

Policy Clarification | Q&A | Other

Number: WIN – 0021 Change 1
Date: September 13, 2012
Expiration Date: N/A

TO: Workforce Development System Partners
FROM: Amy Smith-Rubeck, Deputy Assistant Commissioner
SUBJECT: Supplemental Guidance on Policy 3705 – Self Employment Training

Purpose:

To provide supplemental guidance on the implementation of Self Employment Training policy 3705.

Action Required:

Workforce Development Councils (WDCs) and their contractors, as well as Employment Security Area Directors, must distribute this guidance broadly throughout the system to ensure that WorkSource System staff are familiar with its content and requirements.

Summary:

1. *Is a monitoring tool available? When will monitoring on the new policy start?*

The WorkSource Standards and Integration Division (WSID) monitors will request information/documentation regarding the WDC's process for notifying Workforce Investment Act (WIA) eligible individuals about the availability of self-employment training and training providers. What they look at will depend on the WDC's approach. If a flyer is provided to participants, they will review the document and interview staff to see if the flyer is distributed in accordance with the WDC's process. If the exchange of information is verbal, they may check for compliance by observing staff and participants and/or surveying customers to see if they are being informed.

2. *Is the demand rate applied to participants or expenditures?*

Expenditures only, though WDCs will want to research the average cost of [Eligible Training Provider \(ETP\)-listed](#) entrepreneurial training programs in their area in order to determine how many participants they intend to enroll at the expenditure level identified.

3. *Should local areas include self-employment contractor costs in reporting expenditures?*

No. As per current reporting practices, only the expenditures tied to the participants should be reported.

4. Do all expenditures on self-employment assistance and training need to be tracked or only WIA expenditures?

The Employment Security Department (ESD) interprets the new state statute as planning for the expenditure of WIA funds on training. WIA funds may be only part of the overall cost and expenditure for self employment training (e.g., as supplemental funding to a Pell Grant or Worker Retraining Program, etc.). WDCs desiring to inform ESD of the full cost and expenditure of public funds on self employment training participants can provide an accounting of all expenditures through their quarterly WIA reports.

5. Do support services need to be captured or only actual training?

ESD interprets the new state statute as planning for the expenditure of WIA funds on training only. If WIA funds are expended on support services for participants in self employment training, those expenditures need to be reflected on the support services line (4e) of the quarterly Financial Status Report. WDCs desiring to inform ESD of the full expenditure of WIA funds on self employment training participants can provide support service expenditures as part of their quarterly WIA reports.

6. Do all wages for entrepreneurs need to be entered?

Wage information is useful but not critical. Actual wages/income can only be used for placement performance and not for common measures. The Common Measure "Average Earnings" is currently designed to only pick up official wages from one of three sources: the Unemployment Insurance (UI) Wage file, the Federal Employment Data Exchange System (FEDES) (post office workers and other federal employees) and the Wage Record Interchange System (WRIS) (out of state wages).

7. What happens if we can't make contact with individuals to gather the follow-up information?

Follow-up with the individual is critical in order to capture the self-employment information necessary for Entered Employment and Retention. If staff cannot contact the participant but can find other documented evidence that the participant established a business within the proper times frames, that documentation may be used to determine that self-employment has indeed occurred. If a self-employed individual has additional wages from another source outside their business, we would expect those wages to show up in one of the wage files mentioned previously.

8. How do WDAs reflect participants in the plan if the expenditure target was less than it cost for even one participant?

In this circumstance, WDCs should reflect at least one participant in their plan and adjust the planned expenditure level to reflect the training cost of supporting that one individual, which could be higher than the demand-based expenditure target. That said, the expenditure target is merely the "floor." WDCs can plan to spend more than the target based on the anticipated demand from informing all WIA-eligible participants about the self-employment training option.

9. Are there standards for reporting a successful outcome? There is a big range in terms

of self-employment success.

Because these are WIA participants, a successful outcome is based on federal common measures (entered employment and employment retention). The standard for reporting successful outcome for entrepreneurial training is dependent on the individual being self-employed during the first quarter after exit, so a participant is counted for entered employment only if they are self-employed (successful outcome). The same standard (self-employed or not self-employed) applies for retention.

10. *Is it difficult to find self-employment training providers?*

The availability of ETP-listed entrepreneurial training programs is going to vary from area to area. The WDCs should work with their business-affiliated council members and local chambers of commerce, small business development centers, and SCORE chapters to identify entrepreneurial training providers in the region and encourage them to get on the [ETPL](#). WDCs should check the [ETPL](#) to see who is already on the list and review the [SEAP-Approved Providers List](#) to identify programs in their area that are not on the ETPL but are already providing such training under SEAP.

