

COMMONWEALTH OF VIRGINIA
VIRGINIA COMMUNITY COLLEGE SYSTEM

WORKFORCE INVESTMENT ACT

VIRGINIA WORKFORCE LETTER (VWL) #12-04

TO: LOCAL WORKFORCE INVESTMENT BOARDS

FROM: OFFICE OF WORKFORCE DEVELOPMENT SERVICES

SUBJECT: SUPPORTING ENTREPRENEURIAL AND SELF-EMPLOYMENT TRAINING THROUGH THE VIRGINIA WORKFORCE NETWORK

DATE: OCTOBER 15, 2012

REVISION DATE: June 10, 2013

Purpose:

To establish parameters for local Workforce Investment Boards (WIBs) supporting 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 Part 664.460, WIA Final Rules;
- Training and Employment Guidance Letter (TEGL) No. 12-10 – “Supporting Entrepreneurial and Self-Employment Training through the Workforce Investment System”;
- TEGL 17-05 – “Common Measures Policy for the Employment and Training Administration’s Performance”; and,
- TEGL No. 26-09, Change 1 – “Workforce Investment Act Policy and Waiver Decisions for PY 2009 and 2010”.

Background:

Governor Bob McDonnell declared 2012 “The Year of the Entrepreneur” in Virginia, in order to recognize these individuals, to study why they’re successful in Virginia and to inspire others in Virginia to turn big ideas into reality here in the Commonwealth. According to the US Small

Business Administration (SBA), small businesses totaled 635,977 in Virginia in 2009, representing 97.8 percent of all employers and employ 47.7 percent of the private-sector workforce. Being such a large part of the state's economy, these businesses are central to Virginia's health and well-being. As such, Virginia's recently adopted Workforce Investment Act and Wagner-Peyser State Plan for 2012-2017 includes an objective to expand entrepreneur education and support for small businesses throughout the Commonwealth.

The US Department of Labor (DOL) Employment and Training Administration (ETA) notes the workforce investment system promotes entrepreneurship and small business development primarily by providing self-employment assistance to workforce system customers. However, data gathered under WIA between 2005 and 2008 indicates this type of assistance was only provided to a small number of individuals. Anecdotal information from local workforce investment areas across Virginia provide additional evidence that entrepreneurial training and support accounts for a limited amount of the overall workforce investment activity in the Commonwealth. As the Virginia Workforce Network looks to play an enhanced role in supporting economic recovery in all areas of the State, it will become increasingly important for the system to provide entrepreneurship and self-employment training and support in a more comprehensive and strategic manner.

ETA has issued policy guidance encouraging state workforce systems to integrate entrepreneurship activities into broader workforce development efforts. Specifically, TEGL 12-10 promotes making entrepreneurship training opportunities available to people interested in self-employment, and provides detailed information about the potential design and implementation of entrepreneurial strategies for adults, dislocated workers, and youth. Moreover, DOL has issued several competitive awards specifically focused on supporting entrepreneurship activities.

NOVAGATE (Northern Virginia Growing America Through Entrepreneurship) is an example of a successful program designed to help dislocated adult job seekers old start and expand their own small business. NOVAGATE was created through a partnership between the Department of Labor Employment and Training Administration (DOL/ETA), the VCCS and the SkillSource Group, Inc. A total of 207 participants in the project were given access to special training and assistance in applying for small business loans. The project resulted in 88 new business start-ups and 114 jobs created; more details on NOVAGATE can be found [here](#). Also in 2012, a consortium of workforce investment boards in Virginia (LWIAs 9, 11, and 16, led by the Skills Source Group, nonprofit fiscal agent for LWIA 11) successfully competed for funding under the DOL Workforce Innovation Fund Grant - SGA/DFA PY 11-05. The Virginia Employment Through Entrepreneurship Consortium (VETEC) grant is currently being implemented, and has the potential for serving as a model program for other local areas in Virginia.

Role of the Virginia Workforce Network in Supporting Entrepreneurship:

Examples of activities:

The Virginia Workforce Investment Network should serve to complement and enhance existing efforts to support entrepreneurship and self-employment in a local or regional economy. Local workforce network partners are encouraged to identify existing entrepreneurship organizations,

develop an understanding of they support and assistance, and determine how the local system can best integrate opportunities for adult, dislocated workers and youth customers to access entrepreneurship assistance and training as appropriate. Listed below are several specific examples of roles local workforce investment systems can play in support of entrepreneurship (examples are adapted from TEGL 12-10):

- Engaging with local and regional partners to develop an entrepreneurial environment and strategies to leverage workforce system resources in order to identify and support potential entrepreneurs
- Informing Virginia Workforce Center customers about opportunities for self-employment and entrepreneurship and working with customers to assess whether self-employment is a good fit;
- Helping Virginia Workforce Center customers understand the range of entrepreneurship resources available and referring them to counseling and training that best meets their needs;
- Partnering with organizations that support entrepreneurship and co-locating small business development resources within Virginia Workforce 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 designing training programs that help small business owners develop growth strategies to enable new job creation.

