposals for less than $2,500 will be reviewed by the Small Business Specialist prior to final approval at the unit level. The Small Business Specialist will assist the unit in performing a streamlined profitability analysis for the business. The unit and the Small Business Specialist will jointly determine if any other elements of the SEEDS process would help to quantify risks or help to ensure the future success of the business.

II. Scope and Conditions of Division Support

Scope of Support

The scope of the Division's support for self-employment covers the following situations:

- the client is attempting to initiate a new small business venture
- the client is attempting to resume a small business operation that was interrupted due to impediments caused by the client's disabling condition. (Division support will not be available when a client attempts to resume a small business that failed due to economic instability, poor business administration, or other circumstances unrelated to the client's disabling condition.)
- the client is pursuing a model of Supported Self-Employment for which he or she has identified a support team to account for all of the functions of the business, and in which the client is performing at least one essential function of the business. This type of operation will only be considered for individuals who are classified as MSD (Most Severely Disabled) and who require supported employment.

The Division shall not provide support for any proposed self-employment venture that:

- has the Division as its only funding source
- is a not-for-profit organization
- is classified as a corporation, except for Single Member Limited Liability Companies which are allowed
- violates state, federal or local laws or regulations
- represents a hobby rather than a competitive business venture
- is highly speculative in nature
- is a network or pyramid marketing business in which a portion of the earnings are based on the recruitment of downline representatives
- is already in full operation and consistent with the client's job goal (this does not preclude the Division from providing rehabilitation services related to job retention or job re-entry for persons already self-employed, but does limit the Division from providing support intended to maximize the earnings or productivity of the business for reasons not related to the individual's disability)
- presents a conflict of interest for the Division (e.g., funding a family business in which a family member of the client is a Division employee, or involvement in ventures which would inhibit the Division from effectively carrying out its mission)

Conditions Required for Business Support

The minimal requirements for a business to be considered for support by the Division are:

- client must be 18 years or older
- business owner must agree to become fully compliant with all federal, state and local laws; possess all applicable licenses and permits; and fulfill all tax obligations
- client must represent a minimum of 51% ownership in the business venture at the time the proposal is submitted and throughout the investment period; AND
- client must invest resources in the business as shown in Table 1

Scope of Allowable Purchases

The Division may consider support for goods and services that are required to assist the client in achieving a successful self-employment outcome. If the business proposal is approved (see Section VII), the Division may consider the most cost-effective solution for the items described on the business proposal Purchase List (Attachment H). All purchases, whether rehabilitative or not, are subject to specific purchasing policies addressed elsewhere in Volume I.

Purchase List line item requests that will be considered:

- equipment, inventory and supplies
- expenses related to professional services
- up to six months of business rent, insurance, utilities, etc.
- home or office up fit (in addition to home or workplace modifications) which comply with Section 504 of the Rehabilitation Act, ADA Accessibility Guidelines and NC Accessibility Codes
- funds for licensure, certification and related start-up costs
- online business needs including web site design, search engine optimization, online sales tools and social marketing

Purchase List line item requests that will not be considered:

- franchise fees or expenses unique to a franchised operation
- guns, ammunition or explosives
- purchases of "good will" or an intangible saleable asset associated with the reputation of

a business and its relation with its customers
- refinancing or offset of existing debt or tax liability
- purchases of less than commercial grade equipment when commercial grade alternatives are available
- purchase of any real estate, land or structures
- costs to renovate or to correct structural or utility deficiencies on leased properties
- working capital, reserves or funding for salaries or wages

Division Investment and Client Contribution

In order to ensure that the client has the ongoing support required for successful operations and can sustain the business post-closure, the Division has established guidelines for a client's contribution to the business. Table 1 shows the percentage that must be invested by the client in order for the Division to provide different levels of support. For any request of support, the client must document that he or she will contribute a minimum of 10% (e.g., if a client requests $1,000, the client must provide additional resources totaling a minimum of $100). The contribution percentage increases based on the amount of the Division's investment as shown in Table 1. The resources invested by the client to reach the required percentages can include money from savings, loans, partners or family members; or office space, office equipment, inventory and other assets. The client's contribution will be listed on the Client Contribution Worksheet (Attachment J) and is part of the Self-Employment Agreement (Attachment K).

The Division may elect to take a secondary lien (subordinated) position on purchased items to help clients secure debt financing from a vendor, bank or other lending institution. Loans to support the small business will count as part of the client contribution. Additional funding requested by the client after the Division's initial investment is subject to the contribution requirements and maximums.

The Division's maximum contribution applies to the life of the case. This maximum and the matching requirement do not apply to expenses assumed by the Division which are related to the individual's disability (i.e., workplace modifications or adaptive equipment). Other policies specific to rehabilitation services are still applicable, however. Exceptions to the Division's maximum investment must be approved by the Chief of Policy.

The level of investment by the Division also determines the investment term, which is the length of time that the Self-Employment Agreement is in effect (see Section VII). The investment term is set by either the point of successful case closure or the timeframe in Table 1, whichever comes last.

Table 1: Levels of Division Investment and Client Contribution

Client Contribution	Division Maximum Investment	Investment Term	Business Plan
More than 50% of requested funds	$20,000 - $50,000	5+ years	Required
More than 30% of requested funds	$10,000 - $19,999	3-5 years	Required
More than 25% of requested funds	$2,500 - $9,999	2-3 years	Required
10% of requested funds	$1 - $2,499	1 year	Encouraged

III. Successful Self-Employment Outcomes

Closure Requirements

All closure criteria outlined in Volume I, *Section 6-1, Successful Employment Outcome After IPE Completion – Case Status Code 26* apply to small businesses. The progress towards a successful outcome will be monitored through the Business Performance Management process outlined in Section VIII. In addition, closure shall be determined by meeting the requirements in either (1) or (2) below:

1. The client has paid him or herself an owner's draw/salary for a minimum of 3 months from the profits of the business that is equal to or exceeds a monthly profit target agreed to by the Counselor and the client, which should be equal to or exceed minimum wage; however exceptions to this minimum target can be considered for approval by the Chief of Policy. This profit target is documented in Section G.1. of the Self-Employment Agreement (Attachment K) for proposals over $2,500, and is documented in the unit approval letter for proposals under $2,500. Monthly Business Performance Reports (Attachment L) and financial statements can be used to track the owner's draw/salary against the profit target.

   OR

2. The client has not met the criteria set forth in (1) above, but the business has generated profits and been in operation for at least 9 months. If during this time the client has chosen to reinvest profits back into the business, or keep them as business savings, and these profits are adequate to support an owner's draw/salary equal to or exceeding the profit target, even if the client chooses not to take an owner's draw/salary within this time period, then the case will be closed successfully.

After 9 months of operation if the business does not meet the criteria in either (1) or (2) above, the case is to be referred to the Small Business Specialist who will devise a plan of action to achieve the results within an additional 4 months of operation. Following this period if the business has not yet met one of these two outcomes, a decision will be made to keep the case open to monitor future operations and to consider other alternatives in consultation with the Chief of Policy and the Small Business Specialist.

Identifying the Goal of Self-Employment

At the point when self-employment is planned on the IPE, the Counselor and client must agree on which of these categories apply:

For clients receiving SSI/SSDI:

- goal of self-employment is to achieve income that is supplemental to SSI or SSDI; OR
- goal of self-employment is to support oneself without reliance on SSI/SSDI and achieve self-sufficiency; OR

For clients not receiving SSI/SSDI:

- goal of self-employment is to achieve employment that is compatible with a client's impairment and which allows for financial independence.

IV. Roles and Responsibilities

When a client identifies self-employment as his or her vocational goal, it will require a team of people, both inside and outside of the Division, working together to achieve a successful small business operation. The following matrix summarizes some key roles and responsibilities for these team members:

Role	Responsibilities
Client	• Identify employment goal • Complete the Preliminary Business Assessment • Participate in the SEEDS Evaluation including completion of all required assessments and presentation of all required information • Participate in the site visit • Follow-up on business training and counseling • Create Business Plan • Compile Purchase List • Complete Client Contribution Worksheet • Sign and comply with the Self-Employment Agreement • Complete Business Performance Reports and meet with counselor
Counselor	• Perform Preliminary Business Assessment and determine next steps • Lead client through SEEDS Evaluation, including ordering all assessments and reviewing all data, connecting client with business resources, assisting with Business Plan, and rating SEEDS. • Arrange and participate in the site visit • Based on ratings, redirect client to more traditional employment, work with client to improve the rating(s), or move client along in the process • Assist the client in compiling application information • Sign the Self-Employment Agreement • Support the client with community business resources during the start-up and ongoing operations • Determine when a successful outcome has been achieved • Redirect the client to alternative employment based on the current performance trends and future prospects of the business
Psychological Evaluator	• Perform a psychological assessment using referral form provided
Vocational Evaluator	• Perform a vocational assessment using the referral form provided • Provide ongoing consultation to counselor and client as needed • Conduct a site visit with the Counselor and client as appropriate
Business Relationship Representative	• Provide input as requested into the feasibility of the business • Use contacts in community to support client's business as appropriate
Unit Manager	• Approve client moving from the Fit to the Feasibility Evaluation • Approve client starting the application process
Regional Rehabilitative Engineers & Rehabilitation Technology Specialist	• Provide input and assistance as required into the feasibility, choice and management of technical and transportation equipment and site modification
Small Business Specialist	• Recommend to the policy development team updates to the Self-Employment Policy • Provide training and education for Division staff • Oversee the SEEDS process and procedures statewide • Track performance of self-employment program • Network statewide to provide support at field level • Coordinate requests at the state level • Assist regional, unit and field staff as needed
Chief of Policy	• Give final approvals based on policy and staff recommendations • Direct changes to policy, processes and procedures
Community Self-Employment Resources	• Provide training, counseling and mentoring to clients

Self-Employment Review Committee	• This committee, made up of members from Policy PPE and other DVRS functions, approves/disapproves small business applications and provides oversight and guidance on all self-employment related policy.
Small Business Advisory Committee	• Provides outside expertise to the Division to provide resources, review business plans, identify opportunities and solve problems

Community Self-Employment Resources for Training, Counseling and Mentoring

It is the intent of the Division to provide community self-employment resources to support clients with appropriate training, counseling and mentoring. This support can come in various forms, such as training clients on how to write business plans, counseling clients on specific technical needs, or mentoring clients to ensure the success of their ongoing operations.

The main resource for training is the Small Business Centers (SBC) in each of the community colleges throughout the state. The SBCs sponsor a series of classes that include entrepreneurial skills, writing business plans, small business start-up, and small business management. Counseling and mentoring, including assistance in writing the business plan, can be provided by the SBC, a local SCORE chapter or from another business organization. See the Self-Employment web page on the PPPE Intranet site (http://hrdvr03.dvr.dhhs.state.nc.us/division/sections/pppe/index.htm) for more information and instructions.

Division staff will network with small business professionals across the state to improve access to these and other organizations for our clients. A formal Small Business Advisory Committee will assist the Division in aligning resources across the state to support our clients and to assist in proposal evaluation and problem solving. If additional resources are needed, the Counselor should contact the Division's Small Business Specialist.

V. Self-Employment Evaluation and Direction Setting (SEEDS)

Overview of the SEEDS Evaluation Process

As part of the Comprehensive Assessment, the SEEDS evaluation will be used to determine whether the Division will support a client's small business goal. The SEEDS evaluation begins with a Preliminary Business Assessment and then moves into two major evaluations, a Fit Evaluation and a Feasibility Evaluation. Each evaluation consists of three areas and all six areas are rated by the Counselor to determine whether the client continues on the self-employment track or is redirected to traditional employment.

The SEEDS Ratings

The SEEDS rating process provides a standardized method to evaluate the readiness of a client to move forward with their small business request. Table 2 below shows the goal of each evaluation, how to gather evidence in each area, and how to evaluate that evidence to assign a SEEDS rating. In addition, the Counselor should gather other relevant information in each area, and use their professional judgment when assigning their ratings.

The definitions for each of the four rating levels are given in Table 3 below, along with the actions associated with each.

The result of this evaluation process is a numeric rating from 1-4 for all six SEEDS evaluation areas. These ratings, along with Counselor comments justifying the selection, are input into the SEEDS Rating Form (Attachment B) and submitted with the application package. After the

Self-Employment Review Committee meets to discuss the application package, they will complete the State Office Comments and Final Rating columns of the SEEDS Rating Form.

Table 2: Assigning the SEEDS Ratings

Area	Goal	How to Gather Evidence	How to Assign Numeric Ratings
Personality Fit	To determine if the client has the personality and entrepreneurial traits needed for self-employment	• Review psychological and vocational evaluations • Observe whether the client approaches the self-employment process with an entrepreneurial and professional attitude	1 = Core personality unsuited for self-employment 2 = Personality not a good fit for self-employment because of specific behaviors and traits 3 = Personality potentially suited for self-employment if some behaviors or traits are changed 4 = Personality well suited for self-employment
Vocational Fit	To determine if client has the vocational and business management skills, abilities and knowledge required	• Review vocational evaluation • Determine compatibility of work activities with impairment • Investigate previous work history and other experiences	1= Lack of skills, abilities, and/or knowledge are barrier to moving forward 2 = Need to close significant gaps 3 = Some areas of improvement identified 4 = Fully able to take on requirements of small business
Financial Fit	To determine if the client has (1) the ability to manage money responsibly, and (2) sufficient financial support for the business	• What does the credit report tell us about the client's history of managing money? Are any delinquent accounts or collection agency contacts part of an overall chronic pattern, or can you explain these in the context of the client's impairment? • Does the personal financial statement show positive net worth, low levels of current liabilities and some liquid personal assets? Can the client cover ongoing expenses during business start-up? • Does the monthly personal budget show that the client is comfortable with financial planning? Do they have any additional cash to cover unexpected expenses?	1 = Significant problems with negative net worth, monthly deficits and/or chronic bad credit 2 = Numerous credit, debt or liquidity problems have been identified 3 = Specific financial improvement needed prior to business start up 4 = Handles finances responsibly and has sufficient resources to cover expenses during the start up

Table 2 (continued)

Area	Goal	How to Gather Evidence	How to Apply Numeric Ratings
Market Feasibility	To determine if there are markets and customers for the proposed product/service	Evaluate the marketing section of business plan to determine: • Are there specific markets and customers identified and ways to reach them? • Are the strengths and weaknesses of competitors understood? • Does the product/service have a competitive advantage for the target customers?	1 = No realistic market identified and/or no competitive advantage 2 = Markets identified and advantage mentioned but little data about or understanding of customers and competitors 3 = Market and competitive advantage identified but additional data needs to be collected 4 = Has clear advantage in specific market(s)
Revenue Feasibility	To determine if the projected sales revenues are based on solid assumptions of price and volume	Evaluate the sales revenue line from the cash flow statement to determine: • Are sales revenues calculated using prices substantiated by the marketing plan? • Are sales revenues based on realistic volume estimates from the sales forecast?	1 = Very weak connection between sales revenue and market; little understanding by client 2 = Insufficient facts and data to substantiate pricing and volume numbers 3 = Provides evidence to support market, pricing and sales assumptions, however some important information is missing 4 = Clear, convincing link between market, price and sales forecast assumptions
Long-term Profitability	To determine if the proposed business can produce the necessary working capital during start up and the expected profit during ongoing operations	Evaluate the cash flow statement to determine: • Are all the expenses accounted for? • Is the cash flow statement positive at the end of each month with sufficient buffer for unexpected events? • Does the owner's draw or salary meet or exceed the successful outcome target? Are there any reasons that the business will be unable to meet the projected long-term profitability (ie. changing regulatory requirements, future market demands, new skills or capabilities required)?	1 = Negative or unrealistic cash flow shows that the business concept will not work. Other significant barriers exist to long-term profitability. 2 = Cash is inadequate to meet start up or profit expectations. Other significant problems exist that will prevent long term profitability 3 = More investigation is needed in specific areas to be confident of long-term profitability 4 = Cash is more than adequate based on plan and reasonable contingencies. No barriers identified to reaching a successful outcome.

Table 3: Definition of Ratings/Actions to Be Taken

Rating	Definition	Action
1	Inadequate to proceed with self-employment	*Stop small business process* and pursue other employment goals
2	Major improvements needed before application can be considered by State Office for review	Significant improvements need to be made prior to submitting application to State. Unit will determine if gaps identified can be closed, and decide whether to pursue corrective actions at unit level.
3	Specific, usually minor, deficiencies noted in SEEDS which can be corrected prior to business start up	Rating allows application to be submitted to State with a request for a Self-Employment Corrective Action Plan to correct deficiencies
4	Fully meets requirements	Rating allows application to be submitted to State, and for application to be considered for approval

The Self-Employment Corrective Action Plan

The purpose of a Self-Employment Corrective Action Plan (see Attachment C) is to document specific action steps that need to be completed by the client before a final decision can be made by the Self-Employment Review Committee. As noted in Table 3, a rating of 3 allows the application to be submitted to the State with a request that a Self-Employment Corrective Action Plan be created to correct the deficiencies. Therefore any rating of 3 on the SEEDS Rating Form must clearly identify the area's deficiency and the recommended steps to correct it.

The Self-Employment Review Committee will determine when a Self-Employment Corrective Action Plan will be needed, and will work with the Counselor and the client to come up with the action steps and due dates in the plan. The Small Business Specialist will monitor the plan for completion, and the Self-Employment Review Committee will determine if the corrective actions taken are sufficient to move forward with the self-employment process.

Flowcharts of the SEEDS Process

The process flowcharts below illustrate the main actions and decisions in the SEEDS process. Following these flowcharts are descriptions of each evaluation step. The instructions and forms needed to complete the evaluations are included in the Attachments at the end of the Policy.

