

WIA-Funded Entrepreneurship Training in Washington State

Overview of Self-Employment Preparation Services



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Workforce Training and Education Coordinating Board

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Title I-B funds, available nationwide under the Workforce Investment Act (WIA), provide critical funding to help low-income youth, unemployed adults and dislocated workers enter and reenter the workforce. WIA programs contribute toward a better educated and trained workforce capable of adding value to the economy's output. This report examines the various ways WIA Title I-B resources in Washington are used to empower job seekers in making good decisions about training and job placement. Those interested in self-employment are among those who seek out WIA counseling, referral and training services. This report particularly focuses on the ways that WIA resources are being used in Washington to help aspiring entrepreneurs access the information and services they need to succeed with self-employment. Observations and findings presented in this report are based on interviews with Workforce Development Council staff and directors in the state's 12 Workforce Development Areas. Employment Security Department staff helped supply the WIA Title I-B program expenditure and participant data presented in the report.

Entrepreneurial training is an allowable training activity under WIA Title I-B (Sec. 134(b)(4)(D)(VI)). The observations and recommendations presented in this report can inform WIA policymakers.

The Workforce Innovation and Opportunity Act (WIOA), an historic bipartisan piece of legislation, was signed by President Obama on July 22, 2014. This landmark Act reauthorizes and amends the Workforce Investment Act. Entrepreneurial training and microenterprise services continues to be an allowable training activity for the following WIOA Title I programs:

- Youth Activities Program Sec. 129(c)(2)(L)
- Statewide Activities Sec. 134(a)(3)(A)(i)
- Adult and Dislocated Worker Program training services Sec. 134(c)(3)(D)(vii), and Sec. 134(d)(1)(A)(VI)((vii)(I))
- Native American Programs under Sec. 166(a)(1)(B) and Sec. 166(d)(2)(A)(i)

In implementing WIOA, the Secretary of the U.S. Department of Labor is directed by Congress to issue proposed WIOA regulations by January 21, 2015. The information on entrepreneurial demonstration projects and the observations and recommendation included in this report will be useful to DOL as it begins to shape new WIOA regulations to guide states, local Workforce Development Boards and participating tribes in the delivery of self-employment preparation services. See pages 27-28 for more information on WIOA.

WorkSource – Washington's One-Stop Career Development Centers

The One-Stop Career Development Centers in Washington are called WorkSource Centers. Washington's statewide WorkSource system is a partner in the nation's *American Job Center* network. Local area memorandums of understanding and formal resource-sharing agreements among WorkSource partner agencies spell out how federal WIA Title I-B funds, federal Wagner-Peyser Act funds, and other program funds contribute to the overall costs of keeping

WorkSource centers open and professionally staffed. WorkSource invites the public to access, at no cost, a wide range of tools and services available at WorkSource Centers and online through www.go2worksource.com.

WIA “Core Services”

WorkSource universal **Core Services** funded by WIA Title I-B and other sources

WorkSource is not a program. It is a central location for employment and career services provided by partner organizations. It is a “one-stop shop” partnership of government, education, and community organizations that collectively serves the public, providing career planning, training, and placement resources for employers and jobseekers. Jobseekers rely on WorkSource services for a variety of reasons. Some come to learn how to apply for unemployment insurance benefits and, while there, discover that registering with WorkSource opens them to many resources that can aid in their employment reentry. Many come to WorkSource seeking job search and placement assistance. Others come to WorkSource in search of postsecondary education resources. Individuals with barriers to employment come to WorkSource to take advantage of WIA-funded short-term pre-vocational services including development of learning skills, communication skills, personal maintenance skills and professional conduct in order to improve their job search prospects. Job counselors at WorkSource funded by WIA and Wagner-Peyser show job seekers how to independently review and track job listings. Through WorkSource, job seekers are notified of employer hiring events held at WorkSource offices, and customers are given many choices such as electronically posting their résumés or signing up to take employer-specific job screening tests. Computers and desk space are available at WorkSource centers for Internet job search and for career exploration. Individuals with limited English proficiency, older workers, veterans, public assistance recipients, individuals with disabilities, ex-offenders, and other populations are helped by WorkSource staff to connect with programs designed to meet their education and employment needs. To reach a greater number of people, WorkSource staff hold specialized workshops in group settings to help to sharpen job search skills and highlight available training options.

Washington’s web portal is www.go2worksource.com. Through this website, WorkSource customers can review upcoming workshops by topic, and by date and location. The following WorkSource workshops were offered to the public at no cost:

- Introduction to WorkSource
- Skills and Abilities Analysis
- Career Coach Workshop
- Basic Computer Skills
- Job Search Strategies
- Effective interviewing techniques for the new economy
- Résumé and Cover Letters
- Navigating LinkedIn and Social Media in Your Job Search
- Division of Vocational Rehabilitation Job Club
- Veterans Resource Orientation
- Homeless Intervention Services

- Reemployment Connections for Mature Workers
- E-Learning – How to Register and Take Free Lessons
- Pay for College Workshop

WIA and Wagner-Peyser staff encourage those receiving unemployment insurance (UI) benefits to seek Employment Security Department approval to suspend job search to attend an occupational skills training program. This job search suspension is also extended to UI recipients who are eligible for and interested in pursuing self-employment training through Washington’s Self Employment Assistance Program (SEAP). SEAP is administered by the Employment Security Department (ESD). Under SEAP, UI recipients who are determined likely to run out of benefits, based on their claimant score, can collect their unemployment benefits without having to look for work as long as they make satisfactory progress while in a full-time self-employment entrepreneurial training program approved by ESD. More information on SEAP at: <http://www.esd.wa.gov/uibenefits/specialservices/training/self-employment-assistance-program.php>

Individuals weighing whether or not to pursue self-employment require a distinctly different type of public workshop. In three of Washington’s most populated counties (King, Snohomish, and Clark County), WorkSource staff partner with technical experts employed by regional U.S. Small Business Administration offices and Small Business Development Centers to address this specialized need. Here are some examples:

- In King County, the state’s most populous county, self-employment planning workshops are offered monthly at several WorkSource locations. For example, on February 5, 2014, WorkSource customers attended a **“Start Your Own Business”** workshop at WorkSource Affiliate Auburn. At these local events, a Small Business Administration specialist explained how SBA offers free counseling, professional development assistance, and information on access to capital and government contracting. On February 14 at WorkSource Redmond and again on February 21 at WorkSource Renton, customers attended a workshop called **“I Want To Work For Myself”** where they discussed their plans and received advice from a Small Business Development Center specialist. Here is how this workshop was advertised:

“I Want To Work for Myself” –Thinking about self-employment or starting a business? This class will outline the research you will need to test your idea, develop a business plan, inform you of the many resources available to help you in Washington state and present an overview of financial options.

- Periodically, the WorkSource office co-located at North Seattle Community College offers a **“Finance for Small Business”** workshop.
- In Snohomish County the public is invited to attend **“Strategic Planning for Self-Employment”** workshops held at WorkSource Everett Station. A workshop was held on February 13 and again on February 27, 2014. At this workshop, a WorkSource staff member (funded by Wagner-Peyser) uses PowerPoint to lead a discussion on the

general characteristics of entrepreneurs and the factors to consider when pursuing self-employment. The workshop presenter lets the audience know that entrepreneurship is a high-risk endeavor and that not everyone is suited for self-employment. Workshop attendees are given time to reflect whether their financial skills, tolerance for risk, and other skills, attributes and experience make them good candidates for starting a business. Customers are then helped to understand the range of entrepreneurship resources available to them in the greater Puget Sound area. Information critical for business development and market research is covered as well as information on taxes, zoning, licenses, permits, and financing. Unemployment insurance recipients eligible to apply for the state's Self Employment Assistance Program (SEAP), are encouraged to do so. (See Page 3 of this report for more information about SEAP). Finally, key resource information offered by the Small Business Administration, Small Business Development Centers, and SCORE are emphasized.

