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**ADVISORY: TRAINING AND EMPLOYMENT GUIDANCE LETTER NO. 12-10**

**TO:** STATE WORKFORCE AGENCIES  
STATE WORKFORCE ADMINISTRATORS  
STATE WORKFORCE LIAISONS  
STATE WORKFORCE BOARDS and STAFF  
LOCAL WORKFORCE BOARDS and STAFF  
ONE STOP CAREER CENTER STAFF  
STATE RAPID RESPONSE COORDINATORS

**FROM:** JANE OATES /s/  
Assistant Secretary

**SUBJECT:** Supporting Entrepreneurial and Self-Employment Training through the Workforce Investment System

- Purpose.** To encourage states to establish parameters for funding entrepreneurial and self-employment training under Title I of the Workforce Investment Act of 1998 (WIA), which authorizes the provision of entrepreneurial training to adult and dislocated workers, and authorizes entrepreneurial work experiences for youth.
- References.**
  - Workforce Investment Act of 1998, Section 134(d)(4)(D)(vi);
  - 20 CFR 664.460, WIA Final Rules;
  - Training and Employment Guidance Letter (TEGL) 16-04, “Self-Employment Training for Workforce Investment Clients”;
  - TEGL 16-05, “Flexibility Under Current Employment and Training Law for Hurricane Recovery Strategies”; and
  - TEGL 17-05, “Common Measures Policy for the Employment and Training Administration’s Performance Accountability System and Related Performance Issues.”
- Background.** Small businesses are a vital part of the U.S. economy. They represent 99.7 percent of the nation’s employer businesses; employ just over half of all private sector employees; pay 44 percent of total U.S. private payroll; and have generated 64 percent of net new jobs over the past 15 years.<sup>1 2</sup> Supporting the development of new small businesses through entrepreneurship is an increasingly important strategy in accelerating the pace of economic recovery in the United States. Entrepreneurial activities can spur economic

<sup>1</sup> The Small Business Administration defines “small businesses” as firms employing 500 or fewer individuals.

<sup>2</sup> U.S. Dept. of Commerce, Bureau of the Census: Statistics of U.S. Businesses, Current Population Survey

<b>RESCISSIONS</b> TEGL 16-04	<b>EXPIRATION DATE</b> Continuing
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recovery in many ways, including creating new employment opportunities for the unemployed through the development of small community-based businesses, generating job creation and tax revenue with the formation of high growth companies, and facilitating the transfer of innovative research to the commercial marketplace.

The workforce investment system promotes entrepreneurship and small business development primarily by providing self-employment assistance to workforce system customers. Data gathered under WIA between 2005 – 2008 indicates that this assistance is provided to a small number of individuals – primarily dislocated workers – in a variety of local areas each year. As the workforce investment system supports the nation’s economic recovery, providing entrepreneurship and self-employment training and assistance in a more systemic and strategic fashion is another way the system can leverage its resources to support unemployed and underemployed workers and create jobs.

The workforce investment system is designed to ensure that workforce development strategies align with the needs of employers and leverage the rich resources of collaborative partners available at the local, regional and state levels. The Employment and Training Administration (ETA) encourages the workforce system to integrate entrepreneurship activities into the system’s broader workforce development efforts.

In 2006, ETA published TEGL 16-04, which encourages the workforce investment system to make entrepreneurship training opportunities available to people interested in self-employment under title I of WIA. This current guidance replaces TEGL 16-04 and provides more detailed information about designing and implementing entrepreneurial and self-employment training strategies for adults, dislocated workers, and youth, and provides guidance about allowable costs and outcome tracking.

- 4. Understanding Entrepreneurship in the U.S. Economy.** Entrepreneurship comes in many forms, and results in businesses that range in size and scope from very small, low-cost ventures, to large, high-cost ventures. Approaches to training and support for entrepreneurship vary greatly along this continuum. Microenterprise typically refers to very small businesses with just a few employees that require very little capital to start. The term encompasses businesses such as repair or cleaning services, pet-grooming, computer technology, specialty foods, jewelry, arts and crafts, gifts, clothing and textiles, childcare, environmental products and services, etc. These small companies create employment for the owner and often other family members, or they may grow large enough to employ other members of the community.

On the other end of the size and scope spectrum, entrepreneurship takes the form of high-growth/high-value companies that focus on innovation and growth. These companies facilitate the transfer of innovative research to the commercial marketplace and generate jobs and tax revenue. Between microenterprise and high-growth/high-value companies are the many small businesses that employ between 10 – 100 employees. Creating a healthy environment for entrepreneurship across the full spectrum creates employment and growth opportunities at all income levels in a region.

