

This circular replaces Directive 2004 -13 (revised) providing additional information, direction and procedural clarity with respect to Non Enhanced and Enhanced Self Employment.

The Employment and Income Assistance (EIA) Administrative Manual is in the process of being updated to reflect the processes outlined in this circular.

DETERMINING SELF EMPLOYMENT

To establish whether or not a participant is to be considered self employed vs. an employee, a checklist is attached that will assist in this determination (Appendix A). If upon completion of the checklist it is determined that the participant is in fact an employee, refer to Section 16 of the EIA Administration Manual. If however it is established the participant is either self employed or wanting to enter into a business or self employment venture, the following procedures apply.

PROCEDURES FOR SELF EMPLOYMENT – ENHANCED AND NON ENHANCED

Participants with work expectations who are deemed capable of job searching are expected to actively seek employment. Approval for a participant to seek self-employment rests with the case coordinator/counselor.

It is required that all participants (those with work expectations) who are currently coded as self employed (SE) on the CCEM (employment screen will meet with their case coordinator/counselor to discuss their current employment situation.

Once a participant is approved to explore self employment as part of their action plan, the case coordinator/counselor is to ensure the participant submits a self employment business plan that describes whether the business is sole proprietorship, partnership etc., explains how the business will operate and what will be produced and provides a financial forecast for income and expenses for the next twelve months. This will be submitted to the Program Manager/Community Social Services Supervisor (CSSS) for review/approval.

If the self employment business plan is approved, a Self Employment Agreement is to be signed (Appendix B). The case coordinator/counselor is to enter a case note (EM - employment related) and a review date in SAMIN.

The Client Employment Screen (CCEM) is to be set up as **SE** - self employed. Casual sporadic employment is **not** to be set up as SE and will be set up as **ES** (employed seasonal, including casual) and is to be deducted as either employee earnings if from an employer or as self employment earnings if the individual is recognized by EIA as being self employed.

Participants are expected to:

- use their self employment to generate the greatest possible personal income
- itemize actual, essential costs associated with operating the business. Where net self employment income is a minus figure, assistance shall not be granted to cover any part of the deficit.

- submit monthly records
- report their monthly income as outlined within this circular

Appendices A-J have been developed to assist staff in reviewing self employment proposals and in determining if eligibility exists for the enhanced and non enhanced income exemptions and monthly recording.

Should EIA participants not be approved for self-employment, nothing precludes a participant from pursuing self-employment on their own. Work expectations will apply according to policy.

WITHDRAWING SUPPORT/BUSINESS NOT VIABLE BY ESTABLISHED TIME FRAME:

Work Expectation cases - Any extensions beyond the initially agreed upon time frame must be approved by the Program Manager/CSSS. If the self employment plan is not extended, a new Action Plan (ICAP) will be completed as the participant will be required to meet work expectations outside of their self employment venture.

Non Work Expectation cases – Any extensions beyond the initially agreed upon time frame should be reviewed with the Program Manager/CSSS. Should participants not be approved for continuation with self employment (not financially viable for example), nothing precludes the participant from pursuing self employment. The individual is to be advised of their obligation to report monthly as outlined in the circular.

AUTHORITY TO ENROLL BUSINESS PERSONS WITH EQUITY:

17.1.2 Only in the most exceptional circumstances would assistance be granted to a person who operates his / her business and maintains possession of any business equity (e.g., business premises, equipment and stock).

Where justification exists for granting assistance to such an applicant, full details and a recommendation should be submitted to the EIA Program Specialist for consideration and/or approval under [section 5\(2\)](#) of the Regulation. The recommendation will offer an appropriate time limit on enrollment.

Exclusion of inventory and equipment essential to a business operation from calculations of resources available to the applicant or participant as provided for in [section 8\(1\)\(a\)\(iii\)](#) of the Regulation shall be exercised **only** as part of such a special case review.

PROCEDURES FOR SELF EMPLOYMENT – NON ENHANCED (NOT ENGAGED WITH A SELF EMPLOYMENT PROGRAM)

If a self employment business plan is not deemed suitable for enhanced self-employment but considered as an appropriate alternative by the case coordinator/counselor, a business plan/agreement will be drafted between the participant and the department. Upon approval by the case coordinator/counselor, the

time spent conducting research and developing the business plan is to be considered as meeting the participant's employment obligations.