- The administrative office of WorkSource Snohomish is co-located with the Economic Alliance Snohomish County (the region's Economic Development Council). This helps the two organizations coordinate workforce and economic development initiatives.
- WorkSource Snohomish and WorkSource Vancouver offer many free online videos and courses such as "Mindset of a Champion" and "Professional Networking Essentials" through the ResCare online Academy Catalog (ResCare is a WIA service provider). Other ResCare online videos and courses cover management, goal setting, and customer relations topics - - all helpful to new entrepreneurs.
- The City of Mountlake Terrace in Snohomish County is partnering with the U.S. Small Business Administration (Seattle District Office), WorkSource Snohomish County and Girandola, a regional for-profit entrepreneurial training provider, to deliver a series of six monthly workshops to teach future business owners the ins and outs of entrepreneurship. These hands-on *Launch Lab* sessions were held in the first half of 2014, in the Council Chambers of the Mountlake Terrace City Hall. WorkSource Snohomish County used Facebook and other social media to encourage the public to sign up for one (and preferably all) of six workshops. Each session's content builds on the previous session. *Launch Lab* workshops are free to the public.

Launch Lab Class Topics:

February 5, 2014—So You Want To Start a Business?

Learn more about what it takes to be a successful entrepreneur and the first key steps.

March 5—Key To Free Business Resources

Features a panel of business resource technical advisors employed by WorkSource, the Women's Business Center, the region's Small Business Development Centers, the Veteran's Business Outreach Center, SCORE, and the Procurement Technical Assistance Center.

April 2—Acing Your Business Plan

Tips to putting together a solid business plan.

May 7—Show Me the Money!

Learn from an expert panel about different funding sources including SBA loans and micro-lending.

June 4—Dolphin Tank

Present your business plan to a panel of local business experts including David Nissen, 2007 SBA National Young Entrepreneur of the Year

The following offers another example of a regional partnership that supports entrepreneurship preparation:

CREDC Economic Development in Clark County organizes five *Pub Talk* events each year. These networking events are designed to connect entrepreneurs, investors, future entrepreneurs and other business professionals to foster innovation in southwest Washington. The Southwest Workforce Development Council, as a long-time sponsor and supporter of *Pub Talk*, helps publicize the events. *Pub Talk* aims to educate, inspire, and connect entrepreneurs. *Pub Talk* promoted the following benefits to local entrepreneurs:

- Get paired with a mentor/coach to evaluate your business plan.
- Develop a seven-minute PowerPoint “pitch” presentation.
- Hone your elevator pitch.
- Display or demo your products.
- Get connected with potential investors and partners.
- Meet fellow entrepreneurs for peer support.
- Market your product or service in the community.

WorkSource Seattle-King County provides employers and job seekers with an comprehensive resource website at: www.worksourceskc.org. The website’s construction and maintenance is WIA-funded. The website’s section on *Local Business Assistance & Economic Development Resource Index* includes a well-organized subsection on Business Resources

<http://www.worksourceskc.org/business/assistance.php> (also see Appendix A of this report).

Anyone seeking technical help to build a business plan or microenterprise funding, can from this one web page, connect to 11 small business assistance organizations to learn about business service tools, guides, and no-cost and low-cost services. This website supplies direct links to Seattle SCORE and to SBA Seattle District Office event calendars. The website features dates and locations of business services events including workshops, mentoring and networking meetings, technical assistance sessions, conferences, and webinars designed to assist future entrepreneurs.

Other planning resources available to WorkSource customers and staff include the U.S Small Business Administration’s online readiness scoring tool for starting a small business:

<http://www.sba.gov/assessmenttool/index.html>.

WIA Adult and Dislocated Worker Program “Intensive Services”

Beyond the core services available to everyone accessing WorkSource, eligible unemployed and underemployed adults and dislocated workers can enroll in the WIA Adult Program or the WIA Dislocated Worker Program and receive in-depth career planning assistance, individual career counseling, pre-vocational training, and job placement assistance. WIA-funded case managers meet with WIA participants to guide them in creating an Individual Employment Plan. WIA participants take self-assessments and are coached as they look through their self-assessment results. They are encouraged to examine labor market information and industry “demand-decline lists” for their region. Customers use Washington’s Career Bridge website (www.careerbridge.wa.gov) (see Appendix B) to explore careers, view job trends, and locate an occupational skills training program of their choice. Career Bridge also provides performance outcomes for over 2,400 Washington education programs, detailing completion, earnings and employment rates, to help customers make informed decisions.

Dislocated workers meet with WIA case managers to review their work history and past job duties to identify transferable skills. This helps dislocated workers refine their resumes and target their job search. For others, it helps them select an occupational skills training program to build and update their skills. A transferable skills analysis also helps dislocated workers whose previous job is in a declining industry select an education program to retrain for a new career. By analyzing transferable skills customers can also better reflect on how to make use of their existing skills to open their own business.

Self Sufficiency Calculator

Washington’s WIA programs focus on helping customers become self-sufficient. A key tool used in Washington is the Self-Sufficiency Calculator <http://www.seekingwdc.org/workforce/self-sufficiency-calculator.html> developed by the Workforce Development Council of Seattle-King County and taken statewide in 2007. WIA case managers encourage customers to use this online tool to determine how much it actually costs to meet basic family expenses, based on the individual’s unique family make-up and where they live. This information is used to make employment and education plans that realistically meet needs. The calculator also informs customers if they are eligible for public assistance programs.

WIA participants are helped to make community connections to access a range of supports including housing and food, along with information on how to set up individual savings accounts. WIA rules require that WIA resources be used for occupational skills training costs only after exhausting all other available student financial aid resources. For this reason, WIA case managers help WIA participants apply for financial aid including Pell and State Need Grants. This shared cost approach helps to stretch limited WIA resources. WIA case managers look for opportunities to co-enroll WIA dislocated workers in the state’s dislocated worker training program called Worker Retraining. They also refer qualifying customers to the Self Employment Assistance Program (SEAP), see more on page 3 of this report.

WIA Adult and Dislocated Worker Program “Training Services”

Training services authorized by WIA include on-the-job training, customized training, paid work experience, entrepreneurship training, and occupational skills training. Under WIA, payments to educational service providers are made using payment vouchers called Individual Training

Accounts (ITAs). The ITA is established on behalf of a registered WIA Title I–B adult, dislocated worker, or older youth. The customer uses the funds to purchase training services from an eligible provider selected in consultation with an employment counselor. Customers receiving training under this approach receive the information they need (such as skills assessment, labor market conditions and trends, training provider performance) to make an informed choice about their own employment future and the training they need to support this decision. The individual must have the skills and qualifications to successfully complete the selected training program. Local Workforce Development Council WIA policies establish dollar and duration limits for ITA awards in their area. These policies are written not to undermine, but maximize customer choice in the selection of a training course toward a demand occupation and in the selection of an eligible training provider.

Entrepreneurship training is an allowable training activity under WIA Title I-B (Sec. 134(b)(4)(D)(VI)). As directed by the Washington Legislature (RCW 50.62.030) and consistent with state WIA Policy 3705, all individuals eligible for WIA Adult or Dislocated Worker Services in Washington are informed of the opportunity to enroll in self-employment training programs on the same basis as other WIA-funded training consistent with local and state WIA Individual Training Account (ITA) policies.

<http://www.wa.gov/esd/1stop/policies/documents/title1b/3705WIASelf-EmploymentTraining.pdf>

Individual Training Accounts (ITAs) for training services, including entrepreneurship training, must be necessary to the success of the participant’s service plan for employment. ITAs are authorized for training in occupations that are in demand in the area. WIA training services are not entitlements and are provided to participants on the basis of an assessment of the individual’s skills and qualifications, suitability for such training, and potential for successful completion. It is difficult for WIA case managers to judge a person’s readiness to succeed in an entrepreneurship training program. For this reason, WIA case managers in two Workforce Development Areas benefit by having specialized tools available to them so that they can better assess the readiness of candidates to take entrepreneurship training.

In Snohomish County, WorkSource Snohomish requires WIA participants who are considering an entrepreneurship training ITA, to attend a self-employment orientation session. At these group sessions, candidates are asked to complete a self-appraisal form covering 18 questions that measure preparedness for entry into an entrepreneurship training program. WIA case managers make use of an 18-part scoring guide to measure whether the suitability for self-employment for a candidate is low, medium or high—see scoring guide at: <http://www.esd.wa.gov/uibenefits/specialservices/training/self-employment-assistance-program.php>. Candidates are then scheduled for follow-up counseling sessions with their WIA case manager to individually go over appraisal worksheet scores. This specialized counseling session helps the WIA participant to assess whether self-employment is a good fit. The appraisal process also helps the case manager to determine the viability of an ITA to increase the chance of success.

