

Placer County Department of Human Services

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Background	<p>After the Initial Job Search component, Employment Services (ES) activities may be assigned either sequentially or concurrently. The ES activities are important in removing existing barriers to self-sufficiency. Determination of the activity, or combination of activities, is jointly agreed upon by the Employment Services Counselor (ESC) and the participant. A discussion regarding the best strategies to achieve the goal of self-sufficiency include consideration of each participant's unique circumstances – when determining appropriate ES activities the ESC and participant will consider the following:</p> <ul style="list-style-type: none"> • Work history • Education level • English language skills • Domestic violence issues • Mental health • Other relevant issues • Local labor market conditions • Participant's vocational interest • Basic reading/math competencies • Learning disabilities (if known) • Substance abuse <p><i>Note 1:</i> Participants who lack recent work history or whose recent employment cannot be used as a positive reference in seeking a job should be encouraged to consider a ES work activity(ies) Job Readiness, Work Experience, Work Study, Subsidized Employment in order to develop appropriate workplace skills and establish a recent work history.</p> <p><i>Note 2:</i> ES participants with verified learning disabilities must have the findings of the Learning Disabilities Report incorporated into their ES Plan as specified in the policy regarding Learning Disabilities.</p>
Purpose	<p>The Self-Employment plan must have the capacity to enable the participant to become self-sufficient.</p>
Regulations, Letters, Notices	<ul style="list-style-type: none"> • Eligibility and Assistance Standards Manual Chapter 42-701(4) 42-711(c) 42-716(i)

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Definitions	<p><u>Employment:</u> In the Employment Services program, employment is defined as work done for someone else and compensated for at least at the federal minimum wage.</p> <p>Employment is categorized as subsidized and unsubsidized.</p> <ul style="list-style-type: none"> • <i>Subsidized employment/self-employment</i> is when the participant or the participant's employer is wholly or partially reimbursed for wages and/or training costs. • <i>Unsubsidized employment/self-employment</i> is employment/self-employment for which the participant or participant's employer is not wholly or partially reimbursed for wages and/or training costs. <p><u>Self-Employment:</u> In the employment services program, self-employment is defined as work or employment in which the participant does not work for someone else. As with any other employment, the standard for self-employment earnings is the equivalent of the federal minimum wage.</p> <p><u>Commission Only and Independent Contractor:</u> In the employment services program, Commission Only is defined as work or employment in which the participant does work for someone else and is not paid an hourly wage but rather a set portion of the sales or services. For WPR, Commission Only participation hours will be determined by dividing earnings by the equivalent of the federal minimum wage.</p> <p>In the employment services, an Independent Contractor is defined as work or employment in which the participant has contracted to work for someone else and is not paid an hourly wage but rather the contracted amount. The participant is not an employee but an independent sales person. The participant may be responsible for paying taxes and other payroll deductions. For WPR, an Independent Contractor's participation hours will be determined by dividing net earnings by the equivalent of the federal minimum wage.</p> <p><i>Someone who is paid "under the table" shall be treated as an independent contractor.</i></p>
Policy	<p>The following are criteria for Self-Employment (SE)</p> <ul style="list-style-type: none"> • The self-employed participant must work a minimum of 20,30,35 hours per week at the SE activity. • Monthly <u>net earnings</u> for hours worked as determined by the ESC, must average at or above the state minimum wage (after work expenses, but before disregards are applied). • At the end of the six months involvement in the SE activity, the participant must have monthly net earnings at a minimum wage rate for 20,30,35 hours per week, and they must be able to show that the SE will lead to self-sufficiency.

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Participants Role

The Self Employed participant will be required to within 30 days:

- complete a P-8 Self-Employment Questionnaire
- apply for potential grants to cover costs
- apply for appropriate Business Licenses
- provide ESC with Business Plan
- provide research to show Self-Employment is supported by Labor Market in Placer County

Whenever possible, the various activities will be scheduled around the hours the participant is engaged in his/her self-employment work activities.

ESC Role

In order to maximize the Self Employed participant's ability to be successful, the ESC will provide the participant with pertinent information using resources such as:

- local agencies with expertise in Micro-enterprise development;
- other training and partnerships;
- publications, and
- individual goal setting,
- work with the participant to find resources in the community that will help him/her build a more successful business

ESC will assist the participant in evaluating whether s/he has a sound business concept that, at a minimum, will meet the minimum wage and work participation requirements. The ESC will help the participant evaluate his/her self-employment. Some of the issues addressed may include, but are not limited to:

- What is the business climate for this type of self-employment in Placer County?
- Does the participant have a grasp of, or need further training in, small business issues such as bookkeeping, taxes, business law, etc.?
- Is the business progressing toward self-sufficiency?
- Can this self-employment produce a *total profit earned* equal to the federal minimum wage?
- Is the participant working toward the goal of producing enough profit from the self-employment endeavor to satisfy, at a minimum, the AU's WPR based on the applicable minimum wage?
- Has the net income increased over time?
- How much time does the participant have left in his/her ES period?