Supporting a culture of entrepreneurship benefits individuals, the community, and the economy. For communities recovering from economic hardships, entrepreneurship is an important employment and job creation strategy. In communities struggling with declining

industries, successful entrepreneurs can help diversify the economy while creating jobs. For thriving communities, entrepreneurship can be both an employment strategy, as well as an opportunity for an expanding community to meet the increased market demand for services.

Increasingly, entrepreneurship and small business development have been identified as an important employment option for populations that have barriers to employment. For those unemployed workers who are likely to return to their industry as the economy recovers, entrepreneurship may offer an income stream to support a family in the interim. Self-employment may offer individuals with disabilities greater workplace flexibility and income opportunities. Similarly, individuals in rural areas may have geographic and transportation barriers to employment, or they may have to travel outside of the region for employment. Entrepreneurship may allow these individuals to work locally, even at home, to contribute to economic recovery and growth. Finally, youth may benefit from the leadership and financial management skills provided by entrepreneurship work experience, particularly in the tight labor market where traditional jobs for youth are scarce.

5. **Entrepreneurship Resources and Assistance.** Across the country, networks of public and private organizations provide support for entrepreneurs and small business owners. These organizations support goals of economic development, job creation, and/or self-sufficiency, and provide services such as assessment, training, business planning, marketing and product development, counseling and networking, and international trade/export and regulatory compliance. Frequently administered by community action groups, community development corporations, or economic development centers, many of the programs target specific populations including low-income, the unemployed, welfare recipients, refugees, veterans, and women. Funding for these programs may come from federal, state, or local governments, the business community, and private foundations. Community colleges and universities are also a source of entrepreneurial training and assistance. In addition, there are a number of organizations and models for promoting entrepreneurship among youth.

The Small Business Administration (SBA) funds a robust portfolio of resources for prospective entrepreneurs and small business owners, including Small Business Development Centers (SBDCs), SCORE, Women's Business Development Centers, and small business loan programs. These programs operate in states and regions across the country, and should be an integral partner in any entrepreneurship activities sponsored by the workforce investment system. Full information about all of these programs is available at the SBA's Web site at <http://www.sba.gov>.

1. ***Small Business Development Centers.*** Administered and partly funded by the SBA, the SBDCs provide training and technical assistance to current or prospective business owners. Located in every state, they are usually affiliated with a higher-education establishment such as a university, college, or business school. Technical assistance is provided free of charge; there is usually a fee for training programs.
2. ***SCORE, "Counselors to America's Small Business."*** SCORE, a partner of the SBA, is a nonprofit association dedicated to educating entrepreneurs and the formation, growth, and success of small businesses nationwide. Over 10,000 working and retired executives and business owners donate time and expertise through counseling and workshops available online and through nearly 400

chapters across the United States. SCORE can be found online at <http://www.score.org/>.

3. **Women's Business Centers.** SBA's Women's Business Center (WBC) program is a national network providing educational resources to help women start and grow successful small businesses. The program's mission is to level the playing field for women entrepreneurs facing unique obstacles in the business world.
4. **Veterans Business Outreach Program.** The Veterans Business Outreach Program (VBOP) is designed to provide entrepreneurial development services such as business training, counseling and mentoring, and referrals for eligible veterans owning or considering starting a small business. Available services include pre-business plan workshops, concept assessments, business plan preparations, comprehensive feasibility analysis, mentorship, and other business developmental related services. Services are provided in multiple sites covering all states and territories.
5. **Financing.** SBA provides a number of financial assistance programs for small businesses, including debt financing, surety bonds, and equity financing. Banks and other lending institutions offer a number of SBA guaranteed loan programs to assist small businesses. While SBA itself does not make loans, it does guarantee loans made to small businesses by private and other institutions. SBA's primary and most flexible loan program is the 7(a) loan program. It is designed for small businesses requiring "brick and mortar" financing, and is delivered by Certified Development Companies—private, non-profit corporations set up to contribute to the economic development of their communities. The Microloan Program provides very small loans to start-up, newly established, or growing small business concerns. Under this program, SBA makes funds available to nonprofit community based lenders (intermediaries) which, in turn, make loans to eligible borrowers in amounts up to a maximum of \$35,000. SBA also guarantees loans to acquire fixed assets and loans to support individuals and businesses as they recover from a declared disaster. SBA's Surety Bond Guarantee (SBG) Program helps small business contractors who cannot obtain surety bonds through regular commercial channels. Finally, SBA's Small Business Investment Company (SBIC) Program is a public-private investment partnership through which SBA provides venture capital to small businesses. More information about SBA financing can be found at <http://www.sba.gov/financialassistance/borrowers/role/index.html>.