Recognizing that WorkSource staff typically do not have the training and expertise in making judgments on a participant’s degree of readiness to succeed in an entrepreneurship training

program or as a business owner, the Northwest Workforce Development Council has established its own unique regional policy to guide entrepreneurship training ITA approval decisions. In this Workforce Development Area, WIA participants interested in entrepreneurship training are required to meet with specifically named certified business advisors located in their county. In Whatcom County, the Director of the Washington Small Business Development Center serves in this capacity. In Skagit County, a certified business advisor for the Economic Development Association of Skagit County has agreed to serve in this role and in Island County, the named advisor is the Executive Director of the Island County Economic Development Council. The interested participant is required to complete a six-part Training Proposal questionnaire and take the completed form with them when they meet with their designated business advisor. At the meeting, the business advisor reviews the individual's Training Proposal and listens as the WIA participant describes the stage of their business planning and extent of their market research conducted to date. After the meeting, the business advisor signs and mails back to the Workforce Development Council a completed worksheet rating the participant on five indicators:

- How viable is the business sector of interest?
- Does he or she possess the leadership, management skills and determination necessary to start and run a business?
- Does this individual and business idea appear financeable?
- Does the candidate appear ready and able to benefit from self-employment or entrepreneurial training?
- Overall, what likelihood of success does this proposal have?

This process helps the WIA participant assess whether self-employment is a good career choice. The certified business advisor's worksheet ratings and overall assessment of readiness is the guide that WorkSource staff in the Northwest Workforce Development Area use to avoid approving an Individual Employment Plan that is not viable and an ITA that is not likely to lead to program completion and self-employment.

Small Business Development Center and Economic Development Council staff are often the most experienced individuals to offer business development advice to aspiring entrepreneurs but relying on these professionals alone to advise WIA-eligible customers has clear limitations. These business professionals are accustomed to counseling individuals who generally have higher levels of education, more business experience, and more bankable financial resources than WIA participants customarily have. They are less likely to give lower educated, lower skilled and less capitalized WIA customers "the benefit of the doubt." This could lead to a biased gatekeeper effect. There is a gap in Washington's WIA assessment system for customers seeking self-employment assistance. This is why state and local partners are so eager to examine the results and findings of the *Washington Workforce Development Entrepreneurship Training Pilot* (see pages 24-25).

The pilot's Ice House model uses assessments designed to help customers "choose for themselves." The pilot will inform future policy affecting WorkSource staff training and customer assessment processes. As described in this report, WIA-eligible customers enrolled in

the pilot will benefit from a “Developing an Entrepreneurial Mindset” orientation using the Ice House curriculum (the pilot’s Tier 1 component). The Tier 1 orientation combined with Tier 2 assessment services are designed to help customers judge for themselves if self-employment is a good fit. The pilot’s orientation and assessment process will also aid WIA case managers responsible for approving ITAs for the pilot’s participants who choose to move forward in the pilot’s Tier 3 entrepreneurial training component.

Washington’s Division of Vocational Rehabilitation (DVR) staff, located throughout the state, are One-Stop (WorkSource Center) partners. DVR staff have experience in coordinating self-employment services for WorkSource customers. Between July 1, 2013 and June 30, 2014, a total of 57 DVR customers completed their rehabilitation plan and became self-employed. DVR uses federal U.S. Department of Education funds and state funds to provide self-employment assistance to individuals with disabilities. DVR begins with a comprehensive assessment of the customer’s vocational rehabilitation needs. Self-employment is explored by first conducting a feasibility study to determine the viability of the business idea. This is followed by development of an in-depth business plan that is agreed to by DVR before any services are provided to the customer’s self-employment endeavor. DVR contracts with professional business development consultants to aid in business planning and work accommodations.

WIA Expenditures and Participant Numbers in Program Year 2012

Title I-B of the Workforce Investment Act is a national program administered by the U.S. Department of Labor. There are three grants identified under Title I-B of the Act: 1) an employment and training grant to serve low-income youth; 2) an employment and training grant to serve disadvantaged adults; and 3) an employment and training grant to serve dislocated workers. DOL allocates funds each year under each of these three grants to the states and territories using a formula based on several factors. In Washington, the governor’s designated grant recipient is the Employment Security Department (ESD). Following DOL guidelines, ESD allocates the majority of the funds under the three WIA Title I-B grants to 12 local area Workforce Investment Boards known in Washington as Workforce Development Councils (WDCs). Members of these employer-led councils are appointed by designated Chief Local Elected Officials (CLEOs). By law, WIA budgets are established locally by WDCs. Each

Council, with the aid of its administrative staff and in consultation with local elected officials, approves an operational budget for each of the three grants. The WDCs are responsible for developing a strategic plan for the region’s workforce development system. WIA funds are allocated in accordance with economic priorities and customer needs as outlined in the local strategic plan.

Building an annual budget for the WIA programs is difficult because the funding for these federal grants has receded and there are many competing needs. WIA Adult Program and WIA Dislocated Worker Program budgets are established to distribute funds to cover the costs of WIA Core, Intensive, and Training services as described above.

WIA Title I-B Adult Grant Funds--PY 2012 (July 1, 2012 to June 30, 2013)

Washington's 12 Workforce Development Councils spent an estimated \$14.2 million using WIA Adult Grant funds.

Tuition for Individual Training Accounts (ITAs) totaled \$1.9 million. Of that amount, about \$21,600 was spent on entrepreneurship training ITAs.

The balance of the funds were spent on business outreach services, participant recruitment and outreach, participant eligibility determination, tracking and reporting participant progress, community partnership coordination, employer reimbursements for On-the-Job Training contracts (\$349,895), paid work experience (WEX) for participants (\$309,069), participant support services (\$631,448), salaries and benefits for staff supporting and coordinating WIA core, intensive and training services, and administrative costs (capped at 10 percent).

WIA Title I-B Dislocated Worker Grant Funds--PY 2012 (July 1, 2012 to June 30, 2013)

Washington's 12 Workforce Development Councils spent an estimated \$16.4 million using WIA Dislocated Worker funds.

Tuition for Individual Training Accounts (ITAs) totaled \$3.1 million. Of that amount, about \$31,000 was spent on entrepreneurship training ITAs.

The balance of the funds were expended on business outreach services, participant recruitment and outreach, participant eligibility determination, tracking and reporting participant progress, community partnership coordination, employer reimbursements for On-the-Job Training contracts (\$251,977), paid work experience (WEX) for participants (\$73,544), participant supportive services (\$524,538), salaries and benefits for staff supporting and coordinating WIA core, intensive, and training services, and administrative costs (capped at 10 percent).

Please note: these numbers reflect only a portion of training funds provided by WDCs, as it is commonplace to supplement limited and declining WIA funds with other resources. As such, WDCs frequently augment WIA funding by using it as the base for staffing costs, and then leveraging other grant resources to be used for OJTs, paid work experience, and ITAs. Examples of funds available in Washington state in the past program year include the following grants: On-the-Job Training National Emergency Grants, National Emergency Grants for Dislocated Workers (including the Camo2Commerce NEG), and Rapid Response for Long-Term Unemployed grants; all of which contain training resources. As described on Page 6, WIA rules require that WIA resources be used for occupational skills training costs only after exhausting all other available student financial aid resources. For this reason, WIA case managers help WIA participants to apply for student financial aid including Pell and State Needs Grants. This shared cost approach helps to stretch limited WIA resources. WIA case managers also look for opportunities to co-enroll WIA dislocated workers in the state's dislocated worker training program called Worker Retraining.

In PY 12, a total of 4,955 WIA Adult Program participants were served. Some 984 (or nearly 20 percent) of the participants requested and received ITAs for occupational skills training. Of that

number, a total of 32 WIA Adult Program participants used their ITAs for entrepreneurship training. Program outcomes for these 32 participants:

- Six reported they are now self-employed at least part-time.
- 10 went to work for an existing firm (entered unsubsidized employment).
- Seven had other types of exit.
- Nine remained active in WIA into PY 13.