Partnerships and resource leveraging:

The list of examples provided above is not exhaustive, as there are a number of approaches to supporting entrepreneurs that can be tailored to local and regional needs. In considering the role of the Virginia Workforce Network, it is critical to keep partnership and resource leveraging at the forefront; the objective is not to attempt to duplicate efforts of agencies and organizations that have been designated to provide support for entrepreneurs and small business owners. However, workforce network partners should make specific efforts to become a part of the network of public and private organizations that offer resources for prospective and current entrepreneurs. As noted in TEGL 12-10, the SBA funds a robust portfolio of such resources, to include Small Business Development Centers, Women’s Business Development Centers, and a variety of small business loan programs. Detailed information about these programs can be found at the SBA’s website <http://www.sba.gov>. Below is a listing of potential programs that local workforce network can partner with, in order to enhance training and support services for entrepreneurs:

- Small Business Development Centers
- SCORE, “Counselors to America’s Small Business” (formerly the Service Corps of Retired Executives)

- Women’s Business Centers
- Veterans Business Outreach Programs
- Small Business Financing Programs
- Nonprofit Community Development Financial Institutions (CDFIs)

Integration of program elements:

In addition to a focus on partnerships and resource leveraging, local Virginia Workforce Network are strongly encouraged to integrate a number of critical elements into any program design for support for entrepreneurship training and self-employment. As a result of several entrepreneurship demonstration projects, ETA has found that a combination of assessment, training, and additional technical assistance, delivered through a network of strategic partners, is a promising practice for serving customers. The follow elements should be a part of local program design for entrepreneurship training and self-employment support:

- Broad partnerships – Rather than duplicate existing services, the workforce investment system should develop partnerships with the local entrepreneurship community and leverage expertise in support of entrepreneurial needs. In addition to selecting key partners from the previous list, local workforce networks should collaborate with local and regional educational institutions, local and regional economic development organizations, public and private foundations, and other financing organizations such as banks, ventures capitalists and angel investors.
- Appropriate assessments – Entrepreneurship is a high-risk endeavor and not every Virginia Workforce Network customer is well-suited to self-employment. Appropriate assessments should be utilized to help customers understand the demands and potential difficulties of entrepreneurship, as well as what is likely to be required of them as an entrepreneur. Assessments will help customers determine whether their financial skills, tolerance for risk, and other personal attributes and characteristics make them good candidates for starting their own business.
- Effective training – Local workforce network partners will need to identify and evaluate a variety of training and service providers to determine those with the capacity to meet the needs of Virginia Workforce Center customers. Specific steps should be taken to ensure that customers are referred to quality training programs, that offer at a minimum, basic courses for those just starting a business that focus on business plan development; labor market research, marketing, pricing, financing, cash flow, accounting hiring, permits and licenses, and other legal issues. As noted previously, local WIBs should seek opportunities to add effective entrepreneurship training programs to the eligible training provider list.
- Ongoing support and technical assistance – Based on evaluations of previous demonstration projects, DOL has noted that individuals are more likely to succeed in entrepreneurial efforts when they have access to additional support services, such as business counseling, business incubators, and assistance with applications for business loans. Ongoing technical assistance in the areas of marketing, networking, and contracting are also highly recommended. These services can be provided through agreements with entrepreneur support partners, as well as directly through local Virginia Workforce Centers.

- Knowledgeable staff – While several areas in Virginia have a strong record of providing entrepreneurship training and self-employment support through the workforce investment system, this may be a new focus for other areas. WIB staff, in partnership with the designated One-Stop Operator, should ensure that staff members are provided with professional development opportunities, so that they will be knowledgeable about the
- Accountability and follow-up

Requirements for Performance Accountability:

Employment Performance Measures

ETA has confirmed that customers receiving entrepreneurial and self-employment training will be included under WIA’s performance accountability system and are subject to negotiated performance measures. Virginia Employment Commission Unemployment Insurance (UI) wage records are the primary data source for verifying employment performance outcomes, and certain types of employment, particularly self-employment, are generally not covered by UI records. However, supplemental data options for some performance measures offer flexibility to accommodate entrepreneurship training within the workforce system. In order to verify employment status for the adult *Entered Employment*, *Employment Retention* and youth *Placement* measures, supplemental data and administrative records will be accepted.

