EMPLOYMENT AND TRAINING ADMINISTRATION ADVISORY SYSTEM U.S. DEPARTMENT OF LABOR Washington, D.C. 20210	CLASSIFICATION UI
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ADVISORY: **UNEMPLOYMENT INSURANCE PROGRAM LETTER NO.** 20-12

TO: STATE WORKFORCE AGENCIES

FROM: JANE OATES
Assistant Secretary

SUBJECT: The Middle Class Tax Relief and Job Creation Act of 2012 (Public Law (P.L.) 112-96) – Provisions on Self-Employment Assistance Programs

1. Purpose. To advise state agencies of the provisions in the Middle Class Tax Relief and Job Creation Act of 2012, (the Act) governing Self-Employment Assistance (SEA) programs and offering assistance to state agencies that operate such programs.

2. References.

- Subtitle E of the Middle Class Tax Relief and Job Creation Act of 2012 (P.L. 112-96);
- Section 3304(a)(4)(F) of the Federal Unemployment Tax Act (FUTA);
- Section 3306(t), FUTA;
- Section 303(a)(5) of the Social Security Act (SSA);
- Section 208 of the Federal-State Extended Unemployment Compensation Act of 1970 (P.L. 91-373);
- North American Free Trade Agreement (NAFTA) Implementation Act (P.L. 103-182);
- Noncitizen Benefit Clarification and Other Technical Amendments Act of 1998 (P.L. 105-306);
- Section 4001 of Title IV of the Supplemental Appropriations Act, 2008 (P.L. 110-252);
- Notice of Listening Sessions on Implementation of Unemployment Insurance Provisions of the Middle Class Tax Relief and Job Creation Act of 2012 (P.L. 112–96), 77 Fed. Reg. 16074 (March 19, 2012);
- Section 134(d)(4)(D)(vi) of the Workforce Investment Act of 1998;
- Training and Employment Guidance Letter (TEGL) No. 12-10 (November 15, 2010) *Supporting Entrepreneurial and Self-Employment Training through the Workforce Investment System*;
- Unemployment Insurance Program Letter (UIPL) No. 14-94, *North American Free Trade Agreement Implementation Act (P.L. 103-182) - Provisions Affecting the Federal-State Unemployment Compensation (UC) Program relating to Self-Employment Assistance;*
- UIPL No. 11-99, *Permanent Authorization of the Self-Employment Assistance Program*;
- UIPL No. 12-01, *Outsourcing of Unemployment Compensation Administrative Functions*, and UIPL No. 12-01, Change 1;

RESCISSIONS	EXPIRATION DATE
None	Continuing

- UIPL No. 23-08, *Supplemental Appropriation Act, 2008, Title IV—Emergency Unemployment Compensation*, and UIPL No. 23-08, Changes 1, 2, 3, 4, 5, and 6;
- UIPL No. 04-10, *Extension of Temporary Provisions—Emergency Unemployment Compensation, 2008, Federal Additional Compensation, and Extended Benefits*, and UIPL No. 04-10, Changes 1, 2, 3, 4, 5, 6, 7, 8, and 9; and
- ET Handbook No. 336, 18th Edition (December 2009), "*Unemployment Insurance (UI) State Quality Service Plan -Planning and Reporting Guidelines.*"

3. Background. On February 22, 2012, the President signed into law the Middle Class Tax Relief and Job Creation Act of 2012 (P.L. 112-96). In recognition of the importance of supporting entrepreneurship, Subtitle E of P.L. 112-96 (hereinafter referred to as Subtitle E) amended Federal Unemployment Compensation (UC) law to extend the SEA program to the long-term unemployed receiving benefits under the Emergency Unemployment Compensation (EUC) and Extended Benefits (EB) programs. This is a further expansion of the SEA program, which began in 1993.

The "withdrawal standard" of Section 3304(a)(4), FUTA, and Section 303(a)(5), SSA, limits withdrawals (with specified exceptions not relevant here) from a state's unemployment fund for payments of "compensation." The term "compensation" is defined in Section 3306(h), FUTA, as "cash benefits payable to individuals with respect to their unemployment." Because payment must be made with respect to "unemployment," prior to 1993, the withdrawal standard prohibited states from using unemployment funds to help individuals establish themselves in self-employment.

The North American Free Trade Agreement (NAFTA), enacted on December 8, 1993, included a provision allowing states to operate SEA programs over a five-year period that would permit certain individuals to receive payments from the state's unemployment fund in lieu of regular compensation to help them establish businesses. On October 28, 1998, the Noncitizen Benefit Clarification and Other Technical Amendments Act of 1998, (P.L. 105-306) permanently authorized the SEA program.

