TOOLBOX FOR EMPLOYMENT

Customized Self-Employment and Benefits Planning

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Marsie Frawley, Griffin-Hammis Associates
Cindi Swanson, Our Saviour’s Lutheran Church
Introducing Adam

- Adam is 26 years old and works several jobs.
- Adam is a member of his community - he is a church member, volunteers for several organizations.
- Adam takes public transportation.
Goals for Today’s Session

- Introduction to Social Capital
- Introduction to Customized Employment and possible outcome of Self-Employment
- Individuals with disabilities CAN work AND still be connected to the SSI or SSDI cash benefits AND will very likely not lose their health insurance.
Social Capital

To increase the employment of individuals with disabilities by encouraging the use of local contacts through friendships, relationships, business contacts and places where individuals do business.
Social Capital Focuses on:

- Who knows Whom (Social Networks)
- The Character of these Networks
- The Strength of our Ties
- Levels of Trust
- Levels of Reciprocity

Intro to Social Capital

Social Networks Matter:

- **Thick Trust**: where trust extends only to known friends & associates
- **Thin Trust**: where trust extends to include total strangers

Intro to Social Capital

Trust Growing Elements:
- Repeated exposure & shared spaces
- Honesty in Communications
- Follow-Through on Commitments
- Consistency in Behavior

Knack, S. (2001); Sander & Lowney, (2006); Griffin-Hammis Associates
Types of Social Capital

- **Public-Regard**: we are tied to formal groups (City Council; PTA; People First; Kiwanis)
- **Private Regard**: we are tied to informal groups (Church; Softball team; Neighborhood Watch)
- **Formal vs. Informal**: (Bylaws & Committees vs. Social/Interest/Hobby relationships)

Sander & Lowney; Griffin-Hammis Associates
Types of Social Capital

- **Bridging**: Social ties that attempt to cut across differences including Race, Gender, Disability, Class, Religion…

- **Bonding**: Links people together like themselves (special interest groups, neighborhood associations, hobby clubs…)

Sander & Lowney; Griffin-Hammis Associates
Intensity of Social Capital

- **Strong**: Someone with whom you might share intimate or serious issues
- **Weak**: More episodic and casual
- **Example**: You share stronger ties with your doctor and weaker ties with volunteers cooking at the pancake breakfast
Goal of Social Capital

- **Raising Social Capital to improve one’s standing in a community** (e.g. using bridging capital to increase awareness of disability access issues in a community)
- **Targeted at Specific Problem-Solving** (e.g. using bonding capital to connect a job seeker with someone with similar career goals)
Getting Others Interested & Involved

- Appeal to people’s motivations (shared personal & professional interests and self-interest, hobbies, affiliation needs)
- Avoid yet another meeting or committee approach
- Appeal to their civic pride
- Make the task appear reasonable
My Circle of Friends

MY CIRCLE OF FRIENDS
Relationship Continuum

- Rejection
- Tolerance
- Acceptance
- Dramatic
- Celebrate
Continuum of Growing Acceptance

The *Relationship Continuum* is a visual tool describing the journey humans travel from rejection towards celebrating others. The first step away from rejection is tolerance. The journey continues through acceptance into the Dramatic stage. The Dramatic stage represents acting out the “right” thing to do. In this stage the person does not quite embrace and celebrate the entire person, but their actions represent someone who celebrates another. True celebration is a place we visit once in a while, sometimes only for brief moments. In the best relationship we strive for celebration but often find ourselves at a different level of the relationship continuum. We are blessed if we can truly celebrate the unique gifted individuals in our lives. Along the journey in relationships we need to recognize that the process is a difficult one and it is necessary to identify and let go of the road blocks that stop us along the way. It is important to focus on uncovering the giftedness in others sharing those gifts and being supported as we journey towards celebrating the individual as a valued person in our community.
Goal of Employment

Customized Employment – results in either labor market or self-employment based on the strengths and dreams of an individual and the unmet needs of a local market while incorporating the individualized planning and support strategies needed for success.

- Discovering Personal Genius™
- Benefits Planning – understanding interaction between employment income and public benefits
- Identification of 3 Vocational Themes™
- Identification of Ideal Conditions for Employment
- Profile Development
- Employment Planning and Identification of 20 Businesses
- Informational Interviews
- Job Development and Negotiation
- Ongoing support and career development

Discovering Personal Genius and DPG are Trademarks of Griffin-Hammis Associates & the Center for Social Capital
Four Phases of Customized Employment

Assessment (Discovering Personal Genius) → Lists of 20 → Employment (Linking Discovery and Job Development)

Logistics → Assuring Employment Supports → Ongoing Support and Career Development
Exploring the Business Idea(s)

- Profile development should lead to the identification of one or more interest areas or business ideas
- Identification of Vocational Themes™
- This does not signal the end of Discovery - rather the start of the next adventure . . .