Other federal agencies, including the Department of Labor (DOL), the Department of Education, the Social Security Administration, and the Department of Veterans Affairs, provide services to support entrepreneurship and self-employment.

- **Department of Labor.** The DOL Office of Disability Employment Policy (ODEP) provides technical assistance, both to entrepreneurs as well as to those individuals (or entities) who are assisting entrepreneurs into self-employment, and supports the development of best practices in the area of self-employment for people with disabilities. See <http://www.dol.gov/odep/categories/research/>. Furthermore, ETA is demonstrating the role of the workforce investment system in supporting new entrepreneurs through investment in Project GATE, discussed

below, and through Self-Employment Assistance (SEA), offered through the Unemployment Insurance program. Through SEA, states can pay a self-employed allowance, instead of regular unemployment insurance benefits, to help unemployed workers while they are establishing businesses and becoming self-employed. Participants receive weekly allowances while they are getting their businesses off the ground. For more information and a list of participating states, please see <http://www.ows.doleta.gov/unemploy/self.asp>.

Finally, ETA and ODEP are collaborating to implement the Disability Employment Initiative within the public workforce system and its partners. Under this initiative grants are awarded to states to build capacity for serving people with disabilities. Numerous strategies are possible for states to focus their efforts, including self-employment. For more information, please see: <http://www.doleta.gov/disability/>.

- ***Department of Commerce.*** The Minority Business Development Agency (MBDA) at the U.S. Department of Commerce supports the establishment and growth of minority-owned firms in the United States. Through a network of minority business centers and strategic partners, MBDA works with minority entrepreneurs who wish to grow their businesses in size, scale and capacity. For information about MBDA resources, see <http://www.mbda.gov/>.
- ***Department of Education.*** State Vocational Rehabilitation Programs, funded through the Rehabilitation Services Administration of the U.S. Department of Education (ED), may support eligible participants with disabilities in exploring the marketplace, developing a viable business plan, providing necessary accommodations, obtaining items necessary for business start-up, connecting with community resources (including funding sources), and other activities related to entering self-employment. See ED's technical assistance circular RSA-TAC-00-02 (July 24, 2000) at <http://www.ed.gov/policy/speced/guid/rsa/tac-00-02.pdf>.
- ***Social Security Administration.*** A number of work incentives are also available through the Social Security Administration to assist beneficiaries interested in starting a small business (e.g., Plans for Achieving Self-Support, Income Thresholds for Medicaid, Property Essential for Self-Support, Impairment-Related Work Expenses, Blind Work Expenses, and Self-Employment Subsidies). For information on these programs, see <http://www.ssa.gov/disabilityresearch/wi/detailedinfo.htm>.
- ***Department of Veterans Affairs.*** The Department of Veterans Affairs also administers programs to support veterans' entrepreneurial activities. The National Veterans Business Development Corporation (<http://www.veteranscorp.org>) provides veterans with the tools they need to be successful in business including: (1) access to capital, (2) entrepreneurial education, (3) electronic marketplace, (4) access to services, and (6) business networking. The Center for Veterans Enterprise (<http://www.vetbiz.gov>) supports economic empowerment for veteran entrepreneurs and provides resource assistance for veterans and service-disabled veterans who are considering business ownership.

Financial Resources for Entrepreneurs. Raising capital is a primary concern for many individuals contemplating entrepreneurship. The primary source of capital for many new businesses comes from savings and other personal resources. Banks and credit unions are the most common sources of outside funding. Other sources include borrowing funds from friends and relatives, credit cards, home equity loans, customer financing, and employee stock ownership. For more significant resource needs, angel investors and venture capital firms help expanding companies grow in exchange for equity or partial ownership. Good entrepreneurship counseling services and training courses help entrepreneurs navigate the process of raising capital.