Participation in a state SEA program is voluntary, on the part of both the state and the unemployed individual. These programs provide unemployed individuals financial support while they access the resources, information, and training they need to get a business off the ground. States work with the individual participants to determine what training they need to help them succeed in the program. Individuals enrolled in an SEA program receive a weekly allowance in the same amount as the individual's regular UC weekly benefit amount. The definition of an SEA program under section 3306(t), FUTA requires an individual to be:

a. Eligible to receive regular UC under the state's law, except that the individuals are not required to meet the state's requirements related to:
   - Availability for work;
   - Active work search;
   - Refusal to accept work; and
   - Disqualifying income with respect to income earned from self-employment;
b. Identified under a state worker profiling system as being likely to exhaust regular UC;
c. Participating in self-employment activities including entrepreneurial training, business counseling, and technical assistance that are approved by the state UC agency; and

d. Actively engaged on a full-time basis in activities (which may include training) relating to the establishment of a business and becoming self-employed.

Section 3306(t), FUTA, also provides that the aggregate number of individuals receiving SEA allowances may at no time exceed five percent of the number of individuals receiving regular UC. In addition, the SEA program may not result in any cost to the Unemployment Trust Fund (UTF) in excess of the cost that would be incurred by the state and charged to the UTF had the individual(s) not participated in the SEA program.

The "regular" SEA program remains unchanged except that, as explained in section 10 below, there are new reporting requirements. See the summary of changes below for the differences between the "regular" SEA program and the SEA program for EB and/or EUC authorized under P.L. 112-96.

4. Summary of Changes.

A. Self-Employment Assistance Program for Individuals Eligible for EB. Before the enactment of P.L. 112-96, Federal law limited SEA participation to individuals who were eligible to receive "regular compensation." Subtitle E amended the Federal-State Extended Unemployment Compensation Act of 1970 (EUCA) by adding section 208 providing permissive authority for states to establish SEA programs for individuals eligible to receive EB for weeks of unemployment beginning after the date of enactment.

Section 208, EUCA, provides that states operating SEA programs for individuals eligible for EB must follow the definition of an SEA program in section 3306(t), FUTA, except that:

1) References to "regular unemployment compensation" under state law in section 3306(t), FUTA, are deemed to refer instead to "extended compensation" under Title II of EUCA;
2) The requirement that participants must have been identified through a state's profiling system as likely to exhaust regular unemployment benefits does not apply;
3) References to "entrepreneurial training, business counseling, and technical assistance" in section 3306(t)(3)(C)(i), FUTA, shall be deemed instead to mean "entrepreneurial training that the state or non-profit organizations may provide in coordination with programs of training offered [through the workforce investment system or] by the [Small Business Administration] SBA, which may include business counseling, mentorship for participants, access to small business development resources, and technical assistance;"
4) The five percent limitation on the aggregate number of individuals receiving an SEA allowance in section 3306(t)(4) is, instead, a one percent limitation; and
5) The requirement that the program not result in any cost to the UTF does not apply.

However, section 208(c), EUCA, provides that no individual may be approved for participation in SEA, in lieu of EB, unless the state UC agency has a reasonable expectation that the individual has remaining entitlement to at least 13 weeks of EB.

P.L. 112-96 amended section 4001(e), Supplemental Appropriations Act, 2008 governing EUC, to mandate that effective March 4, 2012, states must pay EUC prior to EB. As a result, if a state is in an EB period and an individual had 26 weeks of regular UC entitlement, an individual must begin participation in the SEA program during the first week of EB eligibility. Individuals in an EB state with fewer than 26 weeks of regular UC entitlement may not participate in this SEA program as they would have fewer than 13 weeks of EB entitlement remaining. This is because the EB entitlement is the lesser of 50 percent of the regular UC entitlement or 13 times the regular UC weekly benefit amount. However, if a state is in a high unemployment period (HUP) (which entitles individuals to receive up to 20 weeks of EB), individuals with 26 weeks of regular UC entitlement must begin participation no later than the eighth week of their EB claim in order to have 13 weeks of EB entitlement remaining. Individuals in a HUP state with fewer than 26 weeks of regular UC entitlement must begin participation early in their EB claim in order to meet the 13 remaining weeks of EB entitlement requirement.

Section 208(d), EUCA, provides that individuals may cease participation in this SEA program at any time and receive the remaining balance of EB if they meet all eligibility requirements. Amounts of SEA allowances received by an individual must be deducted from the remaining amounts of EB available to the individual.

