



AEO *Association for
Enterprise Opportunity*
THE VOICE OF MICROBUSINESS

April 2, 2014

The Vice President
Old Executive Office Building
Washington, DC 20501

Dear Mr. Vice President,

On behalf of the Association for Enterprise Opportunity (AEO) and the undersigned organizations, I am writing today in regard to the Job-Driven Training for Workers initiative your office is leading. We applaud the Administration for identifying this issue as an important piece of the employment puzzle. The landscape of our nation's workforce and the demands of today's economy have changed dramatically over the last several decades. The federal government's training programs play an important role in preparing individuals for employment and provide much needed skills training.

We believe, however, that the current training model does not adequately meet the needs of our evolving workforce. On behalf of the more than 450 members and partner network of organizations that provide lending and business assistance services to entrepreneurs that we represent, our concern is focused on ensuring that these training programs support entrepreneurship as an option.

According to AEO's latest research report, "Bigger than you Think: The Economic Impact of Microbusinesses in the United States," there are 26 million microbusinesses (0-4 employees) in the US with a total employment of 41 million. Of these firms, approximately 90 percent – or 23.5 million – are self-employed. These small businesses not only create jobs for themselves, but also have the potential to create jobs for others in their communities.

Many of the nation's unemployed are seeking jobs that no longer exist, joining the ranks of the long-term unemployed. For many of these individuals, starting their own business and applying skills learned over a lifetime can be an attractive option. In fact, Americans between the ages of 55 and 64 are the fastest growing group of entrepreneurs and start businesses at a higher rate than any other group. According to MetLife, there are 34 million seniors interested in starting a business.

We believe supporting entrepreneurship and assisting individuals create their own jobs should be a core component of any workforce training modernization recommendations. We ask that you consider the following three recommendations:

1. Change Department of Labor Performance Measures

Title I of the Workforce Investment Act of 1998 (P.L. 105-220) authorized entrepreneurial training as an allowable training option in the Department of Labor's (DOL) jobs training system. However, the performance measures required by DOL cannot track self-employment, creating a barrier for jobs training centers to provide entrepreneurial training because they cannot count someone who starts a business as a "successful" employment outcome. Although the DOL has encouraged offering entrepreneurial training via guidance (TEGL 12-10), without the performance metrics change, adoption will remain lackluster.

The Department of Labor should change the performance measures to include starting a business – and thus creating a job – as a successful employment outcome to encourage the national network of centers to provide this important training. We believe that tracking business creation would be relatively simple: measures could include obtaining a business tax ID or business establishment documents for example. It seems to us that this change could be achieved via Executive Order.

2. Expand Self-Employment Assistance Programs

The Department of Labor should incentivize states to implement self-employment assistance (SEA) programs. SEA allows states to pay out a self-employed allowance, in lieu of regular unemployment insurance benefits, while individuals receive training to start a business. There are currently four states with active SEA programs: Delaware, New York, Oregon, and Rhode Island, but many more states should take advantage of this low cost, effective program.

One of the barriers to implementation is the lack of funding for this program. The DOL could direct a portion of the Workforce Innovation Fund (WIF) to assist states in establishing and operating a SEA program. Successful applicants would be able to document best practices in line with the goals and requirements of the Workforce Innovation Fund.

3. Enhanced Collaboration between the SBA and DOL

To enhance training availability and maximize resources, the DOL should expand its partnership with the U.S. Small Business Administration (SBA) and its vast network of resource partners. The SBA oversees a national network of more than 900 Small Business Development Centers (SBDCs), 106 Women's Business Centers (WBCs) and more than 13,000 SCORE volunteers, all providing assistance to entrepreneurs.

Enhancing collaboration between the DOL's training network and SBA's resource partners at the state- and local-levels would provide business assistance to jobseekers interested in starting their own businesses. The training already exists. We envision an MOU between the two agencies to facilitate collaboration and provide a low cost solution to access this important training and counseling.

The organizations that AEO serves are dedicated to supporting entrepreneurs, especially those in underserved communities. Entrepreneurs that receive business assistance services have higher success rates (80% survival rate over five years, compared to a 50% survival rate for businesses that received no training) and average annual revenues are 38% higher.

We think these recommendations can achieve a big impact on our workforce with minimal cost.

Please feel free to reach out to Connie Evans, President and CEO at (202) 650-5580 with any questions or to discuss these recommendations further.

Thank you for your consideration of this important subject.

Most respectfully,



Connie E. Evans, President & CEO
Association for Enterprise Opportunity

American Sustainable Business Council
Association of Women's Business Centers
Corporation for Enterprise Development
Small Business Majority
U.S. Black Chambers, Inc.
U.S. Hispanic Chamber of Commerce
Women Impacting Public Policy