Entrepreneurship Networks in Action. In many parts of the country, state, regional, and local leaders are developing coordinated strategies to support entrepreneurship. These leaders are examining the network of existing entrepreneurship resources, coordinating service delivery, and filling in the gaps with new strategies and services. For example, the State of Illinois has created the Illinois Entrepreneurship Network (IEN) to help small business owners across the state. IEN includes a new Web site, <http://www.ienconnect.com>, which is aimed at helping small business owners looking to expand their companies connect with business experts through local Entrepreneurship Centers and many other economic development centers supported by the Illinois Department of Commerce and Economic Opportunity (DCEO)—the state WIA agency. The Web site features a free business needs assessment and a referral within 24 hours for personalized, face-to-face assistance. It also includes success stories from entrepreneurs who have used the Centers to help build their businesses, and provides links to various services including WIA services for youth, adult and dislocated workers. The web site enables individuals to locate their nearest Illinois Employment and Training Center for additional career assistance. In addition to the Web site, the State also has established a "One-Stop" IEN information center that entrepreneurs can call toll free to find the information they need from state government all in one place. The IEN also includes a partnership with economic development centers across Illinois funded by DCEO, including the Small Business Environmental Assistance program, the SBDC, Procurement Technical Assistance Centers, International Trade Centers, NAFTA Opportunity Centers, and Illinois Manufacturing Extension Centers.

#### **6. Roles of the Workforce Investment System in Supporting Entrepreneurship.**

Entrepreneurship is an important alternative to traditional employment during a slow economic recovery. Workforce investment system resources, including access to unemployed workers, knowledgeable staff, and funding to support training, can complement and enhance existing efforts to support entrepreneurship and self-employment in a local or regional economy. ETA encourages the workforce investment system to seek out existing entrepreneurship organizations, develop an understanding of the dynamics of their support and assistance, and determine how workforce system resources can best create opportunities for customers to access entrepreneurship assistance and training.

Examples of roles the workforce investment system can play in support of entrepreneurship include:

- Engaging with local, regional, and state partners to develop an entrepreneurial environment and developing strategies to leverage workforce system resources to identify and support potential entrepreneurs;

- Informing One-Stop customers about opportunities for self-employment and entrepreneurship and working with customers to assess whether self-employment is a good fit;
- Helping One-Stop customers understand the range of entrepreneurship resources available and referring them to counseling and training that best meet their needs;
- Partnering with organizations that support entrepreneurship and co-locating small business development resources within One-Stop Career Centers as partners;
- Seeking out opportunities to add entrepreneurship training programs to the eligible training provider list;
- Encouraging recipients of Individual Training Accounts to pursue entrepreneurship training where appropriate;
- Integrating entrepreneurship strategies into overall youth education and development activities for at-risk and out-of-school youth; and
- Developing strategies to help small business owners to grow their businesses, such as developing training programs that help small business owners develop growth strategies to enable new job creation.

### Spotlight on One-Stop Career Centers

Below are two examples of One-Stop engagement in entrepreneurship training and development.

Project GATE Demonstration Project: To demonstrate the role of the workforce investment system in supporting new entrepreneurs, ETA funded a demonstration project designed to assist people in creating or expanding their own businesses—Project GATE (Growing America Through Entrepreneurship). The GATE demonstration began in early fall 2003 in three states—Pennsylvania, Minnesota, and Maine. Participants in Project GATE were offered assessments, classroom training and one-on-one technical assistance in developing their businesses and applying for an SBA Microloan or other source of business finance. Nonprofit Community-Based Organizations (CBOs) and the SBDCs provided the classroom training and technical assistance. In some cases, Project GATE represented the state’s first coordinated effort to provide entrepreneurship training and support. The final evaluation results from the demonstration, which includes a 60 month follow-up of all demonstration participants, is available on the ETA Research Publication Database at <http://wdr.doleta.gov/research/keyword.cfm>.

Because of the success of the original Project GATE demonstration, in 2008 ETA awarded four new Project GATE II grants for the extension of the Project GATE model to WIA-eligible dislocated workers in rural areas and over the age of 45. Minnesota and Virginia received grants to provide Project GATE services to WIA-eligible dislocated workers over the age of 45. North Carolina and Alabama received grants to provide Project GATE services to WIA-eligible dislocated workers in rural areas. Each of the grants is approximately half-way through the client enrollment period and initial results from the grants will be available in Winter 2010.

Northern Virginia Center for Business Planning and Development: The Center for Business Planning and Development (CBPD) is a partnership between the Northern Virginia Workforce Investment Board, the Fairfax County Department of Family Services (the local One-Stop operator) and the Business Development Assistance Group (a local non-profit economic development organization). The CBPD is co-located within

the East Falls Church, Virginia One-Stop Career Center, called the SkillSource Center. While the SkillSource Center delivers services to employers and job seekers, the CBPD provides technical assistance to emerging entrepreneurs who wish to become self-employed through business ownership, as well as expansion and retention services to existing small businesses.