Chart A – Self-Employment (SEEDS) Flowchart
Preliminary Assessment to Fit Evaluations

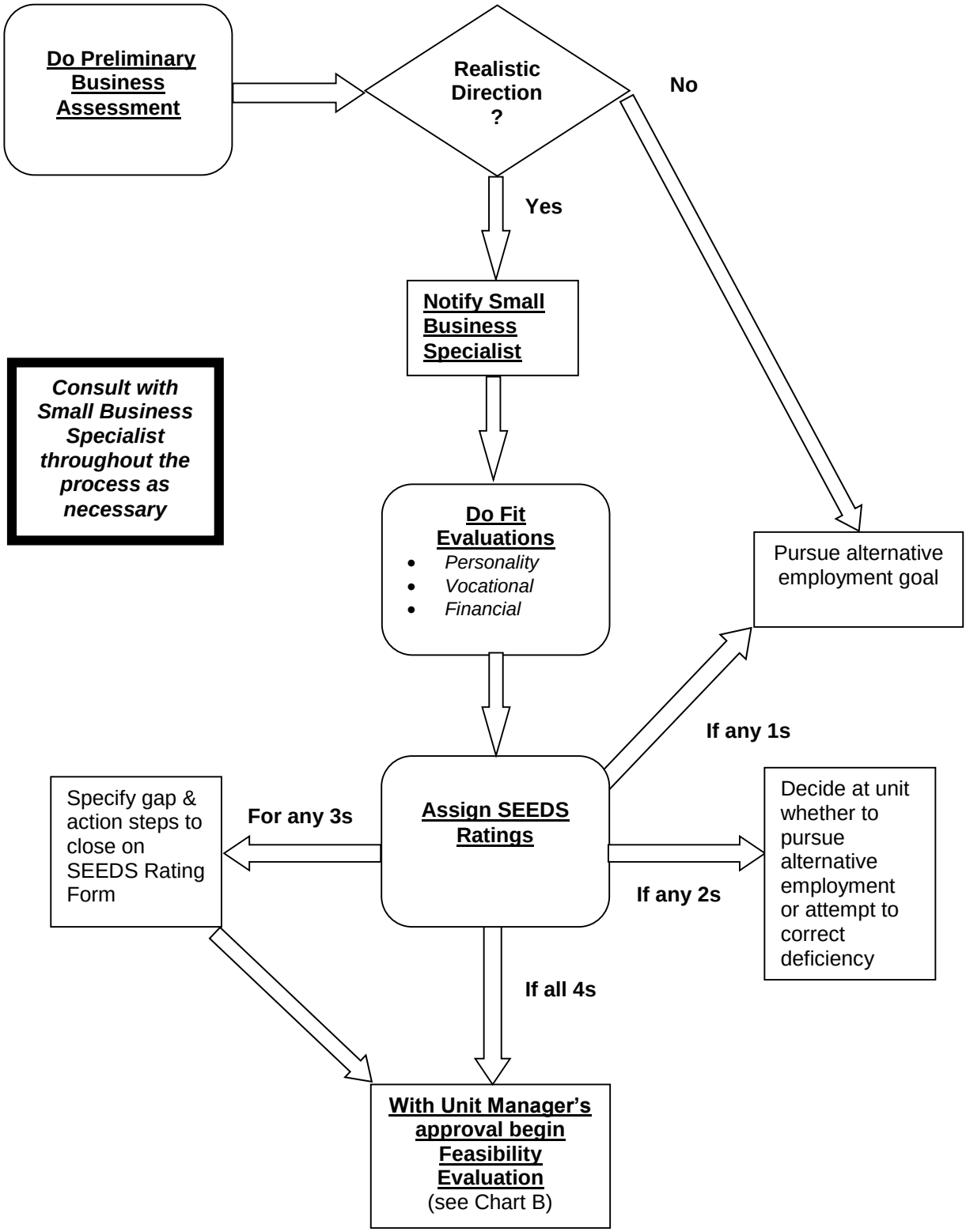
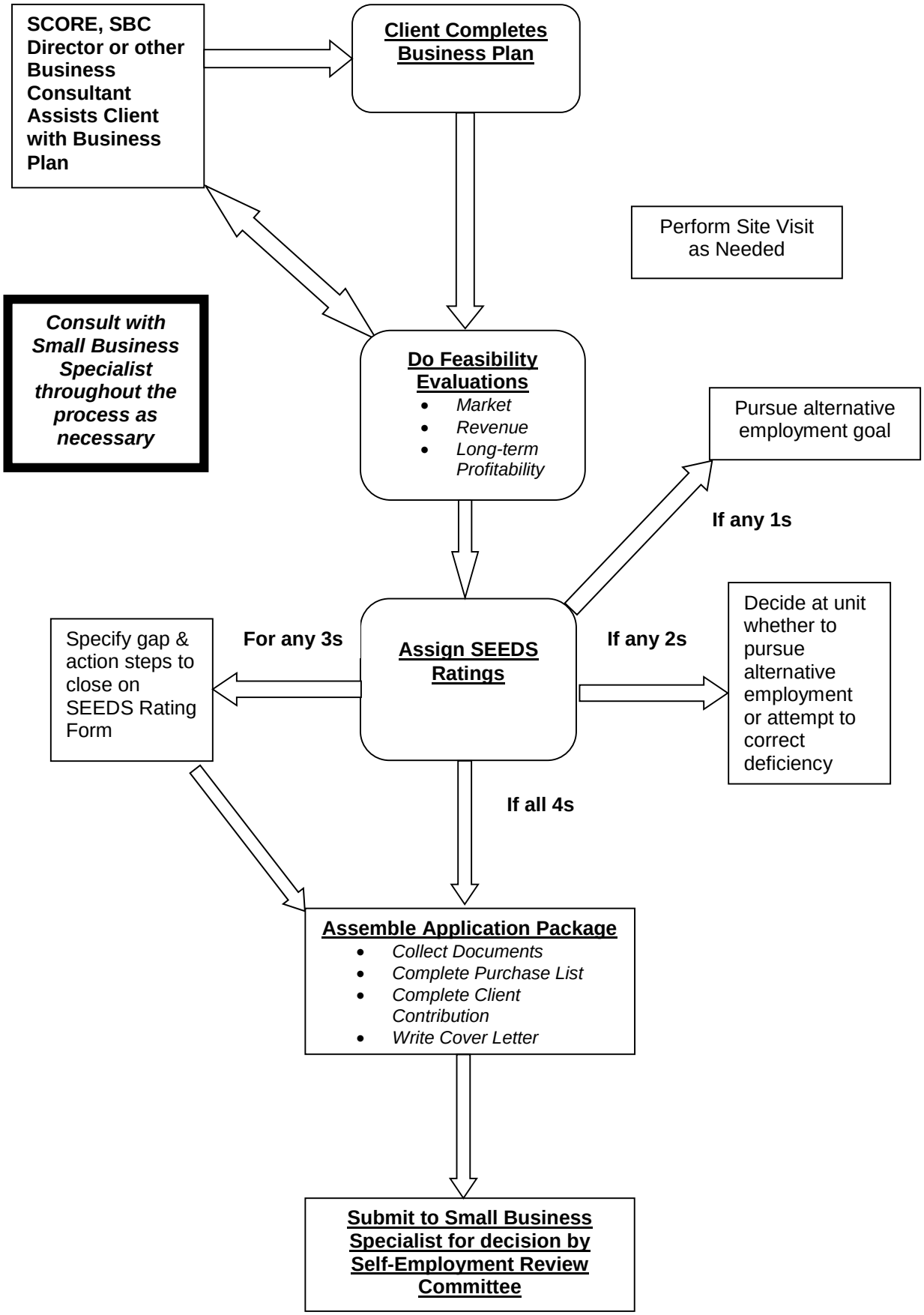


Chart B – Self-Employment (SEEDS) Flowchart

Feasibility Evaluation to Review Committee



The Preliminary Business Assessment

Before any detailed evaluation begins, there needs to be a preliminary assessment to determine if self-employment in the proposed business meets the overall intent of the policy and the needs of the client. The client will fill out the Preliminary Business Assessment form (see Attachment A) and present it to his or her Counselor. Based on this assessment and discussions with the client and others, the Counselor will determine: (1) is the business proposed within the scope of what the Division can support, (2) does the business idea appear to be a reasonable commercial venture, and (3) can the client to do the work and make a profit. If there are concerns about the compatibility of the chosen business with the client's impairment, these concerns should be explored carefully at this initial step.

If self-employment appears to be the best outcome for a client, but there is not a clear business direction, then this step should be used to brainstorm opportunities. Starting with a "client-centered" approach, ideas can come from a wide range of client skills, interests, experiences and aptitudes, and this brainstorming can include client's family and friends, other support personnel and other DVRS staff. If there are potential markets for this idea(s) and profits to be made, then the Preliminary Business Assessment form should be completed.

If the business concept does not merit further investigation, the Counselor should redirect the client to alternative employment. If the decision is to move forward with SEEDS, the Counselor should notify the Small Business Specialist.

The Fit Evaluation

This evaluation focuses on three areas: (1) the fit of the client's personality for self-employment, (2) the adequacy of the client's skills, abilities and knowledge for the work and for running a business, and 3) the client's ability to manage money and to provide financial support for the business. The Counselor will gather evidence from a number of sources to apply a SEEDS rating for each area, as explained below and summarized in Table 2.

For clients pursuing Supported Self-Employment, the personality and vocational evaluations may be achieved by alternative methods. The Vocational Evaluator may assist with task analyses of the various essential functions of the desired job. This evaluation, together with a supplemental evaluation of the client's ability to complete a minimum of one essential function (as defined in the client's Preliminary Business Assessment), and a review of the business support team's commitment/ability to meet the remaining essential functions, can determine the personality and vocational fit for self-employment.

> ***Personality Fit*** – A full psychological evaluation is required to complete this step. The purpose of this evaluation is to determine whether the client's personality is a fit for self-employment by assessing the client's entrepreneurial abilities and their capacity to start and operate his/her chosen business. The Counselor provides to the psychologist the Psychological Evaluation for Self-Employment - Referral Form included as Attachment D, adding to the standard

questions any additional information about the client or the business that would assist in the evaluation.

If the client has had a recent psychological evaluation that addresses these concerns, there is no need for an additional one. A request can be made to the Chief of Policy to waive the requirement for a psychological evaluation if the Unit Manager believes the evaluation is not necessary because of the nature of the disability, the presence of other existing data that addresses psychological fit, etc.

To rate this area, information from the formal psychological evaluation should be combined with observations of the client's ability to complete the business plan, and a determination of whether, throughout the process, the client's behavior matched that expected of a business owner.

Vocational Fit – The purpose of this evaluation is to determine if the client has both the vocational skills needed to produce the business' specific product/ service and the business management skills to run the business. The business management skills include knowledge of and experience in finance and accounting, marketing and sales, customer service and planning, along with the appropriate entrepreneurial traits. The Counselor provides to the Vocational Evaluator the Vocational Evaluation for Self-Employment - Referral Form included as Attachment E, adding to the standard questions any additional information about the client or the business that would assist in the evaluation. Any training, rehabilitation, work experience or other activities recommended in the evaluation can be included as part of the IPE.

Financial Fit – The purpose of this evaluation is twofold: first, to determine if the client has managed his/her finances responsibly in the past, and second, to determine if the client has the financial resources to support the business until it is able to make a profit. This step consists of three elements: the client's credit report and score, his/her Personal Financial Statement Form and Monthly Personal Budget Plan (see Attachment F).

To complete the first step, the client will order his/her credit report and score at https://www.annualcreditreport.com/cra/index. The credit report is free and there is a minimal cost for the score, and both can be ordered at this web site from any of the three affiliated credit agencies. This provides DVRS with the information to judge whether or not the client has responsibly managed his/her finances in the past, and whether, if needed, the client could potentially qualify for a bank loan or line of credit.

The Personal Financial Statement and Monthly Personal Budget Plan should be filled out by the client, and will give the Counselor insight into how he/she currently manages money and what financial resources are available to support the small business. (Note: The level of resources needed to support the business, particularly during start-up, may not be known at this time. Therefore,

it may be necessary to revisit and rescore the Financial Fit after the cash flow statement is done.)

When needed, Counselors will refer clients on SSI or SSDI to a Social Security Benefits Specialist to clarify how self-employment could impact their payments, and how Social Security programs, including the PASS Plan, could benefit their small business.

Using Table 2 the Counselor will assign a rating for the client on all three Fit Evaluations. If all ratings are 3 or 4 the client is a candidate to begin the Feasibility Evaluation. The Counselor, in consultation with the Unit Manager, decides whether to move into the Feasibility Evaluation, and whether this is to occur as a continuation of the comprehensive assessment in status 10, or if it is to be planned on the IPE and carried out in status 12. If the Feasibility Evaluation is to be carried out in status 12, the Counselor should develop the IPE with a goal of self-employment (or Supported Self-Employment), which must be approved by the Unit Manager.

If any of the ratings are below 3, the Counselor will determine if there is training, counseling or other support that can correct the problem(s) identified and raise the SEEDS rating. If mitigation is not possible, the Counselor shall assist the client in identifying an alternate employment goal, which may be employment in the desired vocation under the supervision of someone else. As part of this decision process, the Counselor must determine if the expected employment outcome resulting from self-employment outweighs the risks associated with the investment of the client's and Division's resources and time.

The Feasibility Evaluation

Once the client has been determined through the Fit Evaluation to be a good match for self-employment, then the Counselor needs to determine if the client's proposed business is feasible. This Feasibility Evaluation may be completed as a continuation of the comprehensive assessment in status 10, or may be planned on the IPE and provided as a guidance and counseling service. The Feasibility Evaluation will focus on three critical success factors – Market Feasibility, Revenue Feasibility and Long-term Profit Feasibility – all of which come from sections of the business plan.

For clients pursuing Supported Self-Employment, the completeness, quality and commitment of the business support network will be a major focus in the Feasibility Evaluation. The Business Structure and Organization section of the business plan must include a complete analysis of the support needed by the client to successfully operate the business, including the skills and experience of the support personnel, their reliability and commitment and their ability to function well as a team.

The Business Plan

The client is responsible for completing the business plan, but the Counselor will assist in moving the process forward and will work with the Small Business Specialist to identify the best business resource to help with the business plan. If the client does not have the background to write the plan, then a training class on how to write a business plan may be required before this step can begin. Any

training required shall be planned on the IPE. Because of the complexity and time requirements of business planning, once this step has begun, all parties must be committed to see the process through.

During the business planning process, the Counselor should work with the client to compile a list of equipment, materials, licenses, training and other resources which will be required to make the business successful. This list should be included under Start-up Costs in the business plan and will be used to complete the Purchasing List (Attachment H) required in the application process, and to determine what resources the client will include in their Client Contribution Worksheet (Attachment J).

Once the business plan is complete, the Counselor will apply SEEDS ratings to the three areas of the Feasibility Evaluation, using Table 2 as a guide. The Counselor should consult with the Small Business Specialist and/or the local small business resource to help with this evaluation.

Market Feasibility – This determines if there is a market and customers for the proposed product or service, and whether the product or service has a competitive advantage for those customers.

Revenue Feasibility – This asks whether the customers will actually pay money for the product or service, by determining if the projected sales revenue is based on solid assumptions about price, volume and customers.

Long-term Profit Feasibility – This determines if the proposed business can produce the necessary working capital during start-up and the expected profit during ongoing operations.

If the Feasibility ratings are 3 or 4, and, based on the overall SEEDS evaluation, the client and Counselor are committed to moving forward, then the Unit Manager must agree and sign off on the SEEDS Rating Form.

As with the Fit Evaluation, if any of the ratings are below 3, the Counselor will determine if there is training, counseling or other support that can correct the problem(s) identified and raise the SEEDS rating. If mitigation is not possible, the Counselor shall assist the client in identifying an alternate employment goal, which may be employment in the desired vocation under the supervision of someone else.

<u>Use of Status Codes in the SEEDS Process</u>

For new cases, the Fit Evaluation shall be completed in status 10. If a self-employment goal is determined to be a good fit for the client, then there are two options for completion of the Feasibility Evaluation:

- The preferred option is for the Feasibility Evaluation to be completed as part of the comprehensive assessment in status 10; however

- It may be planned and carried out as a guidance and counseling service on the IPE and the case placed in status 12. The IPE will only include guidance and counseling (the Feasibility Evaluation) and any training services related to the client completing the self-employment process. If the Feasibility Evaluation is satisfactory, and the self-employment plan is approved for sponsorship by the Division, the IPE will be amended to plan the specific services for purchases of goods and services to establish the business. The Counselor, in consultation with the Unit Manager, makes the determination of whether the Feasibility Evaluation is to occur in status 10 or in status 12 under the IPE.

When a client under an existing plan for traditional employment wants to explore self-employment, the plan should be amended to add a guidance and counseling service for the Fit and Feasibility Evaluations. If the application is approved, another amendment should be made to change the job goal and add the services required to implement the plan.

Site Visits and Vehicle/Trailer Inspections

During the preparation of the business plan the client may decide on a specific location for the business. If this location is known and can be inspected, the Counselor will arrange a site visit with a Vocational Evaluator. The purpose of the visit will be to identify any problems or barriers to the successful operation of the business at this location.

The regional Rehabilitation Engineers and the State Office Rehabilitation Technology Specialist are additional resources available to the Counselor. The Rehabilitation Engineers can assist with site reviews if the need for modifications or upfits are anticipated and can also assist as a staff consultant for specialized equipment needs, modifications, and any work that may need to be done to have equipment interface with the building or worksite. The Rehabilitation Technology Specialist is also available to assist with worksite-related assistive technology needs.

When the client provides a vehicle and/or trailer that are necessary for the success of the business, a Rehabilitation Engineer needs to determine whether the equipment is capable of performing the required business functions. This evaluation includes but is not limited to an assessment of the equipment's condition and capacities.

Evaluating Business Partners and Other Major Supporters

If the client owns at least 51% of the business but less than 100%, OR if the client is pursuing a goal of Supported Self-Employment, then the Counselor may request that the other owner(s) or business support person(s) participate in the SEEDS evaluation. This would be particularly important if the other owners were providing any of the expertise or financial backing being assessed in the Fit Evaluation. Similarly, if a spouse, relative or friend is going to play a significant role in the business, the Counselor may request his/her participation in the SEEDS evaluation. Financial documentation will be required prior to the final approval for any partner owning 10% or more of the business.

For clients pursuing Supported Self-Employment, the client is responsible for identifying the specific network of persons providing small business supports. Each business support person in a Supported Self-Employment plan shall be required to submit a letter of commitment summarizing the nature of the support, the qualifications or experience he or she has to provide the support, and the amount of time and the time period for which the support is being offered.

VI. Self-Employment Application Process

The Self-Employment Application

Once the Unit Manager has approved the IPE and the SEEDS Ratings Form (Attachment B), the Counselor can begin compiling the application package. The application package includes the following elements:

1. Client Data – R-4, Eligibility Decision, DVR 0116 and supporting financial documentation, IPE and subsequent amendments, pertinent medical and/or psychiatric/psychological evaluations
2. SEEDS Evaluation – SEEDS Rating Form (DVR 0603, Attachment B), Preliminary Business Assessment (Attachment A), Psychological Evaluation, Vocational Evaluation, Credit Report and Score, Personal Financial Statement and Monthly Personal Budget Plan (Attachment F)
3. Complete Business Plan (required for requests of $2500 or more) (Attachment G)
4. Site Visit Evaluation (if location is known)
5. Division Purchasing Information, including the Purchase List (DVR 0607, Attachment H) and the Special Requirements for Items on the Purchase List (Attachment I)
6. Client Contribution Worksheet (DVR 0609, Attachment J)
7. Letters of Commitment (for Supported Self-Employment proposals only)
8. Cover Letter summarizing the rationale for approval

Division Purchasing Information

The Counselor will assist the client in developing a Purchase List (Attachment H) of items/services taken from the Start-up Expenses section of the business plan. Attachment H has three parts: (1) contact information, (2) details for tools and equipment, and (3) details for miscellaneous items. The Tools/Equipment Items list should include the quantity, the manufacturer's name and part number, a specific description, the cost, the preferred supplier, whether or not this is an approved vendor, and the ship to location. The Miscellaneous Items list is for such things as professional services, licenses and insurance. Attachment I (Special Requirements for Items on the Purchase List) should be included when additional information such as the delivery location and schedule, installation, utility requirements, or training is needed.

If a specific brand of equipment or product is requested for the business, then the counselor must provide a written letter of justification as to why no other functional equivalent equipment or product can be used. If a specific vendor is requested for the business, then the counselor must provide a written letter of justification as to why this

vendor would better serve the client's needs over any other vendor. If requesting a sole source vendor, then the counselor must provide a letter from the manufacturer/supplier confirming they are the only manufacturer/supplier that can provide the product.

Client Contribution Worksheet

The application must include a Client Contribution Worksheet (see Attachment J), which is an itemized list of the investment contribution that the client will be making to meet the requirement in Section II. The resources invested by the client to reach the required percentage can include money from savings, loans, partners or family members; or office space, office equipment, inventory, or other assets. Each investment must be itemized on the form. The value of non-monetary assets will be calculated as follows:

Table 4: Estimating Client Contributions for Self-Employment

Category	Method of Estimating Value
New equipment, tools, etc.	Purchase price
Used equipment, tools, etc.	Estimated fair market price
Home office space	Calculation used by IRS
Other items	Estimated fair market price

At the time of application, the total contribution on the Worksheet must equal or exceed the required amount stipulated in Table 1. The actual purchase or allocation of client resources to the business does not have to begin until the application is approved by the Division. Once the approval is given, the client must begin contributing the items listed under the Client Contribution Agreement section of the Self-Employment Agreement (Attachment K).

VII. Approval Process for Division Support of Self-Employment

For requests of $2500 or more, a full business plan and all parts of the application package must be submitted to the Chief of Policy for approval. Unit approvals will follow the requirements outlined in Section 1, Application of the Policy: Unit and State Approvals.

The Chief of Policy shall review the application package for accuracy and completeness and for fitness and feasibility. The Chief of Policy may consult with the Purchasing Manager to conduct research on comparable pricing and alternative solutions. The Chief of Policy may submit any requests to the Small Business Advisory Committee for an external evaluation. After this review is completed, applications will be approved, disapproved, or returned to the Counselor with a Self-Employment Corrective Action Plan or with a request for clarification or additional information. The SEEDS Rating Form will be returned with ratings and comments from the State Office. If the application is approved and an IPE has not been developed (i.e. case is in status 10), the Counselor must do so in partnership with the client.

The Self-Employment Agreement

For approved applications requesting $2500 or more in funding, a Self-Employment Agreement will be required (see Attachment K). The Chief of Policy shall issue the Self-Employment Agreement which must be signed by both the Counselor and the client (and additional business partners as appropriate). The Self-Employment Agreement lists the agreements made by the Division and the client and the obligations of each. It includes the responsibilities of the client prior to the purchase of goods - such as acquiring necessary licenses, permits, and insurance - along with obligations up to and beyond case closure. The Investment Agreement in Section E includes the Division's Security Agreement which outlines the client's obligations to the Division for the items purchased. Section E also requires the filing of a UCC-1 for all items over $1,500, which will be done by the State Office. The Self-Employment Agreement must be signed by the client prior to the Division purchasing any services/goods. Any violation of the Self-Employment Agreement may result in the Division reclaiming any or all funds distributed to the client in the form of repossessed materials and/or returned monies.

VIII. Self-Employment Follow-up and Outcome

Follow-up Assistance

After the application has been completed and the purchases made, many clients will face new problems during the start-up phase of the business. It is very important to the long-term success of these start-ups that business mentors be available to the clients. Counselors should help connect or re-connect clients, with an SBC, SCORE or other mentor to provide ongoing support.