In PY 12, a total of 6,140 Dislocated Worker Program participants were served. Some 1,205 (or nearly 20 percent) of the participants requested and received ITAs for occupational skills training. Of that number, a total of 44 WIA Dislocated Worker Program participants used their ITAs for entrepreneurship training. Program outcomes for these 44 participants:

- Eight reported that they are now self-employed at least part-time.
- 15 went to work for an existing firm (entered unsubsidized employment).
- Nine had other types of exit.
- 12 remained active in WIA into PY 13.

Personal stories of self-employment in Snohomish County

Behind these numbers are personal stories and struggles told by aspiring entrepreneurs. For purposes of this report, WorkSource Snohomish staff interviewed 29 of these participants in March 2014 to learn about their business start-up progress. Staff learned that some who identified themselves as self-employed at time of exit from WIA have since named their business and filed for a license but the income generated from their part-time business (businesses such as making jewelry, massage, selling soap, conducting energy audits) is so limited that they must supplement their income with other full and part-time employment and wages. Several individuals, taking jobs in existing firms at the time of leaving the WIA program, reported keeping their self-employment goals alive by using their salary to pay living expenses, while building capital, refining their business plans, testing the marketplace to determine genuine customer demand for their product/service, and conducting trial advertising. Of those interviewed who are still enrolled in WIA in PY 2013, most reported that they are looking for work and needing to work before they can launch a business of their own.

The fact so many of participants, at time of exiting WIA, went to work for an existing firm rather than for themselves is not surprising. Few start-up businesses are immediately profitable. An unsubsidized employment outcome makes sense because it takes time to start up a business at a level that offers self-sustaining income. It takes time for an entrepreneur to hone their craft. It takes time to approach the point when an on-the-side business venture reaches the crossover—when business revenues eclipse expenses at a rate offering self-sufficiency. To better gauge the benefits of investing WIA dollars in the training and support of aspiring entrepreneurs, (including those who went to work for an employer after their entrepreneurial training), would require capturing participant outcomes three to five years out. Current WIA follow up tracks employment retention three quarters (seven to nine months) after program exit and self-employment wage data is not included in Washington's employer wage record

database. People move, things change, so establishing requirements to conduct three to five year follow-up is likely not realistic. Proxy measures would need to be considered such as:

- Rate of completion in a WIA-funded entrepreneurship training course that meets certain established criteria for rigor and content.
- Reduced dependence on public services such as TANF.
- Documentation that a business license was filed.
- Documentation that the business is operational over time (one, two, three years?).
- Documentation of instances of business failure or positive development such as sale of the business.
- Registration and reporting of sales taxes to the state Department of Revenue.
- Other measures.

In Program Year 2012, entrepreneurship training ITAs were awarded to customers in the Seattle-King County, Snohomish, Pacific Mountain, and South Central Workforce Development Areas. Of the 76 entrepreneurship training ITAs awarded in PY 12, 62 ITAs were to participants residing in urban King and Snohomish counties (81 percent of ITAs awarded). This concentration of interest among individuals living in urban counties is consistent with findings reported in a Kauffman Foundation study entitled “Beyond Metropolitan Startup Rates: Regional Factors Associated with Startup Growth.” The study found that larger metros have higher entrepreneurial rates possibly because their economies are more diverse and resilient than those of smaller cities. In addition, resources are more commonly available for entrepreneurs in metro areas.

Why Are There So Few Entrepreneurship ITAs Awarded?

While all WIA participants in Washington are informed of their opportunity to enroll in an ITA-funded entrepreneurship training program, only a small number living in Washington’s urban counties and very few living in rural counties take up the offer. Why is that? In preparing this report, WDC Directors and WorkSource staff were asked this question. WIA professional staff and microenterprise development program staff offered the following ten reasons:

1. **For many customers, taking time to complete a training course does not satisfy their immediate economic needs.** The individuals eligible to enroll in the WIA Adult Program include individuals living in poverty. Others are among the long-term unemployed while others are underemployed earning wages below self-sufficiency. These individuals have pressing financial needs. Dislocated workers enrolled in the WIA Dislocated Worker Program face destabilizing economic conditions especially as they look toward exhausting their unemployment insurance benefits. The immediacy of their economic needs cause many to seek out WIA job search and WIA job placement services instead of other options. Financial pressures make it difficult for many to feel they can afford to take the time to attend a postsecondary education program even when tuition coverage is offered, especially since educational coursework may not lead to immediate wages, such as starting up a small business. WIA Title I-B programs are effective. Placement into unsubsidized employment for those served in the WIA Adult Program in PY 2012 was

79.8 percent. Placement into unsubsidized employment for those served in the WIA Dislocated Worker Program in PY 2012 was 84.5 percent.

2. **The largest majority of participants interested in financial support for postsecondary education seek ITAs to pay for vocational/technical skills training.** As WIA participants are helped in developing their Individual Plan of Employment, many begin to recognize that, to be employable, they first need to acquire occupational skills training or upgrade the technical skills they have. These WIA participants seek WIA funds to pay for postsecondary occupational skills training programs leading to a certificate or degree. As described earlier in this report, WIA case managers assist customers to select programs of training that offer skills that are in-demand in the workplace. WIA participants with newly acquired in-demand occupation skills find employment success. It is important to note that an occupational skills training certificate or degree is not only a pathway to jobs offered by existing firms but it is also a pathway to self-employment. For example, in PY12, eight WIA participants taking occupational skills training in the South Central Workforce Development Area reported that they have since become self-employed. Their WIA-funded training programs included network administration, civil engineering, telecommunications, cosmetology, nutritional therapy, commercial driver's training, and business administration and accounting. Other certificated occupational skills training programs that traditionally have had dual pathways include massage, accounting, information technology, and culinary arts.
3. **Many aspiring entrepreneurs choose to pursue their own route.** Rather than choosing to enroll in a formal training program to attain an entrepreneurship training certificate, many WorkSource customers interested in self-employment take their own independent routes. They attend no-cost WorkSource self-employment preparation workshops such as the ones offered in King and Snohomish counties, they attend no-cost or low-cost business development seminars and webinars offered by the Small Business Administration and the Small Business Development Centers, and they take the initiative to meet with business mentors and loan advisors.
4. **Some don't take the offer of an entrepreneurship ITA because it is not what they need for business start-up.** Some individuals come to WorkSource having already developed their own business plan and they've already done their market research. These individuals are not interested in a WIA-funded entrepreneurship training ITA. Instead, they seek WIA funding to pay for their business license or to pay for software such as QuickBooks. Unless these costs are part of an approved WIA entrepreneurship ITA training plan, these costs must be considered business costs. It is not allowable for WIA funds to pay for business costs. In addition, using WIA to pay for equipment needed for business start-up is also not allowed.
5. **Some working toward self-employment seek training that cannot be paid for with WIA funds.** To strengthen vocational skills needed to run their own business, some individuals come to WorkSource seeking financial assistance to pay for a single non-degree class such as a bookkeeping class at a community college. WIA training funds cannot be used for stand-alone vocational classes because ITAs can only pay for

programs that lead to a certificate or degree. WIA-intensive services funds can pay for short-term pre-vocational training courses but not for a vocational training course such as bookkeeping.

6. **Some, exploring their potential for self-employment, decide not to take the next step.** There are a number of reasons why some participants screen themselves out and give up the option of WIA financial assistance for entrepreneurial training. Some decide the risks of self-employment outweigh likely rewards. WIA case managers report their customers have told them of their personal concerns about financial risk and financial consequences if their startup business plans were to fail. Low savings and constrained access to capital cause some to feel that they are not fundable to venture into self-employment. Some participants express concerns about their credit status for raising capital. Others have expressed concerns about long working hours and lack of employer-sponsored health coverage. The healthcare coverage concern should, in the coming year, lessen with the availability of Affordable Healthcare exchanges.
7. **Some don't think to go to WorkSource.** WorkSource is primarily known in Washington's communities as the place you go if you are a jobseeker who needs help to be matched with vacant jobs in existing firms. It's likely that aspiring entrepreneurs aren't aware of WorkSource resources. Even online notices of targeted entrepreneurship workshops posted on WorkSource websites can be missed if WorkSource is not part of an entrepreneur's Internet search.
8. **Some are not eligible for WIA intensive and training services.** Some WorkSource customers seeking WIA entrepreneurship training services are not eligible for WIA-funded training because they are employed and over income. Some dislocated workers do not qualify because they do not meet WIA's federal definition for Dislocated Worker Program eligibility.
9. **Some have training access issues.** Participants interested in taking a WIA-funded entrepreneurship training program must choose a program of training on the state's Eligible Training Provider (ETP) list. There are instances, particularly in rural counties, where there are no ETP listed entrepreneurship training programs located in their community or region. While online programs are available, the choice of online education is often not attractive to WIA participants. This access barrier is further described in the next section of this report.
10. **Traditional onramps leading to entrepreneurship training for WIA eligible participants are too steep.** Reliance on traditional assessments and simple customer referrals to business development services offered by Economic Development Councils and Small Business Development Centers are too steep of an onramp for a WIA eligible individual to reach the point of entry into an entrepreneurship training course. Traditional assessment tools are often insufficient for WIA case managers to believe in the viability of approving an Entrepreneurship Training ITA and interested customers engaged in a WIA employability development planning process can lose confidence in their ability to become self-employed and choose other training or job search options. Washington

