

Related PASS POMS covering small businesses:

[SI 00870.006A.10.](#) Self-Employment Goals

A PASS with a self-employment goal must include a detailed business plan. The lack of a business plan should not delay an individual's submittal of a request for a PASS. **As with a VR Evaluation, the PASS could initially cover any costs associated with the person developing a business plan, a Business Plan Evaluation.** (See [SI 00870.026](#) for more information about business plans.)

[SI 00870.006B.4.](#) Start-up Costs

Start-up costs refer to the expenses associated with someone getting a job or opening a business. PASS expenses are limited to the start-up costs for the particular work goal. For someone opening a business, the start-up costs include the expenses to start the business through the first 18 months, or longer if needed, of the business' operation. **The use of an item as a business expense in determining net earnings from self-employment (see [SI 00820.200](#) ff.) does not preclude its use as a PASS expense during the calendar years (or fiscal years) that encompass the start-up period of a business.** Also see [SI 00870.025B.5.b.](#)

[SI 00870.006D.4.](#) Self-Employment

A business will be given a minimum start-up period of 18 months unless the individual indicates that less time will be needed for the business to sustain its operations. A request for a start-up period of a longer duration than 18 months must be justified.

[SI 00870.025B.5.b.](#) Business Start-up Costs

Treat all expenses, **including ongoing costs**, to be incurred during the first 18 months, or longer if warranted, of a PASS that involves starting a business as excludable start-up costs if the expenses meet the necessary and reasonable criteria. You may approve expenses the person incurs after the start-up period if the individual would not otherwise have sufficient remaining income and resources to cover living expenses, medical expenses, and work expenses as described in [SI 00870.006A.1.](#)

EXAMPLE: In 8/2000 a State VR counselor contacts a PASS expert about setting up a PASS for Joan King. Joan is a blind SSI recipient who has a private insurance benefit of \$425 a month and plans to open a candy shop in 12/2000.

To open the shop, Joan will need: \$15,000 worth of stock and counter supplies; \$350 for the first year's liability, fire, and theft insurance; \$150 for utilities hook-up; \$250 for the first month's rent; and a security deposit of \$500. Thereafter, costs will be an estimated \$1,000 a month for stock, \$350 a year for insurance, \$250 a month for rent, and \$125 for utilities.

The counselor says that VR will provide the initial stock and counter supplies, and that the PASS will be to help with the other items.

You advise Joan that she can set aside funds under her PASS to cover, at a minimum, the first 18 months of the business' operation, 12/2000 – 5/2002, that are not otherwise paid by VR. Her start-up costs include:

- the \$350 for the first year's insurance plus any additional insurance premiums for coverage due through 5/2002;
- the \$750 for the security deposit and rent due through 5/2002 (\$250 a month);
- the \$150 for utilities hook-up plus the cost for utilities through 5/2002; and
- re-stocking of inventory at \$1,000 a month through 5/2002.

You advise Joan that you will exclude \$405 of her insurance benefit, since \$20 would be otherwise excluded, and any earnings from the store she chooses to set aside for her PASS until either:

- she has paid for all of the start-up costs; or
- beginning 6/2002 or later, she earns a sufficient income from the store to cover her living, medical, and work expenses (see [SI 00870.006A.1.](#)).

[SI 00870.025B.5.g.](#) Examples of Allowable Expenses

The following list, which is not all-inclusive, contains examples of items and services for which expenses can be allowed under a PASS, provided that they satisfy the criteria in [SI 00870.006B](#):

- attendant care
- basic living skills training (see [SI 00870.006A.8.](#))
- child care
- dues and subscription costs for publications for academic or professional purposes
- **equipment, supplies, operating capital, and inventory required to establish and carry on a trade or business** (see [SI 00870.026](#))
- equipment and tools, including safety equipment, whether specific to the individual's condition or designed for use by a non-disabled person
- finance and service charges connected with obtaining any of the above, including finance and service charges related to a bank account that is set up solely for the purpose of keeping PASS funds separate and identifiable

- food and shelter while temporarily absent from one's permanent residence to attend educational, training, employment, trade, or business activities, if there is also a cost associated with maintaining the permanent residence
- job coaching/counseling services
- job search or relocation expenses
- meals consumed during work hours (including job-training and school)
- modifications to buildings, vehicles, etc., for operational or access purposes for persons with disabilities
- PASS preparation fees
- taxes and government-imposed user fees (e.g., permits and licenses) connected with obtaining any item on this list, except that income taxes or government-imposed penalties or fines are not allowable
- transportation—hire of private or commercial carriers, or hire of person to drive the individual's vehicle
- transportation—lease, rental, or purchase of a vehicle, plus associated costs for fuel, insurance, maintenance, registration, taxes, etc. (see [SI 00870.006B.7.](#) and [SI 00870.006B.8.](#))
- transportation—public transportation and common carriers
- tuition, books, supplies, and all fees and costs imposed by or in connection with an educational or occupational training facility, including fees for tutoring, testing, counseling, etc.
- uniforms, specialized clothing, safety equipment, and appropriate attire (e.g., suits, dresses) needed for job interviews or to begin working in an office or professional setting

[SI 00870.026.D](#) PROCEDURE -- EVALUATING A BUSINESS PLAN

Do not deny a PASS because the business plan does not cover required elements. If the individual is willing to work on the business plan, provide assistance or direction as needed. For example, in some cases, this may involve asking a few questions which the individual may know or quickly determine. Remember, the costs associated with developing a business plan may be included in the PASS. Treat the development of a business plan in the same fashion as a VR Evaluation.

If appropriate, refer the individual to a third party who can help the person develop a detailed business plan. Such sources include the U.S. Small Business Administration and its sponsored organizations, the Service Corps of Retired Executives (SCORE) and Small Business Development Centers (SBDCs), State VR agencies, local chambers of commerce, local banks, and appropriate staff at local colleges and universities.