The business plan must:

- describe whether the business is a sole proprietorship, partnership, etc.;
- explain how the business will operate and what will be produced;
- explain how the research supports a conclusion that the plan is viable;
- include a financial forecast in which the income and expenses of the business are projected for a 12 month period;
- include a 12 month marketing plan.

The business plan is to be reviewed by the Program Manager /CSSS and a determination made as to whether the business plan has a reasonable expectation of allowing the client to become independent of, or to substantially reduce, their dependence on EIA.

All persons engaged in non enhanced self-employment must provide monthly financial statements.

PROCEDURES FOR SELF- EMPLOYMENT – ENHANCED (ENGAGED IN A SELF EMPLOYMENT PROGRAM)

Employment and Income Assistance Regulation, Section 8(4), provides the authority for approving earning exemptions for participants who are employed or self-employed. Sections 8(8) and 8(9) of the Regulation provide additional authority for recipients engaged in a self-employment program approved by the minister, to exempt from consideration as a financial resource, all income derived from a business operation for a period of up to 44 weeks (with a possible extension to 52 weeks). This exemption is referred to as the enhanced self employment program and is subject to: the provision that "all income not allocated for the payment of business expenses is reinvested in the business". The authority for approval of a participant seeking self-employment rests with the case coordinator/counselor managing the file. The authority for approving self employment business plans and the reinvestment (enhanced income exemption) rests with the EIA Program Manager/CSSS of each district office.

The enhanced income exemption is available to all participants who have received approval to pursue self-employment as a means of meeting their employment expectations and to participants with no work expectation who have received approval to pursue self-employment.

The enhanced income exemption is available to clients who wish to start a new business or expand an existing business. The enhanced income exemption option is a one time per case opportunity regardless of the number of times a client may be enrolled with EIA or the number of business ventures they may wish to pursue.

SAMIN includes samples of the following letters:

- SEA - self-employed enhanced approve
- SEN - Self- employed Enhanced Not Approve
- SEEA - Self-employed Enhanced Extension Approve
- SEEN - Self-employed Enhanced Extension Not Approve

These letters are to be used by case coordinators/counselors as required. For those without work expectations, a word process appeal letter (FWAP) SAMIN letter should be sent instead.

Staff from Entrepreneurship Trade and Training (ETT), Employment Manitoba Branch (EM) provides self-employment counseling to EIA participants in rural and northern Manitoba. EM staff will assist participants in determining if a self-employment proposal has marketability and in the development of a business plan either through direct services or referring the participant to an appropriate agency. For participants referred to EM, the review and approval of the business plan is to be a joint undertaking by the Program Manager/CSSS and the EM Regional Manager. ETT has provided EM staff with procedures respecting their involvement.

For additional information and EM site locations please see their web site at www.gov.mb.ca/employment/emp_centre_locations.html.

The Entrepreneurs with Disabilities Program (EDP) offered through Community Futures Manitoba (CFM) may also be offered to EIA participants, referred by the case coordinator/counselor. For additional information on CFM see their website www.cfmanitoba.ca/about_us.htm and/or access the Training and Employment Links System (TELS).

In Winnipeg, the viability assessment is normally completed by the Supporting Employment and Economic Development agency (SEED) upon referral by the case coordinator. For additional information about SEED see their web site at www.seedwinnipeg.ca/build-a-business.htm and/or the Training and Employment Links System (TELS).

If the participant seeking self-employment is involved in the enhanced program, then SEED/EM/CFM (or agent) will provide monthly statements directly to the department, along with a signed business plan. SEED/EM/CFM (or agent) generally oversees all of the business transactions, cash flow statements, and assists the participant one on one throughout the approved weeks of the enhanced program. In Winnipeg, all enhanced self-employed cases (*except those VR cases approved for the enhanced program*) are to be transferred to the self employment liaison/case coordinator at the River Heights/Fort Garry office who will monitor participants while they are pursuing their self-employment goal.