state is working on a solution. As described on pages 24-25, the three-tiered assessment, technical support, and training approach being tested in Washington *CIE Workforce Development Entrepreneurship Training Pilot* makes the on-ramp less steep and access to microenterprise development programs much more within reach - - and the public is responding. In Spokane County's alone, in just a three-month period in 2014, over 150 people packed CIE's pilot orientations to learn about resources supporting self-employment.

Washington's WIA-eligible Training Provider (ETP) List

Training programs listed on Washington's Eligible Training Provider (ETP) list are the only ones qualified to receive WIA funds to train adults and dislocated workers. WIA emphasizes informed customer choice, system performance, and continuous improvement. Career Bridge (www.careerbridge.wa.gov) features over 6,300 education programs. The site is also the home of Washington's ETP list. Education and training programs on the list must meet certain completion, earnings and employment thresholds. Each year, the Workforce Training and Education Coordinating Board (Workforce Board) adopts Eligible Training Provider performance criteria (<http://www.wtb.wa.gov/etp.pdf>).

The criteria consist of standards for program results as measured by student completion rates and employment and earnings of former students. Following an annual review, training programs that fail to meet the minimum performance metrics are removed from the ETP list. (It should be noted that over 33 states have suspended this performance accountability component for their ETP programs through a waiver with the U.S. Department of Labor). However, in Washington, ETP programs receive an annual, rigorous review and programs are regularly added and removed from the list. Training providers must have a permanent location in Washington state to be on the ETP list. In certain cases, WIA participants may use their ITAs to enroll in out-of-state programs following conditions described in Washington's Eligible Training Provider Policy. The 23-page policy is posted at: <http://www.wtb.wa.gov/etp.pdf>.

As of February 7, 2014, there were 5,918 training programs on Washington's ETP list offered by public and private postsecondary education institutions, apprenticeship providers, community-based organizations, and other training providers.

As of February 7, 2014, there were 36 entrepreneurship training programs on Washington's ETP list (CIP code 520701). These programs were offered by 16 community and technical colleges, two public four-year universities, one private college, two community-based organizations and two other fee-based providers. Six of the programs were offered online and 30 were offered at a training site.

For purposes of a state's ETP system, WIA defines "program of training services" as:

One or more courses or classes, or a structured regime, that upon completion, leads to:

(a) A certificate, an associate degree, baccalaureate degree, or

- (b) The skills or competencies needed for a specific job or jobs, an occupation, occupational group, or generally, for many types of jobs or occupations, as recognized by employers and determined prior to training.

Some entrepreneurship courses are short term and do not lead to a certificate or degree. Entrepreneurship courses, webinars, and online sessions that do not meet the WIA definition of “program training services” are not eligible to be included on the ETP list.

Training providers may choose to apply to have one or more training programs added to the ETP list. The Workforce Board accesses administrative records to conduct an annual performance review of training programs offered by apprenticeship programs, public universities, and community and technical colleges. Other types of training providers such as for-profit and non-profit organizations must, as they apply to be on the ETP list, sign an assurance to provide the Workforce Board with required student records each year.

In 2012 through 2013, a total of 18 entrepreneurship training programs offered by five training providers were removed from Washington’s ETP list.

10 of these programs were disqualified from the list because the institution did not provide the Workforce Board with the required student data needed to calculate student completion rates and employment and earnings of former students. These schools were either unable to supply the required data, not willing to provide it, or could not afford to conduct student follow-up to document self-employment and self-employment earnings.

During the same time period, eight entrepreneurship training programs offered by seven community colleges did not meet the state’s ETP performance criteria and the training programs. These programs have since been dropped from the ETP list. Five programs failed to meet the state’s completion rate performance floor set at 20 percent. The completion rates for these entrepreneurship programs were 11.5 percent, 11.9 percent, 11.9 percent, 12.8 percent, and 12.8 percent. Three programs failed to meet the employment rate performance floor set at 50 percent. The employment rate for these entrepreneurship programs were 44.4 percent, 44.4 percent, and 48.6 percent. Training providers are allowed to appeal the removal decision and are offered the chance to provide admissible supplemental data to raise performance rates.

When programs are dropped from the ETP list, it impacts customer access. One of the eight entrepreneurship programs dropped from the ETP in 2013 was the only entrepreneurship program offered in a five-county Workforce Development Area. This situation leaves online entrepreneurial programs as the only choice for WIA participants living in that region.

This chart compares the performance rates (Exit years: 2008-09, 2009-10, 2010-11) of pre-baccalaureate programs of training currently on the ETP list with entrepreneurship programs on the ETP list:

Performance of Pre-baccalaureate programs on the ETP	Performance of entrepreneurship programs on the ETP
Average Completion rate: 59%	Average Completion rate: 42%
Average Employment rate: 67%	Average Employment rate: 64%

Based on ETP data records, participants exiting entrepreneurial training programs earn on average 10 percent less than participants served in other pre-baccalaureate training programs.

The performance outcomes of each training program listed on Washington’s ETP are accessible to WIA participants who review outcome results as they develop their WIA Individual Employment Plan. The somewhat lower completion rates and lower employment and earnings rates for entrepreneurship programs might be a reason why some WIA participants don’t request an ITA for entrepreneurial training. WIA case managers review the performance of entrepreneurship training programs on the ETP list at www.careerbridge.wa.gov. WIA case managers take cautious steps in their guidance and counseling to avoid setting up customers for failure. For example, the Workforce Development Council of Seattle King County includes the following policy guidelines (Self-Employment Technical Assistance Memorandum #19):

Self-employment or entrepreneurship training is intended for WIA participants with an expressed career goal of self-employment. The training selected must be a structured program which imparts the knowledge and skills needed to start a business. The minimum outcome of the programs should be a fully developed business plan, but other typical outcomes include competitive analysis, marketing strategies, and product designs, etc. An occupational skill training would only qualify for funding in this category if it could be verified that the entrepreneurial training was an integrated and significant part of the program. Self-employment training providers must be on the Eligible Training Provider list.

WIA Performance Measures

States are required to evaluate the effectiveness of the Workforce Investment Act. Program outcomes are tracked for all WIA enrolled youth, adult, and dislocated workers served by WIA Title I-B formula funds. The following chart compares Washington’s PY 2012 performance targets, as negotiated with the U.S. Department of Labor, with actual PY 2012 performance outcomes:

PY 2012 WIA Adult Program Results

Entered Employment Rate	Negotiated Performance Level 75.9%	Actual Performance Level 79.8%
Employment Retention Rate	Negotiated Performance Level 84.5%	Actual Performance Level 84.8%
Average Earnings	Negotiated Performance Level \$13,700	Actual Performance Level \$14,101

PY 2012 WIA Dislocated Worker Program Results

Entered Employment Rate	Negotiated Performance Level 81.1%	Actual Performance Level 84.5%
Employment Retention Rate	Negotiated Performance Level 88.0%	Actual Performance Level 88.9%
Average Earnings	Negotiated Performance Level \$19,000	Actual Performance Level \$19,413

Although the average earnings of Washington WIA participants (shown above) are relatively low, the state’s overall performance targets are considered to be high when compared with other states. Washington consistently meets and exceeds its targets. Washington’s Workforce Development Councils and their contracted service providers work hard to meet and exceed their area’s performance targets. Their business-led Councils monitor their progress in reaching targets. The pressure to meet performance targets is particularly acute among WIA service providers working under performance-based contracts that have payment points based on performance. Failure to meet performance targets may cause a service provider to lose their WIA contract the following year. Despite this pressure, WIA service providers throughout the state consistently honor customer choice in the development of Individual Employment Plans when approving ITAs.