Credential Performance Measures

While the common measures for WIA do not include a credential measure for the Adult and Dislocated Worker programs, the 2010 Virginia Workforce Council (VWC) added Credential Attainment as a state level measure to stress the need for local areas to continue to provide workforce training opportunities to participants. As noted previously, TEGL 12-10 promotes making entrepreneurship training opportunities available to people interested in self-employment, and provides detailed information about the potential design and implementation of entrepreneurial strategies for adults, dislocated workers, and youth. WIA enrolled customers who receive entrepreneurship training will be included in Virginia’s Credential Attainment measure:

“The number of adult or dislocated workers who were employed in the first quarter after the exit quarter and received a credential by the end of the third quarter after exit divided by the number of individuals participants who exit during the quarter.”

The chart on page 5 illustrates applicable performance measures and acceptable data sources for ETA common measures and the VWC Credential Attainment measure.

COMMON MEASURE	ALLOWABLE DATA SOURCE	ADDITIONAL NOTES SPECIFIC TO ENTREPRENEURSHIP AND SELF-EMPLOYMENT CUSTOMERS
Adult / Dislocated Worker Measures		
Entry to Employment	Wage Records and Supplemental Data Sources	<p><i>Either of the following data sources can be used to <u>verify entry into employment</u> for customers receiving entrepreneurial training*:</i></p> <ul style="list-style-type: none"> • <i>Acquiring a Federal employment Identification Number (EIN)</i> • <i>Acquiring a DUNS Number</i> • <i>Acquiring a Business License</i> • <i>Completing a Preliminary Business Plan</i>
Employment Retention	Wage Records and Supplemental Data Sources	<p><i>Supplemental data sources can be used to <u>verify employment retention</u> for customers receiving entrepreneurial training*:</i></p> <ul style="list-style-type: none"> • <i>Internal documentation from the business to include (but not limited to):</i> <ol style="list-style-type: none"> (a) <i>Quarterly tax returns</i> (b) <i>Sales receipts</i> (c) <i>Contracts for service</i>
Average Earnings	Wage Records	<i>Customers whose employment in either the 1st, 2nd, or 3rd quarter after exit was determined from supplemental sources (not wage records) are excluded from the calculation of this measure</i>
Credential Attainment**	Supplemental Data Sources	<p><i>Either of the following data sources can be used to <u>verify entry credential attainment**</u> for customers receiving entrepreneurial training if it is accompanied by WIB-approved documentation of successful completion of entrepreneurial training.</i></p> <ul style="list-style-type: none"> • <i>Acquiring a Business License</i> • <i>Acquiring a Federal employment Identification Number (EIN)</i> • <i>Acquiring a DUNS Number</i> • <i>Completing a Preliminary Business Plan</i>
Youth Measures		
Placement in Employment or Education	Wage Records and Supplemental Data Sources	<p><i>Either of the following data sources can be used to <u>verify entry into employment</u> for customers receiving entrepreneurial training:</i></p> <ul style="list-style-type: none"> • <i>Acquiring a Federal employment Identification Number (EIN)</i> • <i>Acquiring a DUNS Number</i> • <i>Acquiring a Business License</i> • <i>Completing a Preliminary Business Plan</i>

*In cases where a customer's employment is verified by wage records in the first quarter, but the customer does start a business in the second quarter, the following data sources can be used to verify retention in employment:

- *Acquiring a Federal employment Identification Number (EIN)*
- *Acquiring a DUNS Number*
- *Acquiring a Business License*
- *Completing a Preliminary Business Plan*

**Credential Attainment is not a Common Measure under ETA; it is a Virginia Workforce Council performance requirement.

Virginia Workforce Connection Data Entry Requirements:

Successful implementation of program elements for entrepreneurial and self-employment training will require solid record-keeping strategies, timely data entry, and follow-up efforts. Virginia's virtual one-stop, the Virginia Workforce Connection, will be modified to allow for entry of self-employment outcomes. It is expected that a question "Is this Entrepreneurial and/or Self-Employment?" will be added to the employment tabs of the WIA case closure and quarters after exit links. The question would be a yes/no option. It is also anticipated that this field will be added to the case closure to employment report for ease of tracking entry into entrepreneurship. Additional guidance on entering supplemental data will be provided in a separate communication.

Action Requested:

Local WIBs are encouraged to review the examples of potential activities, partnerships, and critical program elements for entrepreneurial and self-employment training. Specific objectives and actions can be considered for implementation as local areas develop strategic workforce plans.

Inquiries:

Please submit inquiries regarding this VWL to the VCCS Office of Workforce Development Services:

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