

TEXAS WORKFORCE COMMISSION LETTER

ID/No:	WD 22-12
Date:	July 31, 2012
Keyword:	TANF/Choices; TWIST
Effective:	Immediately

To: Local Workforce Development Board Executive Directors
Commission Executive Offices
Integrated Service Area Managers
reagan miller

From: Reagan Miller, Director, Workforce Development Division

Subject: **Choices Self-Employment**

PURPOSE:

To provide Local Workforce Development Boards (Boards) with information and guidance on the following:

- Choices self-employment definition;
- Initial verification of established self-employment enterprises;
- Initial verification of prospective self-employment enterprises;
- Ongoing verification of all self-employment enterprises; and
- Modifications to The Workforce Information System of Texas (TWIST).

BACKGROUND:

Texas Human Resources Code §31.0126(a) requires the Texas Workforce Commission (TWC) to develop employment programs to assist recipients of financial assistance and services and nonrecipient parents in finding and retaining employment. Among others, the statute specifies “a self-employment assistance program that provides to a participant entrepreneurial training, business counseling, and technical and financial assistance so that the participant can establish a business and become self-employed.”

On January 31, 2012, TWC’s three-member Commission (Commission) approved a definition of Choices “self-employment.” On April 24, 2012, the Commission approved the verification and documentation requirements and the two types of Choices self-employment enterprises:

- Established self-employment
- Prospective self-employment

PROCEDURES:

Choices Self-Employment Definition

Boards must be aware of the following:

NLF

The definition of Choices self-employment is “an income-producing enterprise that will lead an individual on a clear pathway to self-sufficiency by lessening the family’s reliance on public benefits.”

Boards must ensure that the two types of Choices self-employment enterprises—established and prospective—are allowed only if the individual demonstrates that the enterprise meets the definition of self-employment.

NLF

Initial Verification of Established Self-Employment Enterprises

Boards must ensure that Workforce Solutions Office staff conducts initial verification of established self-employment enterprises and requires one of the following forms of documentation:

NLF

- 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;
- One of the following to prove existence of the business:
 - Property titles, deeds, or rental agreement for the place of business;
 - Recent business bank, phone, utility, or insurance bill;
 - Recent state sales tax return;
 - Business records that provide proof of income and expenditures, such as:
 - Copies of money orders or checks received, and lists of individuals/customers served (if available); or
 - Personal wage records with third-party signed verification; or
- Business plans.

Initial Verification of Prospective Self-Employment Enterprises

Boards must ensure that Workforce Solutions Office staff conducts initial verification of prospective self-employment enterprises and requires one of the following forms of documentation:

NLF

- Property titles or deeds for the place of business;
- Rental agreement or letter from a property owner showing the customer plans to open a business; or
- Other evidence indicating the customer is preparing to open a business, such as:
 - advertising, state tax registration, assumed name certificate;
 - business plan; or
 - bank account information.

Ongoing Verification of All Self-Employment Enterprises

Boards must ensure that for ongoing monthly verification of all self-employment enterprises, participants submit the following:

NLF

- Documentation that provides information on the amount of income generated and the associated business expenses, which must include invoices signed by participants' customers and contain:
 - customer names and contact information;
 - dates and locations of services provided; and
 - amounts received; and
- Business expense receipts that substantiate the expenses to be deducted from the gross income, when applicable.

TWIST Changes and Instructions

Boards must be aware of the following:

NLF

TWIST Service Code 39–Unsubsidized Employment

- Until September 1, 2012, use TWIST service code *39–Unsubsidized Employment* to track self-employment.
- Under service code *39–Unsubsidized Employment*, the following sources of documentation are accepted to verify self-employment in TWIST *Daily Time Tracking*:
 - (7) *Invoices*
 - (8) *Receipts*
 - (9) *Contracts*
 - (10) *Quarterly Tax Filings*
 - (11) *Copies of Checks*

New TWIST Service Code 32–Unsubsidized Self-Employment

- Effective September 1, 2012, use new TWIST service code *32–Unsubsidized Self-Employment* to track customers in self-employment, with any of the following fund codes:
 - *89–Choices*
 - *90–TANF Applicant*
 - *91–Choices Plus*
- Under new service code *32–Unsubsidized Self-Employment*, the only sources of documentation accepted to verify self-employment in TWIST *Daily Time Tracking* are:
 - (7) *Invoices*
 - (8) *Receipts*
 - (11) *Copies of Checks*

For established self-employment or prospective self-employment enterprises, Boards must ensure that Workforce Solutions Office staff enters documentation of all initial verification information into TWIST *Counselor Notes*.

NLF

INQUIRIES:

Direct inquiries regarding this WD Letter to wfpolicy.clarifications@twc.state.tx.us.

RESCISSIONS:

None

REFERENCE:

U.S. Department of Health and Human Services, Administration for Children and Families,
Temporary Assistance for Needy Families Final Rule, 45 CFR, Part 261, et al.
State of Texas Temporary Assistance for Needy Families Work Verification Plan
Texas Human Resources Code §31.0126(a)
Texas Workforce Commission Choices Rules: 40 TAC §811.42

FLEXIBILITY RATINGS:

No Local Flexibility (NLF): This rating indicates that Boards must comply with the federal and state laws, rules, policies, and required procedures set forth in this WD Letter and have no local flexibility in determining whether and/or how to comply. All information with an NLF rating is indicated by “must” or “shall.”

Local Flexibility (LF): This rating indicates that Boards have local flexibility in determining whether and/or how to implement guidance or recommended practices set forth in this WD Letter. All information with an LF rating is indicated by “may” or “recommend.”