- DISCOVERING THE COMMUNITY
“Going Where the Idea Makes Sense”
Griffin-Hammis Associates, LLC

- Profile information guides organic business development process
- Business concepts can have thousands of iterations – avoid jumping on the very first one
- Utilize networks and connections to get behind the scenes in various places
Outcomes of Customized Employment

- Wage Employment
  - Job Carving
- Resource Ownership (mix of wage and self-employment)
- Self-Employment
  - Business within a Business
  - Home-Based
  - Community-Based
Why Self Employment?

- **Business Need in Community**
- **Can be met by individual who, for a variety of reasons, may not be as successful in wage employment**
- **Allows for schedule needs – slower in morning after sleepless nights**
- **Medication schedules**
- **Sometimes can lessen need for transportation**
- **Offers increased range of opportunities**
Identifying Business Concepts

- Person-Centered Planning
- Discovery
- Business Owner Profile

- Discovering Personal Genius
- The ideal Conditions of Employment
- Strengths, Interests, Supports, Contributions
- Relationships that matter and that help us get lots of ideas

- Griffin-Hammis Associates, LLC, Callahan, Condon, Crandell & Brooks
Business Within a Business

- Business operates as its own entity within another organization (no overhead, co-located in another business)
- Built-in support and customer base may readily exist
- Can be a unique and interesting option for potential entrepreneurs

Resource ownership vs. business within business - mix of labor market / employee and self-employment based on specific situation
Loves quarters; sports and fire departments

His passions led to the development of a business – which employed Brian – CuBBull, Inc. provided vending machines at local fire departments

Now 20 businesses have vending machines around the county

Brian is also employed at a local restaurant – recently promoted from folding silverware to ‘host’

Brian is invited to the annual fire department holiday party – He is an active member of his community
Determining Feasibility

- Discovery of individual leads to interest areas, ideal conditions, and possible industry / connections
- Discovery of community leads to specific potential iterations for business products and / or services
- Next step is to evaluate feasibility of each of the most promising business concepts
Determining Feasibility (continued)

- Not writing the plan
- Researching major aspects of business idea
  - Running basic numbers
  - Conducting market research
- Information ultimately goes into the plan
  - Keep good notes!!!
Benefits of Self-Employment

- Process begins whenever individual is ready – no lengthy job search process
- Businesses are grown specifically around individual
  - Talents, skills, interests, etc.
- Necessary accommodations written into business plan
- Working at home eliminates transportation issues
More Benefits of Self-Employment

- **Potential for greater financial rewards**
  - Way to break out of the “minimum-wage / not enough hours” trap
- **Opportunity to be the boss from the start**
- **Disability benefit programs offer unique financial incentives to business owners**
- **Challenges “job scarcity” and “tight labor market” assumptions in ways that benefit entire community**
What Does it Take?

- Desire to run and grow a business
- Team of people willing to support the process (formally and informally)
- Patient, systematic, thorough research and planning process
  - Willingness to revise and learn as you go
- Commitment to develop accommodations as necessary
- All of these can be on the part of the support people who want the individual to market their interests, skills and abilities into a service or product!
What It Doesn’t Take

- Arbitrary academic or skill levels
- Entrepreneurial Attitude and/or Know How
- Ability to perform any/all business functions 100% independently
- Previous established success in wage employment and/or industry

- Person should be integrally involved in day to day tasks of business, i.e., Devora shops for frames; makes deliveries; goes to business lunches / meetings
Why Might Someone Choose NOT to Pursue Self-Employment?

- Range of support need exceeds what is available (both natural and professional supports)
- No market for the product of service or product exists at the current time
- Not a true goal – only being considered because community employment hasn’t been successful
Everyone Needs a Wilson

- From Tom Hanks in “The Castaway” . . . Enlist support! Team process is critical!
- Business Development Team members should include:
  - Circle of Support members (e.g., family members, friends, paid providers)
  - Community business resources: SCORE, SBDC, etc. (no need to recreate the wheel!)
  - CWIC’s and/or other SSA supports
  - SERN Business Mentor through Division of Rehabilitation Services
  - Other people you meet along the way

- Entrepreneur is always the team leader!
Numbers Talk, Poverty Walks

- Ultimately, all businesses have to pass the profitability test
- Businesses that don’t make money are hobbies
- Be “tough on ideas, easy on people”
- In the words of my late friend and mentor . . . “Why start a business where you PLAN to lose money?”
  David G. Hammis

