This procedure is to provide instructions for entering and verifying participation in Unsubsidized Employment – Self Employment in Choices.

**RESOURCES**:

Choices Guide

**SERVICES**:

Self-employment is defined as “an income-producing enterprise that will lead an individual on

clear pathway to self-sufficiency by lessening the family’s reliance on public benefits.”

**WORKFORCE SOLUTIONS EXPECTATIONS:**

Staff will adhere to the procedure written to enter and verify customers’ self-employment participation in the Choices program, staff will not count more hours toward the work activity than the number derived by dividing the participant’s net self-employment income (gross self-employment wages minus business expenses) by the federal minimum wage

**PROCEDURES FOR ENTERING AND VERIFYING SELF- EMPLOYMENT PARTICIPATION:**

**Established Self-Employment Enterprises**

The initial verification requires the following documentation currently used for Disaster Unemployment Assistance:

• Federal income tax forms or quarterly income reports, such as:

* Form 1040; or
* Schedule C, F, or SE federal income tax returns for the most recent tax year; or

• One of the following to prove existence of the business:

* Property titles, deeds, or rental agreement for the place of business;
* Recent business bank statement or phone, utility, or insurance bill;
* Recent state sales tax return; or
* Business records that provide proof of income and expenditures, such as:

• copies of money orders or checks received;

• lists of individuals/customers served (if available); or

• personal wage records with third-party signed verification; or

* Business plans; or
* Contract, which includes a Statement of Work.

**Ongoing monthly verification**

Individuals are required to submit the following:

* Documentation that provides information on the amount of income generated and the associated business expenses.
* Documentation must include invoices signed by the participant’s customers and containing customer names and contact information, and dates and locations of services provided, and amounts received; and
* Business expense receipts that substantiate the expenses to be deducted from the gross income, if applicable.

**Prospective Self-Employment Enterprises**

Staff must verify initially that the customer was in the process of establishing a self-employment enterprise by requiring the following documentation:

• Property titles or deeds for the place of business;

• Rental agreement or letter from a property owner showing the customer planned to open

a business; or

• Other evidence that the customer was preparing to open a business, such as:

* advertising, state tax registration, assumed name certificate, etc.;
* business plan; or
* bank account information.

**Ongoing monthly verification**

Boards must ensure that individuals submit the following:

* Documentation that provides information on the amount of income generated and the associated business expenses.
* Documentation must include invoices signed by the participant’s customers and contain customer names and contact information, dates, and locations where services were provided, and amounts received; and
* Business expense receipts that substantiate the expenses to be deducted from the gross income, if applicable.

**All** verification must be documented in TWIST Verification screen with the following:

* Type of verification received
* Date verification received
* Time frame covered on verification
* Wages reported on verification.

**All** verification must be documented in TWIST Counselor Notes.

If a customer is not earning at least an average of minimum wage per hour in self-employment activity, staff will:

* 1. Communicate the value of earning a self-sufficient wage.
  2. Consider referrals to entrepreneurship training and business counseling to assist customer in determining if an enterprise is a viable venture that will result in self-sufficiency.
  3. Provide job referrals and job search assistance to aid the customer in gaining employment with a self-sufficient wage as quickly as possible.
  4. Document all efforts in TWIST Counselor Notes.