Pre-Closure Visit

Prior to successful closure, the Counselor shall conduct a site visit to observe the business and to verify proper use of the equipment/supplies/services provided by the Division. If the client fails to follow the terms of the Self-Employment Agreement or fails to cooperate during a site visit prior to case closure, then the Division shall take actions to reclaim those items purchased to support the business.

Business Performance Reporting and Closure

Division funded businesses must submit a Business Performance Report (see Attachment L) on a monthly basis for a minimum of 6 months (due by the 10th of each month), and then quarterly until closure. This report must be accompanied by a monthly business financial report, and a copy of these reports (electronic format preferred) is to be sent to the Small Business Specialist. The purpose of this report is to monitor the health of the start-up business. If significant problems or negative trends are identified, the client should seek help from the SBC, SCORE or another business mentor and the Counselor should ask for help from the State Office.

The case can be closed when the Business Performance Report and accompanying financial reports meet the profit target set in the Self-Employment Agreement, and meet the closure requirements outlined in Section III.

Any requests by the client for additional Division support following the initial approval will be responded to based on past business performance and future prospects. Requests will be guided by the limits outlined in Section II, Table 1 and in Section VII.

The Division reserves the right to request financial reports at any point throughout the investment term. Expenses associated with these responsibilities are to be accounted for in the original business plan.

Preliminary Business Assessment

Client: _____
Counselor: _____
VR#: _____
Date: _____

1. Please check the self-employment option that most applies to you:

___ I want to start my own business
___ I own a business and want to expand
___ I want to acquire an existing business
___ I want to restart a business that failed
___ I want to expand a hobby into a business
___ Other (Specify _____)

2. Do you plan on owning at least 51% of the business? ___ Yes ___ No

3. Is the business a for-profit entity? ___ Yes ___ No

4. Describe your business, including your customers & markets

5. Explain how and why this business will be a profitable venture

6. List your skills, aptitudes and experience that will allow you to succeed

7. Explain how this business is compatible with your impairment

8. Tell what monthly wage you expect to make and when you expect to make it

SEEDS Rating Form

Client Name: _____ Client ID#: _____

Counselor: _____ Date Submitted: _____ _____
Unit State Office

Instructions:
- Use the criteria in Table 2 to assign the Unit Office Rating, and in the comments field summarize the evidence used to come up with the rating
- The State Office will fill in the State Office Comments and the Final Rating columns

Area	Counselor Comments	Unit Office Rating	State Office Comments	Final Rating
Personality Fit				
Vocational Fit				
Financial Fit				
Market Feasibility				
Revenue Feasibility				
Long-term Profit Feasibility				

Unit Manager Approval: *I have reviewed and verify the scores listed above, and I am in support of this client's proposal proceeding for State Office review.*

Signature: _____

Self-Employment Corrective Action Plan

Client Name: _____ Client ID#: _____

Counselor: _____ Date: _____

- Note: Corrective Action Plan will be initiated by State office

Area	Improvement Required	Corrective Action Steps Agreed To	Due Date	Comments	Completion Date

Client's Signature: _____ Date Signed _____

Counselor's Signature _____ Date Signed _____

Chief of Policy's Signature _____ Date Signed _____

Psychological Evaluation for Self-Employment Referral Form

NC Division of Vocational Rehabilitation Services

Date: _____
Client Name: _____
Client VR#: _____
Counselor Name: _____
Psychologist: _____

1. Description of business (DVRS to complete):

2. Specific challenges/risks/concerns surrounding self-employment for this client (DVRS to complete):

3. Questions to be included in evaluation:

a) Does the client have the psychological stability to handle the multiple priorities and stresses of business ownership?

b) Does the client have the judgment and organizational skills to manage a business?

c) Does the client have the cognitive abilities to think strategically about the future of the business?

d) Does the client have the emotional balance to be able to deal constructively with upset customers and other conflicts that will arise with business ownership?

e) Can the client go out and sell the business to strangers and gain their loyalty so that they become return customers?

f) Does the client have the entrepreneurial traits needed to be successful?

g) Can the client perform the executive functions needed in business?

h) Are there any psychological factors that would hinder the client's ability to perform the functions of their chosen business?

4. Other questions to include in the evaluation (DVRS to complete as needed)

Vocational Evaluation for Self-Employment – Referral Form

NC Division of Vocational Rehabilitation Services

Date: _____
Client Name: _____
Client VR#: _____
Counselor Name: _____
Vocational Evaluator: _____

1. Description of the business (DVRS to complete)

2. Specific challenges/risks/concerns surrounding self-employment for this client (DVRS to complete)

3. Questions to be addressed in the evaluation:

a) What is the client's previous experience in this business field? Does the client have other work, education or life experience to help them be successful?

b) Does the client have the aptitudes, abilities and skills to be successful as an owner of this business (i.e. perform the executive functions, the operational processes, the sales and marketing, customer services, accounting and record keeping)? What supports would be required to improve the chances of success?

c) Does the client have the drive and determination to be successful?

d) Discuss how the client's impairment(s) impact the chances for success, and what supports and accommodations would improve these chances?

e) What other barriers to self-employment are there for this client? What can be done to overcome these barriers?

f) Would supported self-employment be an option for this client (see Directive #02-2012 Section II Scope of Support and following sections)

g) If self-employment is not recommended, what types of jobs would be a good match for this client?

4. Other questions to include in the evaluation (DVRS to complete)

(Note: In pre-evaluation meeting with Vocational Evaluator please provide additional information as needed.)

Personal Financial Statement and Monthly Budget

Name: _____ ***Date:*** _____

Personal Financial Statement

Instructions: Enter whole dollar amounts into unshaded areas of columns "A" and "L." List detail where requested. Add other categories in blank spaces which apply.

To Calculate: (1) Add column "A" (**2)** Add column "L" **(3)** Subtract column "L" total from column "A" total.

Current Personal Assets	A	Current Personal Liabilities (Enter loan/debt balances, not monthly payment amts.)	L
Cash/Checking Account		Credit Card Debts (please list)	
Savings Account			
Stocks/Bonds/CD's			
Accounts/Notes Receivable			
		Alimony	
		Child Support	
Home – Current Value		Home Mortgage	
Additional Real Estate Value		Additional Real Estate Mortgage	
Autos/Other Vehicle Values		Auto Loan(s)	
		School Loans (incl. deferred loans)	
Other Assets (please list)		Other Loans (please list)	
		Federal Tax Liability	
		State Tax Liability	
TOTAL ASSETS		**TOTAL LIABILITIES**	

NET WORTH: (ASSETS – LIABILITIES)	

Monthly Personal Budget Plan

Instructions: Enter whole dollar amounts as applicable. Check calculations for accuracy.

INCOME – Monthly

	Enter whole dollar amts			Enter whole dollar amts
List all household income	**Amount**		**List all household income**	**Amount**
1.			5.	
2.			6.	
3.			7.	
4.			8.	
			Total Income	

EXPENSES – Monthly

Home	**Amount**		**Entertainment**	**Amount**
Cable TV			Dining Out	
Cell Phone			Gym Fees/Club Memberships	
Computer Internet			Movies/Plays/Concerts	
Home Phone			Music CDs, Books	
Home Repairs/Maintenance			Sports Equipment/Team Dues	
Homeowner's/Renter's Insurance			Vacation	
Mortgage/Rent			Video/DVD Rentals	
Real Estate Taxes			Other	
Utilities (Gas/Electric)			**Entertainment Totals**	
Water/Trash				
Other				
Home Totals				
Transportation	**Amount**		**Health**	**Amount**
Auto Gas/Oil			Copayments/Deductibles	
Auto Insurance			Dental Insurance	
Auto Licensing			Disability Insurance	
Auto Repair			Health Insurance	
Car Wash			Life Insurance	
Public Transportation			Over-the-Counter Drugs	
Other			Prescriptions	
Transportation Totals			Other	
			Health Totals	
Daily Living	**Amount**		**Financial**	**Amount**
Alimony			Savings	
Child Care/Child Support			Retirement (401K, IRA, etc.)	
Church Tithing			Credit Card Payments	
Clothing Purchases			Loans not otherwise listed	
Donations/Charity			Other (please list)	
Gifts				
Groceries				
Laundry/Dry Cleaning			**Financial Totals**	
Pet Care (food, vet, boarding)				
Personal Care – Other items				
Postage				
Salon/Barber				
School Supplies				
School Loans				
Subscriptions/Newspaper				
Other				
Daily Living Totals				
			Total Expenses	
			Money Remaining (*Income minus Expenses*)	

Business Plan Components

All business plans must cover the content listed below, preferably in the format shown. An example of a business plan is available on the intranet site, as is an Excel spreadsheet that can be used to create the cash flow statement required in #13 below.

1. Executive Summary: Provide a short summary of the intended business
2. Company and Personal Background: Include information on the ownership of other small businesses, employment background and relevant personal experience
3. Product/Service: Provide a basic description of the product(s)/service(s), how they will be produced, and what makes them unique
4. Market and Customer Analysis: Provide a general description of the market, then use facts and data to demonstrate why specific segments of that market, or groups of target customers, will buy your product/service. Specifically describe the unique advantages of your business to these customers.
5. Competition: Describe the competitors that exist for your target customer segments, followed by an explanation of how your business will compete against them
6. Pricing: Explain how each product/service will be priced, why that price is competitive, and what the expected profit margin will be
7. Sales Forecast: Include a month by month estimate of the volume of sales by major product/service category for a minimum of 18 months
8. Advertising and Sales: Describe how you will promote your product/service (including online marketing). Specifically explain how these methods will reach your target customers
9. Operations: Describe the daily operations of the business: where it will be located, what processes will be performed, what equipment is required, who will do what, how your products will be distributed to your customers, etc.
10. Business Structure and Organization: Include the legal entity for your business and why it was chosen. Describe you organization, including all business supports that you will require to be successful (ie. accounting/bookkeeping services, web services, sales assistance, and transportation)
11. Practical Steps to Get Started: List the licenses, permits, certificates, tax registration, zoning, training, insurance, bonding and other requirements that you need to meet in order to start up your business. For each one tell how you will meet the requirement.
12. Operating Expenses: Provide a complete list of estimated costs that will be required to run the business. For all expenses that will be paid each month, show the monthly amount. For any expenses that are paid less often, show the estimated month that the payment will be due.
13. Start-up Costs: Provide a complete list of all purchases and expenditures required to get the business started. For items that you are requesting DVRS to purchase, include an explanation for why this item is critical to the business' success.
14. Financial Information: The minimum requirement is an 18 month cash flow statement for the business based on the sales forecast. Additional financial information may be required depending on the specific business. If the business is currently or has previously been in operation, financial statements or tax returns for two previous years should be included. A personal financial statement and a credit report will be required for all owners or investors with more than a 10% share in the business venture.
15. Risks and Weaknesses: Every new business has risks and weaknesses. List yours, followed by what you need to do to protect your business from them.
16. Three Reference Letters: Letters supporting the client's self-employment plans including recommendations from previous employers and letters of commitment from potential customers.

Purchase List

Client Name:
DVRS#:
Counselor Name:
Date:
Revised Date:

Item	Qty	Manufacturer Name & Part #	Description (If item is used, please indicate)	Cost Ea.	Total	Preferred Supplier : Address, Phone, Fax Contact	Approved Vendor Y/N*	Ship To: Counselor/ Client**

Estimated Total of All Purchases: $ _____

Does the form **Special Requirements for Items on the Purchasing List** (Attachment H) need to be included? ☐ Yes ☐ No

*For any vendor listed that is **not** an approved vendor, attach a W-9.
**For any items to be shipped directly to client, include client delivery address and contact information below:

Client Delivery Address: _____
_____
_____
_____

Client Phone Number(s): Home: _____ Cell: _____ Other: _____

NOTE: Once approved, any items under $500 may be purchased locally by the counselor

Special Requirements for Items on the Purchase List

1) Special Delivery Requirements (ie. inside delivery, special location)
Note: For small pieces of equipment, delivery to the counselor's shipping address is usually preferred because of security, accounting, logistical and other reasons. Larger equipment can be shipped to the consumer's preferred secure delivery location.

2) Describe Delivery Location (critical for freight deliveries)

- Type (Residence, Urban Business location, Rural Business location, etc.)
- Street or Road Access Exists?
- Loading Dock Available?
- Will the equipment fit through the delivery doors?
- Is floor of building paved, dirt, concrete, gravel, plank, etc?

3) Installation and Setup Requirements (if necessary)

4) Special Utilities Requirements (e.g., electrical, plumbing, or phone line if necessary)

5) Equipment Training Requirements (if necessary)

6) Time frame for Delivery

- Is consumer ready to accept delivery?
- If NOT, indicate estimated delivery acceptance date:

Client Contribution Worksheet

Client Name: _____
Client ID #: _____
Counselor: _____
Date: _____

1. Total Division Investment Requested $ _____
2. Percent of Client Contribution _____ %
   (From Table 1 in Section II)
3. Minimum Client Contribution Required $ _____

Itemized List of Client Contributions:

Description of Contribution	Dollar Amount	Method of Estimating Value	Date Contributed	Date Confirmed by Counselor	Comments

Total Client Contribution* $ _____

***Must equal or exceed the amount listed for #3 above**

Self-Employment Agreement

North Carolina Division of Vocational Rehabilitation Services
Department of Health and Human Services

The North Carolina Division of Vocational Rehabilitation Services (hereinafter called the Division) and _____ (hereinafter called the Client) agree to the following:

A. Definitions:

Investment Term – The period of time defined in Section II, Table 1 of the Interim Policy and Procedure Directive #02-2012, which is based on the level of the Division's investment.

Client Contribution – The percentage of investment resources required by the Client based on the level of the Division's investment.

Successful Self-Employment Outcome – Accomplished when the client achieves the sustained wage level of at least 90 days.

B. Terms and Conditions:

This Agreement is binding until the case is closed and moved into Status 26, or until the end of the investment term, whichever is later.

C. General Agreements:

1. Client agrees to comply with all applicable federal, state, and local regulations and statutory requirements (including income reporting and filing and paying taxes);

2. Client agrees to purchase and maintain appropriate insurance to cover the Client and the business in case of an incident;

3. Client agrees to maintain a minimum of 51% ownership in the business venture;

4. Client agrees to report any changes that may affect the planned program to their counselor and understands that any changes or additions to the plan must be discussed and approved prior to implementing the changes;

5. Client agrees to cooperate with the Division's monitoring requirements including the submission of the Business Performance Report (DVR 0613) monthly for the first six months after signing this agreement, and quarterly until closure.

D. Purchase List

1. Division agrees to directly purchase or provide funds for the purchase of the items on the Purchase List (appended to this Agreement as Attachment H). These purchases will be governed by the policies, rules, regulations of the Division. The specific manufacturers, suppliers and costs of the items will be determined by the Division Purchasing and Property

Control Department. When additional information is needed for the purchase or delivery of items on the Purchase List, the form Special Requirements for Items on the Purchase List (Attachment I) will be appended to this Agreement.

2. Division and Client agree that the items on the Purchase List comprise the entire and complete list of items to be funded by the Division. New items may not be substituted for those on the list, and if items are not purchased, any funds set aside for the original item return to the Division and may not be used for any other purpose.

E. Investment Term and Agreement

1. Division and Client agree that the Investment Term is _____ years from the signing of this agreement.

2. Client agrees that all tools, equipment and other assets on the Purchase List are the property of the Division until the case is closed with a successful outcome, or the end of the Investment Term, whichever is later, at which time ownership passes to the Client. It is understood if a business discontinues operation, or there is fraud or misuse, the Division has the right to repossess the tools, equipment and all other assets for re-issue.

3. During the period of Division ownership the Client agrees to the following:
   - The Division retains unrestricted first lien on the equipment
   - Use of the equipment is only for the purposes intended
   - Do not relocate the equipment without first obtaining prior approval from the Division
   - Provide for proper care, maintenance and storage of the equipment
   - Maintain appropriate and adequate insurance for the equipment (vehicles and added modifications)
   - Do not trade or otherwise dispose of the equipment without first contacting the Division
   - Do not lease, sublease, rent, or lend the item(s)
   - Return tools, equipment and/or other assets not being used in the business
   - All items are subject to recovery by the Division at any time prior to successful case closure or the end of the investment term.

4. The State office shall file for a UCC-1 for all items over $1,500.

F. Client Contribution Agreement

1. Client agrees to contribute to the business _____ % of the total cost shown on the Purchase List or $ _____.

2. Monetary values will be assigned using the calculation methods in Section VI of the Interim Policy and Procedure Directive #02-2012.

3. Client agrees to contribute all items listed on the Client Contribution Worksheet (appended to this Agreement as Attachment J).

4. Client agrees to report contribution of items on Attachment J to his or her Counselor, provide evidence of contribution, and allow Counselor or Division representative to inspect items as needed.

G. Successful Self-Employment Outcomes

1. The agreed upon target for a successful outcome is an owner's draw or salary of $_____ a month for a duration of _____ months.

2. The case can be closed when this target is reached and the requirements of Section III of the Interim Policy and Procedure Directive #02-2012 have been met. If these requirements have been met but the Investment Term is still in effect, this Contract remains in effect for the remainder of the Investment Term.

H. Special Requirements and Contingencies

Client's Printed Name: _____

Client's Signature: _____ Date Signed _____

Counselor's Signature: _____ Date Signed _____

Chief of Policy's Signature:_____ Date Signed _____

Business Performance Report

Client Name: _____ *Date (Month/Yr.):* _____
Client ID#: _____ *Client Phone #:* _____
Mailing Address: _____ *Profit Target/Mo.:* _____
Counselor: _____

1. Performance Summary:

	Projected Current Month (from Cash Flow Statement in Business Plan)	**Actual Current Month** (from Profit and Loss Report from bookkeeper)	**Year to Date Results**
Revenues	$	$	
Expenses	$	$	
Owner's Draw	$	$	
Net Profit	$	$	

Estimated Hours Worked in Current Month: _____

2. Progress on Last Month's Action Steps:

3. Other Positive Outcomes:

4. My Most Pressing Issues/Concerns:

5. Actions I Will Take This Month:

Client Signature _____ Date_____

Counselor Signature _____ Date_____

Vocational Rehabilitation Services
HEALTH AND HUMAN SERVICES

CLAUDIA B. HORN
Senior Director

TARA K. MYERS
Division Director

MEMORANDUM

To: All Staff Assigned Volume I

From: Vicky Miller – Chief of Policy

Date: **November 7, 2016**

Re: **Interim Policy and Procedure Directive #07-2016: Competitive Integrated Employment**

Effective: November 15, 2016

Background:
The principle that individuals with disabilities, including those with the most significant disabilities, are capable of achieving high quality competitive integrated employment, when provided the necessary services and support, is incorporated throughout the Workforce Innovations Opportunity Act (WIOA), part 361, from the statement of program purpose in §361.1 to the requirement in §361.46(a) that the Individualized Plan for Employment include a specific employment goal that is consistent with the general goal of competitive integrated employment.

The integrated location criteria within §361.5(c) (9)(ii), ensures that participants in the VR program, including individuals with the most significant disabilities, are afforded a full opportunity to integrate in their communities and to achieve employment available to the general public. An integrated setting must be one that is typically found in the community, specifically the competitive labor market. The setting must be one in which the employee with the disability interacts with employees without disabilities in the work unit and across the work site to the degree that employees without disabilities in similar positions interact with these same persons.

The focus of whether the setting is integrated should be on the interaction between employees with and without disabilities, and not solely on the interaction of employees with disabilities with people outside of the work unit. For example, the interaction of individuals with disabilities employed in a customer service center with other persons over the telephone, regardless of whether these persons have disabilities, would be insufficient by itself to satisfy the definition.

Instead, the interaction of primary consideration should be that between the employee with the disability and his or her colleagues without disabilities in similar positions. Consideration to the interaction between employees with disabilities and those without disabilities engaged in performing work responsibilities, must be specific to the performance of the employee's job duties, and not the casual, conversational, and social interaction that takes place in the workplace.

The “work unit” may refer to all employees in a particular job category or to a group of employees working together to accomplish tasks, depending on the employer’s organizational structure. The interaction between employees with and without disabilities need not be face to face. Employment settings in which individuals work alone, such as telecommuting, temporary employment, and work in mobile or scattered locations, are not excluded from the scope of the definition of “competitive integrated employment,” so long as the employee with the disability interacts with employees of the employer in similar positions and interacts with other persons without disabilities to the same extent that employees without disabilities interact with others.