Section 2181 of the Act amended EUCA (P.L. 91-373) by adding section 208 and amended section 4001 of the Supplemental Appropriations Act, 2008 (P.L. 110-252) (EUC). The amendment provided for a "combined eligibility limit" that allows individuals to receive up to 26 weeks of SEA allowance payments in lieu of EUC, EB or combined EUC/EB eligibility. The "carryover rule" permits an individual who is receiving SEA in lieu of EB to continue to receive SEA in lieu of EUC when s/he exhausts his/her EB eligibility limit, and vice versa. This combined eligibility limit will only become a factor if a state provides for both EB SEA and EUC SEA. The practical effect of this rule is currently limited because states have been paying EUC before EB and individuals have not yet had the opportunity to receive EB SEA.

Lastly, since EB is paid under state law, states wishing to pay EB SEA must enact new state legislation to provide for the payment of SEA allowances to individuals eligible for EB, unless a state has authority to do so by regulation or Executive Order. As required by the statute, we have developed model legislation, which is discussed further in section 8 below.

B. Self-Employment Assistance Program for Individuals Eligible for EUC. As noted above, before the enactment of P.L. 112-96, Federal law limited SEA participation to individuals who were eligible to receive "regular compensation." Subtitle E amended section 4001 of the Supplemental Appropriations Act, 2008 (P.L. 110-252) (the EUC

law) by adding a new subsection (j) which permits states to establish SEA programs for individuals eligible for EUC. If a state elects to do so, the state would operate this SEA program through an addendum to its agreement under section 4001(a) of the Supplemental Appropriations Act, 2008. No state legislation is required to operate an EUC SEA program. Any state may operate an EUC SEA program conditioned on the state amending their section 40001(a) EUC agreement.

The new subsection (j) provides that in operating SEA programs for individuals eligible for EUC, states must follow the definition in section 3306(t), FUTA, except that:

1) All references to "regular unemployment compensation" under state law in section 3306(t), FUTA, are deemed to refer instead to "emergency unemployment compensation" under Title IV of the Supplemental Appropriations Act, 2008 and also, like EB except that;
2) The requirement that participants must have been identified through a state's profiling system as likely to exhaust regular unemployment benefits does not apply;
3) References to "entrepreneurial training, business counseling, and technical assistance" in section 3306(t)(3)(C)(i), FUTA, shall be deemed instead to mean "entrepreneurial training that the state or non-profit organizations may provide in coordination with programs of training offered by the SBA, which may include business counseling, mentorship for participants, access to small business development resources, and technical assistance";
4) The five percent limitation on the aggregate number of individuals receiving an SEA allowance in section 3306(t)(4) is instead a one percent limitation; and
5) The requirement that the program not result in any cost to the UTF does not apply.

Note: The number of claimants participating in an EUC SEA program in a state may include interstate claimants residing in that state if the state of residence is operating an EUC SEA program, even though the "paying state" may not be operating an EUC SEA program. For example, an individual is claiming against State A, which does not have an EUC SEA program, but lives in State B, which does. State B may permit the individual, if otherwise eligible (including the "one percent" limitation), to participate in its SEA program, while collecting benefits from State A. As an EUC SEA participant, the individual would not be subject to the requirements for availability for work, active search for work, or refusal to accept work. To optimize the success of these EUC SEA programs, the Department strongly encourages states to coordinate efforts to facilitate and allow such EUC interstate claimants to be able to participate in these programs, if otherwise eligible. Further, the state agrees to honor interstate claims determinations of eligibility for enrollment in EUC SEA programs from agent states that have EUC SEA programs.

However, as with EB SEA, no individual may be approved for participation in SEA in lieu of EUC unless the state UC agency has a reasonable expectation that the individual has remaining entitlement to at least 13 weeks of EB and/or EUC.

Also, like with EB SEA, individuals may cease participation in this SEA program at any time and receive the remaining balance of EUC if they meet all eligibility requirements.

As described above, the new section 4001(j) provides for a "combined eligibility limit" that allows individuals to receive up to 26 weeks of SEA allowance payments in lieu of EUC, EB or combined EUC/EB eligibility. The "carryover rule" permits an individual who is receiving SEA in lieu of EUC to continue to receive SEA in lieu of EB when s/he exhausts his/her EUC eligibility limit, and vice versa. This combined eligibility limit will only become a factor if a state provides for both "EB" SEA and "EUC" SEA. In addition, the practical effect of this rule is limited because states have generally been paying EUC before EB and individuals have not yet had the opportunity to receive EUC SEA.

5. Collaboration with Service Providers. Implementing a successful SEA program requires collaboration with entrepreneurial training providers and other service providers to support new entrepreneurs. The U.S. Department of Labor (Department) recommends that states UC agencies actively engage with other workforce system partners at the state level, with partners in the One-Stop Career Centers, with the service providers described in section 6 operating under the auspices of the SBA, and with local and community-based organizations supporting new entrepreneurs. States are strongly encouraged to work with SBA's network of staff and service providers to determine the most effective ways to integrate these services in a comprehensive plan for serving SEA participants and supporting their success as entrepreneurs.