Griffin-Hammis Associates, LLC / Center for Social Capital
Steps to Self-Employment

- Identify Business Concept
- Assess Feasibility
- Develop Business Plan
- Develop Resource Plan
- Secure Funding
- Launch!
Business Planning

- Need to develop a plan – work with experts
- Need to determine business structure
  - Sole Proprietorships
  - Partnerships
  - Limited Liability Companies
  - Corporations

A corporation requires that employees (even the owner) be paid a wage – which eliminates SSI eligibility

Sole Proprietorship can lead to maintenance of public benefits, but please partner with SSA – Work Incentives Planning & Assistance – Community Work Incentives Coordinator!
The 3 C’s of Business

- **Customers** – determining target market
- **Competition** – identifies strengths and weaknesses; if you can’t beat them – join them! – collaboration vs competition
- **Capabilities** – How much can be produced in a day/week, etc.; capacity to serve target market; contingency considerations
Considerations

- Important to understand how the business may impact public benefits
- SSA looks at self employment differently than wage employment
- Parents own/run the corporation and from which the individual works for and is paid
- Important to be aware of local, state and federal licenses business laws
- SBDC staff can assist in making these determinations
How to Begin Pursuing Self Employment

- Identify interests and ideal conditions for employment
- Determine PASSION and find a way to put a value to a service or item!
- Develop the business concept and business evolves!
- Benefits of starting before exiting the school system:
  - Include in IEP and Transition Plans
  - Get started with the support of school system i.e., speech, physical, occupational therapists and job coaches
  - Utilize SSA work incentives to grow the business!
Making Self Employment a Reality

- Partnerships

- Work Incentives Planning & Assistance Projects -
  http://www.disabilityworks.org/Resources/Pages/DisabilityResources.aspx#

- Small Business Development Centers
  http://www.commerce.state.il.us/dceo/Bureaus/Entrepreneurship+and+Small+Business/SBDC.htm

- SERN – Self Employment Resource Network

- First Friday Entrepreneur’s Forum – First Friday of Every Month By phone 888 494-4032; Passcode 3716289398 # or online: www.sernonline.net

- Division of Rehabilitation Services
Business AND Benefits Planning

- Go hand in hand
- Starts with Discovery–DPG™
  - Have to understand the interaction of income from wage and/or self-employment on public benefit systems
- What public benefit systems are being received now?
- SSA, Medicaid, DD Waivers – CILA? Home Based Support?, DRS Home Services
Show of Hands!

I think these benefits programs are…….

A. Easy to Understand
B. Challenging to Understand, but not Rocket Science.
C. Rocket Science.
Two Disability Cash Programs

- Supplemental Security Income (SSI)
  - Strict income and resource limits
  - No work history required
  - $710 – 2013 Federal Benefit Rate
  - $721 - 2014 Federal Benefit Rate

- Social Security Disability Insurance (SSDI)
  - Based on work record
  - No income or asset limits
  - Amount depends on work record
Supplemental Security Income

- 2014 SSI Amount $721 ($1,082 for a couple)
  - Payment can vary based on living arrangements and other factors
  - Not guaranteed to always receive the full amount

- $2,000 – Asset and Resources Limit each month
- If qualify for SSI, probably also for Medicaid
  - In IL, NOT automatic → Must apply separately
Social Security Disability Insurance - CDB

Childhood Disability Beneficiary

Adults (18 and older) having a disability determination before age 22 can collect SSDI on their parents Social Security employment earnings record, if the parent:

- Becomes retired and collects SSA
- Becomes disabled themselves and collects SSDI
- Becomes deceased

CDB becomes eligible for Medicare, 24 months after being determined a CDB, but maintains Medicaid under special rules!
Social Security Disability Insurance – On Own Record

- An individual with a developmental disability from birth can be found eligible for their own SSDI after 6 work credits are earned.

- 2014 – one Social Security Credit earned = $1,200 gross (2013 = $1,160)

- 2014 – up to four credits earned = $4,800 (2013 = $4,640)

- 24 months after being found eligible for SSDI – Medicare eligible

- Even more on a later slide!!! THIS IS IMPORTANT!!!
SSI Work Incentives

- Student Earned Income Exclusion
- PASS Plan
- Earned Income Exclusion
- Impairment Related Work Expenses
- 1619

Report all Income to SSA & DHS!!!
Student Earned Income Exclusion

- Under age 22 and in school
  - High School
  - Community College
  - Trade School
- SSA will exclude up to $1,750 of earned income per month, up to an annual exclusion of $7,060
- Note: For Recipients of SSI, not dependent SSDI students!
- Have to provide verification to SSA of being a student up to the age of 22
Plan for Achieving Self Support

- PASS allows you to set aside income and/or resources for a specified time for a work goal.
  - For example: set aside money to pay expenses for education, vocational training, or starting a business as long as the expenses are related to achieving a work goal.