The outcomes of WIA participants who are awarded ITAs for entrepreneurship training are included in the performance calculations (U.S. Department of Labor guidelines TEGL 12-10). Administrative records (employer wage records) can be used to identify employment, employment retention, and earnings for those who exit WIA to go to work for an employer but are not available for those who exit into self-employment. Consistent TEGL 12-10 guidelines, WorkSource staff directly contact self-employed participants to document their employment and employment retention status. DOL does not allow supplemental documentation to report earnings for those who are self-employed.

The WIA measures are not good at evaluating the long-term return on public investment associated with delivering WIA-funded entrepreneurship workshops, referral assistance to self-employment preparation advisors, and entrepreneurial training. Alternative performance measures are needed to accurately gauge program success for WIA customers benefiting from WIA-funded entrepreneurial services. While current WIA performance measures are not good measures to judge goal attainment for this sub-population of WIA customers, none of the WDC Directors and WorkSource staff interviewed for this report indicated the current measurement system stands in the way of honoring customer choice. They report staff “do the right thing” and approve appropriate entrepreneurship training ITAs despite performance consequences. The current WIA measures do, however, have programmatic and budgetary impacts associated with tracking the outcomes for this sub-population of customers. Staff must spend time and limited resources locating former participants to document their employment because self-employment/retention data is not captured in the state’s employer wage record database.

Furthermore, the measures fail to credit WIA program investments in self-employment preparation assistance because current WIA federal common measure metrics don’t track the career journey of aspiring entrepreneurs long enough to know how many took the path of first working for an employer and using their salaries to: 1) cover living expenses; 2) build assets; 3) expand business networks; 4) find venture partners; and 5) perfect their business plan—all in an effort to experience the day when they become their own boss. The current WIA measures also don’t capture the return on investment for customers who: 1) completed self-employment training; 2) went to work for the rest of their career for an employer; and 3) successfully managed their own tax-generating business after work hours.

Florida, Minnesota, and Mississippi submitted waiver applications to the U.S. Department of Labor requesting that WIA participants provided entrepreneurship training not be included in program performance measure calculations. However, these waiver requests were denied.

On May 17, 2012, Representative Lois Capps (D-CA) introduced H.R. 5805 directing the U.S. Department of Labor to establish alternative guidelines for measuring the progress of state and local WIA performance for entrepreneurship training, consider waivers, and provide state and local WIBs with specific guidance on successful approaches to collecting performance information on self-employment. While this bill did not pass, it has raised an issue that should be addressed in legislation reauthorizing the Workforce Investment Act. On February 14, 2014, Representative Donald Payne, Jr. (D-NJ) introduced H.R. 4063 (Growing Small Business Act) directing the U.S. Department of Labor to create separate performance measures for individuals who receive entrepreneurship training under WIA. Also, H.R. 4063 directed entrepreneurial training providers to:

- (I) Use intake tools that assess an individual’s suitability for referral to entrepreneurial training services;

- (II) Submit a report to the local workforce investment board that includes the number of individuals who express interest in self-employment or starting a business and enroll entrepreneurial business services; and
- (III) Develop partnerships with microbusiness development organizations that have demonstrated capacity to provide education, training, counseling, and coaching focused on helping new and low and moderate income entrepreneurs succeed.

While H.R. 5805 and H.R. 4063 were not enacted, the interest for change, as expressed in these bills, is certain to emerge as the U.S Department of Labor develops guidelines and regulations to implement the Workforce Investment and Opportunity Act of 2014 (see pages 27-28).

Entrepreneurial Training Surveys and Evaluations To Inform Future WIOA Program Policy

Self-Employment as a Reemployment Option: Demonstration Results 1989-1991

In September 1988, the U.S. Department of Labor awarded two grants to test self-employment as a reemployment option for Unemployment Insurance (UI) recipients. Washington named its pilot Self-Employment and Enterprise Development (SEED) and the Massachusetts pilot was called Massachusetts Enterprise Project. Abt Associates Inc. and Battelle Memorial Institute designed and evaluated these experimental demonstrations.

Unemployment insurance (UI) recipients were randomly assigned either to a treatment group, who received business start-up services while still receiving UI benefits, or to a control group (not receiving program services yet still receiving UI benefits).

Combined Self-Employment and Wage and Salary outcomes

The Washington demonstration did not significantly increase the combined likelihood of employment in either a wage and salary job or in self-employment. In contrast, the effect of the Massachusetts Enterprise Project on total employment and earnings outcomes was large and consistent. Specifically, the program increased the likelihood of finding employment, increased the time worked per year, and increased the likelihood of being employed at the time of the second survey. Perhaps the greatest impact, however, was on total earnings. The Massachusetts demonstration increased combined annual earnings by nearly \$6,000 showing a positive impact on Claimants' total earnings. DOL's evaluation report is posted at:

http://workforcesecurity.doleta.gov/dmstree/op/op95/op_04-95.pdf

Outcome Survey of Entrepreneurial Training Programs in Massachusetts 1990-1999

Throughout the 1990s, the Commonwealth Corporation (previously doing business as the Corporation for Business Work and Learning) sponsored entrepreneurial training across the state of Massachusetts. The training programs offered intensive business development training and technical assistance to dislocated workers. Each site offered between 120 and 200 hours of classroom training coupled with one-to-one consulting, and other services including computer training. Entrance into the program was limited to people who qualified as dislocated workers under Title III of the Job Training Partnership Act.

The Commonwealth Corporation hired an independent consultant to conduct phone surveys with 107 participants selected randomly from a pool of 1,493 participants. Effort was made to interview people from every program year (over the course of 10 years) and from all training sites. At the time of the interviews, program participants were, on average, three years post-enrollment.

Survey Findings

Employed	100 people	93.5% of total
<i>Type of Employment:</i>		
Exclusively self-employed	45 people	45% of employed people
Working for someone else	37 people	37% of employed people
Both	18 people	18% of employed people
Unemployed	7 people	6.5% of total

Employment Status at the time of the survey interview

Outcomes for People who were Exclusively Self-Employed (45)

- 71 percent reported operating from a home office; 20 percent were based elsewhere
- 93 percent started their business themselves; 7 percent bought an existing business
- 89 percent of businesses were operated as a sole proprietorship
- 71 percent of business owners had been *only* self-employed since the program; 29 percent were employed by someone else for some period of time since the program

While only 64 percent reported the same or greater income as their pre-layoff wage, 87 percent reported that they were “very satisfied” with their self-employment.

Outcomes of People who were Employed by Someone Else (37)

Of the 37 people individuals interviewed , 83 percent of these people reported that they were earning a lot more (20 percent), a little more (37 percent), or about the same (26 percent) as their pre-layoff wage; 17 percent reported that their wage was either a little less (3 percent) or a lot less (14 percent). Program participants who, subsequent to the program, took jobs with other employers reported that they were either “very satisfied” with their current job (57 percent) or “somewhat satisfied” (38 percent). Only 5 percent were “not too satisfied.”

Program Quality

Of the total 107 individuals interviewed, 92 percent had completed the program and graduated. Also, 83 percent felt the program was “very” useful, 12 percent felt the programs was “somewhat useful, 1 percent felt it was “not too” useful, and 4 percent said it was “not at all” useful.

Growing America through Entrepreneurship (GATE) 2003-2005

To demonstrate the role of the workforce development system in supporting new entrepreneurs, DOL funded a demonstration project designed to assist people in creating or expanding their own business Project GATE (Growing America Through Entrepreneurship). The GATE demonstration began in 2003 in three states – Pennsylvania, Minnesota, and Maine. Participants in Project GATE were offered assessments, classroom training and one-to-one technical assistance in developing their business and applying for SBA Microloan or other source of business finance. The final evaluation results from the demonstration showed modest impacts on business ownership, but proved cost-effective for unemployment insurance recipients. The final evaluation report is posted at:

http://wdr.doleta.gov/research/FullText_Documents/Growing%20America%20Through%20Entrepreneurship%20-%20Final%20Evaluation%20of%20Project%20GATE.pdf

Growing America through Entrepreneurship II (GATE II) 2008-2011

In 2008, DOL awarded GATE II grants to four states to further implement self-employment training programs modeled after DOL’s earlier GATE demonstration. In awarding the four GATE II grants, DOL sought to assess the effectiveness of self-employment training programs for rural dislocated workers and for older dislocated workers. Unlike DOL’s first Project GATE demonstration, which was available of all applicants, services under GATE II were targeted to WIA-eligible dislocated workers. The Alabama and North Carolina grantees served WIA-eligible_dislocated workers residing in rural areas, while Minnesota and Virginia grantees targeted WIA-eligible older dislocated workers (45 years of age or older). The Alabama, North Carolina, and Virginia pilot programs included a random assignment design. GATE II pilots have now ended.