One-Stop Career Centers can also play a key role in supporting entrepreneurship including engaging with local, regional, and state partners to develop an entrepreneurial environment. One-Stop Center staff can assist in developing strategies to leverage workforce system resources to identify and support potential entrepreneurs. Information about opportunities for self-employment and entrepreneurship is available to One-Stop customers to assess whether self-employment is a good option for them as a reemployment strategy. One-Stop customers are provided information on the range of entrepreneurship resources and strategies to help small business owners grow their businesses such as developing growth strategies to enable new job creation.

The Department encourages state UC agencies to enter into agreements or have memoranda of understanding (MOU) with appropriate partners and service providers collaborating to administer the SEA program. This ensures that the necessary partners commit to providing self-employment services. In addition, states in which the UC partner has entered into an agreement with One-Stop Career Centers to provide SEA services and/or training must get a commitment of staff to perform the necessary tasks. The agreement or MOU should contain:

- Names of all parties to the agreement;
- A brief description of the collaborative process jointly developed;
- Identification of those who will provide the specific services;
- Description(s) of how feedback will be provided; and
- Descriptions(s) of the roles of the service providers.

6. Resources to Support Entrepreneurship Training. Section 2183(e) requires the Secretary of Labor (Secretary) to use resources available through the Department and to coordinate with the SBA "to ensure that adequate funding is reserved and made available for the provision of entrepreneurial training to individuals participating in" SEA programs. The Department intends to collaborate with SBA to provide a full array of technical assistance and tools to support state implementation of a robust SEA program. Below is a sample of some of the available resources that states should consider including in their programs. In addition to these resources, states can expect to receive additional guidance on how to effectively connect services available through the workforce system and the SBA network of services for the benefit of SEA participants, including outreach materials and an SBA entrepreneurship "tool kit" that can be offered to potential participants.

a. **Entrepreneurship Training Using Workforce System Resources**. The Department has actively encouraged consideration of the use of resources within the public workforce system, including Individual Training Accounts available under the Workforce Investment Act of 1998, to support entrepreneurship training as an important alternative to traditional training, particularly in a slow economy. There is a range of activities allowable under WIA that promotes the success of small businesses and entrepreneurship. WIA funds may be used for training for small business owners and new entrepreneurs, which can range from general business courses to specific courses on such topics as how to address legal and personnel issues. WIA funds may also be used for skills training and to pay costs associated with obtaining a skill or occupational credential that demonstrates the expertise of the entrepreneur or small business owner. However, given limited resources within the workforce system, it is critical for states and Local Workforce Investment Boards to leverage resources from a wide array of entrepreneurship organizations and the resources provided through the SBA. TEGL No. 12-10 (published November 15, 2010) provides a detailed discussion about use of workforce system resources for this purpose. Also, see TEGL No. 12-10 for guidelines/information on how WIA performance measures relate to these SEA activities.

b. **SBA Resources**. The SBA funds a robust portfolio of resources for prospective entrepreneurs and small business owners. SBA counsels and trains over 1 million clients annually as they start, sustain and grow their small businesses through its online training and vast resource partner network. SBA's network reaches into communities across America: More than 18,000 business counselors, mentors and trainers available through over 100 Small Business Development Centers, 110 Womens' Business Centers and 364 SCORE chapters. Resource partner business experts represent a vast network of industry-specific mentors who come from diverse communities across America. They provide face-to-face and online counseling, training and mentoring to help small businesses develop strategic plans, conduct market studies, implement new technologies, access needed capital, and much more. Full information about all of these programs is available at the SBA's Web site at http:/www.sba.gov and individuals can find the counselors in their community by entering their zip code at www.sba.gov/direct. States are strongly encouraged to

reach out to SBA District Offices as discussed below to coordinate plans for developing an SEA program.

1) ***SBA District and Regional Offices.*** SBA's network of 68 district and 10 regional offices are the point of delivery for most SBA programs and services. They work to accomplish the SBA mission by providing quality service to the small business community; and work with SBA resources partners and intermediaries to accomplish the SBA mission. An SEA participant can find the closest SBA District Office by going to: http://www.sba.gov/about-offices-list/3

2) ***Small Business Development Centers (SBDCs).*** SBDCs provide free or low-cost training and technical assistance to current or prospective business owners. Located in every state, SBDCs are usually affiliated with a higher-education establishment such as a university, college, or business school. SBDCs are funded by grants from the SBA and matching funds. There are 63 SBDCs with more than 1,000 SBDC service centers in the 50 states and insular territories. In 2011, SBDCs helped small businesses leverage over $3.6 billion in capital infusion.