- The money in this plan will not count as an asset for SSI, Medicaid or most public benefit eligibility.

- May also be used to become eligible for SSI!
PASS Specialist (Cadre)

- Karl Gillespie
  866-575-4889 (Toll-free)
  312-575-6505 (Local)
  312 575 6501 (Fax)
  karl.gillespie@ssa.gov

Mail completed PASS applications to:
SSA/PASS Cadre
600 W. Madison, 5th Floor
Chicago, IL 60661
Supplemental Security Income and Earned Income Calculation

SSI and earnings are calculated with a formula. These deductions are subtracted from the gross income to determine countable income:

- **General Income Disregard $20.00**
- **Student Earned Income Exclusion**
- **Earned Income Disregard $65.00**
- **Impairment Related Work Expenses**
- **Divided by 2**
- **Blind Work Expenses**
- **PASS Deduction**
What on Earth Does All That Mean?

- When a recipient of Supplemental Security Income is working and gross earnings are above $85 – there WILL be an impact on the monthly SSI cash benefit.
- Will the SSI check go down – YES, unless Student Earned Income Exclusion, IRWE’s or PASS reduce countable benefits to below $85.
- Is this a bad thing?
- **NO . . Work Is Good!!** Almost always have MORE money while working, even though SSI check may be reduced!
Medicaid - 1619

- 1619(a) – When gross earnings are over $1,070/month in 2014 – free Medicaid
- 1619(b) – When gross earnings are over $1,527 (or when SSI check goes to $0 from Earned Income ($721 x 2 + $85 – Called the ‘Breakeven’))
- Keep Medicaid until annual earnings of $27,811 in 2013 (2014 to be announced!)
- Individualized Threshold = could be higher if person has high medical needs or is on a Medicaid Waiver
SSDI and/or Childhood Disability Beneficiary (DAC)

- **Extended Period of Eligibility (EPE)**
  - **Substantial Gainful Activity (non-blind SGA)** $1,040 (2013) and $1,070 (2014) – These amounts change annually
  - **Blind SGA** $1740 (2013) and $1,800 (2014)
- **Grace Period**
- **Impairment Related Work Expense (IRWE)**
- **Subsidy**
- **Expedited Reinstatement of Benefits**
Subsidies and IRWE’s

- Can be used in determining eligibility, as work incentives to reduce countable income and in overpayment cases!

- Subsidy – only SSDI
  - When accommodations are provided by the employer to allow the worker to be paid what co-workers without disabilities are paid

- IRWE’s – both SSI and SSDI
  - Expenses paid out of pocket by the beneficiary who needs the item in order to work; ie, medications, therapies, doctor co-pays
SSA refers to an individual as self-employed if the individual is paid through a 1099 (Self-Contractor) or they have a tax number.

SSA accepts what the IRS accepts as net income from self-contracting or self-employment.

NOTE: If the individual's business is incorporated, they receive wages, not self-employment earnings.

Under Self-Employment instead of Gross Earnings – Net Earnings from Self Employment are used.

SSA allows the previously noted work incentives for SSI recipients and SSDI beneficiaries as business expenses.
Countable Earnings in Self-Employment

Net earnings from self-employment (NESE).
Gross receipts from the business.
Minus business expenses.
Minus a .9235 exclusion for FICA after 12/31/89.
(100% - 7.65% = 92.35 or 0.9235)
Minus applicable work incentive deductions.

PLUS . . .
SSI: Self-Employment and PASS

- PASS submission must include a business plan.
- Work with SBDC, SCORE, DRS to develop the plan to accompany the SSA form
Frames By Devora

- Shows she is happy by waving her hands
- Demonstrates a passion in ‘painting’ and making a mess!
- Her mother developed that passion into a marketable item – hand-painted frames
- Funded through DRS, Life My Way grant and SSA – PASS – reducing dependence upon SSI!
- Devora actively shops for frames; delivers frames; takes to post office; banks; is present for fairs and shows
- Devora is a member of the Chamber of Commerce
If payment is not received in every month in which work is performed, income for the entire work period is averaged:

- Farmers are paid after harvest – average income over the months the work is done.
- Writers are paid when a book/article is published – average income over months the document was written.
SSDI: Unpaid Help