Employers, job-seekers, career changers and would-be entrepreneurs all receive services through this co-located partnership. Employers are able to access a full complement of business services in addition to workforce support. Job-seekers and career changers receive information on self-employment and business startup as an alternative to traditional wage employment. As small businesses grow and expand with the help of CBPD, they are connected back with the SkillSource Centers for recruitment services and other workforce needs.

All three partner organizations contribute equally to the operation of CBPD, and have signed a Memorandum of Understanding outlining the terms of the partnership. The Local Workforce Investment Board supports Center marketing activities and operations, to fulfill their mission to be demand-side led and promote economic growth through job creation. The Fairfax County Department of Family Services provides space and other resources, and the CBPD provides its clients with an alternative to a traditional job search. The Business Development Assistance Group delivers CBPD services and benefits from a connection with the SkillSource Center, an additional service delivery location, and resources to serve their clients.

7. **Legal Authority for Entrepreneurial and Self-Employment Training Through One-Stop Career Centers.** State and local workforce investment boards are empowered to support and encourage entrepreneurship. Title I of WIA allows states to provide adults and dislocated workers with occupational skills training, including training for nontraditional employment, and entrepreneurial training (WIA Section 134(d)(4)(D)(vi)).

Self-employment training programs and providers of these programs can and should be included on the statewide and locally maintained eligible training provider lists. WIA regulations require that "[t]raining services, whether under ITA's or under contract, must be provided in a manner that maximizes informed customer choice in selecting an eligible provider." 20 CFR 663.440(a).

Local programs also are able to make entrepreneurship experiences available to youth. One of the ten required youth program elements described in 20 CFR 664.460 is "work experience," and entrepreneurship is an allowable element of work experience.

Entrepreneurship training may also be allowable activities under One-Stop partner programs. For example, Migrant and Seasonal Farm Worker (20 CFR 669.410) and Indian and Native American grantees (20 CFR 668.340) are authorized to provide entrepreneurship training as part of their services.

8. **Critical Elements of Workforce Investment System Support for Entrepreneurial and Self-Employment Training Services.** Training is an important component of workforce system strategies to support entrepreneurship and self-employment. Based on past entrepreneurship demonstration projects, ETA found that a combination of assessment, training, and additional technical assistance, delivered through a network of strategic partners, met customers' needs for support. This bundling of services also led to greater



success for those receiving training. ETA encourages the workforce system to establish parameters for investing in entrepreneurship training that include these elements, described in greater detail below.

- a. **Broad partnerships.** Most communities offer a range of resources to assist entrepreneurs. Rather than duplicate existing services, the workforce investment system can maximize its investment by developing partnerships with the entrepreneurship community and leveraging workforce system resources and expertise in support of entrepreneurship needs. Key partners could include SBA funded programs discussed above, such as SCORE, SBDCs, WBDCs, and VBOCs; Vocational Rehabilitation Agencies, U.S. Export Assistance Centers; local community colleges and four year universities; regional economic leadership teams; community-based or faith-based service providers; local chambers of commerce; other local economic development entities including rural economic development organizations; and financing organizations such as banks, venture capitalists, and angel investors. The workforce system should develop an understanding of the assets and expertise of these partner organizations, and develop strategies to leverage these assets as part of any entrepreneurship-related services provided to workforce system customers.
  
- a. **Assessment.** Entrepreneurship is a high-risk endeavor, and not everyone is suited to self-employment. The workforce investment system can provide a valuable service by helping customers understand the demands of entrepreneurship and what is likely to be required of them, and helping them determine whether their financial skills, tolerance for risk, and other skills, attributes, and experience make them good candidates for starting a business. The SBA also offers an on-line assessment designed to help individuals better understand their readiness for starting a small business. The tool links users to additional SBA resources to help improve their readiness for starting a small business. It is available online at <http://www.sba.gov/assessmenttool/index.html>.
  