3) ***SCORE, "For the Life of Your Business."*** SCORE, a partner of the SBA, is a nonprofit association dedicated to educating entrepreneurs and to the formation, growth, and success of small businesses nationwide. It is comprised of over 13,000 volunteer business counselors who provide mentorship and share real-world ethically sound business practices to help entrepreneurs and small business owners at various stages in their business lifecycle. With nearly 370 community based chapters and an award winning online advise and training website, SCORE has served nearly 1.6 million entrepreneurs since 2009.

4) ***Women's Business Centers (WBCs).*** WBCs represent a national network of 110 educational centers. Through these centers, SBA provides women entrepreneurs with face-to-face counseling, training, and assistance to help them develop strategic plans, conduct market studies, implement new technologies, and access capital. These centers have trained and counseled more than 160,000 women, many of them in underserved and economically disadvantaged communities and are, for the first time, in every state in the continental U.S.

5) ***Veterans Business Outreach Centers (VBOCs).*** The Veterans Business Outreach Centers (VBOP) provide entrepreneurial development services such as business training, counseling and mentoring, and referrals for eligible veterans owning or considering starting a small business. The SBA has 16 organizations across the country participating in this cooperative agreement and serving as VBOCs.

6) ***Small Business Training Network***. SBA now offers on-line training courses covering a number of business topics that can be found at http://www.sba.gov/category/navigation-structure/counseling-training.

SBA online training courses are free, self-paced, and targeted to the specific needs of small business owners. Planning assessment tools and other digital tools allow users to explore entrepreneurship and connect with the right solution to fit their individual needs. Some of the existing courses include:

- Starting a Business
- Managing a Business
- Financing a Business
- Contracting

7) ***Financing***. SBA provides a number of financial assistance programs for small businesses that have been specifically designed to meet key financing needs, including debt financing, surety bonds, and equity financing. Below provides a number of the financial assistance programs available through SBA. More information about SBA financing can be found at http://www.sba.gov/financialassistance/borrowers/role/index.html.

   a) Guaranteed Loan Programs (Debt Financing). SBA does not make direct loans to small businesses. Rather, SBA sets the guidelines for loans, which are then made by its partners (lenders, community development organizations, and microlending institutions). The SBA guarantees that these loans will be repaid, thus eliminating some of the risk to the lending partners. So when a business applies for an SBA loan, it is actually applying for a commercial loan, structured according to SBA requirements with an SBA guaranty. SBA-guaranteed loans may not be made to a small business if the borrower has access to other financing on reasonable terms.

   b) 7(a) Loan Program. The 7(a) Loan Program includes financial help for businesses with special requirements. For example, funds are available for loans to businesses that handle exports to foreign countries, businesses that operate in rural areas, and for other very specific purposes.

   c) CDC/504 Loan Program. The SBA 504 Loan program is a powerful economic development loan program that offers small businesses another avenue for business financing, while promoting business growth, and job creation. This program is a proven success and win-win-win for the small business, the community and participating lenders. The 504 Loan Program provides approved small businesses with long-term, fixed-rate financing used to acquire fixed assets for expansion or modernization. 504 loans are made available through Certified Development Companies (CDCs), SBA's community based partners for providing 504 Loans.

   d) Microloan Program. The Microloan Program provides small, short-term loans to small business concerns and certain types of not-for-profit child-care centers. The SBA makes funds available to specially designated

intermediary lenders, which are nonprofit community-based organizations with experience in lending as well as management and technical assistance. These intermediaries make loans to eligible borrowers. The maximum loan amount is $50,000, but the average microloan is about $13,000.

e) ***Bonding Program (Surety Bonds).*** SBA's Surety Bond Guarantee (SBG) Program helps small business contractors who cannot obtain surety bonds through regular commercial channels. A surety bond is a three-party instrument between a surety (someone who agrees to be responsible for the debt or obligation of another), a contractor and a project owner. The agreement binds the contractor to comply with the terms and conditions of a contract. If the contractor is unable to successfully perform the contract, the surety assumes the contractor's responsibilities and ensures that the project is completed. Through the SBG Program, the SBA makes an agreement with a surety guaranteeing that SBA will assume a percentage of loss in the event the contractor should breach the terms of the contract. The SBA's guarantee gives sureties an incentive to provide bonding for eligible contractors, thereby strengthening a contractor's ability to obtain bonding and greater access to contracting opportunities for small businesses. SBA can guarantee bonds for contracts up to $5 million, covering bid, performance and payment bonds, and in some cases up to $10 million for certain contracts.

f) Venture Capital Program (Equity Financing). SBA's Small Business Investment Company (SBIC) Program is a public-private investment partnership through which the SBA provides venture capital to small businesses. SBICs are privately owned and managed investment funds, licensed and regulated by SBA. With the private capital they raise and with funds borrowed at favorable rates through SBA, SBICs provide financing in the form of debt or equity to small businesses. SBICs are similar to venture capital, private equity and private debt funds in terms of how they operate and their ultimate objective to generate high returns for their investors. However, unlike those funds, SBICs limit their investments to qualified small business concerns as defined by SBA regulations.