The factors that generally would result in a business being considered “not typically found in the community,” include: (1) the funding of positions through Javits-Wagner-O’Day Act (JWOD) contracts; (2) allowances under the Fair Labor Standards Act (FLSA) for compensatory subminimum wages; and (3) compliance with a mandated direct labor-hour ratio of persons with disabilities. These factors must be taken into account when determining if a position in a particular work location is an integrated setting.

Further, when the criteria are applied, group and enclave employment settings operated by businesses formed for the purpose of employing individuals with disabilities will not satisfy the definition of “competitive integrated employment.”

Requirements:

Employment in businesses owned by community rehabilitation providers, group settings, affirmative industries, social enterprises, and other forms of non-traditional work settings must be evaluated on a case-by-case basis. A competitive integrated employment review must be conducted by a CRP Specialist whenever one or more of the competitive integrated employment criteria are in question:

- Purpose of the business
- Competitive wages
- Integrated location
- Opportunities for advancement

The counselor must refer to the CRP Specialist when a placement is being considered in circumstances as described above. The CRP Specialist will coordinate a review of the employment setting to determine whether a work location is in an integrated setting, meaning it is typically found in the community, and it is one in which the employee with the disability interacts with employees and other persons, as appropriate to the position, who do not have disabilities to the same extent that employees without disabilities interact with these persons. Finally, consideration must be given to the interactions that take place between employees with disabilities and other persons for the purpose of performing his or her job duties, not mere casual and social interaction.

The CRP specialist will complete a written report documenting the determination of the review. This report should be filed in the case record for audit purposes.

Vocational Rehabilitation Services
HEALTH AND HUMAN SERVICES

CLAUDIA B. HORN
Senior Director

TARA K. MYERS
Division Director

****OBSOLETE - EFFECTIVE 3/9/2018****
This Policy has been incorporated into Volume I, Chapter 9

MEMORANDUM

To: All Staff Assigned Volume I

From: Vicky Miller – Chief of Policy

Date: **December 15, 2016**

Re: **Interim Policy and Procedure Directive #08-2016: WIOA – Transition and Pre-Employment Transition Services (PETS) Definitions**

Effective: January 3, 2017

Introduction

The Workforce Innovation and Opportunity Act of 2014 (WIOA) defined a new category of vocational rehabilitation services which are specific to students with disabilities. These services are referred to as pre-employment transition services (PETS). The Act prioritizes the Division's funding towards PETS.

Under WIOA, the Division must reserve at least fifteen percent of its State allotment, under the State Vocational Rehabilitation Services (VR) grant (CFDA 84.126A), for the provision of pre-employment transition services under section 113 of the Rehabilitation Act.

In addition, the Act emphasizes services to students and youth by defining new performance indicators specific to youth (individuals aged 14-24). These youth performance measures are shared by all state workforce partners.

Lastly, the Act emphasizes high quality, competitive, integrated employment outcomes for students and youth, including those with the most significant disabilities, by exposing them to career options and experiences as they prepare to leave high school. The Division's objective is to provide PETS services to students with disabilities within the context of our mission of helping individuals with disabilities achieve employment outcomes.

Definitions for Serving Transition-Aged Youth

Student with a disability is an individual age 14-21 participating in a secondary, postsecondary, or other recognized educational program, including homeschool and non-traditional secondary educational programs, and is:

- Eligible for and receiving special education or related services under an IEP in accordance with the Individuals with Disabilities Education Act (IDEA);

OR

- A student who meets the definition of an individual with a disability for purposes of Section 504 of the Rehabilitation Act, as amended by WIOA

Students with Disabilities may or may not meet the VR eligibility criteria and remain in this category until they exit school or reach age 21, whichever is sooner.

Youth with a disability is an individual with a disability between the age of 14 and 24. This includes individuals in secondary school, high school graduates, high school dropouts, and students in post-secondary training. Youth with Disabilities means more than one Youth with a Disability.

Potentially Eligible Individuals include all Students with a Disability, regardless of whether they have applied for or have been determined eligible for VR services. This term is unique to implementing pre-employment transition services and is not applicable to any other Vocational Rehabilitation service.

Reportable Individuals includes students with disabilities who have expressed interest in or been referred for VR services, including pre-employment transition services, regardless of whether the individual has been determined eligible for or has a plan of VR services.

Transition Services are Vocational Rehabilitation services available to students and youth with disabilities. They are outcome-oriented and promote movement from school to post-school activities, including postsecondary education, vocational training, and competitive integrated employment. As such, transition services may include job-related services, such as job search and placement assistance, job retention services, follow-up services, and follow-along services, based on the needs of the individual. Individualized transition services must be provided to students and youth with disabilities who have been determined eligible for VR services in accordance with an approved Individualized Plan for Employment. Transition services may also be provided in group settings to students and youth with disabilities.

Individual with a disability means an individual:

- Who has a physical or mental impairment that substantially limits one or more major life activities;
- Who has a record of such an impairment; or
- Who is regarded as having such an impairment

Major life activities include, but are not limited to caring for oneself, performing manual tasks, seeing, hearing, walking, speaking, standing, lifting, bending, learning, reading, concentrating, and working.
A major life activity also includes the operation of a major bodily function, including but not limited to, functions of the immune system, digestive, respiratory, circulatory, brain and endocrine functions.

Scope of Pre-Employment Transition Services

A wide variety of pre-employment transition services are designed to be an early start at job exploration for Students with Disabilities. These activities are not to be used as assessment services for the purpose of determining whether additional vocational rehabilitation services are needed, or if the individual will be successful in employment.

Pre-Employment Transition Services - Required Activities

- **Work-based Learning Experiences** may include coordinating a school-based program of job training and informational interviews to research employers, work-site tours to learn about necessary job skills, job shadowing, or mentoring opportunities in the community. Work-based learning experiences on an individual basis could include work experiences to explore the student's area of interest through paid and unpaid internships, apprenticeships (not including pre-apprenticeships and Registered Apprenticeships), short-term employment, fellowships, or on-the-job trainings located in the community. These services are those that would be most beneficial to an individual in the early stages of employment exploration during the transition process from school to post-school activities, including employment. Should a student need more individualized services (e.g., job coaching, orientation and mobility training, travel expenses, uniforms or assistive technology), he or she would need to apply and be determined eligible for vocational rehabilitation services and develop and have an approved individualized plan for employment.

- **Job Exploration** may be provided in a classroom or community setting and includes information regarding in-demand industry sectors and occupations, as well as non-traditional employment, labor market composition, administration of vocational interest inventories, and identification of career pathways of interest to the students. Job exploration counseling provided on an individual basis might be provided in school or the community and include discussion of the student's vocational interest inventory results, in-demand occupations, career pathways, and local labor market information that applies to those particular interests.

- **Workplace Readiness Training** may include programming to develop social skills and independent living, such as communication and interpersonal skills, financial literacy, orientation and mobility skills, job- seeking skills, understanding employer expectations for punctuality and performance, as well as other "soft" skills necessary for employment. These services may include instruction, as well as opportunities to acquire and apply knowledge. These services may be

provided in a generalized manner in a classroom setting or be tailored to an individual's needs in a training program provided in an educational or community setting.

- **Self-advocacy** may include generalized classroom lessons in which students learn about their rights, responsibilities, and how to request accommodations or services and supports needed during the transition from secondary to postsecondary education and employment. During these lessons, students may share their thoughts, concerns, and needs, in order to prepare them for peer mentoring opportunities with individuals working in their area(s) of interest. Further individual opportunities may be arranged for students to conduct informational interviews or mentor with educational staff such as principals, nurses, teachers, or office staff; or they may mentor with individuals employed by or volunteering for employers, boards, associations, or organizations in integrated community settings. Students may also participate in youth leadership activities offered in educational or community settings.

- **Counseling on comprehensive transition and postsecondary training options** may include information on course offerings, career options, the types of academic and occupational training needed to succeed in the workplace, and postsecondary opportunities associated with career fields or pathways. This information may also be provided on an individual basis and may include advising students and parents or representatives on academic curricula, college application and admissions processes, completing the Free Application for Federal Student Aid (FAFSA), and resources that may be used to support individual student success in education and training, which could include disability support services.

PETS Authorized Activities

Activities which may be carried out using funds remaining from those reserved for pre-employment transition services after PETS required activities have been budgeted for the state's population of students with disabilities. Authorized activities may be provided at the state or local level, but should be approved by the Regional Director and Program Specialist for Transition Services prior to funding from the PETS account. Authorized activities include the following:

- Implementing effective strategies to increase the likelihood of independent living and inclusion in communities and competitive integrated workplaces
- Developing and improving strategies for individuals with intellectual disabilities and individuals with significant disabilities to live independently, participate in postsecondary education experiences, and obtain and retain competitive integrated employment.

- Providing instruction to vocational rehabilitation counselors, school transition personnel, and other persons supporting students with disabilities

- Disseminating information about innovative, effective, and efficient approaches to achieve the goals of this section

- Coordinating activities with transition services provided by local education agencies under the Individuals with Disabilities Education Act (20 U.S.C. 1400 et seq.)
- Applying evidence-based findings to improve policy, procedure, practice, and the preparation of personnel, in order to better achieve the goals of pre-employment transition services
- Developing model transition demonstration projects
- Establishing or supporting multistate or regional partnerships involving States, local education agencies, designated State units, developmental disability agencies, private businesses, or other participants to achieve the goals of pre-employment transition services, and
- Disseminating information and strategies to improve the transition to postsecondary activities of individuals who are members of traditionally unserved populations

PETS Coordination Activities

Responsibilities assigned to each Unit office of the Division including:

- Attending individualized education program meetings for students with disabilities, when invited;
- Working with the local workforce development boards, one-stop centers, and employers to develop work opportunities for students with disabilities
- Working with schools, including those carrying out activities under section 614(d) of the IDEA, to coordinate and ensure the provision of pre-employment transition services
- When invited, attending person-center planning meetings for individuals receiving services under title XIX of the Social Security Act (42 U.S.C. 1396 et seq.)

NCDVR strategies for the Implementation of Pre-Employment Transition Services

The Division is utilizing four primary strategies for implementing PETS required activities. This multi-faceted approach is intended to promote innovative services catered to the needs of students served by local work units and to assure that services are available statewide. The PETS implementation strategies are as follows:

- **Expansion, enhancement, or creation of NCDVR planned services** that meet the definitions of PETS required activities. The Division continues to consider expanding services to be available to the population of students with disabilities or to revise the service-delivery methods so that the service is accessible to students with disabilities.

  Example: Revised internship policies/procedures. By revising this policy, this service is more available and accessible to students with disabilities.

How to implement: The Division's Program Policy, Planning, and Evaluation section along with the Program Specialist for Transition services are reviewing Division policies and services to determine whether new services are required by students with disabilities across the state. In addition, staff serving students with disabilities are encouraged to contact the Chief of Policy with requests for policy exceptions that might accomplish the provision of PETS for individual students.

- **Provision of PETS services by NCDVR Employees.** PETS services may be delivered directly to students with disabilities by VR counselors, business relations representatives, vocational evaluators, and other Division staff. Materials and supplies need to carry out direct PETS services may be procured via administrative purchase to support service delivery. PETS services provided directly by VR staff may be provided to individual students or groups of students with disabilities.

  Example 1: BRR, transition, and IL counselor coordinate and provide a week-long, half-day self-advocacy training to students with disabilities over the summer using a disability awareness curriculum catered to teens.

  Example 2: VR transition counselor and vocational evaluator coordinate and provide a group career interest assessment and follow-up job exploration counseling to a group of students with disabilities in the school.

  How to implement: VR transition counselors and other VR Staff providing services and supports to students with disabilities may provide one or more of the PETS required activities by generating a curriculum or agenda for the planned service delivery. Prior to delivering PETS services to students with disabilities, the VR staff providing the services shall obtain supervisor approval and shall use Division forms and procedures for tracking the service-delivery.

- **PETS Event Authorization.** PETS services are provided in the form of single instance events including conferences, workshops, or fairs for students with disabilities. These events may involve a collaboration between NCDVR, schools, and community partners where NCDVR is a partner host or may be hosted independently by NCDVR. The event must be intended to deliver one or more of the PETS required activities to students with disabilities.

  Example: NCDVR staff collaborate with community and school partners to host a career fair. NCDVR generates career profiles for students to explore, coordinates on-site job samples and career mentors, and provides transition resource information to students for the purpose of job exploration and self-advocacy.

  How to implement: The PETS Event Authorization process shall be utilized to seek approval for VR funding via administrative purchase methods (see DVRS Intranet). The PETS Event Approval form shall be submitted to the Unit Manager and Regional Director (or designee) for review and approval prior to making purchases for and holding the event.

- **PETS Request for Applications (RFA).** A Request for Applications, available at: http://ox.dhhs.prod.nc.gov/about/grant-opportunities/vocational-rehabilitation-grant-opportunities, solicits contractors (e.g., community rehabilitation programs, community agencies, local public agencies) to provide pre-employment transition services to students with disabilities. To be considered, applicants must provide a minimum of two PETS required activities. Services may be provided in a variety of settings and may be provided to individuals or groups of students with disabilities. The Division shall evaluate applications and award contracts based on a specific need for the PETS program to the population identified by the applicant.

  Example: A community rehabilitation program will provide a six-week summer PETS curriculum that involves two weeks of workplace readiness training and a four-week integrated work-based learning experience. Students with disabilities will be recruited from the area high school via contact with IEP case managers, OCS teachers, and the Career and Technical Education Special Populations Coordinator.

  How to implement: Local VR staff will be involved in contract negotiations and notified once PETS contracts are executed. Local staff are ultimately responsible for generating referrals of students with disabilities to the contracted agencies as well as evaluating the program's service delivery documentation to issue payment for services using the Division's case management system. Any questions regarding a contractor's obligation to provide PETS services may be directed to the Division's Contract Administrator for the specific contract.

The Pre-Employment Transition Services Continuum

Pre-employment transition services will vary according to a student's location, needs, and the degree of individualized rehabilitation knowledge that VR staff require in order to plan and provide the service appropriately to a particular student. The Division shall make available, across the state, some pre-employment transition services in each of the required activity areas. There are no specific requirements about which PETS activities any one student with a disability should receive. Additionally, there is not a requirement that a student with a disability receive all five (5) of the PETS activities.

PETS shall be provided on a continuum and may range from introductory, single-instance interactions to long-term programs or experiences, such as internships. Those PETS activities which require a more frequent or complex level of engagement and more specific rehab knowledge of the student may be provided as a part of the student's IPE while more introductory PETS activities shall be made widely accessible to students with disabilities.

North Carolina Department of Health and Human Services
Division of Vocational Rehabilitation Services

Roy Cooper
Governor

Dempsey E. Benton
Interim Secretary

Claudia B. Horn, M.S.
Senior Director

Tara K. Myers
Division Director

MEMORANDUM

To: All Staff Assigned Volume I

From: Vicky Miller – Chief of Policy

Date: **January 17, 2017**

Re: **Interim Policy and Procedure Directive #01- 2017 WIOA - Subminimum Wage Requirements**

Effective Immediately

Subminimum Wage Requirements
If an individual earning subminimum wage becomes known to VR, the Workforce Innovation and Opportunity Act (WIOA) section 511 requires that:

1. VR must provide career counseling and information and referral to other available local programs to assist with achieving competitive integrated employment.

2. The subminimum wage employer must inform the individual about self-advocacy, self-determination and peer mentoring training opportunities if available. The training opportunities must not be provided by an entity that has any financial interest in the individual's employment outcome, including any entity that holds a section 14 (c) certificate.

For individuals who were already employed at subminimum wage when section 511 took effect (July 22, 2016), the individual must receive career counseling and information and referral services at least once a year.

For individuals who begin employment at subminimum wage on or after the effective date of section 511 (July 22, 2016) the individual must receive career counseling and information and referral services every six months for the first year after beginning employment and annually thereafter.

For individuals working at subminimum wage for employers with fewer than 15 employees VR must also inform the individual about self-advocacy, self-determination and peer mentoring training opportunities available.

The required timeframe in which to provide the above noted services begins on the date the individual becomes known to VR. An individual can become known to VR by any method including self-referral or referral from any other source.

Career Counseling/Information & Referral Documentation Requirements
Documentation of completion must be provided to the individual as soon as possible, but no later than 30 calendar days after completion of the career counseling unless there are exceptional and unforeseen circumstances. The following forms are required:

- Form VR-0511-C: Certificate of Completion for Career Counseling
- Form VR-0511-IR: Information and Referral Services Report (list of programs/agencies individual was referred to)
- Form VR-0511-DOC: Record of Career Counseling, Info & Referral, Transition or PETS Services Received (documentation of services provided as required by Section 511)

A copy of each must be given to the individual and the employer and a copy retained by the local VR office.

Additional requirements for Youth with Disabilities
A Youth with a Disability is defined as an individual with a disability between the ages of 14 and 24.

In order for a Youth with a Disability to be placed in a subminimum wage setting the following must occur prior to employment:

1. The individual must receive either PETS services from VR while qualifying as a Student with a Disability or transition services under IDEA from a school setting.

2. The individual must apply for VR services and:

    a. The individual must be determined ineligible for VR services. An individual cannot be determined ineligible due to the severity of the disability without first engaging in a trial work plan (Section: 3-3). SSI/SSDI recipients must be presumed eligible if they intend to reach an employment outcome.

    OR

    b. The individual must be determined eligible and after receiving services under an IPE for a reasonable period of time be unsuccessful in achieving competitive integrated employment. A reasonable period of time is defined as the anticipated time frame to receive services on the IPE. For supported employment this may be 24 months with extensions if justified.

AND

3. VR must provide career counseling and information about and referral to other resources available locally that offer employment-related services and supports designed to enable the individual to explore, discover, experience and attain competitive integrated employment.

Documentation Requirements

- The following documents must be provided to the individual no later than 30 days after completion of the specific service or decision:
    - Form VR-0511-C: Certificate of Completion for Career Counseling (one completed for each PETS service received)
    - Form VR-0511-DOC: Record of Career Counseling, Info & Referral, Transition or PETS Services Received
    - Certificate of VR Eligibility/Ineligibility
    - Supported Employment Progress Reviews/Documentation

The above noted must be documented clearly in the VR case file. Before employing a youth at subminimum wage the employer with a special wage certificate must review written documentation of the above and maintain a copy. An updated and fully completed *Form VR-0511-DOC: Record of Career Counseling, Info & Referral, Transition & PETS Services Received* should adequately document the PETS and Transition services the individual has received and the outcome of the VR program's efforts to assist the individual to obtain competitive integrated employment. This should be viewed as a legal document that will be audited.

Informed Choice and Participation Refusal

Individuals with disabilities continue to have a continuum of choices and options for employment ranging from competitive integrated employment to employment at subminimum wage. Therefore, individuals with disabilities choosing to pursue or continue in subminimum wage may do so; however, the requirements noted above must be satisfied before the employer hires or continues to employ them at subminimum wages. The required activities as noted above are different for youth and adults. Both Youth and Adults with Disabilities must complete the Career Counseling/Information & Referral Service. Youth with Disabilities must also complete all of the additional requirements including participating in the VR process.

Individuals who choose not to participate in the required activities are prohibited from earning subminimum wages. Employers may choose to pay minimum wage in order to continue to employ these individuals.

Form VR 511-DEC Documenting Refusal of Services required of section 511 must be completed with a copy given to the individual within 10 days after refusing participation. A copy must be retained in the VR office.

DEPARTMENT OF HEALTH AND HUMAN SERVICES
DIVISION OF VOCATIONAL REHABILITATION SERVICES

ROY COOPER
GOVERNOR

MANDY COHEN, MD, MPH
SECRETARY

CLAUDIA B. HORN, M.S.
SENIOR DIRECTOR

TARA K. MYERS
DIVISION DIRECTOR

****OBSOLETE - EFFECTIVE 3/9/2018****
This Policy has been incorporated into Volume I, Chapter 9

MEMORANDUM

To: All Staff Assigned Volume I

From: Vicky Miller – Chief of Policy

Date: **February 1, 2017**

Re: **Interim Policy and Procedure Directive #02- 2017: WIOA Services to Transition-Aged Youth and PETS Overview**

Effective: February 15, 2017

Assessing Local Needs for Pre-Employment Transition Services

VR managers and staff who serve students with disabilities are encouraged to develop and/or convene transition teams annually to conduct a Pre-Employment Transition Services (PETS) Needs Assessment. The Division will provide planning resources and tools for local VR staff and partners who serve students with disabilities. In addition to VR staff, team members may include any or all of the following partners:

- Secondary schools
- Workforce board youth service providers
- Community rehabilitation programs
- Parents
- Students with disabilities
- Community College/University representation
- Other team members involved in the provision of PETS

The objective of the PETS Needs Assessment is to work collectively with the local transition team to identify populations of students with disabilities, identify strategies for sharing information about PETS with these students, and to determine which pre-employment transition services can be made available and how they will be delivered. Needs assessment tools may be accessed on the Division's intranet forms page. Staff should notify the Program Specialist for Transition Services of needs assessment activities or meetings two weeks prior to holding these meetings so that staff time and expenses can be categorized and tracked as PETS authorized activities.