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Determining Total Profit Earned from Self-Employment

The ESC will use the *total profit earned* from reported self-employment income to determine how many hours of self-employment activity can be used toward the AU's work participation rate. Determining the total profit earned for self-employment income is the first step in the calculation of the CalWORKs grant when self-employment earnings are reported.

CalWORKs determines the *total profit earned* via self-employment by allowing one of the following to be deducted from the total gross earnings either:

- the verified allowable costs of doing business; or
- 40% of the gross self-employed income.

The participant may choose which method is used, and may change the method of deduction only at CalWORKs re-determination, or every six months, whichever comes first. (See EAS 44-113.212)

Self-Employment Deductions for ES

The choice of deductions used by CalWORKs to determine Net Profit will also be used by ES in determining allowable deductions/expenses. Deductions for ES shall be defined as "used to cover business costs".

- the verified allowable costs of doing business; or,
- 40% of the gross self-employed income.

Participants may be required to provide Tax Records.

****Refer to State Policy Interpretation Requested October 2007/Received April 2008**

On the T: drive under Forms and Policy Memos**

Minimum Wage Requirement

The hourly earnings for the employed and/or self-employed participant must be no less than the federal minimum wage.

Determining Minimum Wage for Self-Employed Earnings

To determine if the minimum wage requirement is met for the self-employed participant, divide the total profit earned (*determined in the calculation of the CalWORKs grant*) by the reported number of hours worked in the month. This will be the equivalent hourly wage for the self-employed participant.

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Example: Client reports working total self-employed earnings for the month of \$1,250. The client has chosen the standard 40% deduction for business expenses.

Total reported income from self-employment:	\$1,550
Less the business expenses (in this case the 40%)	- 620
Equals the <i>total profit earned</i>	\$ 930
<i>Total profit earned</i>	\$ 930
Divided by Federal Minimum Wage	/\$7.25 (effective 7/24/09)
Equals the WPR for self-employment	<u>128 hours</u>

If both parents in a two-parent family are participating in the same self-employment, the hours worked will be determined by dividing total profit earned by Federal Minimum Wage to equal 35 hours.

Federal Minimum Wage:
 \$6.55 - Effective July 24, 2008
 \$7.25 - Effective July 24, 2009

Not Meeting Work Participation Requirement (WPR)

Employment *Does Not* Meet AU's WPR:

When, at an appraisal, the participant's hours of employment, do not meet the AU's work participation requirement, and s/he cannot increase the hours of employment to meet the WPR, s/he can choose to either:

- attend job club (if his/her current hours of employment allow); or,
- determine with the case manager through a ES assessment, in what other appropriate ES activity (ies) s/he can participate to meet the AU's WPR. *(Reminder: When the ES assessment is completed, the ES plan is created and signed)*

Self-Employment *Does Not* Meet AU's WPR:

When, at appraisal or any time thereafter, the participant's hours of self-employment do not meet the AU's work participation requirement, and s/he cannot increase the self-employed earnings to meet the WPR, s/he must choose either:

- to continue to pursue the self-employment endeavor as his/her employment goal, the client must meet with their ESC to re-evaluate their Plan.
- not to pursue his/her self-employment endeavor and a reassessment would be required. If this is the choice, the case manager will proceed with the next appropriate step in the ES process (i.e., job club or assessment).

Example: A landscaper's work may slow down during the winter months. The landscaper may choose to keep working in the slower months and he /she will need to meet with ESC to re-evaluate their Plan. Or the landscaper can choose not to pursue their Self-

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Employment and they will meet with the ESC for the next step in ES.

When, at appraisal, the hours of employment or self-employment meet the AU's work participation rate, no Employment Services assessment is required.

Additional ES Activities When WPR is Met with Employment

Any participant meeting the AU's WPR through employment or self-employment may participate in other ES activities *in addition to the employment*. The participant must be informed that choosing to participate in additional activities will require:

- the case manager to refer the participant to Assessment in order to determine additional appropriate Activity/Activities; (short term classes related to employment would not require Assessment with Supervisory Approval)
- the signing of an updated WTW2.

Maximum Time Allowed to meet WPR

The ESC can set reasonable periods within which the participant should reach certain incremental goals pertaining to meeting the WPR and/or minimum wage requirements.

These time frames may be based on such things as:

- the total amount of time the participant has been actively engaged in his/her self-employment endeavor; or
- the amount of training the participant may already have attended related to his/her chosen self-employment.
- Participants will be given no more three months to meet 20 hours per week WPR. If at six months, the participant is not meeting 32/35 hours per week WPR, a re-evaluation of the feasibility of continuing in Self-Employment, Independent Contractor, or Commission ONLY Employment will be made.
- on a monthly basis, participants will be required to provide the CSC with proof of income. WPR will be based on net profit (gross minus 40%) divided by federal minimum wage.
- on a monthly basis, if the participant is claiming actual expenses they will need to provide a profit and loss statement (ALL 1313 or CSF 35 form). WPR will be based on net profit of gross minus actual expenses divided by federal minimum wage.