7. <u>Grants for SEA Programs</u>. Section 2182 of the Act gives the Secretary authority to award grants to states to develop, enhance, and promote SEA programs in their state.

Grants may be awarded to states for:

- improved administration of existing SEA programs that had been established before the date of enactment of the Act;
- development, implementation, and administration of new SEA programs established after the date of enactment of the Act; and

- development, implementation, and administration of SEA programs for individuals who are eligible to receive EB or EUC.

In addition to submitting applications for funding to do one or more of the activities above, additional funds are available to promote SEA programs and enroll unemployed individuals in such programs. These additional funds are available only for those states that have been approved to receive a grant for the activities listed above. States are strongly encouraged to apply for these additional funds at the same time they apply for implementation and administration grants.

These grants provide a unique opportunity for states to consider innovative strategies for targeting different types of unemployment claimants who may have greater potential to be successful in starting new businesses. Traditionally, dislocated workers with years of experience in a particular field have been considered as potential SEA participants. More recently, self employment has been seen as a reemployment strategy for the long term unemployed. Today, young adults continue to experience high unemployment. States are encouraged to also consider focusing on young adults as a target for promoting SEA as a reemployment option. Many young adults are technology savvy, highly experienced in the use of social media, and are frequently more open to new and creative experiences – all factors that are valuable for someone starting a new business in today's economy.

The Act provides for a total of $35 million for SEA grants (see Attachment 2). Of this amount, $30 million will be available for implementation and improved administration of the SEA program. The remaining $5 million is available for the promotion of the SEA program and enrollment of individuals into the program, which the Department believes is important to the success of this program. Under section 2182(c) of the Act, each state is to receive an allotment from the total funds "based upon the percentage of unemployed individuals in the state relative to the percentage of unemployed individuals in all States." The Department interprets this to mean that each state should receive a share of the total equal to its share of US total unemployment for the 12-month period ending February 2012. This is consistent with the way unemployment data is used for allocating funds for other ETA programs. If a state has a balance of funds remaining in either grant after completion of the grant activities, the state may request a redirection of these funds to the other grant to carry out functions permitted under the agreement.

8. Application Process. For a state to receive funds under Section 2182 of the Act, it must submit a complete application to the Department in accordance with the instructions provided below. To be considered complete, the application must include a narrative description of the proposed activities to be undertaken using these funds, including:

- a project plan with a detailed timeline of activities;
- identified milestones;
- actions to be taken to secure high-quality training opportunities for SEA participants;
- projected goals, outcomes, and products;
- a project budget that indicates other funding, if any, (source and amount) that the state plans to use for the grant activities; and

- if applicable, a copy of the law, regulation, or executive order reflecting the changes to state law provisions, including EB provisions under EUCA, as amended.

Examples of allowable activities to be funded include, but are not limited to, automation and programming costs, staffing, advertisements and promotional materials, curriculum development, and entrepreneurship training. Assurances that the state will provide the data required in ET Handbook No. 336, 18th Edition (December 2009) (State Quality Service Plan (SQSP)) must also be included (See Attachment 9).

The new SEA allowances may be paid under the EB program, which all states' laws contain as a requirement under FUTA and which follows the payment of regular compensation under the state regular UC program. SEA allowances may also be paid under the EUC program, which also follows the payment of regular UC under the state program. Therefore, any state that is not certified under section 3304, FUTA, or eligible for the administrative grants under section 303(a), SSA, is not eligible for these grants.

The Department will begin accepting applications upon the issuance of this guidance, although states are encouraged to take sufficient time to form the necessary partnerships, particularly with state and local workforce system partners and with Small Business Development Centers and other SBA service providers, and to develop their applications thoroughly. The Department will only consider complete applications; incomplete applications will be returned as denied. If an application is incomplete or has been denied, a state may submit a subsequent application for consideration by the Secretary. Although the statute allows that applications may be filed through December 31, 2013, the Department has no authority to obligate the SEA grant funds appropriated by the statute beyond the end of the fiscal year ending September 30, 2013. Accordingly, the Department will only accept applications postmarked on or before June 30, 2013, to ensure that both Departments, Labor and Treasury, have enough time to fulfill their responsibilities to review and approve grant applications, and to assure the timely award and funding of grants.

