

# Microenterprise and self-employment as pathway to self-determination

Can Truong  
Center for Education Empowerment  
Can Consulting Group  
canconsulting@gmail.com  
1-937-430-9676

*Let Freedom Ring!*

*Recovery:  
to live  
to learn  
to work*

608-446-6050



# Overview

- ▶ Stories of Self-employment
- ▶ Self-employment is about self-determination
- ▶ Another road to a meaningful life
- ▶ Building block of recovery
- ▶ Self-determination toward a life worth living

# Learning Objectives

- ▶ Why self-employment is a viable vocational option.
- ▶ How self-employment affects benefits planning.
- ▶ How to set up support system for self-employment.
- ▶ How to access funding resources for self-employment.
- ▶ How self-employment is a viable psychosocial rehabilitation option

# Why self-employment?

Consumer Focus Group

- ▶ People gain pride, can hold their head high
- ▶ Role change: book seller, pet sitter, consultant, caterer
- ▶ Gain sense of self-worth, self-esteem, self-respect, and improved self-image
- ▶ Empowerment, controlling one's own life, and sense of strength
- ▶ De-stigmatizing both self and broader community
- ▶ Opportunity to increase general quality of life
- ▶ Gain unique experience
- ▶ Confidence, hope, sense of purpose, and one becomes appreciated

# Consumer Focus Group cont.

- ▶ Stop dreaming, start living
- ▶ Experiencing increased number and quality of relationships: professional and personal
- ▶ Reach out in life beyond known boundaries
- ▶ Make real the American Dream
- ▶ Abilities thrive, disabilities shrink, people build bridges from ideas to realization

Source: Enterprise People Inc., Madison, Wisconsin

# Self-employment is viable option

- ▶ Fixed income
- ▶ SSI, SSDI, Medicaid Benefits
- ▶ Microenterprise Loans
- ▶ Vocational Rehab funding
- ▶ Lifestyle entrepreneur
- ▶ Accommodations
- ▶ Meaningful work is good for recovery

# Keep your benefits

- ▶ Medicaid
- ▶ SSI
- ▶ SSDI
- ▶ HUD housing
- ▶ Veteran affairs

**“Exit the system maturely”**

# Wellness Support

- ▶ WRAP for self-employment
- ▶ Stress management
- ▶ Peer support
- ▶ Recovery support

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# Self-determination

- ▶ Self-employment leads to self-determination and empowerment
- ▶ Making choice to expand the business to be sustainable or exit/close the business
- ▶ Or go back to college/technical school for more education
- ▶ Or work part-time or full-time job based on skills and strengths

# Self-employment is a viable psychosocial rehabilitation option

- ▶ Increased self-esteem and self-worth
- ▶ Gain sense of personhood and role change: “I am a business owner” or “entrepreneurship student”
- ▶ Ability to set goals and accomplish goals
- ▶ Understanding skills
- ▶ Ability to identify strength and deficits
- ▶ Able to make choices about self-employment and career development

# Empowerment Opportunities

- ▶ Learning opportunities on starting a business
- ▶ Participating in decision making through researching and developing business plan
- ▶ Increased skills in peer support through co-worker experiences
- ▶ Employment experience for a resume focused on strengths, rather than a gap in employment
- ▶ Opportunity for advancement from production into supervisory and management position
- ▶ Sufficient income from employment to increase personal choices (i.e. housing options, transportation, health care providers, education or leisure opportunities)

# Empowerment Opportunities Cont.

- ▶ Development of specific technical skills to increase employability in a broader community
- ▶ Experience in decision making about accommodations
- ▶ Experience in managing recovery decisions and employment responsibilities
- ▶ Sufficient business development and management skills to increase the potential to start one's own business
- ▶ Source: Development Issues and Business Planning Strategies for Practitioners to Use to Assist People with Psychiatric Disabilities by Barbara Granger and John B. Allen

# Success: Integrated Support

- ▶ Business support
  - Business literacy: business plan, workshops, etc.
  - Circle of support, Business team, Enterprise team
  - Mentors
  - Advisory boards
- ▶ Personal support: stress management and wellness/recovery/peer support
- ▶ Benefits planning

# Property Essential to Self-support: PESS

- ▶ The Social Security Administration (SSA) does not count some resources that are essential to your means of self-support when SSA decides your initial and continuing eligibility for Supplemental Security Income (SSI)
- ▶ SSA does not count property that you use in a trade or business (e.g. inventory) or use for work as an employee (e.g., tools or equipment). Other use of the items does not matter. See the trade or business section below for important information about corporations.
- ▶ SSA does not count up to \$6,000 of equity value of non-business income producing property if the property yields an annual rate of return of at least 6 percent (e.g., rental property). However, SSA does not consider liquid resources (e.g., stock, bonds, notes) as PESS unless you use them as part of a trade or business.