If after the individual has used the initial flexible period of three to six months to meet hourly requirements in Self-Employment, Independent Contractor, or Commission ONLY Employment, the participant that has not met hourly requirements, he or she will not be given additional months to meet the hourly requirements in the future. Any exceptions made must have a supervisor's approval.

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Support Services For Self Employment

Child Care

Child Care shall be provided for actual hours worked, not the maximum countable participation. However, the participant is obligated to verify the actual hours that they have worked. The methodology for verifying hours should be established as part of the ES plan.

The county shall pay for child care during the following times:

- 1) when the client is participating in county-approved activities
- 2) the client is working
- 3) the client commutes
- 4) at county option, when care is necessary for other required activities (CDSS MPP Section 47-401.4).

Payments may be made if there is no parent, legal guardian, or adult member of the assistance unit living in the home who is able and available to provide care (MPP Section 47-220.22).

Example: Will the county pay for childcare even if the client isn't meeting WPR? Yes. The client will be given no more than three months to meet 20 hours per week WPR, therefore the county will pay childcare in the initial three months of self-employment, if not meeting WPR. If after the initial three month period, refer to *Self-Employment Does Not Meet AU's WPR*.

If after the initial period is exhausted, childcare will be provided for a self-employment activity only for hours actually worked up to the hours being counted toward participation according to the self-employment calculation.

Example: If the customer has been participating in self-employment, and after six months has been able to obtain only enough income to have 18 hours per week count toward participation, and the customer wishes to continue to participate in this activity, then childcare will be provided for only 18 hours per week for the self-employment activity. Childcare may also be provided for other activities for additional hours as required to meet participation, and for transportation time to and from all activities.

Ancillary

Ancillary costs only if not covered by another resource, claimed as a deduction (40%), and the participant has demonstrated the costs will result in an increase of earnings.

Transportation

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	<p>MPP Section 42-750.11 states that necessary supportive services shall be available to every participant in order to participate in the program activity to which he/she is assigned to accept or retain employment.</p> <p>MPP Section 42-716.111 lists the ES activities, which include self-employment.</p> <p>If a person has a signed WTW2 that approves self-employment as their ES activity and the plan indicates that transportation payments are a needed supportive service, they are entitled to transportation payment to get to and from their place of business. Transportation that is a part of the operation of a business, such as purchasing supplies, or traveling to off-site locations for the purpose of delivering services or goods, would not be eligible to transportation reimbursement. These are part of the cost of doing their self-employment business and can be taken into account in calculating benefits under MPP Section 44-113.2 and 63-503.413.</p>
Non-Compliance	<p>If a participant does not meet the minimum required hours through the Self-Employment, Independent Contractor, or Commission ONLY Employment activity after three or six months, and does not agree to and sign a plan to do so through another activity, the participant will be subject to the normal employment services compliance process.</p> <p>If after six months the participant meets the required hours, but later does not, the participant will also be subject to the normal employment services compliance process.</p> <p>In both cases, the participant will be required to meet their normal hourly requirement based on household composition (20, 30, or 35 hours) to resolve the non-compliance.</p> <p>Once the participant has used the flexible three to six month period to meet hours in a Self-Employment, Independent Contractor, or Commission ONLY Employment activity, that period may no longer be available to that participant for the same or future such activities. Any exceptions made must have a supervisor's approval.</p>
Sanction	<p>Once a sanction has been applied, the flexible three to six month period to meet hours in a Self-Employment, Independent Contractor, or Commission ONLY Employment activity no longer applies.</p> <ul style="list-style-type: none"> • When a participant is sanctioned in a Self-Employment, Independent Contractor, or Commission ONLY Employment activity, and wishes to cure said sanction by participating in the same or a similar activity, the participant will need to meet the required normal hourly requirement based on household composition (20, 30, or 35 hours) to cure the sanction. • If a participant is in sanction for another activity, but wishes to cure the sanction with a Self-Employment, Independent Contractor, or Commission ONLY Employment activity, the participant will need to meet the required normal hourly requirement based on household composition (20, 30, or 35 hours) to cure the sanction. • In either case, if the participant wants to cure the sanction by participating in a combination of activities, including a Self-Employment, Independent Contractor, or

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	<p>Commission ONLY Employment activity, the required hours between the activities will need to meet the normal hourly requirement based on household composition (20, 30, or 35 hours).</p> <p>Once successful, the Self-Employment, Independent Contractor, or Commission ONLY Employment activity may continue as part of a plan with multiple activities, or as a full time activity if the client is meeting the normal hourly requirements.</p>
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