The Department will approve or deny applications within 30 days of receipt. The 30-day period begins on the day following actual receipt of a complete application. Upon receipt of a complete application submitted in accordance with this guidance, the application will be reviewed. The applicant state will be notified whether its application has been approved. If it is approved, the Secretary of Treasury will transfer the amount of the approved funds within seven days of receipt of the Department's certification. If the application is denied, the Department will provide technical assistance to the state to support submission of a successful application.

Each application must contain the name, telephone number, and e-mail address of the state administrator who is to be notified of approval of the application. Applications must also include the name, telephone number, and e-mail address of the individual who can respond to questions about the SEA application and management of the program.

SEA applications are to be signed by the state agency administrator and addressed to:

Gay M. Gilbert
Administrator
Office of Unemployment Insurance
200 Constitution Ave, N.W. Room S-4524
Washington, D.C. 20210

States are strongly encouraged to submit applications by fax or email (with PDF attachments), followed by a hard copy to the address above. Delivery may also be made by the U.S. Postal Service or private companies such as FedEx or UPS. States may fax applications to 202-693-3526 to the attention of the Division of Unemployment Insurance Operations. Email submissions should be sent to the following email address: SEA_Application@dol.gov. Copies should be provided to the appropriate Regional Office. For purposes of determining date of receipt, the date the application is received in the National Office shall be used. Applications sent only via the U.S. Postal Service may be delayed due to security precautions with mail coming into the Department.

The format and instructions for preparing the SEA funding applications are provided in the attachments to this UIPL. All pages in the state's proposal must be numbered. Included are:

1) Attachment 3 - Self-Employment Assistance (SEA) Funding Application Outline;
2) Attachment 4 - Self-Employment Assistance (SEA) Cover Page; and
3) Attachment 5 - Implementing and Operating Instructions for Administering Self-Employment Assistance Programs for Emergency Unemployment Compensation (EUC).

9. Technical Assistance. Subsection 2183(a)(2) of the Act requires the Department to "provide technical assistance and guidance in establishing, improving, and administering such programs." Accordingly, the Department is developing a technical assistance strategy that will include webinars, additional guidance, and a collection of successful practices to help states implement SEA programs.

A webinar about SEA and related reporting requirements will be conducted upon release of this guidance. Other technical assistance will include SEA information, model legislative language (as discussed in Section 10), tools and outreach materials that will be shared through the UI Community of Practice Web site at http://ui.workforce3one.org.

10. Model Legislation. Subsection 2183(c) of the Act requires the Department to develop model legislation that may be used by a state to enact an SEA program and which will allow flexibility for states and participating individuals and ensure accountability and program integrity. In the development of such language, the Department was required to consult with employers, labor organizations, state workforce agencies, and other program experts. As provided by the Notice of Listening Sessions published at 77 Fed. Reg. 16074, consultations occurred on March 19 and 20, 2012. During these listening sessions, the provisions of Subtitle E, including anticipated reporting requirements, were discussed and comments and suggestions from stakeholders and program experts were solicited. Transcripts from the March 19th listening

session are available at https://www.workforce3one.org/view/2001208245173949276/info. A transcription of the March 20th listening session is available at https://www.workforce3one.org/view/2001208348041396009/info. Model legislative language for both the regular SEA program and the EB SEA program is found in attachments 7 and 8 of this UIPL. The Department plans to provide technical assistance to states through webinars.

11. Staffing Guidelines. Social Security Act, section 303(a)(1) conditions a state's receipt of a UC administrative grant upon the state law providing for "...[s]uch methods of administration (including after January 1, 1940, methods relating to the establishment and maintenance of personnel standards on a merit basis...) as are found by the Secretary of Labor to be reasonably calculated to insure full payment of unemployment compensation when due." The Department continues to require that "inherently governmental" functions be performed by merit staffed state government personnel. (See UIPL No. 12-01, Outsourcing of Unemployment Compensation Administrative Functions, and Change 1 to that UIPL.)

12. Reporting Requirements. The current required reporting for the SEA program has not changed. However, as a result of the new Federal requirements for SEA, the Act has necessitated new collection of data documenting SEA activities and outcomes for participants. Attachment 9 to this UIPL contains the reporting instructions for the new ETA 9161, the form states will use to report aggregate SEA program activity and outcomes. This new report was recently approved (OMB No. 1205-0490) and will be submitted, on a quarterly basis, through the current electronic reporting system that states use to submit virtually all UI required reports. The report is projected to be available in the reporting system by mid-July, 2012, and the first report, for activity during the second calendar quarter of 2012, will be due August 1, 2012.

As noted above, Attachment 9 shows the reporting instruments and instructions for the approved collection of data for any state that is operating an SEA program. Note that this collection also applies to those states that are currently offering SEA for claimants in the regular UC program as well as states that offer SEA to claimants in the EB or EUC program. The reports are program-specific; states must record SEA activity for claimants based on the program in which the claimants would have been drawing benefits had they not enrolled in SEA. Questions concerning these reports should be directed to the appropriate Regional Office.