Through a combination of cooperative agreements for VR transition services, local PETS needs assessments, and statewide policy guidance, each VR unit shall devise strategies for communicating PETS and VR transition services referral procedures, publicizing any local PETS events, sharing program information and program eligibility criteria for any area providers who will provide PETS services for the Division, and engaging in future PETS authorized and coordination activities.

Process for Accessing and Providing Pre-Employment Transition Services

As a distinct set of VR services to students who may or may not be eligible for the VR program, a separate referral process shall be utilized for students who desire PETS services. Student referral sources shall be provided with both VR Transition Program and PETS information and referral forms.

Determining Service Needs – PETS and/or VR Transition Services? Any individual may apply for the VR Program. Traditionally, students and youth have been referred by sources who are familiar with VR services at the point in which the student is believed to be eligible for and benefit from a program of VR services. WIOA does not make changes to a student or youth's ability to apply for the VR program in order to be determined eligible for and receive individualized VR transition services under an IPE. PETS are new services available to students with disabilities regardless of the student's eligibility for the VR program. These services are limited to the five PETS required activities and to individuals defined as students with disabilities by age and student status. Therefore, the determination as to whether the student requires PETS, VR Transition Services, or both can be made according to the following factors:

- Is the student with a disability interested in the available PETS services? → PETS referral
- Does student require other rehabilitation services to participate in PETS and wish to pursue a specific employment outcome? → VR program referral
- Is student ready to participate in more complex services in order to move closer to a specific employment outcome? → VR program referral
- Does the student require individualized (planned) services that require specific knowledge of the individual's disability and functional limitations? → VR program referral

Students with disabilities may:

- Receive PETS services only
- Receive PETS services and then elect to proceed with an application for the VR Program. Additional PETS services may continue under an IPE while the individual is still a student with a disability and the student may also receive VR transition or other rehabilitation services.

- Apply for the VR program and then receive PETS services as a part of an IPE. Additional PETS services may continue under an IPE while the individual is still a student with a disability and the student may also receive VR transition or other rehabilitation services.

PETS Service Classification: PETS services are not contingent on a student's financial need. PETS services are considered core services when provided as a part of a student's IPE. Refer to service-specific policies to determine whether a plan is required in order to provide a certain complex and individualized PETS service. Each PETS service provided shall be classified as one of the five PETS Required Activities.

Referral and Consent for PETS: Prior to participation in PETS services, a student must be (1) verified to be a *student with a disability* and (2) adequately informed of the PETS service(s) in order that the student and parent or guardian, if applicable, can consent to the service(s). The PETS Referral and Consent to Participate form is used to (1) solicit broad consent to be considered for PETS events, services, and activities in the student's local area and (2) collect information that is required for contacting the student and for federal reporting. For students who are already being served under an IPE, the PETS Referral and Consent to Participate form is not required to participate in PETS. However, the counselor must review existing VR data to assure that the individual meets the definition of a student with a disability and because PETS services are considered core services, the IPE shall be amended and approved by the student and parent or guardian, if applicable, prior to initiating PETS services.

Once the PETS Referral and Consent to Participate form is completed or the IPE is amended, VR staff may proceed with identifying and informing the student and the student's parent or guardian, if applicable, of available PETS services, activities, and events, including any details needed to participate (e.g., when, where, what the student can expect to do, and how the student will be expected to benefit). According to the local school requirements identified through the PETS Needs Assessment and other factors such as the age of the student and the type of activity, additional consent may be required prior to the student's participation in a specific event, regardless of VR eligibility or plan status. For example, the school may require that an additional school permission form be signed if the specific PETS activity requires the student to leave the school campus during the school day.

Selecting PETS Services: Unlike VR transition services which are provided to eligible students and youth with disabilities under an IPE, PETS services may or may not be individualized. Those PETS services which fall on the more complex and individualized end of the PETS continuum may be reserved for students with disabilities who have applied for the VR program, been determined eligible, and are being served under an IPE. VR staff, according to the strategies identified in the local PETS Needs Assessment, will be responsible for triaging students who have consented to PETS services by providing information about PETS services, events, and activities available in the student's local area that are appropriate for the student in light of the reported disability, VR-eligibility status, needs, and availability.

Arranging and Documenting PETS Services: PETS services can be provided or planned and provided to a student once the student has either a completed and signed PETS Referral and Consent to Participate form or an IPE approved with the PETS service. The PETS Referral and Consent to Participate form shall be maintained by the office serving the student with a disability. Prior to any PETS Service being arranged, VR staff should assure that a

PETS Referral and Consent to Participate form is on file or that the IPE has been appropriately amended (for students with an IPE).

When a student's participation has been confirmed for a PETS event, activity, or service, the BEAM Demographic and Referral Specifics form must be completed (if not already completed). The program type for the Referral Specifics form is: Vocational Rehabilitation. The target group for the Referral Specifics form is: DVRS-PETS.

In addition, the PETS Case Information form must be completed in BEAM for each student, regardless of VR eligibility or plan status. The begin date on the PETS Case Information form is the date in which an individual is verified as a student with a disability who is permitted to receive PETS services being funded from the PETS account. PETS services cannot be provided or planned and provided until the individual is verified as a student with a disability in the Division's case management system.

Ending PETS Services: PETS services (those services consistent with the PETS required activities and funded from the PETS account) are reserved for students with disabilities. When a student ages-out of the age range for a student with a disability (older than 21) OR when an individual within the age range can no longer be considered a student, the VR Counselor must manually end the individual's *student with a disability* designation by placing an end date on the PETS Case Information Form in BEAM. This prevents the student from accessing any services in BEAM with a PETS designation. This does not prevent individuals from continuing to receive other transition or rehabilitation services if the individual is otherwise eligible for these services and the services have been appropriately planned.

Ancillary Services to Students with Disabilities

Services such as interpreting and assistive technology are not included in the definitions of pre-employment transition services (PETS) but are considered ancillary services which can be provided if required for participation in PETS regardless of VR case status or financial need. Outside of the provisions below, if a student requires any services other than those activities defined under the PETS required activities, then the student should consider applying for the VR program to access VR transition services under an IPE.

Interpreting: Interpreting services may be provided in conjunction with PETS and may be charged to the PETS account if this service is required for a student(s) to access the specific PETS service(s) being provided.

Assistive technology: Assistive technology may be purchased to support general access to an event or activity, such as a work-based learning experience and may be charged to the PETS account. The assistive technology should provide general access, shall remain the property of the Division, and should be transferable to other groups of students. Any requests to purchase assistive technology must be submitted to the Policy Office.

DEPARTMENT OF HEALTH AND HUMAN SERVICES
DIVISION OF VOCATIONAL REHABILITATION SERVICES

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SENIOR DIRECTOR

TARA K. MYERS
DIVISION DIRECTOR

****OBSOLETE - EFFECTIVE 8/15/2019****
Replaced by Interim Policy and Procedure Directive #03-2019

MEMORANDUM

To: All Staff Assigned Volume I

From: Vicky Miller – Chief of Policy

Date: **February 20, 2017**

Re: **Interim Policy and Procedure Directive #03- 2017: Voter Registration**

Effective: March 1, 2017

Voter Registration Policy

Background:
The National Voter Registration Act (NVRA) of 1993 was enacted to enhance voting opportunities for citizens, including individuals with disabilities who have historically low voter registration rates. NVRA requires that voter registration and the opportunity to update voter registration is made available to applicants and clients receiving services from designated State Agencies.

VR/IL staff are required to provide the same level of assistance in completing the Voter Registration Form as would be offered in the completion of other agency forms. It should be explained to the client that registering or declining to register to vote will not affect services provided by the Division. Agency staff must not seek to influence a client's political preference or party affiliation and must refrain from displaying campaign bumper stickers, wearing campaign or party buttons, pins etc. while conducting voter registration business.

Procedures:
VR/IL staff must make voter registration available to individuals age 18 or older, and preregistration for individuals who are age 16 or 17 when the following occur:

- Application for VR/IL services

- Change of address
- Change of name
- Implementation of Post-Closure services

When assisting a client, the official question to ask discretely is ***"If you are not registered to vote where you live now, would you like to apply to register to vote here today?"***

All individuals applying for VR services must be given the North Carolina Voter Registration Application Form. They may complete the form with VR/IL assistance, or may choose to take the form to complete at a later time. These forms need to be requested through the NC State Board of Elections and an adequate supply is to be on hand at every location clients are served. It is imperative that all forms used by the Division to be coded with the agency code "02" at the top so that it can be tracked appropriately.

The Voter Registration Preference form is launched in BEAM on the demographic form. The appropriate option should be selected on the Voter Registration Preference Form based on the client's decision:

- YES, I would like to apply to register/preregister to vote here today
- YES, I would like to apply to register/preregister to vote, but I will take a voter registration application home to complete at a later time
- NO, I am declining the opportunity to register/preregister to vote today
- I am ALREADY REGISTERED to vote at my current address
- I am ALREADY REGISTERED but I would like to update my voter registration information. I will complete a voter registration Application/Update form for this purpose

The Voter Registration Preference Form must be completed in BEAM in order to track compliance with NVRA and generate internal reports when required. The Spanish version of the Voter Registration Preference form is available on the NC State Board of Election website.

Each unit office shall have a designated NVRA site coordinator who is responsible for sending newly completed, updated Voter Registration forms to the appropriate county Board of Elections within five workdays. In turn, each satellite office will have a designated NVRA coordinator who is responsible for sending newly completed, updated Voter Registration forms to the appropriate county Board of Elections within five workdays.

Retention of records

Copies of all mailed or faxed transmittals submitted to the county Boards of Elections shall be retained in the respective unit/satellite offices for a period of 2 years for auditing purposes. No copies of completed Voter Registration forms shall be retained.

Resources

NC State Board of Elections:
website: http://www.ncsbe.gov/Voter-Registration/NVRA
Phone: 1-866-522-4723

[52 U.S.C. § 20501 - 52 U.S.C. § 20511; NCGS §163-82.20]

DEPARTMENT OF HEALTH AND HUMAN SERVICES
DIVISION OF VOCATIONAL REHABILITATION SERVICES

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SENIOR DIRECTOR

TARA K. MYERS
DIVISION DIRECTOR

OBSOLETE - EFFECTIVE 3/1/2018
Replaced by Interim Policy and Procedure Directive #02-2018

MEMORANDUM

To: All Staff Assigned Volume I

From: Vicky Miller – Chief of Policy

Date: **February 22, 2017**

Re: **Interim Policy and Procedure Directive #04-2017: FNS Allowable Net Monthly Income Table**

Effective March 1, 2017

Increase in Allowed Net Monthly Income Amounts on Financial Needs Survey

Due to changes in federal poverty guidelines the following increases to Allowed Net Monthly Income will go into effect on March 1, 2017

Family Size	Poverty Guideline (100% Annual Income)	Poverty Guideline (125% Monthly Income)
1	12060	1256
2	16240	1692
3	20420	2127
4	24600	2563
5	28780	2998
6	32960	3433
7	37140	3869
8	41320	4304
8+	4180	435

The paper-based form, available on the agency Intranet, and the electronic form, in BEAM, have been updated accordingly. Those using the paper-based form in the field should verify that they have the latest version of the form. The following will appear at the top of the current paper-based form:

Financial Needs Survey Worksheet (effective 03/01/2017)

DEPARTMENT OF HEALTH AND HUMAN SERVICES
DIVISION OF VOCATIONAL REHABILITATION SERVICES

ROY COOPER
GOVERNOR

MANDY COHEN, MD, MPH
SECRETARY

CLAUDIA B. HORN, M.S.
SENIOR DIRECTOR

TARA K. MYERS
DIVISION DIRECTOR

MEMORANDUM

To: All Staff Assigned Volume I

From: Vicky Miller – Chief of Policy

Date: **March 7, 2017**

Re: **Interim Policy and Procedure Directive #05-2017: Amendments when converting ISWA to PETS In-School Work Adjustment Service**

Effective Immediately

A ***PETS In-School Work Adjustment Service*** has been created to track expenditures of this service as required by WIOA. The existing ISWA service will remain for a period of time to allow existing authorizations to continue to be utilized without amending the IPE.
There are two current options:

1. Use the existing ISWA Service on any existing plans/ authorizations until those authorizations have been exhausted and then add the PETS Case Information Form, amend the IPE with the new PETS Service and issue a new authorization.

2. Add the PETS Case Information Form and then amend the IPE with the new PETS Service. Cancel the balance on the old authorization and create a new authorization with the new service

Regardless of which option is selected, the following guidelines apply to cases in which ISWA is currently being provided:

- Complete the amendment by changing the existing ISWA service to ***PETS In-School Work Adjustment Service***.
- The counselor and supervisor if required should electronically sign and date the amendment.
- Print the amendment.

- If the client (and guardian if applicable) is readily available, s/he should sign and date the amendment.
- Electronically sign and date the amendment for the client.

However, if the client (and guardian if applicable) is not readily available, and if obtaining a signature would result in a delay of services, the requirement to obtain a client signature is waived:

- Sign and date the amendment for the client.
- Print the amendment
- Attach a copy of this Policy Directive to the amendment for audit purposes

DEPARTMENT OF HEALTH AND HUMAN SERVICES
DIVISION OF VOCATIONAL REHABILITATION SERVICES

ROY COOPER
GOVERNOR

MANDY COHEN, MD, MPH
SECRETARY

CLAUDIA B. HORN, M.S.
SENIOR DIRECTOR

TARA K. MYERS
DIVISION DIRECTOR

MEMORANDUM

To: All Staff Assigned Volume I

From: Vicky Miller – Chief of Policy

Date: **June 16, 2017**

Re: **Interim Policy and Procedure Directive #06-2017: WIOA – Transitional Employment**

Effective July 1, 2017

The Workforce Innovation and Opportunity Act (WIOA) prohibits VR agencies from successfully closing individuals in Transitional Employment. As a result of this legislation, VR will no longer make referrals for Transitional Employment nor will we close cases successfully in Transitional Employment.

There are only three Transitional Employment programs currently in NC:

- The Mental Health Fund dba Connections – Newton NC
- Cleveland Psychosocial Services, Inc. dba Adventure House – Shelby NC
- Threshold, Inc. – Durham NC

Current consumers receiving Transitional Employment can continue to receive these services through completion but cannot be closed successfully as a Transitional Employment outcome.

DEPARTMENT OF HEALTH AND HUMAN SERVICES
DIVISION OF VOCATIONAL REHABILITATION SERVICES

ROY COOPER
GOVERNOR

MANDY COHEN, MD, MPH
SECRETARY

CLAUDIA B. HORN, M.S.
SENIOR DIRECTOR

TARA K. MYERS
DIVISION DIRECTOR

MEMORANDUM

To: All Staff Assigned Volume I

From: Vicky Miller – Chief of Policy

Date: **June 16, 2017**

Re: **Interim Policy and Procedure Directive #07-2017: Functional Electrical Stimulation (FES) or Foot Drop Stimulator (FDS) Systems**

Effective July 1, 2017 NCDVRS will not sponsor Functional Electrical Stimulation (FES) or foot drop stimulator (FDS) systems. There is not enough data to support the medical or vocational benefits from the use of these devices at the present time. More specifically, clinical evidence does not demonstrate sufficient improvement in function, sustainable over a whole workday and work week, that would be great enough to make a substantial meaningful difference in the types of jobs an individual can perform or in increasing an individual's independence.

WWW.NCDHHS.GOV • WWW.NCDHHS.GOV/DVRS
TEL 919-855-3500 • FAX 919-733-7968 • TDD 919-855-3579 • TOLL FREE 800-689-9090
LOCATION: 805 RUGGLES DRIVE • HAYWOOD BUILDING • RALEIGH, NC 27603
MAILING ADDRESS: 2801 MAIL SERVICE CENTER • RALEIGH, NC 27699-2801
AN EQUAL OPPORTUNITY / AFFIRMATIVE ACTION EMPLOYER

DEPARTMENT OF HEALTH AND HUMAN SERVICES
DIVISION OF VOCATIONAL REHABILITATION SERVICES

ROY COOPER
GOVERNOR

MANDY COHEN, MD, MPH
SECRETARY

CLAUDIA B. HORN, M.S.
SENIOR DIRECTOR

TARA K. MYERS
DIVISION DIRECTOR

MEMORANDUM

To: All Staff Assigned Volume I

From: Vicky Miller – Chief of Policy

Date: **October 16, 2017**

Re: **Interim Policy and Procedure Directive #08-2017: Post-Secondary Training Programs for Persons with Intellectual Disabilities (ID)**

Effective: November 1, 2017

Post-secondary training programs for persons with ID are those programs that have been funded through Transition and Postsecondary Programs for Students with Intellectual Disabilities (TPSID) grants and/or those which have been approved as Comprehensive Transition and Postsecondary programs (CTPs) according to the Higher Education Opportunity Act of 2008. TPSIDs/CTPs are intended to promote inclusion of students with ID in academic institutions through participation in coursework, integrated work experiences, and extracurricular activities. As a part of these inclusive experiences, students focus on academic enrichment, socialization, independent living, and vocational skills. CTPs may be found in colleges, universities, or community colleges.

Students admitted to CTPs may be eligible for Pell Grant, Federal Supplemental Educational Opportunity Grant (FSEOG), or Federal Work Study (FWS). Post-secondary training programs for persons with ID vary in the type of programming, program length, and cost. Some programs combine TPSID funds with other grants to provide programming at no charge to the student. Some programs offered by community colleges are coordinated through the college's continuing education departments.

VR Counselors are encouraged to provide guidance and counseling for students with ID who are interested in attending post-secondary training programs as an option for improving one's job readiness. As a part of informed choice, factors that potential students may consider include the specific program admission requirements, the length of the training program, the location of the program, the cost of the program, adult services required to support one's participation in the program, and the student's anticipated place of residence upon completion of the training

program. Students in post-secondary training programs should not be excluded from services offered by a community rehabilitation program, such as community based assessment or vocational evaluation, if one of these services is required as a part of the individual's rehabilitation. CRP services shall not be duplicative and the student's availability and readiness to pursue a competitive employment outcome shall be considered. Students in their final semester may be referred for supported employment services. The student's intended permanent residence should be considered when selecting a community rehabilitation provider.

The VR counselor shall obtain grade/progress reports on the student's course-related activities for each semester sponsored by the Division. VR sponsorship may be discontinued if reports demonstrate a student's lack of progress (e.g., failure to attend/participate in internship, consistent decline in work behaviors and job readiness skills).

The Division may sponsor up to 6 college/university credit hours per semester for career readiness coursework and internship supervision coursework associated with a student's participation in internship activities and occurring during the student's final year of the program. The host training institution must be an approved vendor according to the Division's requirements for post-secondary training vendors. Financial assistance is limited to those courses and rates outlined in Volume V. Programs not found in Volume V, including out-of-state programs, should be reviewed with the Program Specialist for Transition Services prior to committing the Division's financial support.

If the program also includes coursework that results in an industry-recognized credential, such as a CNA certification course, the counselor may consider VR sponsorship for this course(s) separately according to Section 2-20-2, Vocational Training. For programs engaging students in coursework to support a self-employment goal, the counselor shall reference Division policies regarding self-employment. As a work readiness service, VR sponsorship of internship coursework is not subject to financial need. However, comparable benefits must be utilized.

A pro-rated share of support services directly related to approved internship coursework may also be sponsored by the Division. This may include room and board (no in-home maintenance), transportation, and equipment required to participate in the internship coursework. Financial assistance is limited to the pro rated share of Volume V rates for the support service. The pro rated share is equivalent to the percentage of time spent in internship coursework for a given semester out of the total enrolled program hours for that semester. (For example, if the client is enrolled in 15 hours during the semester, 6 of which are internship course credits, the Division may sponsor up to 40% of the required support service costs.) Support services are subject to financial need and comparable benefits must be applied.