- b. **Appropriate and Effective Training.** Many training programs exist for entrepreneurs, and the workforce system will need to explore a variety of training and service providers to identify those best able to meet the needs of One-Stop customers. The workforce investment system should take steps to ensure that workforce system customers are referred to quality training programs. Based on past research, ETA encourages the workforce system to work with service providers that offer, at minimum, basic courses for those just starting businesses that focus on developing a business plan. Topics covered in these basic courses also may include market research, marketing, pricing, financing, cash flow, accounting, hiring, permits and licenses, and legal issues. Other courses should target participants who already have developed business plans and may have started their businesses, but need assistance in growing the business. These more advanced courses may cover topics such as growth strategies, business planning, and customer relations. In addition to training courses, some providers also may offer seminars on specific business types (e.g., child-care businesses), e-commerce, or accounting software packages.

Additional sources of partnership and entrepreneurial education materials can be found through a number of national organizations that support entrepreneurship

education, including the National Standards of Practice for Entrepreneurship Education /Consortium for Entrepreneurship Education.

- c. **Ongoing Support and Technical Assistance.** Individuals are more likely to succeed in entrepreneurial efforts when they have access to additional support services. These could include business counseling, which provides assistance with business plans, business ideas and/or applications for a business loan. Ongoing support services such as marketing support, mentoring, peer support or networking, and individual development accounts, as well as referrals to funding opportunities, business incubators, credit repair services, and/or business libraries. These services can be provided directly through One-Stop Career Centers, or through entrepreneurship partners.
- d. **Knowledgeable staff.** If entrepreneurship training and services are new to a state or local workforce system, WIB staff and One-Stop Operators should ensure that staff are knowledgeable about characteristics of successful entrepreneurs, the training landscape, and the range of technical assistance partners in the region. Staff may also consider working with veterans programs such as the Disabled Veterans' Outreach Program and Local Veterans' Employment Representatives Program, as well as Disability Program Navigators staff. SBA-sponsored program partners may be excellent resources for recruiting or training staff.

**9. Performance Accountability.** Customers receiving entrepreneurial and self-employment training are included under WIA's performance accountability system and are thus subject to ETA's performance policy.<sup>3</sup> As discussed in TEGL 17-05, unemployment insurance (UI) wage records are the primary data source for verifying the adult performance measure outcomes and the employment portion of the youth placement in employment and education measure. Certain types of employment, particularly self-employment, are generally not covered by state UI wage records, and the system has noted this as a challenge in providing entrepreneurship training. However, supplemental data options for some performance measures, combined with performance target negotiations, offer flexibility to accommodate entrepreneurship training within the workforce system. These options are discussed below. In order to verify employment status for the *Entered Employment*, *Employment Retention* and youth *Placement* measures, supplemental data and administrative records may also be accepted (please see Table 1 below). This option may require some additional follow-up by local workforce investment areas to track more closely those individuals who receive entrepreneurial training, but also provides a significant opportunity to make a full and accurate account of employment outcomes for this set of participants. ETA strongly encourages states and local workforce investment boards to develop guidelines for accurately reporting the employment and retention of adult participants in entrepreneurship training, as well as placement of youth in employment or education, by using supplemental data sources and administrative records.

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<sup>3</sup> It should be noted that data element 340 of the Workforce Investment Act Standardized Record Data (WIASRD) layout allows states to identify and track the type of training provided to an individual, including entrepreneurial training. This can subsequently be used to help sort outcomes for those participants who received entrepreneurial training. For more detailed information on the WIASRD layout please use the following link: <http://wdr.doleta.gov/directives/attach/TEGL/TEGL17-09.pdf>.

ETA recognizes that the *Average Earnings* measure presents some additional challenges for those grantees who are utilizing entrepreneurial and self-employment training. First, as mentioned earlier in this section, people who are self-employed are generally not covered by state UI wage records. Second, per TEGL 17-05, supplemental and administrative data cannot be used in calculating the *Average Earnings* measure for those grantees that have access to the UI wage records, as states do. ETA is considering alternatives that would allow grantees to take full credit for achievements of self-employed participants made under this measure. In the meantime, states and local workforce investment boards that want to expand entrepreneurial and self-employment training can use this as a legitimate factor in negotiating performance targets for *Average Earnings*.

Lastly, as a final note on performance, we encourage local areas to partner with organizations such as SBDCs as a useful resource in determining additional metrics that demonstrate the impact of entrepreneurship training and other services.

Please consult TEGL 17-05 for detailed information about ETA’s common measures policy.