DOL contracted with IMPAQ International to conduct the GATE II impact evaluation study and participant survey. IMPAQ provided technical assistance to each of the four states by helping develop service delivery strategies, providing evaluation design assistance, advising on creation of program marketing materials, and building a participant tracking system. IMPAQ also designed and implemented a random assignment evaluation to assess the impact of GATE II services on participants' self-employment and labor market outcomes. The IMPAQ evaluation used the following data sources: baseline data collected when the individual applied for GATE II; participant service data collected throughout the individual's participation in GATE II; a telephone follow-up survey; and Unemployment Insurance wage and benefits data. These data were then used to evaluate the impact of the GATE II program on participant outcomes.

IMPAQ has completed its survey and impact evaluation and has submitted its findings to DOL. Staff at DOL are currently reviewing the report. When the report is made public, it will reveal information on key questions:

- (1) What are the impacts of GATE II on participants' labor market and self-employment outcomes?
- (2) Does the program increase the use of self-employment services?
- (3) Does the program lead to an increase in the completion of business plans and applications and receipt of loans?
- (4) Does the program increase the likelihood of self-employment?
- (5) Does the program promote employment and other aspects of economic development?
- (6) Does the program increase employment, earnings, and satisfaction with employment and reduce the receipt of UI and public assistance?

The IMPAQ evaluation is certain to reveal critical information since rural dislocated workers and older dislocated workers face unique challenges when seeking reemployment and, self-employment may possibly be shown to offer an opportunity for reemployment. Policymakers will be able to use the results of the impact evaluation to assess whether GATE II is effective and whether it should be replicated on a larger scale with rural and older dislocated workers. The findings will also be useful to other microenterprise training providers in developing their programs.

Virginia Employment Through Entrepreneurship Consortium (VETEC) 2012-2016

On June 14, 2012, DOL awarded the SkillSource Group Inc., a 52-month \$8.3 million Workforce Innovation Fund grant entitled Virginia Employment Through Entrepreneurship Consortium (VETEC).

http://www.myskillsource.org/home/aboutus_programs_vetec.shtml

The VETEC grant will conclude in October 2016. VETEC is designed to provide WIA-eligible adults and dislocated job seekers, particularly veterans, from the Northern Virginia, Richmond, and Hampton Roads workforce areas with training and technical assistance to start their own businesses. Participants in this demonstration program are receiving training in areas such as *Understanding the Basics for Starting a Business: Accounting; Finance and Credit; and Sales and Marketing*. They will also receive one-to-one counseling services, mentoring and networking opportunities.

Participants are randomly selected by a third party evaluator (IMPAQ) who will assess participant outcomes related to self-employment, wage and salary employment, earnings, receipt of UI benefits or other federal assistance, and a cost-benefit analysis.

The evaluation findings of the VETEC grant, to be released sometime after October 2016, will offer the most comprehensive analysis for determining whether investing future public workforce development resources to identify and support unemployed and low-income individuals with entrepreneurial aspirations pays off.

Washington State's Workforce Development Entrepreneurship Training Pilot 2013-2015

In December 2013, The Ewing Marion Kauffman Foundation awarded a grant to the Center for Inclusive Entrepreneurship ("CIE") at Pinchot University to conduct a pilot in two regions in Washington to answer the question: Can entrepreneurial training actually result in adequate earning levels for WIA participants? CIE is collaborating with Washington's Workforce Board, and the Spokane Area and Pacific-Mountain Workforce Development Councils. The demonstration will serve as a "proof of concept" to test a three-tiered entrepreneurial preparation option as a standard component of WIA offerings. Up to 100 WIA-eligible adult and dislocated workers will participate in this pilot. A pyramid approach will be taken to implement the three-tiered model. At each tier, the applicant pool will be narrowed, although there will be clearly identified benefits of participation at each stage of participation. The three tiers include:

Tier 1: Developing an Entrepreneurship Mindset using "Ice House," a proprietary curriculum developed by the Entrepreneurship Learning Institute with Kauffman Foundation support. The Tier 1 orientation (24 hours of classroom instruction over four weeks) will be delivered by WorkSource staff who obtained Ice House certification in January 2014. Tier 1 completers may choose to further explore an entrepreneurial path, or they can move forward with development of a traditional service plan within the WorkSource Center, to either find a job or to enroll in skill training. Those who wish to explore business development will be enrolled in Tier 2.

Tier 2 consists of the Reality Check, a readiness and feasibility assessment curriculum developed by Pinchot University. It is currently the cornerstone of CIE’s entrepreneurship program. The training includes eight hours of classroom instruction and up to 16 hours of one-on-one technical assistance and coaching over a four-week period—generally with one two-hour session per week. The sessions are modular so that participants can make up missed classes or retake classes in subsequent cohorts as necessary to complete and master the curriculum.

Tier 3 was developed by the Center for Inclusive Entrepreneurship (CIE) as part of the pilot based in part on the business planning curriculum currently being used by the two selected entrepreneurship training providers (SNAP in Spokane and Enterprise for Equity in Olympia) but with a “Lean Startup” approach—using the concepts of minimal viable concept, opportunity canvas, ideas into action and iterative failure/pivot. Tier 3 builds on the feasibility assessment from Tier 2 with “planning in action” that validates the information required in a written business plan in a short period of time. Tier 3 includes 24 hours of classroom instruction over a four-week period. Tier 3 is facilitated by SNAP and Enterprise for Equity staff trained and supported by the Center for Inclusive Entrepreneurship.

Project partners expect that 25 to 30 individuals will progress through all three tiers of the program. The Workforce Board, as a partner in the CIE pilot, will undertake a qualitative evaluation (interviews, observations, and documents) to track the experiences of program completers, and identify participants’ perceptions of what about the program worked and what didn’t work. This will also include tracking those that exit the program after Tier 1, with hopes of discovering the potential influence of “entrepreneurial mindset” training on employment outcomes. Evaluators will also track the earnings of Tier 3 completers seven to nine months following program exit, the same time frame the Workforce Board uses to assess WIA program performance.

The Workforce Board will also work with system partners to design an evaluation model for a larger roll-out of the program concept. Evaluators will make recommendations on tactics to answer important questions when evaluating investments in self-employment training, including, but not limited to:

- Evaluation design considerations for each tier of the program
- Establishing comparison groups
- Adequate sample size
- Availability of sufficient administrative data (i.e., business revenues for both program completers and comparison groups)
- Discrepancies in design across program sites (i.e., availability of micro-loan and other financing, incubators, etc.)

Observations and Recommendations

- 1) WIA Title I-B **core services** funds and Wagner-Peyser Act funds are being used in Washington to underwrite the costs of hosting and co-promoting entrepreneurial orientation workshops to the general public. The workshops are generally offered at WorkSource Centers with WIA and Wagner-Peyser professional staff coordinating the events, and with professional staff employed by the Small Business Administration, Small Business Development Centers, and/or Economic Development Councils, serving as workshop presenters and advisors. This report offers five examples (see pages 3-5):
 - “Start Your Own Business” workshops offered at WorkSource Affiliate Auburn
 - “I Want To Work For Myself” workshops offered at WorkSource Renton
 - “Strategic Planning for Self Employment” workshops offered at WorkSource Snohomish County
 - “Launch Lab” workshops offered at the City of Mountlake Terrace’s City Hall
 - “Pub Talk” workshops offered by CREDC Economic Development in Clark County

Rather than duplicating existing services, WorkSource coordinators have maximized professional talent and leveraged workforce development system resources by partnering with experts in the entrepreneurship community to make it possible for aspiring entrepreneurs to attend no-cost self-employment orientation workshops.