[Higher Education Opportunity Act, P.L. 110-315, Section 709]

DEPARTMENT OF HEALTH AND HUMAN SERVICES
DIVISION OF VOCATIONAL REHABILITATION SERVICES

ROY COOPER
GOVERNOR

MANDY COHEN, MD, MPH
SECRETARY

CLAUDIA B. HORN, M.S.
SENIOR DIRECTOR

TARA K. MYERS
DIVISION DIRECTOR

MEMORANDUM

To: All Staff Assigned Volume I

From: Vicky Miller – Chief of Policy

Date: **January 15, 2018**

Re: **Interim Policy and Procedure Directive #01-2018: Individual Placement and Support (IPS) Service Policy**

Effective: February 1, 2018

Cross Reference: SD/MSD Policy, Volume 1: Section 3-6-13

Individual Placement and Support (IPS) is a person-centered, behavioral health service with a focus on employment, that provides assistance in choosing, acquiring, and maintaining competitive integrated employment in the community for individuals 18 years and older with Severe and Persistent Mental Illness/Severe Mental Illness (SPMI/SMI) for whom employment has not been achieved or employment has been interrupted or intermittent. Research demonstrates that individuals who obtain competitive integrated employment through IPS services have increased income, improved self-esteem, improved quality of life, reduced symptoms, and reduced mental health utilization. A supporting principle of IPS is the Integration of Mental Health Services and Rehabilitation. The IPS team may include case managers, therapists, counselors, nurses, housing specialists, peer specialists, substance abuse specialists, and medication prescribers in addition to the Employment Support Professional (ESP), and the VR counselor.

In addition to an individual being at least 18 years old, the following criteria must be met for consideration of IPS Services:

A. Has a primary diagnosis of SPMI/SMI and can include co-occurring disorders such as Substance Use. This may include a primary substance use disability with a secondary disability of SPMI/SMI.

AND

B. Experiences difficulties in at least two or more of the following areas:
   1. In or at risk of placement in a congregate setting or difficulty maintaining safe living situations, including homelessness
   2. Co-occurring SPMI/SMI and substance use disorders
   3. High risk of crisis diversion, intervention, including hospital transitions
   4. Difficulty effectively using traditional office-based outpatient services
   5. Difficulty with daily living, communication, interpersonal skills, self-care, self-direction
   6. High risk or recent history (within 12 months) of criminal justice involvements (such as arrest, incarceration, probation)

AND

C. Expresses the desire to work, and has an established pattern of unemployment, underemployment, or sporadic employment; and requires assistance in obtaining or maintaining employment in addition to what is typically available from the employer because of functional limitations as described above and behaviors associated with the individual's diagnosis

To consider IPS for an individual, the above criteria must be met. The case record must contain documentation of disability according to VR policy standards. The intended targeted population for IPS services is individuals classified Most Significantly Disabled individuals (MSD). The VR Counselor is required to consider functional limitation capacity areas broadly and gather information from the IPS Team and individual that may assist in determining hidden factors that warrant the need for ongoing, indefinite wrap around support. In rare instances, an individual may not meet the MSD criteria but will benefit from the wrap around supports offered by this model of employment. Consultation with the Program Specialist for Mental Health and Substance Use Disorders is recommended if there are questions regarding the appropriateness of providing IPS services to a client classified as Significantly Disabled (SD). Under no circumstances will a client classified as non-SD be considered for IPS services.

In an effort to promote sustainability of the model, the IPS team uses braided funding sources to cover the cost of the service. Components of IPS Services and their funding source include:

1. **Intake**: A document including demographic information, disability information and completed by the IPS provider. (Funded by alternate source)
2. **Career Profile**: A document in which the ESP (ESP)records job preferences, work history, education history, strengths, legal history and other information pertinent to a person's employment or education goals. This information is gathered through interviews with the consumer, therapist, and family members. (Funded by alternate source)
3. **IPS Job Development and Retention**: A systematic approach to job development very similar to NCDVR dual customer approach. Includes (3) three days of documented supports. (Funded by VR)

4. **IPS Job Support and Vocational Recovery**: Job Support begins on day 4 (four) of employment and may be conducted on or off job site. These services may involve development of stress management techniques to be used at home or on the job, organization of activities of daily living to ensure a smooth transition to work, or other non-traditional activities to promote success at work. IPS Job Support typically lasts about 30 days and ends on the agreed upon date that the VR counselor and IPS team feel the consumer is stable on the job. Vocational Recovery begins the following day and begins the provision of indefinite supports. The 90 day employment counts begins when vocational recovery/indefinite support is initiated. (Funded by VR)
5. **IPS Closure**: Occurs 90 days after indefinite supports begin and all other services on the IPE have been completed. (Funded by VR)
6. **Peer Support**: an Employment Peer Mentor (EPM) is an individual with lived experience of mental illness who is hired as part of the IPS team and provides supports that will enhance the service delivery. (Funded by alternate sources)
7. **Behavioral Health Interventions**: Interventions provided by the therapist, nurse, case manager, or psychiatrist to enhance success at work.
8. **Indefinite Support**: Supports offered through EPMs, Mental Health therapists, ESPs and other members of the IPS team once Vocational Recovery begins. (Funded by alternate sources)
9. **Supported Education**: Occurs when a consumer's educational goal is related to the employment goal. The IPS Team, including the VR Counselor, may provide supports such as assistance in researching training options, establishing learning accommodations, investigating financial aid, and assisting with the development of effective study habits. The VR Counselor may consider funding the training. This service would not generally be provided simultaneously with employment services, but would be appropriately utilized when training is a viable option and would enhance employability. (Funding source varies)

Funds from NCDVR as well as alternate sources shall comprise 100% of the braided funding for IPS services. NCDVR milestones are payable one time per life of the case, without regard to any comparable benefits, including Medicaid. Alternate funding, including Medicaid will sponsor the components once the VR milestones have been exhausted. When job development services begin before a formal referral has been submitted by VR to the IPS team, the ESP will bill alternative funding and therefore, the VR funded IPS Job Development and Retention milestone is not available to the provider. In this instance, the ESP can access VR funded milestones after employment is secured by entering milestone funding at IPS Job Support and Recovery.

If an IPS Contractor does not have an NCDVR IPS contract all service delivery is funded by the LME/MCO. The VR Counselor should continue to be an active participant in the service delivery regardless of funding source. Supporting documents as indicated below should be requested from the IPS provider.

<u>Milestone Definitions:</u>

IPS Job Development and Retention Milestone 1 ($3200)

IPS Job Development and Retention involves consumer specific job development and placement and time spent analyzing information relevant to a consumer's job development/placement. The Contractor shall locate jobs through networking with employers, businesses and community leaders resulting in securing a position that matches the skills, abilities, motivation, interests, needs, and goals of the consumer to ensure the greatest chance of success on the job. The consumer shall be hired and maintain employment for three (3) days with documented job supports provided during the three (3) days. The placement must be in a position that matches the vocational goal on the Individualized Plan for Employment (IPE) or the amended/agreed upon vocational goal.

a) The IPS Contractor shall have scheduled face-to-face meetings at least monthly with Division counselors to discuss progress in job search.
b) The IPS Contractor shall provide to the Division a written summary of job development activities for each consumer through BEAM including the Employer Contact Log, Individualized Job Support Plan (IJSP), and updated Person Centered Plan (PCP) with support goals.
c) The IPS Contractor shall notify the Division (in writing) when the consumer has accepted employment. Upon approval, the Contractor shall complete and submit the New Hire Form to the Division through BEAM.
d) The Contractor shall submit the IPS Job Development and Retention Outcome and the required documentation, (monthly job development summary, employer contact log, IJSP, and new hire form), through BEAM for payment within five (5) working days of the successful completion of the service.

IPS Job Support and Vocational Recovery Milestone 2 ($1600)

IPS Job Support and Vocational Recovery Milestone shall include the needed supports that are consumer driven in order to be successful on the job. The length of time in this milestone is individualized based on consumer need and *typically* lasts about 30 days. However, an individual may require more or less job support intensity when initially employed based on their work experience and disability. These supports result in the consumer beginning vocational recovery which initiates the indefinite supports.
IPS Job Support and Vocational Recovery shall meet the needs of the consumer and may include behavioral health intervention, assistance from family members, friends, coworkers, natural supports, and the Contractor. IPS Job Support and Vocational Recovery may be delivered on or off the job site, depending on the needs and requests of the consumer. IPS Job Support and Vocational Recovery may also include employment advocacy time (time spent advocating for the consumer with persons at the employment site for purposes directly related to employment), non-employment advocacy time, and community resource training.

At a minimum, the Contractor shall meet weekly with the consumer for the first month either on or off the job site as determined by the needs and requests of the consumer.

At the end of the first month, in consultation and agreement with the consumer and the Division, the consumer begins Vocational Recovery, and indefinite supports start.
In all cases, the IPS Job Support and Vocational Recovery phase shall include the following elements and subsequent documentation:

a) The Contractor shall identify and/or provide different types of supports necessary for the consumer to be successful in employment. The Individualized Job Support Plan (IJSP) will be maintained in the consumer file.
b) The Contractor shall complete a weekly summary of the consumer's progress toward completing the job support plan. Documentation shall be maintained in the consumer file.
c) In consultation with the consumer, the Contractor shall inform the Division that Vocational Recovery has begun when the objectives on the individualized job support plan have been completed. Documentation to support the start date of Vocational Recovery shall be provided to the Division.
d) The Contractor shall schedule and participate in monthly staffings with the Division to update progress towards meeting the consumer's vocational goal with a written report submitted to the Division through BEAM within five (5) working days of the staffing.
e) The Contractor shall submit IPS Job Support and Vocational Recovery Milestone and the required documentation, (IJSP, weekly progress reports, staffing reports), through BEAM for payment within five (5) working days of the successful completion of the service.

IPS Closure Milestone 3 ($2000)
IPS Closure Milestone is established when the consumer has worked at least 90 days after Vocational Recovery begins, and the Division has successfully closed the case file.

a) The Contractor shall provide a written plan for the provision for indefinite supports. Indefinite supports are individualized services that are provided as often and as long as the person needs it to maintain successful employment.
b) The Contractor shall submit 30, 60, and 90 day job support notes. The Contractor shall submit IPS Closure Milestone and the required documentation, (job support notes and indefinite supports written plan), through BEAM within five (5) working days of the successful completion of the service.

IPE Considerations:
Strong consideration of IPS services should be made for any individual with SPMI/SMI. The IPS plan type will be auto-populated when selecting an SPMI/SMI disability on the Certification of Eligibility. If it is determined that IPS services are NOT going to be provided the plan type can be changed.

When adding IPS to the IPE, the VR counselor should add a statement in the Counselor Comment section addressing the ongoing, indefinite supports provided after VR case closure. These supports typically last a year, although a client may choose to end these services before receiving them for a year.

Additionally, behavioral health treatment as an additional service is not required on the IPE as IPS **IS** a behavioral health treatment. If behavioral health services are provided by an external organization, it is the responsibility of the IPS provider to engage this entity. Make a note of it in the service detail section of the IPS service on the IPE. Be sure to select 2 funding sources if VR is funding part of the service (our agency, public mental health). Consumer responsibilities should address the need to maintain close communication with all members of the IPS team and to be an active participant in the delivery of services. It is not appropriate to specifically require medication and therapy requirements as contingencies for services since these issues will be addressed through the provision of IPS service.

DEPARTMENT OF HEALTH AND HUMAN SERVICES
DIVISION OF VOCATIONAL REHABILITATION SERVICES

ROY COOPER
GOVERNOR

OBSOLETE - EFFECTIVE 3/1/2019
Replaced by Interim Policy and Procedure Directive #01-2019

MANDY COHEN, MD, MPH
SECRETARY

TARA K. MYERS, MS, CRC, CPM
INTERIM SENIOR DIRECTOR/DIVISION DIRECTOR

MEMORANDUM

To: All Staff Assigned Volume I

From: Vicky Miller – Chief of Policy

Date: **February 15, 2018**

Re: **Interim Policy and Procedure Directive #02-2018: FNS Allowable Net Monthly Income Table**

Effective: March 1, 2018

Increase in Allowed Net Monthly Income Amounts on Financial Needs Survey

Due to changes in federal poverty guidelines the following increases to Allowed Net Monthly Income will go into effect on March 1, 2018

Family Size	Poverty Guideline (100% Annual Income)	Poverty Guideline (125% Monthly Income)
1	$12,140	$1,265.00
2	$16,460	$1,715.00
3	$20,780	$2,165.00
4	$25,100	$2,615.00
5	$29,420	$3,065.00
6	$33,740	$3,515.00
7	$38,060	$3,965.00
8	$42,380	$4,415.00
8+	$4,320	$450.00

The paper-based form, available on the agency Intranet, and the electronic form, in BEAM, have been updated accordingly. Those using the paper-based form in the field should verify that they have the latest version of the form. The following will appear at the top of the current paper-based form:

Financial Needs Survey Worksheet (effective 03/01/2018)

NC DEPARTMENT OF
HEALTH AND
HUMAN SERVICES

ROY COOPER • Governor
MANDY COHEN, MD, MPH • Secretary
TARA MYERS, MS, CRC, CPM • Senior Director

MEMORANDUM

To: All Staff Assigned Volume I

From: Vicky Miller – Chief of Policy

Date: **July 13, 2018**

Re: **Interim Policy and Procedure Directive #03-2018:**
Documents to be Signed and Retained in the Case Record

Effective: August 1, 2018

Until we have a completely paperless case management system, it will be necessary to maintain a hard copy case record. This policy directive identifies specific BEAM generated documents that must be printed and maintained in the hard copy case record. All documents that require a client/guardian signature must be printed in their entirety, signed by the client/guardian, and retained in the case record. There are other documents that must be printed and given to the client. For auditing purposes and consistency, these documents should also be copied for the case record.

Specific documents include:

- Agreement of Understanding/Application
- Release of Information Forms
- Eligibility Decision Letter
- Financial Needs Survey - when client signature is required
- BANC Form – when applicable
- IPE
- Progress reviews
- Annual reviews
- Revisions
- Amendments

- Social Security Administration Information Form when used for presumption of eligibility or verification of the Financial Needs Survey
- Documents (email correspondence, memos) verifying approval external to BEAM. Example: policy exceptions
- Documents created by a CIC, AUM that require approval by UM. Examples include status 26 closures, FNS with categories of excess income applied and extenuating circumstances.
- Documentation verifying that benefits counseling information has been shared with SSI/DI recipients at the time of IPE development

It is not required to print and retain the following, but at the discretion of the counselor may be printed and retained in the case record:

- WRAP
- Authorizations
- Joint VR/IL Cases – not required to print concurrent documents
- Certification of Eligibility

NC DEPARTMENT OF HEALTH AND HUMAN SERVICES

ROY COOPER • Governor
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CHRIS EGAN, MSW, LCSW • Senior Director

OBSOLETE - EFFECTIVE 3/1/2020
Replaced by Interim Policy and Procedure Directive #01-2020

MEMORANDUM

To: All Staff Assigned Volume I

From: Vicky Miller – Chief of Policy

Date: **February 22, 2019**

Re: **Interim Policy and Procedure Directive #01-2019: FNS Allowable Net Monthly Income Table**

Effective: March 1, 2019

Increase in Allowed Net Monthly Income Amounts on Financial Needs Survey

Due to changes in federal poverty guidelines the following increases to Allowed Net Monthly Income will go into effect on March 1, 2019

Family Size	Poverty Guideline (100% Annual Income)	Poverty Guideline (125% Monthly Income)
1	$12,490	$1,301
2	$16,910	$1,761
3	$21,330	$2,222
4	$25,750	$2,682
5	$30,170	$3,143
6	$34,590	$3,603
7	$39,010	$4,064
8	$43,430	$4,524
8+	$4,420	$460

The paper-based form, available on the agency Intranet, and the electronic form, in BEAM, have been updated accordingly. Those using the paper-based form in the field should verify that they have the latest version of the form. The following will appear at the top of the current paper-based form:

Financial Needs Survey Worksheet (effective 03/01/2019)

NC DEPARTMENT OF
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HUMAN SERVICES

ROY COOPER • Governor
MANDY COHEN, MD, MPH • Secretary
CHRIS EGAN, MSW, LCSW • Senior Director
KATHIE B. TROTTER, MS, CRC, LPC, CPM • Director

MEMORANDUM

To: All Staff Assigned Volume I

From: Vicky Miller – Chief of Policy

Date: **July 1, 2019**

Re: **Interim Policy and Procedure Directive #02-2019: Direct Express**

Effective: July 15, 2019

Cross reference: Section 3-10: Financial Need and Client Resources

Recipients of Social Security benefits have the option of using Direct Express or Netspend for the deposit of funds. Recently both Direct Express and Netspend have changed their processes for providing written balance statements and verification of funds by phone. Recipients may now only request a statement for the current month, rather than three months as required by FNS policy. The following adjustment is being made to the requirement to obtain three months of statements from a client and any applicable family members:

- SSI recipient only (no SSDI/retirement) – no verification from Direct Express or Netspend is required. The recipient should sign the BANC form indicating they have no additional accounts.

- SSDI/Retirement – only one current (within the past 30 days) statement is required to meet the policy requirement noted in the FNS policy. If the recipient is unable to obtain one statement, the Unit Manager can review the specific circumstances and approve waiving this requirement as allowed in Extenuating Circumstances.

NC DEPARTMENT OF
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KATHIE B. TROTTER, MS, CRC, LPC, CPM • Director

MEMORANDUM

To: All Staff Assigned Volume I

From: Vicky Miller – Chief of Policy

Date: **August 1, 2019**

Re: **Interim Policy and Procedure Directive #03-2019: Voter Registration**

Effective: August 15, 2019

Voter Registration Policy

Background:
The National Voter Registration Act (NVRA) of 1993 was enacted to enhance voting opportunities for citizens, including individuals with disabilities who have historically low voter registration rates. NVRA requires that voter registration and the opportunity to update voter registration is made available to applicants and clients receiving services from designated State Agencies.

Vocational Rehabilitation and Independent Living Program (VR/IL) staff are required to provide the same level of assistance in completing the Voter Registration Form as would be offered in the completion of other agency forms. It should be explained to the client that registering or declining to register to vote will not affect services provided by the Division. Agency staff must not seek to influence a client's political preference or party affiliation and must refrain from displaying campaign bumper stickers, wearing campaign or party buttons, pins etc. while conducting voter registration business.

Procedures:

VR/IL staff must make voter registration available to individuals age 18 or older, and preregistration for individuals who are age 16 or 17 when the following occur:

- Application for VR/IL services
- Change of address
- Change of name
- Implementation of Post-Closure services
- When assisting a client, the official question to ask discreetly is **"If you are not registered to vote where you live now, would you like to apply to register to vote here today?"**

All individuals applying for VR services must be given the North Carolina Voter Registration Application Form regardless of their decision to receive assistance with completing and transmitting their application to register to vote. They may complete the form with VR/IL assistance, or may choose to take the form to complete at a later time. These forms need to be

requested through the NC State Board of Elections and an adequate supply is to be on hand at every location clients are served. It is imperative that all forms used by the Division to be coded with the agency code “02” at the top so that it can be tracked appropriately.

The Voter Registration Preference form is now incorporated within the Application /Agreement of Understanding and <u>is no longer launched in BEAM on the demographic form</u>. The appropriate option should be selected on the Voter Registration Preference Form based on the client’s decision:

- YES, I would like to apply to register/preregister to vote here today
- YES, I would like to apply to register/preregister to vote, but I will take a voter registration application home to complete at a later time
- NO, I am declining the opportunity to register/preregister to vote today
- I am ALREADY REGISTERED to vote at my current address
- I am ALREADY REGISTERED but I would like to update my voter registration information. I will complete a voter registration Application/Update form for this purpose

If the Spanish version of the Voter Registration Preference form is required, it is available on the NC State Board of Election website and is to be presented to the applicant and attached to the Application for services / Agreement of Understanding.

Each unit office shall have a designated NVRA site coordinator who is responsible for sending newly completed, updated Voter Registration forms to the appropriate county Board of Elections **<u>within five (5) workdays.</u>** In turn, each satellite office will have a designated NVRA coordinator who is responsible for sending newly completed, updated Voter Registration forms to the appropriate county Board of Elections **<u>within five (5) workdays</u>**. The NC NVRA Agency Transmittal Form is to be used and source type 02 is to be designated.

Remote Transactions:
Whenever a client indicates they have an address or name change and are interested in registering to vote or updating their address/name, they may receive an application to register to vote on site or it is permitted to mail or securely e-mail an application to register to vote to the individual. If the individual indicates interest and has accepted to receive an application to vote remotely, NC NVRA prefers this transaction to be documented using their NVRA REMOTE TRANSACTION SHEET to demonstrate compliance with this requirement.

Retention of records:
Copies of all mailed or faxed transmittals submitted to the county Boards of Elections shall be retained in the respective unit/satellite offices for a period of 4 years for auditing purposes.
Additionally, each office is to maintain a Voter Registration Application Handling Log that records the client ID, dates application to vote are completed and transmitted to the appropriate county Board of Elections office. This document will be subject to audit.

Any completed NVRA Remote Transaction Sheets shall be retained in the case record. No copies of completed Voter Registration Application forms shall be retained.