# Property Essential to Self-support: PESS

- ▶ Property Essential to Self-Support (PESS) only applies to unincorporated for-profit businesses that produce “net earnings from self-employment” in the “trade or business” exclusion, such as sole proprietorships, partnerships, and Limited Liability Companies (LLC’s).
- ▶ A corporation is by definition a separate legal entity and SSA counts the owner’s share of a corporation as a resource, which cannot be excluded for PESS. To determine the value of a corporation, SSA may have the corporation’s accountant give an estimate of the value of the corporation, taking into account the assets and liabilities, and then SSA will multiply that amount by the claimant’s proportion of ownership to determine the value of the resource. Unfortunately, the normal \$2000 personal resource limit still applies to the owner receiving SSI.
- ▶ Additional information about stock valuation may be found online in the SSA POMS at: <http://policy.ssa.gov/poms.nsf/lnx/0501140220>

# Limited Liability Company, LLC

- ▶ One possible solution to the problem of owning an incorporated self-employment business may be to set up a Limited Liability Company (LLC) instead that files taxes as a partnership LLC. This prevents the resources of the corporation from being counted as personal resources, and allows the owner to maintain SSI eligibility by keeping resources under the normal \$2000 (most states) resource limits.
- ▶ The above "Trade or Business" section is based on information generously provided in private communications by David Hammis of Griffin-Hammis Associates, LLC.
- ▶ <http://www.griffinhammis.com/publications/SSAConsiderations.pdf>

# Funding

- ▶ PASS Plan (SSA)
- ▶ Vocational Rehabilitation
- ▶ Microenterprise Loans
- ▶ Abilities Fund/Trickle Up Program
- ▶ Ticket to Work: AA Take Charge Program
- ▶ Part-time job
- ▶ Loan: families and friends

# Vocational Rehabilitation

- ▶ Federal law mandates that consumers to be able to have access to employment of choice including self-employment
- ▶ Assessment: business plan
- ▶ Start up costs
- ▶ Negotiate for other accommodations and continuing support before case closes
- ▶ Negotiate with Ticket to Work reimpursement

# Feasibility Study

- ▶ Recommended by the Abilities Fund
- ▶ Feasibility study before investing money and time into starting the business
- ▶ Feasibility: financial feasibility and Wellness Feasibility (stamina, health)

# Introduction to self-employment workshops by microenterprise organization

- ▶ Workshop presentation presents the reality of what it takes to start and operate a venture, the process of training and technical assistance, what business plan looks like, the various funding sources available and the criteria they demand. This is an opportunity for the clients to understand the level of work involved in the process of launching and sustaining a business.
- ▶ From these workshops, those who are unsure of their ability to endure the course will look to other employment opportunities.
- ▶ Those brave souls who are up for the challenge can then move into a formalized feasibility study.

Source: Abilities Fund

# Feasibility Planning

- ▶ Before investing time and money into full scale business planning, it is necessary to assess the feasibility of the idea and the entrepreneur. The result of this activity is a comprehensive look at the potential of the business idea from financial, competitive, technical, legal, and market perspectives.
- ▶ With support from microenterprise staff, this document with input from the client will provide honest appraisal of the possibilities and barriers for business and client's ability to achieve vocational goal.

# Individual Plan for Employment

- ▶ After feasibility study and the microenterprise organization, client, and counselor agree on the potential of the business as solid enough to merit further exploration, self employment should be written into IPE as a goal.
- ▶ In addition to defining level of training, technical assistance, and financial assistance that the entrepreneur will need, the staff will help identify additional support service. These services include legal counsel, accounting assistance, or marketing resources.
- ▶ Other resources can include occupational therapy, speech therapist, adaptive services, etc. to provide the necessary accommodation and support to be successful in self-employment.

# Business Planning

- ▶ Create comprehensive business plan with support from microenterprise program from your community.
- ▶ This document will include relevant information necessary to justify that the business venture will likely to substantiate a level of profit that meet the Significant Gainful Activity goals of the individual as well as offset business debts. The plan includes comprehensive market analysis, financial planning including 24 months cash flow projection and other standard components of a business plan.

# Business Start-up

- ▶ With the completed business plan, the entrepreneur, counselor, and the microenterprise organization will determine the best strategy for adequately funding the enterprise at an acceptable risk level for the entrepreneur.
- ▶ This can involve writing PASS plans, seeking commercial loans, and/or utilizing micro-loans backed by the Capital Access Program.

# Monitoring

- ▶ Even the best laid plans require ongoing assistance. As result, the microenterprise organization will stay abreast the entrepreneur's progress on a basis and term agreed to by the counselor to ensure progress is being made, books being kept. Markets tapped and bills paid.
- ▶ Source: Abilities Fund

# Policy Recommendation

- ▶ To increase self-employment opportunities for consumers through collaboration with existing resources of behavioral health care, psych rehab, peer providers, vocational rehab, microenterprise agencies, SBA, chamber of commerce, etc.
- ▶ Social inclusion policy that provides opportunity for economic advancement for consumers through self-employment whether making \$500 a month or \$5000

# Resources

Can Truong  
Center for Education Empowerment, Director and Founder  
Can Consulting Group, Consultant  
Certified NexLevel Business Plan Instructor

937-430-9676

[canconsulting@gmail.com](mailto:canconsulting@gmail.com)

National Microenterprise AEO

<http://www.microenterpriseworks.org/>

Start up USA (self-employment technical assistance)

<http://www.start-up-usa.biz/>

Abilities Fund

<http://www.abilitiesfund.org>

Self employment information and links:

<http://www.diversityworld.com/Disability/selfempl.htm>

Open for Business - Profiles of Five Successful Entrepreneurs

<http://www.dol.gov/odep/pubs/business/profiles.htm#access>

NXLevel business plan books:

<http://www.nxlevel.org/Pages/micro.html>

Books:

No More Interviews! Self-employment Strategies for People with Disabilities by Alice Weiss Doyel

Making Self-employment Work for People with Disabilities by Cary Griffin and David Hammis