In summary:

- The enhanced income exemption is available to all participants who have received approval to pursue self-employment as a means of meeting their employment expectations and to participants with no work expectation who have received approval to pursue self-employment.
- The enhanced income exemption is available to participants who wish to start a new business or expand an existing business.

- The enhanced income exemption option is a one time per case opportunity regardless of the number of times a client may be enrolled with EIA or the number of business ventures they may wish to pursue.
- Business plans must be reviewed by SEED/EM/CFM (or agent) who will make recommendations respecting approval or non approval. The decision to approve a business for the enhanced earning exemption rests with the Program Manager/CSSS.
- As a condition of approval clients must agree to be registered with an approved self-employment program (SEED/EM/CFM).
- The initial approval for the enhanced income exemption may be granted for a period of up to but not exceeding 44 weeks. If the initial period approved is less than 44 weeks, approval to extend the initial approval period must be received from the Program Manager/CSSS.
- The participant must be advised in writing of the decision to approve or not approve requests for the enhanced income exemption or extension. The letter should clearly identify the time period for which approval has been granted.
- EIA Regulation provides for the extension of the enhanced income exemption period for 8 weeks beyond the initial 44 week period for a total of 52 weeks. All weeks must be continuous. Requests for extensions beyond 44 weeks must be forwarded to Service Delivery Support, Attention: EIA Program Specialist, for review and approval as the minister's designate.
- SEED/EM/CFM (or agent) will monitor the individual's monthly bookkeeping records and the income declaration form submitted to EIA with comments such as progress, delays/shortfalls, etc. The EIA participant's basic allowance remains the same unless SEED/EM/CFM (or agent) indicates that the individual has taken a draw.
- If, at the conclusion of the period for which the enhanced income exemption has been approved (original plus any approved extension to a maximum of 52 weeks), the business is not providing sufficient income to create independence from EIA and the participant wishes to continue with the business, the participant must submit a request to the EIA Program Manager/CSSS to be allowed to continue under regular self-employment program criteria. Any such request should include a summary report and recommendation from SEED/EM/CFM (or agent). The Program Manager/CSSS will review the business' financial status and advise the participant accordingly. The Program Manager/CSSS review should take into consideration the availability and viability of alternate employment opportunities.

When a business has been approved for the enhanced income exemption and if, prior to the expiration of the approved period, the business profits are no longer required for capital expenditures or to increase inventory, the profits may be used to establish a cash reserve fund. The cash reserve fund will be allowed to accumulate until it is equal in value to 3 months of EIA financial assistance (participant's monthly budget). Once this point has been reached the monthly profits are to be considered as an available

resource. This reserve fund is expected to be used to augment income should the business experience a temporary shortfall after the participant is no longer eligible for EIA financial assistance. The business reserve fund is not to be considered as part of the participant's allowable liquid assets.

When a participant takes a draw from the monthly profits or from the reserve fund for personal use, the draw is to be considered as earned income and the appropriate work incentive calculation applied.

Participants are responsible for immediately advising the case coordinator/counselor if SEED/EM/CFM (or agent) decide to terminate the relationship prior to the expiration of the period of time for which the business plan was approved under the enhanced income exemption. The case coordinator/counselor will obtain a report from SEED/EM/CFM (or agent), review the business plan with the participant, determine the continuing viability of the business and provide recommendations to the Program Manager/CSSS. Options include withdrawing the original approval or continuing the business with the Program Manager/CSSS or case coordinator/counselor approving the financial statements.

ENTERING INCOME ON MAEA – ENHANCED AND NON ENHANCED EMPLOYMENT

Self-employed income is to be calculated manually by subtracting all business expenses from the business earnings. Business expenses are **not to be entered** into the "Expenses" field on the MAEA screen.

A case note is to be entered each month indicating gross income amount less allowable expenses and net income used as this amount will not be reflected on the MAEA (earnings) screen.

A list of participants identified as self employed on CCEM (client employment screen) will be forwarded to each Program Manager/CSSS.

Attachment:

Appendices A – J - Reports will be sent to the offices that have participants appearing as SE in SAMIN.