Training Requirements:
Staff are to review this policy annually and be apprised of any procedural or policy changes as directed by statute or State Board of Elections.

Posters:
Posters as provided by the NC Board of Elections indicating that applicants may apply to register to vote at the office are to be displayed in the office lobby of all offices where individuals apply for services.

Resources:
NC State Board of Elections:
Website: http://www.ncsbe.gov/Voter-Registration/NVRA

Phone: 1-866-522-4723

[52 U.S.C. § 20501 - 52 U.S.C. § 20511; NCGS §163-82.20]

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MEMORANDUM

To: All Staff Assigned Volume I

From: Vicky Miller – Chief of Policy

Date: **August 1, 2019**

Re: **Interim Policy and Procedure Directive #04-2019: Revised Paper Application**

Effective: August 15, 2019

Interim Use of Revised Paper Application For VR Services/Agreement of Understanding

Background:
The Application /Agreement of Understanding has been updated as follows:

- Incorporating the NVRA Voter Registration Preference Form as a medium to document in writing that every applicant was extended the opportunity to register to vote;
- Additional language informing applicants of our need to access databases with information relevant to service provision needs and reporting requirements;
- Informing applicants of the risks associated with digital communications and social networking.
- The Parental/Guardian Consent Form primarily used by transition counselors to initiate the application process is no longer required. In order to comply with the NVRA Voter Requirements this component was incorporated into the revised paper Application for VR Services.

Until further notice, the paper application will need to be used with every new applicant and will need to be thoroughly completed with all signatures and appropriate boxes checked within the Voter Registration Preference section of the application. There is no need to re-do any application that was taken prior to the effective date of this directive.

Once the paper copy has been signed by all required individuals, the electronic BEAM case management version will need to be electronically dated and signed (via electronically dating).

The hard copy is to be retained in the official case record and it is preferred to have the completed document scanned and uploaded within the electronic case management system as a case note attachment to facilitate case reviews and audits.

The objective is to have the application incorporated within BEAM case management system, which will require development. Templates of the interim applications will be made available via the SharePoint site under Forms>BEAM Forms> beam_VR_application_agreement_revised.

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MEMORANDUM

To: All Staff Assigned Volume I

From: Vicky Miller – Chief of Policy

Date: **February 21, 2020**

Re: **Interim Policy and Procedure Directive #01-2020: FNS Allowable Net Monthly Income Table**

Effective: March 1, 2020

Increase in Allowed Net Monthly Income Amounts on Financial Needs Survey

Due to changes in federal poverty guidelines the following increases to Allowed Net Monthly Income will go into effect on March 1, 2020

Family Size	Poverty Guideline (100% Annual Income)	Poverty Guideline (125% Monthly Income)
1	$12,760	$1,330
2	$17,240	$1,796
3	$21,720	$2,263
4	$26,200	$2,729
5	$30,680	$3,196
6	$35,160	$3,663
7	$39,640	$4,129
8	$44,120	$4,596
8+	$4,480	$467

The paper-based form, available on the agency Intranet, and the electronic form, in BEAM, have been updated accordingly. Those using the paper-based form in the field should verify that they have the latest version of the form. The following will appear at the top of the current paper-based form:

Financial Needs Survey Worksheet (effective 03/01/2020)

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MEMORANDUM

To: All Staff Assigned Volume I

From: Vicky Miller – Chief of Policy

Date: **April 1, 2020**

Re: **Interim Policy and Procedure Directive #02-2020: Verbal/Email Agreement for Client Signatures**

Effective: Immediately

Verbal/Email Agreement for Client Signatures

Due to Executive Order 121 and the need for teleworking and limiting in-person meetings in response to COVID-19, obtaining client signatures on VR and IL casework forms has become challenging. In order to continue service delivery during this time the ability to obtain verbal or email agreement in lieu of a client's physical signature is effective immediately and will remain in effect until staff are able to return to work in their respective offices. The agreement should be specific to a completed casework document, and not a general agreement from a client for all VR or IL documents.

Verbal or email agreements cannot be obtained on Consent for Release of Medical Information forms. These forms still require the client's actual signature in order to obtain medical or disability specific information from a Medical Provider.

Documentation Requirements
Staff must document on the contact note footer associated with the specific form when verbal or email agreement for a signature has been received by a client. If verbal (i.e. by phone) the contact note footer must document the conversation. If the agreement was obtained via email a copy of the email exchange should be uploaded to the case note. Upon completion of the documentation on the contact note footer the client's signature on the casework document may be electronically signed and dated for the client in the case management system.

Note: An actual signature is preferable whenever possible. Please make every effort to secure a signature via mail, fax or DocuSign before utilizing a verbal or email signature agreement. Should you have any questions regarding specific circumstances with obtaining client signatures that affect service delivery contact your QDS or the Policy Office for guidance.

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****OBSOLETE - EFFECTIVE 7/15/2020****
Replaced by Interim Policy and Procedure Directive #09-2020

MEMORANDUM

To: All Staff Assigned Volume I

From: Vicky Miller – Chief of Policy

Date: **April 13, 2020**

Re: **Interim Policy and Procedure Directive #03-2020: Revised Residence Modification Process in Response to COVID-19**

Effective: Immediately

Process for Residence Modifications during COVID-19 Restrictions

New Projects – New Referrals

- Exterior ONLY projects may continue.
- Interior ONLY projects are on HOLD.
- WHEN BOTH interior & exterior are in the referral - Engineer completes report for exterior modifications ONLY and proceeds in accordance with policy guidelines.
- When social distancing restrictions are lifted, and interior modifications can be considered, the engineer will complete a separate report for interior modifications. These will be considered two separate projects. Lifetime limits apply.

Existing projects – Referral has been taken and the site visit was completed.

- Exterior ONLY projects may continue.
- Interior ONLY projects are on HOLD.
- WHEN BOTH interior & exterior are in the referral –
    - If the project has already been awarded the contractor can complete the exterior project and bill VR/IL for that portion. Labor charges should be specific to that portion of the work and must be considered usual and customary to be approved by the engineer. When social distancing restrictions are lifted the same contractor should complete the interior project. The total project cost should not exceed the awarded amount without prior approval.
    - If the project has not been bid or awarded the engineer will complete two reports separating the interior and exterior projects. Proceed with providing exterior modifications. When social distancing restrictions are lifted the interior modification portion can be bid and awarded in accordance with policy guidelines.

- If the project has been bid but not awarded **the bid process will be cancelled**. The engineer will need to separate into two projects and rebid the exterior portion only. When social distancing restrictions are lifted, and interior modification can be considered the interior modification will be done as a separate project.

Additional information:

- Lifetime limits apply to projects that are being completed in two separate phases.
- DPP – All applications to reserve DPP funds must be for the full residence modification project (interior only; exterior only; or both interior and exterior). Submit all invoices with the request for reimbursement when the full project is complete.
- DPP - For New Referrals ONLY:
  - For exterior projects, DPP applications may proceed as usual.
  - For interior projects, DPP applications should be on HOLD.
  - For BOTH interior & exterior projects it is assumed the total estimate would exceed $10,000, so the DPP application should be for the full amount of whatever funds are available up to that $10,000 maximum.
- If there are questions about how to handle specific cases, please consult with Steve Brink or the Policy Office for guidance.

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MEMORANDUM

To: All Staff Assigned Volume I

From: Vicky Miller – Chief of Policy

Date: **May 1, 2020**

Re: **Interim Policy and Procedure Directive #04-2020 WIOA - Subminimum Wage Requirements**

Effective May 15, 2020

Subminimum Wage Requirements
If an individual earning subminimum wage becomes known to VR, the Workforce Innovation and Opportunity Act (WIOA) section 511 requires that:

1. VR must provide career counseling and information and referral to other available local programs to assist with achieving competitive integrated employment.

2. The subminimum wage employer must inform the individual about self-advocacy, self-determination and peer mentoring training opportunities if available. The training opportunities must not be provided by an entity that has any financial interest in the individual's employment outcome, including any entity that holds a section 14 (c) certificate.

For individuals who were already employed at subminimum wage when section 511 took effect (July 22, 2016), the individual must receive career counseling and information and referral services at least once a year.

For individuals who begin employment at subminimum wage on or after the effective date of section 511 (July 22, 2016) the individual must receive career counseling and information and referral services every six months for the first year after beginning employment and annually thereafter.

For individuals working at subminimum wage for employers with fewer than 15 employees, VR must also inform the individual about self-advocacy, self-determination and peer mentoring training opportunities available.

The required timeframe in which to provide the above noted services begins on the date the individual becomes known to VR. An individual can become known to VR by any method including self-referral or referral from any other source.

Career Counseling/Information & Referral Documentation Requirements

Documentation of completion must be provided to the individual as soon as possible, but no later than 30 calendar days after completion of the career counseling unless there are exceptional and unforeseen circumstances. The following forms are required:

- Form VR-0511-C: Certificate of Completion for Career Counseling
- Form VR-0511-IR: Information and Referral Services Report (list of programs/agencies individual was referred to)
- Form VR-0511-DOC: Record of Career Counseling, Info & Referral, Transition or Pre-ETS Services Received (documentation of services provided as required by Section 511)

A copy of each must be given to the individual and the employer and a copy retained by the local VR office.

Additional requirements for Youth with Disabilities

A Youth with a Disability is defined as an individual with a disability between the ages of 14 and 24.

In order for a Youth with a Disability to be placed in a subminimum wage setting the following must occur prior to employment:

1. The individual must receive either Pre-ETS services from VR while qualifying as a Student with a Disability or transition services under IDEA from a school setting.

2. The individual must apply for VR services and:

    a. The individual must be determined ineligible for VR services. Note: An individual who intends to achieve a competitive integrated employment outcome cannot be determined ineligible due to the severity of the disability without first engaging in a trial work plan.

    b. An individual receiving SSI/SSDI cannot be determined ineligible if she or he intends to reach a competitive integrated employment outcome.

    c. An individual who does not intend to achieve a competitive integrated employment outcome will be determined ineligible. The Certificate of Ineligibility must document that the client does not intend to achieve a competitive integrated employment outcome.

    OR

    d. The individual must be determined eligible and after receiving services under an IPE for a reasonable period of time be unsuccessful in achieving competitive integrated employment. A reasonable period of time is defined as the anticipated time frame to receive services on the IPE. For supported employment this may be 24 months with extensions if justified.

    AND

3. VR must provide career counseling and information about and referral to other resources available locally that offer employment-related services and supports designed to enable

the individual to explore, discover, experience and attain competitive integrated employment.

Documentation Requirements

- The following documents must be provided to the individual no later than 30 days after completion of the specific service or decision:
    - Form VR-0511-C: Certificate of Completion for Career Counseling (one completed for each Pre-ETS service received)
    - Form VR-0511-DOC: Record of Career Counseling, Info & Referral, Transition or Pre-ETS Services Received
    - Certificate of VR Eligibility/Ineligibility
    - Supported Employment Progress Reviews/Documentation

The above noted must be documented clearly in the VR case file. Before employing a youth at subminimum wage the employer with a special wage certificate must review written documentation of the above and maintain a copy. An updated and fully completed *Form VR-0511-DOC: Record of Career Counseling, Info & Referral, Transition & Pre-ETS Services Received* should adequately document the Pre-ETS and Transition services the individual has received and the outcome of the VR program's efforts to assist the individual to obtain competitive integrated employment. This should be viewed as a legal document that will be audited.

Informed Choice and Participation Refusal

Individuals with disabilities continue to have a continuum of choices and options for employment ranging from competitive integrated employment to employment at subminimum wage. Therefore, individuals with disabilities choosing to pursue or continue in subminimum wage may do so; however, the requirements noted above must be satisfied before the employer hires or continues to employ them at subminimum wages. The required activities as noted above are different for youth and adults. Both Youth and Adults with Disabilities must complete the Career Counseling/Information & Referral Service. Youth with Disabilities must also complete all of the additional requirements including participating in the VR process.

Individuals who choose not to participate in the required activities are prohibited from earning subminimum wages. Employers may choose to pay minimum wage in order to continue to employ these individuals.

Form VR 511-DEC Documenting Refusal of Services required of section 511 must be completed with a copy given to the individual within 10 days after refusing participation. A copy must be retained in the VR office.

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MEMORANDUM

To: All Staff Assigned Volume I

From: Vicky Miller – Chief of Policy

Date: **May 1, 2020**

Re: **Interim Policy and Procedure Directive #05-2020: Community Inclusion**

Effective: May 15, 2020

Community Inclusion

Individuals with disabilities may require additional supports during the COVID 19 Pandemic to ensure their continued engagement in employment services, their safety and health, and their emotional well-being. **Community Inclusion** is a time limited service developed to support our eligible clients during the COVID 19 pandemic and designed to prepare individuals for improved community living.

Community Rehabilitation Programs (CRPs) are uniquely designed to deliver additional supports to our clients in the areas of Job Preparedness, Independent Living, Disability Awareness, Health, Safety and Wellness, to our consumers who require Work Adjustment Services, Supported Employment, Individual Placement and Support Services or Brain Injury Support Services during the COVID 19 crisis. The VR counselor, client, and CRP should discuss the benefits of the provision of this service, connect it to a rehabilitation need, and jointly agree on broad subject areas.

Services must be delivered individually and in a such a way that the VR client can benefit. The provider can use professional expertise to provide the service, develop curriculum, use online virtual learning, or purchase existing materials to provide the service. Remote service delivery using electronic platforms with proven security measures as well as in-person service delivery with social distancing guidelines are acceptable.

Suggested topics include but are not limited to:

Job Preparedness	Disability Awareness	Health Safety & Wellness	Independent Living
• Resumé Development • How to conduct a virtual interview • Time Management • Is a Job Fair right for me? • Dress for Success • Coping with Stress at work • What are benefits? • What does my pay stub mean? • What is unemployment Insurance? • Benefits Counseling	• ADA • Olmstead Act • WIOA, Section 504 • Self-Advocacy • Navigating Disability Resources • Accessibility • Accommodations • Guardianship	• Hobbies • What is Social Distancing and how can I stay connected? • How do I pick up groceries and medication safely? • Making Social Connections • When should I seek medical attention? • Social Connections • Volunteerism • How do I access Mental Health Treatment? Addiction Treatment • What is an LME/MCO and how do I get connected? • COVID 19 Best Safety Practices and CDC Guidelines	• Social Security Benefits and Work • Financial Literacy • Banking • ABLE Accounts • Coping with Stress at Home • Exploration of Housing needs • Food Insecurity • Food Stamps • Federal Relief Check • Explore higher education opportunities

Procedures:
This service is only available to clients who require job supports to obtain, maintain, and retain employment and have an open CRP referral for Work Adjustment Services, Supported Employment, Individual Placement and Support Services or Brain Injury Support Services. The VR counselor should consider the rehabilitation needs of the client and the benefits of additional supports during the Pandemic before discussing with the client and provider. The VR Counselor, client and CRP should agree upon the topics and a recommended number of hours. Once agreed upon, the VR counselor will add Community Inclusion to the IPE and issue an authorization for Community Inclusion for the agreed upon number of hours at $40.16/hour. No more than 50 hours will be provided per client.

Community Inclusion services are only available to individuals and may not be delivered to groups. Community Inclusion is fee for service and will not follow the general BEAM CRP business flow. The authorization will be available to the provider in the client ECF. The provider will use the VR Standardized Community Inclusion Report to capture the required information. The service provision must result in a summary that includes the date(s) the service was delivered, the time spent to the quarter hour, the topic, an objective, and a summary of interventions provided, impact of interventions, and any documents produced during each individual training session all captured on the VR standardized Community Inclusion Report. Community Inclusion Reports can be submitted monthly or as completed. Reports can be submitted to VR via encrypted email, faxed, mailed, or hand delivered. Once submitted, the VR counselor will review and approve, VR support staff will upload the report into a case note and label it “Community Inclusion” and proceed with processing the payment. This service is not subject to financial need or comparable benefits.

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MEMORANDUM

To: All Staff Assigned Volume I

From: Vicky Miller – Chief of Policy

Date: **May 8, 2020**

Re: **Interim Policy and Procedure Directive #06-2020: Internships Affected by COVID-19**

Effective: Immediately

This guidance applies to client internships sponsored by DVRS affected by COVID-19 and the Executive Order 121 Stay at Home Order.

Internships that were suspended due to business closures may be extended for the length of time of the closure without approval from the Chief of Policy. Counselors should carefully assess whether it is reasonable to extend the internship based on multiple variables including the length of time of closure and whether the business is able to offer the required supports/supervision for the intern. In some cases it may be preferable to end the internship and seek new or alternate internships to meet the training needs of the client. In addition, if the training needs of the client have been addressed and completed, job placement might be more appropriate than extending the internship.

If the intern requires additional hours to complete the internship beyond the above noted time frame approval from the COP is required.

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MEMORANDUM

To: All Staff Assigned Volume I

From: Vicky Miller – Chief of Policy

Date: **June 1, 2020**

Re: **Interim Policy and Procedure Directive #07-2020: Background Checks**

Effective: Immediately

Background Checks

As part of the rehabilitation process it is sometimes useful to have detailed information about a client's criminal history. On occasion clients are not fully aware of all convictions and thus accurate information can be a helpful tool for vocational counseling, determination of appropriate services and/or employment goals. Background checks may be purchased from approved vendors to aid in the rehabilitation process.

- Under no circumstances will these background checks be given to employers or used in lieu of the employer's required screening process.
- VR sponsored background checks may not be conducted for participation in any CRP service.

Clients must provide written consent to obtaining a background check. Some DVRS approved vendors may supply their own consent forms for clients to sign as part of the referral process. If a vendor does not provide consent forms prior to requesting a background check, written consent using the DHHS-1000 Consent Form must be obtained. In addition, the client must sign the Authorization Disclosure Form DVR-1030 which provides specific information regarding his/her rights under the Fair Credit Reporting Act. A copy of the forms must be attached to the Consent form and copies given to the client.

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MEMORANDUM

To: All Staff Assigned Volume I

From: Vicky Miller – Chief of Policy

Date: **June 3, 2020**

Re: **Interim Policy and Procedure Directive #08-2020: Using Approved Videoconferencing Technologies to Provide Services Remotely**

Effective: June 15, 2020

Background

The objective of this policy directive is to provide guidance for the provision of services using NC DVRS-approved secure remote technologies (videoconferencing) in response to the COVID-19 Nationwide Public Health Emergency that will allow the Division to continue to serve and minimize risks to the population served.

Using videoconferencing technologies to provide services remotely is not appropriate for every consumer and every situation; therefore, it is imperative for staff to exercise their professional judgement along with the policy guidance provided in this directive to decide on the appropriateness of a remote service intervention for their consumer.

Further, guidelines and procedures within this directive are to assure service providers are utilizing secure technologies and required procedures to be compliant with current regulations for consumer protection.

Part I: General Provisions:

1) **Approved Videoconferencing Technologies for Division Staff Use for Serving Consumers Remotely** : Microsoft Teams; Google G Suite Meet; *Zoom.gov* is* ***NOT*** *approved for discussion of healthcare-related information at this time.*

   NOTE: Only agency-licensed subscription-level versions of the software as supplied by the Division will be permitted for this activity.

   Approved Videoconferencing Technologies for Service Provider Use with HIPAA Business Associate Agreement (BAA) in Place with Videoconferencing Service Provider and DHHS BAA: Licensed subscription applications of the following: Cisco

Webex Meetings/Webex Teams; GoToMeeting; Zoom for Healthcare; Google G Suite Hangouts Meet; Microsoft Teams.

Unapproved Technologies for Remote Services Delivery: No public-facing, unlicensed or freeware remote communication products (audio and video) will be approved for use in serving consumers, including: Facebook Live; Twitch, TikTok, Slack, Skype (freeware).

2) **Use Restrictions:** NC DVRS-approved videoconferencing technologies can be used for confidential videoconference discussions and live review (display) of documents.
   - It is NOT permissible to:
     - record sessions with consumers;
     - upload, insert within chat, or store consumer-related documents within the application.

3) **Accessibility Requirements:** Staff and service providers shall reasonably accommodate the disability-specific needs of consumers to the greatest extent feasible when employing remote technologies to deliver services.

4) **Breaches:** Service Providers shall report security breaches or incidents while delivering services using remote technologies to the DHHS Privacy and Security Office https://www.ncdhhs.gov/about/administrative-divisions-offices/office-privacy-security within 24 hours of the incident. Staff shall report such an incident to the policy office dvr.m.policyoffice@dhhs.nc.gov within 24 hours. An example of a breach incident would be if an unauthorized individual accessed protected data during a closed videoconference session or through a practice commonly referred to "hijacking" where an uninvited unauthorized guest disrupts a videoconference session.