Washington needs to expand these services to more areas of the state by engaging with local, regional, and state partners to develop an entrepreneurial environment and by developing new strategies to leverage workforce system resources in order to identify and support potential entrepreneurs.

- 2) WIA Title I-B and Wagner-Peyser Act funds are being used to manage website portals that help alert the general public to dates, times, and locations of no-cost workshops, including entrepreneurship orientation workshops. A best practice in website management is WorkSource Seattle King County’s portal at www.worksourceskc.org. The website’s construction and maintenance is WIA-funded. Within the website’s section on *Local Business Assistance & Economic Development Resource Index* is a well-organized subsection on Business Services <http://www.worksourceskc.org/business/assistance.php> (also see Appendix A). Anyone with business aspirations seeking technical help building a business plan or seeking microenterprise funding, can, from this one web page, connect to 11 small business assistance organizations to learn about business service tools, guides, and no cost and low-cost services. This website offers the powerful convenience of supplying direct links to Seattle SCORE and to the SBA Seattle District Office’s event calendars. The website makes it possible for the public to review the dates and locations of upcoming business services events including workshops, mentoring and

networking meetings, technical assistance sessions, conferences, and webinars designed to assist future entrepreneurs.

The Workforce Board encourages all Workforce Development Councils in Washington and all local WIBs reading this report to study the WorkSource Seattle King County's online business resource index and then use its content to build, customize, and add a similar business resource index web link to the workforce development system website already in use in their particular Workforce Development Area.

- 3) WIA Title I-B **intensive services** funds are being used in Washington to offer adult and dislocated worker program participants with career planning assessment services. This report features two Workforce Development Areas where specialized assessment tools and processes are used to help customers determine whether self-employment is a good fit (pages 7-9). More assessment guides and tools are needed to help WIA and Wagner-Peyser-funded staff to be more effective in advising aspiring entrepreneurs. These staff need this help because they often do not personally have a business background. Washington partners look forward to examining the results and findings from the Washington Workforce Development Entrepreneurship Training Pilot (see pages 24-25). The pilot will inform future policy affecting WorkSource staff training and customer assessment processes. As described in this report, WIA-eligible customers enrolled in the pilot will benefit from a "Developing an Entrepreneurial Mindset" orientation using the Ice House curriculum (the pilot's Tier 1 component). This Tier 1 orientation combined with Tier 2 assessment services will guide customers to assess for themselves, whether self-employment is a good fit. The pilot's orientation and assessment process will also aid WIA case managers responsible for approving ITAs for the pilot's participants who choose to engage in the pilot's Tier 3 entrepreneurial training component.
- 4) WIA Title I-B **training services** funds are being used in Washington to pay the costs of tuition for WIA-eligible adults and dislocated workers to participate and complete certificated entrepreneurship training programs. This report offers a summary of Program Year 2012 expenditures and participant numbers. Washington's investment in WIA-funded ITAs for entrepreneurship training took place in only four of the 12 Workforce Development Areas and the investments are small in size compared to the overall investments in ITAs. This report describes a number of policy and practice roadblocks within WIA including nine reasons why the numbers are small as observed by local WDC Directors and staff.

Workforce Innovation and Opportunity Act

The Workforce Innovation and Opportunity Act (WIOA), an historic bipartisan bill, was signed into law by President Barack Obama on July 22, 2014. The passage of WIOA provides new authorizing legislation for programs that had been authorized under WIA. The new Act allows WIOA Title funds to be expended on entrepreneurship training and microenterprise services:

- Youth Activities Program Sec. 129(c)(2)(L)
- Statewide Activities Sec. 134(a)(3)(A)(i)
- Adult and Dislocated Worker Program training services Sec. 134(c)(3)(D)(vii), and Sec. 134(d)(1)(A)(VI)((vii)(I))
- Native American Programs under Sec. 166(a)(1)(B) and Sec. 166(d)(2)(A)(i)

The passage of this act presents a great opportunity for the U.S. Department of Labor to shape new WIOA guidelines and regulations supporting self-employment preparation services for low income youth, unemployed adults and dislocated workers and participants enrolled in WIOA Native American Programs. Supporting the development of new small business through entrepreneurship is an increasingly important strategy in accelerating the pace of economic recovery in the United States. The U.S. Department of Labor will have the chance to consider policy implications from the soon-to-be released evaluation of Virginia's GATE II Demonstration Program. In 2015, the evaluation report on Washington's Workforce Development Entrepreneurship Training Pilot managed by the Center for Inclusive Entrepreneurship at Pinchot University will be released. After close of the Virginia Employment Through Entrepreneurship Consortium (VETEC) in October 2016, a larger and more comprehensive evaluation will be available for policy decision makers.

As WIOA regulations are drafted, particular attention needs to be placed on the identification of performance measures that more accurately measure WIOA performance outcomes for WIOA participants offered self-employment preparation services and entrepreneurship training ITAs. For example, prior to the commencement of the second full year of WIOA, the U.S. Secretaries of Labor and Education are directed by Congress to jointly develop and establish one or more primary indicators of performance that indicate the effectiveness of WIOA programs in serving employers (Sec. 116(a)(2)(A)(iv)) and (Sec. 169(b)(4)(C)). During this period of performance accountability system development, the Secretaries should consider the effectiveness of serving all types of employers including future employers offered WIOA technical assistance and training in starting their own business. Such effectiveness measures could include separate and distinct performance measures for the unique sub-population of participants whose WIOA individual training and placement plans are geared toward business start-up.

Under WIOA Sec. 169(c), the Secretary of the U.S. Department of Labor is directed by Congress to create a WIOA Dislocated Worker Program set-aside fund to carry out demonstration and pilot projects, multiservice projects, and multistate projects relating to the employment and training needs of dislocated workers. "Such projects may include demonstration and pilot projects relating to promoting self-employment (emphasis added), promoting job creation, averting dislocation, assisting dislocated farmers, assisting dislocated fishermen, and promoting public works."

Appendix A

The following information is posted on Workforce Development Council Seattle-King County's website at www.worksourceskc.org under the following sub-link:

<http://www.worksourceskc.org/business/assistance.php>

Small Business Assistance

[Small Business Administration-Seattle District Office](#) ~ *A WorkSource Partner* ~

Access to financial programs and technical assistance services for entrepreneurship - [calendar of SBA event](#)

[Seattle SCORE](#)

National non-profit association dedicated to entrepreneur education and the formation, growth and success of small businesses - [workshop calendar](#)

[Small Business Development Centers](#)

Expert assistance and information about emerging business technologies for established businesses

[Women's Business Centers](#)

Wide range of services for women entrepreneurs at all levels of business development

[Washington Cash](#)

Access to capital and business development training for low income women, people with disabilities, and other underserved individuals

[Community Capital Development](#)

Access to capital and business assistance for low-income, women and minority entrepreneurs, and small businesses in distressed and underserved communities

[SBA Loan Briefings](#)

Information sessions about how to secure money to start, expand, or buy a small business

[Small Business Owners Toolkit](#)

Information and tools to help you start, run and grow a successful small business

[Self-Employment Assistance Program](#)

Program that allows unemployed workers to receive unemployment benefits while they train to become self-employed

[Jump Start Loan Fund](#)

Loans up to \$5,000 to start or strengthen your business

[FreePatentsOnline](#)

Free patent searching, PDF downloads, competitive intelligence alerts, and other tools

Also refer to the [Business Networking & Support](#) listings.

Appendix B

Washington Career Bridge (www.CareerBridge.wa.gov) features over 6,300 Washington education programs, from short-term training to one-year certificates, to two- and four-year degrees. The site also includes over 400 apprenticeships.

Search Features-Information sorted by location, by type of institution, by job title, more.

Education Details-Cost, length, program description and contact person for each program.

Training Provider Details-Key contacts in financial aid, admissions, worker retraining and veterans services at each institution.

Performance Results-When data is available, Career Bridge shows expected return on investment:

- How many students completed a program?
- Did they get a job?
- How much did they earn?
- Which industry did they go to work in?

Job results tied to education programs-This direct connection between education programs and job results is one reason Career Bridge is a national model. Currently, results are available for about 40 percent of the site's 6,300 programs. Other programs are typically too new, or too small, to provide results.