- Reasonable value (prevailing wage) of any significant amount of help furnished by spouse, children, or others unpaid.
- Name of individual(s) providing help and relationship to beneficiary.
- Reason for unpaid help.
- Description of services, time spent, length of time arrangement lasted.
- Brian uses volunteer help with cutting book bindings; putting spirals into journals; etc.
SSDI: Unincurred Business Expense

- Paid for by someone other than the beneficiary, i.e. DRS
- May be no actual expense incurred and paid by anyone. For example:
  - Includes use of space in a government building, or items used in the business
- Would be approved by the IRS as a business expense, if the person paid rent for the space.
Other Considerations

- When individuals work and pay into FICA taxes, credits are earned toward Social Security Administration benefits.
- One credit is $1,200 in gross earnings (2014).
- A maximum of 4 credits annually = $4,800 (2014).
- 6 credits earned under the age of 24 affords eligibility for SSDI.
- 24 months later become eligible for Medicare.

What happens to Medicaid Eligibility?
Hardback YoYo

- Self-Employment takes a team!
- At 18 years old - loves books and keeping the earth a great place for all to live, Brian was inspired to create an eco-friendly business – springing old books into a new purpose.
- Taking products that would have been discarded and otherwise considered useless and turn them into a new UPCYCLED product.
- Hardback YoYo is called a mini-microenterprise due to Brian’s being a student (first in high school and now at community college), as well as, an entrepreneur.
- Being self-employed, he relies on the help and support of others.
- Selling his products online; at local fairs and in 4 retail stores in Northbrook, Glenview and Third Lake.
- Most importantly, Brian is making an income and paying taxes and will now be eligible for Medicare in less than 2 years!
SSDI and Medicaid

- Medicaid income limit as of January 2013 = $931/monthly
- If work income is above that level, Healthcare and Family Services calculates a spenddown
- Spenddown is essentially a deductible of medical expenses are incurred (doctor co-pays, Community and Home Based Services)
- To avoid spenddown, there is the Medicaid Buy-In
Medicaid:
Health Benefits for Workers with Disabilities

- Workers with Disabilities - age 16 to under 65
- Pay small monthly premium (avg: $40 - $50)
- Proof of paying FICA taxes (no minimum)
- Earnings to $3,258 / month – NET ($39,095)
- Savings up to $25,000
- Retirement Accounts are not counted!
- HBWD eligibility maintains DD Waiver eligibility

Application directly to HBWD – [www.hbwdillinois.com](http://www.hbwdillinois.com) / 800 226-0768
Poppin’ Joe’s Kettle Korn

- In high school – described as combative; non-communicative
- Parents recognized that labor market employment would not work for ‘Joe’
- Joe loves people; being out-of-doors; making noise
- Started out with a ‘popcorn stand’ outside of Wal-Mart
- Today, Joe lives in his own home with supports; the company has gross earnings over $75,000; has several part-time employees; parents will retire as business managers when earnings reach $100,000.
Funding Self Employment

- Illinois Assistive Technology Program Cash Loan Program [http://www.iltech.org/cashloan.html](http://www.iltech.org/cashloan.html)
- Division of Rehabilitation Services [http://www.dhs.state.il.us/officelocator](http://www.dhs.state.il.us/officelocator)
- K-Fund – Center For Social Capital [www.griffinhammis.com](http://www.griffinhammis.com)
Examples

- Helper Girl (loves to be on the move)
  

- Cubbull (loves quarters)

- Frames By Devora (loves to paint)
  
  www.framesbydevora.com

- Hardback Yo-Yo (loves old books and ‘upcycling’)
  
  www.hardbackyoyo.com

- Poppin’ Joe’s Kettle Korn (loves people, noise, movement)
  
  http://poppinjoes.com/

- Shredigator
  
  http://www.shredigato.com/
Resources

Griffin-Hammis Associates

- www.griffinhammis.com

Online Training:

- http://griffinhammis.cequick.com/

Department of Labor-Office of Disability Employment Policy

- www.dol.gov/odep

Work Incentives Planning & Assistance Projects

Illinois Assistive Technology Program

- www.iltech.org/wipa
Resources - Continued

Rural Institute of Montana Self - Employment Project
http://rtc.ruralinstitute.umt.edu/?page_id=5028

Self Employment Resource Network
www.sernonline.net

Start-Up USA
http://www.start-up-usa.biz/resources/listContent.cfm?formatID=2
Questions
THANK YOU!!!

For Sponsoring this complimentary workshop!

- SILC of Illinois,
- Ray Graham Association
- The Institute on Public Policy for People with Disabilities
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