5) **Services outside the scope of this Directive:**
   a. Medical telehealth or telepsychiatry appointments under the umbrella of a hospital, or healthcare provider network system, or service provider approved by NC Medicaid to provide such services.
   b. CRP-related services under contract, including CRP-provided Pre-Employment Transition Services)

6) **Service Rates:** Service rates for purchased services using remote technologies will be based on the same payment methodologies used for comparable services provided in-person.

7) **Approved Services:** The following list of services can be provided using remote video conferencing methods by staff or by service providers approved by the policy office to provide services remotely. Only approved services can be provided remotely using videoconferencing technologies.

   Exceptions or possible additions to this list must receive prior approval by the Chief of Policy.
   - Assistive Technology/Consultation Services from NCATP—family of services
   - Assistive Technology/Consultation Services -- (consultation, training)—family of services from other providers

- Benefits Counseling -- agency provided
- Benefits Counseling – purchased
- Community Inclusion Services
- Guidance and Counseling -- agency provided
- Employment Marketing Skills -- agency provided
- Job Club- agency provided
- Job Supports
- Pre-Employment Transition Services -- agency provided or purchased outside of contract
- Psychological Consultation
- Psychological Evaluation
- Tutoring, academic support services
- Vocational Evaluation—agency provided or purchased

8) **How to authorize services approved to be provided using remote technologies:**
   - When authorizing, specify that the service is to be provided remotely using approved remote technologies, including videoconferencing.
   - Only authorize to service providers approved by the Division to provide services remotely as covered within the scope of this directive.
9) **Serving minors and consumers with legal guardianship:** Ensure permission is obtained by guardians prior to engaging minors or consumers with legal guardians using remote videoconferencing technologies and documented within the case.

Part II: Services Provided Directly by Agency Staff Using Approved Remote Technologies [Including NCATP]:

If staff need to engage consumers beyond traditional methods of phone, secure e-mail, and mail, through the use of videoconferencing, the consumer must be supported to understand this method and approach to service delivery and agree (consent) to receive services remotely. Remote service delivery is permissible only when using the approved technologies as specified within this directive. Staff are to follow the procedures for engagement and documentation as indicated.

Staff engaging consumers through Division-approved remote technologies must use a secure state network connection whenever possible or VPN (Virtual Personal Network) when working remotely. This ensures a secure network environment.

Consumer-related video conferencing sessions are not to be recorded, nor consumer-related documents stored within the application, as the privacy or protection of the stored information cannot be guaranteed. For example, it is okay to open and share (display) a consumer document (e.g., a resume or an IPE) while using the videoconferencing application; however, it is NOT okay to post a file to the chat feature of the application where it might be stored.

Approved Videoconferencing Technologies for Division Staff Use for Serving Consumers Remotely: Microsoft Teams; Google G Suite Meet; *Zoom.gov* is **NOT** approved for discussion of healthcare-related information at this time*.

NOTE: Only agency-licensed subscription-level versions of the software as supplied by the Division will be permitted for this activity.

Procedures for Remote Service Delivery by Division Staff:

- **Consumer Notification:** Notify the consumer within an adequate timeframe to confirm an appointment where remote videoconferencing technology will be used. Include appropriate instructions on how to engage in videoconferencing, encouraging them to participate the best they can to enable their case to progress. Staff are to clearly identify themselves and their affiliation with the NC Division of Vocational Rehabilitation Services, commonly referred to as "VR."
- When scheduling a videoconferencing appointment, staff are expected to notify consumers about the potential for privacy risks when using videoconferencing products. The following script shall be used and modified for comprehension as appropriate:

  "Dear (consumer name),

  NC Division of Vocational Rehabilitation (VR) has an alternative for providing services to you in light of the COVID-19 pandemic. In order to reach you and provide services, a videoconferencing solution can be used. Please be informed that there is a potential risk to your personal and protected health information when using remote technologies. However, the Division has taken measures to reduce these risks to the maximum extent possible. Would you like to proceed with a meeting with VR staff using videoconferencing? Yes or No"

- **Documentation:** The presentation of this statement, method of delivery, and response is to be documented in a case note.

Part III. Services Provided Remotely by Service Providers within the Scope of this Directive:

This section, along with applicable general provisions in Part I above apply to service providers:

Approved Videoconferencing Technologies for Service Provider Use with HIPAA Business Associate Agreement (BAA) in Place with Videoconferencing Service Provider and DHHS BAA: Licensed subscription applications of the following: Cisco Webex Meetings/Webex Teams; GoToMeeting; Zoom for Healthcare; Google G Suite Hangouts Meet; Microsoft Teams.

Accessibility Requirements: Service providers shall reasonably accommodate the disability-specific needs of consumers to the greatest extent feasible when employing technologies to provide services remotely.

Process for Approving Service Providers for Remote Service Delivery:

Existing approved NCDVRS service providers who currently provide in-person services above and are seeking approval to provide a remote version of the service must be approved to do so prior to providing such services to ensure that all protections are in place and the service provider has been advised of the required procedures:

1) Complete the "NCDVRS Application to Provide Remote Services" along with required attachments (NC DHHS Business Associate Addendum, etc.) and have the sponsoring VR office designee submit using Zixmail or other secure methods to the Assistant Regional Director for their initial review/endorsement and then to the policy office dvr.m.policyoffice@dhhs.nc.gov for review/approval.

2) Request will be reviewed and, if approved for the provision of specific service(s) using remote technologies/videoconferencing, a notification will go to the applicant service provider, Assistant Regional Director, and office designee who submitted the request.

   The notification will include the expectations for engaging consumers via remote access and will specify the additional required documentation to be included along with provider invoices and reports.

3) Approval to provide remote services can be revoked by the Division at any time should there be concerns about service quality, effectiveness of the approach, security, or non-compliance with agency requirements.

4) Service providers who have not yet been approved as Division vendor will first need to be approved in BEAM for the specific VR service according to the Division's vendor approval process currently in place. Once approved as a Division vendor with an activated vendor record in BEAM, this directive should be followed for the provider to be considered for remote service delivery. These processes can be initiated concurrently as appropriate.

Procedures for Remote Service Delivery by Service Providers

Once approved by the Division for delivery of one or more services using remote means, service providers shall use the following procedures:

- Notify the consumer within an adequate timeframe to confirm an appointment with appropriate instructions on how to receive services remotely, encouraging them to participate the best they can to enable their case to progress. Service providers and staff are to clearly identify themselves and their affiliation with the NC Division of Vocational Rehabilitation Services, commonly referred to as "VR."
- Service providers are expected to notify consumers about the privacy risks to their information while using approved videoconferencing technologies. The following script shall be considered/modified for comprehension as appropriate:

"Dear (consumer name),

Our service provider group has the ability to provide an alternative way to provide services to you on behalf of the Division of Vocational Rehabilitation Service (VR) in light of the COVID-19 pandemic. In order to reach you and provide services, a videoconferencing solution can be used. Please be informed that there is a potential risk to your personal and protected health information when using remote technologies. However, the Division has taken measures to reduce these risks to the maximum extent possible. Would you like me to proceed with providing you the services recommended by NC Division of Vocational Rehabilitation (VR)? Yes or No"

- The presentation of this statement, method of delivery, and response is to be documented in the resulting service provider's report.

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MEMORANDUM

To: All Staff Assigned Volume I

From: Vicky Miller – Chief of Policy

Date: **July 6, 2020**

Re: **Interim Policy and Procedure Directive #09-2020: In-Home and In-Person Services Provision During COVID-19 Pandemic**

Effective: July 15, 2020 (*Remains effective until superseded by an updated Directive reflecting new guidance)*

Background:
The objective of this policy directive is to provide guidance for the provision of in-person or in-home services when their provision during the COVID-19 pandemic is determined **critical**. Such services are not able to be provided remotely using videoconferencing technologies as permitted by Directives #08-2020 (Vol I) and #05-2020 (Vol 8). Further, guidelines and procedures within this directive are to assure staff and service providers are minimizing health and safety risks to consumers through the consistent use of guidelines and procedures from NC DHHS Division of Public Health and US Center for Disease Control (CDC) to the maximum extent possible.

SCOPE:
This Directive applies primarily to in-consumer home and in-agency office services. The expectation of all other service providers providing community-based in-person services at the direction of the Division are expected to follow all current US Center for Disease Control (CDC), NC DHHS guidelines, and NC Governor's Executive Orders in the provision of services as it applies to the nature and setting of their services.

Part I: General Provisions: These provisions apply to all situations:

1) **Minimize In-Person Contact:** In general, staff and service providers are to use remote options to coordinate, provide services, conduct business and communicate to the maximum extent possible, even if in-person or in-home services are permitted. The objective is to minimize direct exposure to others.

2) **Consent:** Prior to the provision of any in-person or in-home services, the consumer's documented consent to proceed under COVID-19 pandemic conditions must be obtained by NC DVRS counselor or casework staff using form DVR-0189 Consent to Receive In-Person or In-Home Services During Health Emergency. Electronic or

documented verbal signature compliant with Interim Directive #02-2020: Verbal/Email Agreement for Client Signatures is acceptable. Upon request, consumers shall be provided a copy for reference (electronic or paper).

3) **3-W's (Wear, Wait, Wash) During Service Provision:** While in-person or in-home services are being provided by staff or service providers, the following practices shall be consistently applied:

   - Face coverings covering mouth and nose are to be worn at all times by staff and service providers, consumers and family members over the age of 11 present and in proximity of the work activity when in-person or in-home services are being provided. If a consumer or family member within proximity of the work activity is unable to wear a mask as outlined in Governor Cooper's Executive Order 147, the staff/service provider will make a determination of whether they can deliver the service remotely or provide another reasonable measure to provide the service safely. Service providers are responsible for providing PPE (Personal Protective Equipment) for their own use. Should consumers be unable to provide their own face coverings, please refer to separate policy guidance (Volume I Directive #10-2020 and Volume 8 Directive #07-2020).
   - Maintain 6 feet of distance between individuals in-person or on-site to the greatest extent possible at all times. Appointments are to be set when social distancing can be achieved to the maximum extent possible.
   - Staff and service providers/contractors are to clean and sanitize hands by either washing with soap for 20 seconds or use hand sanitizer with minimum 60% alcohol content, whichever is suitable for the situation and minimizes cross-contamination. Service providers/contractors are responsible for providing hand sanitizer for their own use.

4) All service providers providing services to consumers at the direction of the Division are expected to follow all current US Center for Disease Control (CDC), NC DHHS guidelines, and NC Governor's Executive Orders in the provision of services as it applies to the nature and setting of their services.

<u>Part II: Situation-Specific Guidance:</u>

A) **Staff or Service Providers Providing Services in a Consumer's Home:**

   - Only critical projects/work/assessments are to be done inside the home or workplace of a consumer and must be approved by the designated supervisor(s) as instructed within each region.

     Included within this category are items that would significantly improve or protect the health and safety of the consumer while minimizing risk to them, staff, or service providers. These may include work to allow access:
     - into or out of the residence
     - to bathroom facilities where access is not currently possible
     - to food and water when not currently possible
     - to durable medical equipment that is determined essential to maintaining the consumer's health
     - to Personal Assistance Services
     - to technology critical to job retention or health or safety

- Consent**--** It is necessary to obtain the consumer's documented consent to proceed under COVID-19 pandemic conditions. The counselor/case workers assigned to the case will obtain then confirm that the consent is in place **before** services can proceed.

- Gloves – staff and service providers are to wear gloves at all times that they are in the home. Service providers will be responsible for providing gloves for their own use.

- Health Self-Assessment – In addition to staff and service providers conducting the below Health Self-Assessment daily for themselves prior to having contact with others, they are also to ask all people within the home the questions below and respond appropriately according to the responses.

Health Self-Assessment:

1. **Do you or members within your home have any of these symptoms?**
    - **Fever where your temperature exceeded 100.4 °F?**
    - **Chills**
    - **Shortness of breath or difficulty breathing**
    - **New cough**
    - **New loss of taste or smell**

    If yes response to any of the above, all activity shall be suspended until cleared and the affected individual should contact their health care provider.

2. **Are you living with anyone who is sick or quarantined or have been around anyone exhibiting symptoms in question 1 above?**

    If yes response to question 2, all activity shall be suspended until cleared and the individual is strongly encouraged to be tested for COVID-19 virus infection.

In no way should services be provided when any party involved (e.g., consumer, family member, staff, service provider) exhibits symptoms or may be an active carrier of the COVID-19 virus. Service providers are to notify their agency contact (typically staff authorizing service) and agency staff are to notify their supervisors promptly.

Per CDC guidelines, if a staff or service provider/contractor has been diagnosed with COVID-19 or is presumed positive by a medical professional due to symptoms, the person shall be excluded from providing in-person or on-site services until:

- No fever for at least 72 hours/3 days since recovery (no fever persists without use of fever-reducing medicine);

  AND
- It has been at least 72 hours/3 days since symptoms have improved, including cough and shortness of breath;

  AND
- At least 10 days have passed since first symptoms were experienced.

If staff or service providers develop symptoms (consistent with the Health Self-Assessment) after providing in-home or in-person services:

- **staff must notify their supervisor for further instructions.**
- **service providers must notify their Agency point of contact immediately for consultation with Agency supervisors for further instructions**.

If testing is appropriate, www.ncdhhs.gov/TestingPlace is a public website that allows people to enter their county or ZIP code and access a list of nearby testing site locations online.

B) Expectations of Service Providers Providing Services within Designated Agency Office Locations:

In addition to the General Provisions 1-4 above, the following also apply:

- In-person and on-site services are to be provided only when:
  - it is not possible to provide remote services and the provision of in-person and on-site services are determined critical as per regional instruction;
  - a designated area to accommodate the provision of in-office services has been made available for the provision of the specified service.
- Appointments are to be set when social distancing can be achieved to the maximum extent possible
  - The designated space where services are provided is to be cleaned and sanitized prior and after each work session/between consumers. This environmental cleaning and disinfection of high-touch areas will be done with an EPA approved disinfectant for SARS-Cov-2 and in compliance with all other CDC-guidelines pertaining to this service delivery venue.
  - All other DHHS- DVRS office-specific procedures or current CDC guidelines (whichever is more stringent) are to be followed in the provision of services.
- Service providers are expected to provide their own PPE (Personal Protective Equipment).
- The agency will make every effort to provide face masks for consumers who cannot provide their own.

For additional guidance: nc.gov/covid19

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MEMORANDUM

To: All Staff Assigned Volume I

From: Vicky Miller – Chief of Policy

Date: **July 6, 2020**

Re: **Interim Policy and Procedure Directive #10-2020: Purchasing REUSABLE Face Coverings for Clients**

Effective: July 15, 2020 (*Remains effective until superseded by an updated Directive reflecting new guidance)*

General Information

NCDHHS recommends that all North Carolinians practice the 3W's when leaving home which include wearing a cloth face covering, waiting 6 feet apart, and washing hands often with soap and water for at least 20 seconds or using hand sanitizer.

Since the wearing of face coverings is required per Executive Order 147 secondary to the highly contagious nature of COVID-19, clients receiving services from VR should adhere to this Executive Order and wear a face covering when participating in VR services to help prevent the spread of COVID-19. If a client is unable to wear a mask as outlined in Executive Order 147 the service provider will make a determination of whether they can deliver the service remotely or provide another reasonable measure to provide the service.

Effective immediately when services require in person contact face coverings can be purchased ***for VR clients who do not have the ability to purchase or obtain them without VR sponsorship***. The provision of face coverings is not subject to financial need. Comparable benefits should be utilized when available.

Counselors should provide resources and information to clients about the NCDHHS guidelines regarding preventing the spread of COVID-19 [NC DHHS website link]. When planning, implementing and providing services that require face to face contact counselors should discuss the requirement to wear face coverings and ensure that the client has appropriate face coverings for the rehabilitation program. When a counselor determines that a client does not have the ability to purchase or obtain face coverings from another source, the following procedures and distribution apply.

Procedures for Purchase and Distribution

Unit Offices may utilize their Client P-card to purchase face coverings for clients. It is not necessary to add the service to the IPE or generate an authorization. Cardholders should use the same process for reconciling receipts using the Administrative P-Card. On the P-card Reconciliation Form use 1480-2c20-99 for the Center Code and 536105003 for the account number.

Martin Enterprises and Industries For the Blind (IFB) are current approved vendors for reusable face coverings. Orders can be placed as follows:

- **Martin Enterprises:** The approved product is the Next Level Mask. Order requests can be emailed to Rene Simpson at htmrene@htmcme.com. She will provide an estimate via email. Orders can then be place and paid for by contacting her by phone at 252-789-0508. Offices may order a maximum of 400 packs of 5 at a time.

- **IFB Solutions:** Offices may order a maximum of one box of 500 at a time via the following website. Additional contact information – Ken Edwards 336-337-3403.

  https://www.bscsource.com/ProductDetails/23110010-White-mask-front-with-black-ear-loops-Washable-Reusable-500-BX-Not-for-Medical-Use-/23110010/p10692733

Any questions regarding procedures for purchasing and invoicing face masks for clients should be directed to the ARD.

Procedures for Tracking

Distribution of face coverings from the bulk supply must be documented on ***DVR Form 7015 - COVID-19 Face Covering Tracking Report***. Record the client name and ID, # of masks given, date provided, Program (VR, IL or AT) and the rationale for providing face coverings. This tracking report will be audited by Fiscal Services on a monthly basis.

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MEMORANDUM

To: All Staff Assigned Volume I

From: Vicky Miller – Chief of Policy

Date: **July 15, 2020**

Re: **Interim Policy and Procedure Directive #11-2020: Benefits Counseling Services for SSI/SSDI Beneficiaries**

Effective: August 1, 2020

Cross reference Chapter 4 Comprehensive Assessment

The Ticket to Work and Work Incentives Improvement Act of 1999 authorized Social Security to expand the utilization of community-based Benefits Counseling (Work Incentives Planning and Assistance (WIPA) to SSI/SSDI recipients. The goal of WIPA is to provide SSI/SSDI beneficiaries with accurate information regarding work and how their benefits can be impacted so that they can make a successful transition to employment.

WIPA regulations target service provision to high priority individuals. High priority recipients include interested individuals who are actively working or engaging in self-employment, and those who are actively seeking employment or self-employment.

High priority beneficiaries will receive individualized benefits counseling to include an assessment and written report. Lower priority recipients will generally not receive individualized benefits counseling. Rather, they may receive basic information about the effect of SSI/DI benefits on employment.

Refer to https://www.ssa.gov/redbook/eng/resources-supports.htm for additional information regarding WIPA Benefits Counseling

DVRS recognizes the value of benefits counseling to all recipients of SSI/SSDI. Therefore, as a result of an ongoing unmet need statewide for broader access to benefits counseling, NCDVR has established a service entitled Benefits Counseling – Fee for Service to sponsor benefits counseling to SSI/SSDI beneficiaries requiring this service when individualized benefits counseling is not available through WIPA. Prior to sponsoring this service counselors should explore whether DVRS WIPA Benefits Counseling is available. Established rates for this service are located in Volume V. This service is not subject to financial need, but comparable benefits should be used when available.

Benefits Counseling – Fee for Service:

Specific Benefits Counseling services within the scope of this VR funded service include:

Information and Referral (I&R): I&R consultations should provide information to answer simple or generic questions about benefits or work supports. It can also introduce the discussion of basically how work affects benefits. Generally, individuals should be able to receive this information in one or two brief sessions. VR Counselors should receive a basic summary of what information was discussed in these sessions from the benefits counselor. (A document that is in BEAM called a Benefits Planning Summary can be updated and used for this purpose if needed).

Benefits Summary and Analysis: Involves more intensive and ongoing direct assistance to a beneficiary in the development of a comprehensive assessment of how a specific job and earnings will affect all benefits received. This assessment will result in the creation of a Benefits Summary and Analysis report, which will require ongoing monitoring to determine if any revision to the report is needed due to changes in employment (raises, changes in hours worked, loss of employment, etc.) Included in this assessment/report are recommendations to the effective use of work incentives, which are special rules that make it possible for people with disabilities receiving Social Security Disability Insurance (SSDI) or Supplemental Security Income (SSI) to work and still receive monthly payments and Medicare or Medicaid. Although ongoing, follow up should be intermittent or on an as needed basis.

The VR Counselor or designee will issue an authorization to approved vendors for the specific category as noted above. The following should be used to determine the total amount of the authorization:

Information and referral	Not to exceed 3 hours ($120)
Benefits Summary and Analysis	Not to exceed 5 hours ($200)

The vendor will provide the service as requested and submit a report and invoice to the VR Counselor who will approve the payment through BEAM. The invoice must contain the specific number of hours provided.