**Table 1. Common Measures Policy - Allowable Data Sources (from TEGL 17-05)**

Common Measure	Allowable Data Source
<b>Adult Measures</b>	
Entry to Employment	Wage Records and Supplemental Data Sources
Employment Retention	Wage Records and Supplemental Data Sources
Average Earnings	Wage Records Supplemental Data Sources ( <u>only</u> for grantees that do not have access to wage records)
<b>Youth Measures</b>	
Placement in Employment or Education	Wage Records and Supplemental Data Sources for placement in employment and military Administrative records for placement in education or training
Attainment of a Degree or Certificate	Administrative records
Literacy and Numeracy Gains	Assessment instrument

**10. Allowable Costs.** There are a range of activities allowable under WIA that promote the success of small businesses and entrepreneurship. The following uses of WIA funds are allowable when they are reasonable and necessary costs in support of the purpose of the grant:

- Entrepreneurial Training. WIA funds may be used for training for new entrepreneurs and small business owners, which can range from general business courses to specific courses on such topics as how to address legal and personnel issues.
- Skills Training. WIA funds may be used for skills training for potential employees, and, subject to certain restrictions by fund source, for customized training for incumbent workers. Small businesses can also arrange On-the-Job Training (OJT) with One-Stop Career Centers. WIA regulations at 20 CFR 663.700(a) allow

businesses to receive reimbursement of up to 50 percent of the wage rate to compensate for the employer's extraordinary costs, with the business incurring the remainder of the costs. Requirements for incumbent worker training are found at 20 CFR 6.

However, states may request waivers to allow greater flexibilities in using these options including the ability to use Local funds for incumbent worker training, and for implementing a sliding scale for the proportion of the costs for which small businesses receive reimbursement, up to 90 percent reimbursement of the wage rate for an OJT. States may request a similar waiver for customized training costs.

- Recruitment and Hiring. Posting jobs, recruiting workers, conducting interviews, and screenings applicants are business services that are regularly offered by One-Stop Career Centers, and can be provided to small businesses.
- Credentials. WIA funds can be used to pay costs associated with obtaining a skill or occupational credential that demonstrates the expertise of the entrepreneur or small business owner. Examples include a barbering credential, certified pension consultant, title examiner, or notary. The definition of credential can be found in TEGL 17-05. WIA funds may not be used to cover the costs associated with standard business licenses or degrees that do not pertain to a specific skill or occupation.
- A portion of Equipment, Software, and Computer Costs. Equipment, software, and computer costs are all treated differently under the Office of Management and Budget Cost Principle Circulars on allowable costs. Although WIA funds cannot be used to purchase equipment or other capital assets, software, or computers for the sole use of the small business's commercial operation, if they are purchased by the business and used to provide training to eligible program participants, the business can charge a user fee to the grant as follows:
  - *Equipment* (acquisition cost of \$5,000 or more with a useful life of more than one year). For capital assets such as equipment, a use allowance fee may be charged to the grant for the time the equipment is used for training. The fee is capped at 6 and 2/3 percent of acquisition cost on a yearly basis and may only be charged proportionate to the time the assets are used in training. (See 20 CFR 225 (OMB Circular A-87) Appendix B, Item 11 for a more detailed description of depreciation and use allowance costs and their application to Federal grant projects).
  - *Software*. Software is not considered a fixed asset under the allowable cost principles. For software costs, a share of the annual licensing agreement fee or other such costs associated with the use of the software may be charged to the grant proportionately based on the amount of time the software is used for training of eligible program participants.
  - *Computers*. Computers are considered to be either supplies or equipment based solely on the purchase price and definition under allowable cost principles. (Computers are generally considered to be supplies if they are personal property other than equipment and cost less than \$5,000 per unit. However, this is not the case if purchased as a part of a network with a total acquisition cost of \$5,000 or more.) As a supply, the proportional share of the cost of a computer may be

charged to the grant based on the time the computer is used for the training of eligible program participants.

**Please note that business capitalization costs or other economic development activities not directly tied to training are not allowable.**

**11. Resources.** The Federal Government provides a variety of information and resources that may be of value to the workforce investment system as it develops strategies in support of entrepreneurship. Examples of such resources are provided below.