11. *How will WDCs know which ETP-listed programs are or are not suitable?*

WDCs or their contractors will need to research the program to determine if it has structured programming that, at the end of the day, enables participants to start their own business. A typical product or outcome is a business plan, a comprehensive document that encompasses a description of the business (type of industry or sector, legal structure, product/service being sold, customer base, profitability), market strategies (define market, project market share, position the business, pricing, distribution, promotion, sales), competitive analysis (identifying and analyzing competitors' strengths and weaknesses), design/development (product, market, and organizational development), operation/management (organizational structure, personnel, operating expenses, capital requirements, costs of goods), and finances (income statement, cash flow, balance sheet). The program may offer other components, but business plan development should be a minimum criteria.

12. *Can training providers do anything prior to applying to be on the ETPL to determine if they will qualify?*

Training providers should go to the Career Bridge website for an overview of the pre-requisites for Eligible Training Provider List approval. The best place to start is "Eligible Training Provider List information" at <http://www.careerbridge.wa.gov/Page.aspx?nid=ETPLInfo>. Additional information is located on the FAQ page at <http://www.careerbridge.wa.gov/Page.aspx?nid=FAQ>. If you still have questions, you are always welcome to contact Karen Pyle at the Workforce Board at 360-709-4600.

13. *How long does it take for providers to get approved?*

The length of time for approval ranges from 2 working days to 2 months. Most new training providers and their programs are approved within 2 weeks. If a training provider needs WDC approval for initial eligibility, the process may take longer as it depends on how long it takes the local area to conduct their review. The other situation that may add time is if a training provider is determined to need a private vocational school license, which they must have prior to ETP approval if they are required by law to have a license. The licensing process takes approximately 4 weeks.

14. Can someone eligible for Trade Act take advantage of self-employment training provided it is paid for by WIA?

No. A Trade Act eligible individual may be co-enrolled as a Dislocated Worker under WIA, but the self-employment training would be paid for by TAA. WIA would pay for support services, but those expenditures are not counted as WIA expenditures for self employment training.

15. What kind of supportive services can we provide to WIA participants enrolled in self-employment/entrepreneurial training programs?

Supportive services are payments that are necessary to enable an individual to participant in activities authorized under WIA Title I. These may include, but are not limited to transportation, child care, dependent care, housing, educational supplies/tools, etc. Each local area should ensure that their supportive service policy enables individuals to access supportive services while participating in WIA core, intensive and/or training services. Services provided to individuals enrolled in self-employment/entrepreneurial training should be no different than services provide to participants enrolled in other types of training (i.e., classroom, OJT, etc.) in accordance with local policy.

16. Is it necessary to consider if the self-employment field is in demand per the demand/decline list as with other occupations, or is self-employment training not attached to demand of that specific occupation?

Successful self-employment (in any given field) is not necessarily attached to an in-demand occupation. WDCs must determine that the selected program/provider is a suitable program/provider on the ETPL, but there is no requirement for the self-employment field to match an in-demand occupation. WIA contractors are encouraged, however, to coordinate with self-employment training providers on front-end assessments of prospective WIA participants to determine likelihood of success, which usually includes an assessment of the viability of the business sector of interest. Refer to number 11 for additional clarification on determining whether or not a program is suitable.

17. What is the difference between SEAP and SET?

SEAP is a UI-based program while SET is WIA-based. The table below outlines the primary differences:

	Self-Employment Assistance Program (SEAP)	Self-Employment Training (SET)
Overview:	SEAP allows UI claimants, who are identified as likely to exhaust their regular unemployment benefits or who are eligible for Commissioner-Approved Training (CAT), to enroll in self-employment training while continuing to receive their UI benefits.	SET is designed to offer eligible Adults and Dislocated Workers under WIA the same availability of self-employment training as any other type of allowable WIA training.

<p>Training Providers:</p>	<p>A SEAP-Approved Provider does not have to be on the ETPL, but does have to meet four elements required by SEAP.</p> <p>A SEAP-Approved Provider is not automatically a SET-Approved Provider.</p>	<p>SET only utilizes providers from the ETPL and the SET policy includes provisions to ensure sufficient providers to meet local demand for self-employment training.</p> <p>A SET-Approved Provider is not automatically a SEAP-Approved Provider but may meet the four elements required to be a SEAP provider.</p> <p>Note: For more information contact lmccormick@esd.wa.gov.</p>
<p>WDC Impact:</p>	<p>RCW 50.20.250 required ESD to collaborate with partners and WDCs to implement the program.</p>	<p>RCW 50.62.030 requires WDCs to ensure all WIA-eligible individuals are notified of the availability of self-employment training in their WDAs and to implement plans for expending WIA funds on self-employment training based on demand rates in their WDAs.</p>

References:

- [Self-Employment Training Policy #3705](#)
- [Washington Career Bridge](#)
- [Self-Employment Assistance Program \(SEAP\) – Approved Providers List](#)
- [TEGL 12-10 - Supporting Entrepreneurial and Self-Employment Training through the Workforce Investment System](#)
- [RCW 50.62.030](#)
- [RCW 20.20.250](#)

Website:

http://www.wa.gov/esd/1stop/policies/state_guidance.htm

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