- U. S. Small Business Administration (SBA). The SBA offers a number of resources online to plan, launch and grow a business: <http://www.sba.gov>.
- Entrepreneurship Competency Model. In collaboration with the Consortium for Entrepreneurship Education (CEE), the Employment and Training Administration (ETA) has worked with education, business, and industry leaders to develop a comprehensive competency model for entrepreneurship as it relates to all careers areas. The model is designed to be adaptable along with changing skill requirements. CEE has committed to working with entrepreneurship leaders and partners to keep the model current. The model can be accessed here: <http://www.careeronestop.org/competencymodel/pyramid.aspx?ENTRE=Y>.
- ETA Occasional Paper 2009-22, “Think Entrepreneurs: A Call to Action”. This paper, authored by the Consortium for Entrepreneurship Education and subtitled “Integrating Entrepreneurship Into the Public Workforce System Throughout America,” analyzes current entrepreneurship operations and policies in the public workforce investment system, and collects information on ways Workforce Investment Boards and One-Stop Career Centers currently provide support for developing entrepreneurs. The report provides descriptions of how to implement entrepreneurship training strategies. It can be accessed at [http://wdr.doleta.gov/research/FullText\\_Documents/Think%20Entrepreneurs%20A%20Call%20to%20Action%20%2D%20Integrating%20Entrepreneurship%20into%20the%20Public%20Workforce%20System%20Throughout%20America%2Epdf](http://wdr.doleta.gov/research/FullText_Documents/Think%20Entrepreneurs%20A%20Call%20to%20Action%20%2D%20Integrating%20Entrepreneurship%20into%20the%20Public%20Workforce%20System%20Throughout%20America%2Epdf).
- Project GATE Interim and Final Reports. These detailed reports from ETA’s entrepreneurship demonstration project provide detailed descriptions of project components and interim and final observations and outcomes. They are valuable tools for any WIB or One-Stop thinking about providing entrepreneurship-related services and resources. The interim report can be accessed here: [http://wdr.doleta.gov/research/FullText\\_Documents/Growing%20America%20Through%20Entrepreneurship%20%2D%20Interim%20Report%2Epdf](http://wdr.doleta.gov/research/FullText_Documents/Growing%20America%20Through%20Entrepreneurship%20%2D%20Interim%20Report%2Epdf) and the final report can be accessed here: [http://wdr.doleta.gov/research/FullText\\_Documents/Findings%20from%20the%20Evaluation%20of%20Project%20GATE%20Report%2Epdf](http://wdr.doleta.gov/research/FullText_Documents/Findings%20from%20the%20Evaluation%20of%20Project%20GATE%20Report%2Epdf)
- Workforce3One. Sponsored by ETA, Workforce3One is an interactive communications and learning platform designed to build the capacity of the Workforce Investment System to develop strategies that enable individuals to be successful in the 21st century economy. The site houses numerous resources on entrepreneurship and entrepreneurship training: <http://www.workforce3one.org>.
- U.S. DOL Office of Disability Employment Policy (ODEP). ODEP provides information about the benefits of entrepreneurship as an employment option for people with disabilities: <http://www.dol.gov/odep/pubs/publicat.htm#options>.

- Disability Employment Initiative. The Disability Employment Initiative establishes Disability Resource Coordinators in a limited number of states to improve the workforce development system's capacity to serve people with disabilities: <http://www.doleta.gov/disability>.
- The Road to Self-Sufficiency: A Guide to Entrepreneurship for Youth with Disabilities. Developed by the National Collaborative on Workforce and Disability for Youth, a technical assistance center funded by ODEP, this Guide promotes the benefits of entrepreneurship education and self-employment for all youth, including youth with disabilities, and provides tools to assist providers in making entrepreneurship education programs accessible to youth with disabilities: [http://www.ncwd-youth.info/resources\\_&\\_Publications/entrepreneurship\\_guide.html](http://www.ncwd-youth.info/resources_&_Publications/entrepreneurship_guide.html)
- Self-Employment Technical Assistance, Resources, & Training (START-UP / USA). U.S. DOL's Office of Disability Employment Policy established START-UP / USA to provide technical assistance and disseminates resources nationally to individuals interested in pursuing self-employment. In addition, ODEP funded three pilot projects in Alaska, Florida, and New York. These projects generate data and information to validate systems capacity-building strategies and systems change models for successfully increasing self-employment opportunities for individuals with disabilities. More information is available at <http://www.start-up-usa.biz/>.
- Veteran Entrepreneurship, Self-Employment, and Small Business Development. The SBA maintains information about services to support veteran entrepreneurs at <http://www.sba.gov/aboutsba/sbaprograms/ovbd/index.html>.

**12. Action Requested**. State and local workforce investment boards are strongly encouraged to examine existing strategies for promoting entrepreneurship as an employment strategy, establish parameters for funding entrepreneurial and self-employment training, and explore further opportunities for supporting entrepreneurship.

**13. Inquiries**. Inquiries should be directed to the appropriate regional office.