13. Evaluation of SEA Programs. Subsection 2183(b) of the Act requires the Secretary of Labor to report to Congress on the effectiveness of SEA programs no later than 5 years after the date of enactment—February 22, 2017. Information required to complete the report to Congress will be collected from the states by a survey or other method as deemed adequate by the Department. States receiving grants as described in Section 7 above will be required to participate fully in this national evaluation. The evaluation report will include:

1) An analysis of the implementation and operation of new and existing SEA programs;
2) An evaluation of the economic outcomes for individuals who participated in an SEA program as compared to individuals who received UC and did not participate in an SEA program and who are close comparisons in terms of previous employment histories, education, gender, age, race/ethnicity, and geographical location. The

economic outcomes should include employment status, income, and duration of receipt of UC or SEA; and

3) An evaluation of the state of the businesses started by individuals who participated in an SEA program, including:
   a. Information regarding the type of businesses established;
   b. The sustainability of the businesses;
   c. The total income collected by the businesses;
   d. The total number of individuals employed through such businesses; and
   e. The estimated Federal and state tax revenue collected from such businesses and their employees.

At an appropriate time, the Department will submit an Information Collection Request (IRC) to the Office of Management and Budget (OMB) for this collection. The Department notes that a Federal agency cannot conduct or sponsor a collection of information unless it is approved by OMB under the Paperwork Reduction Act of 1995, and displays a currently valid OMB control number, and the public is not required to respond to a collection of information unless it displays a currently valid OMB control number (see 44 U.S.C. 3507). Also, notwithstanding any other provisions of law, no person shall be subject to penalty for failing to comply with a collection of information if the collection of information does not display a currently valid OMB control number (see 44 U.S.C. 3512).

14. Action Requested. Administrators are to provide this advisory to appropriate staff.

15. Inquiries. Questions should be directed to the appropriate regional office.

16. Attachments.

Attachment 1	Subtitle E—Self-Employment Assistance
Attachment 2	Available Self-Employment Assistance (SEA) Grants
Attachment 3	Self-Employment Assistance (SEA) Funding Application Cover Page
Attachment 4	Self-Employment Assistance (SEA) Funding Abstract
Attachment 5	Implementing and Operating Instructions for Administering Self-Employment Assistance (SEA) Programs for Emergency Unemployment Compensation (EUC) Recipients
Attachment 6	Addendum to Agreement under the Supplemental Appropriations Act, 2008
Attachment 7	Model Language and Commentary on Language to Implement a Self-Employment Assistance (SEA) Program for Individuals Eligible for Regular Unemployment Compensation
Attachment 8	Model Language and Commentary on Language to Implement a Self-Employment Assistance (SEA) Program for Individuals Eligible for Extended Benefits (EB)
Attachment 9	ETA 9161 Reporting Instructions
Attachment 10	Quarterly Progress Report

Subtitle E—Self-Employment Assistance

SEC. 2181. STATE ADMINISTRATION OF SELF-EMPLOYMENT ASSISTANCE PROGRAMS.

(a) AVAILABILITY FOR INDIVIDUALS RECEIVING EXTENDED COMPENSATION.—Title II of the Federal-State Extended Unemployment Compensation Act of 1970 (26 U.S.C. 3304 note) is amended by inserting at the end the following new section:

"AUTHORITY TO CONDUCT SELF-EMPLOYMENT ASSISTANCE PROGRAMS

"SEC. 208. (a)(1) At the option of a State, for any weeks of unemployment beginning after the date of enactment of this section, the State agency of the State may establish a self-employment assistance program, as described in subsection (b), to provide for the payment of extended compensation as self-employment assistance allowances to individuals who would otherwise satisfy the eligibility criteria under this title.

"(2) Subject to paragraph (3), the self-employment assistance allowance described in paragraph (1) shall be paid to an eligible individual from such individual's extended compensation account, as described in section 202(b), and the amount in such account shall be reduced accordingly.

"(3)(A) Subject to subparagraph (B), for purposes of self-employment assistance programs established under this section and section 4001(j) of the Supplemental Appropriations Act, 2008, an individual shall be provided with self-employment assistance allowances under such programs for a total of not greater than 26 weeks (referred to in this section as the 'combined eligibility limit').

"(B) For purposes of an individual who is participating in a self-employment assistance program established under this section and has not reached the combined eligibility limit as of the date on which such individual exhausts all rights to extended compensation under this title, the individual shall be eligible to receive self-employment assistance allowances under a self-employment assistance program established under section 4001(j) of the Supplemental Appropriations Act, 2008, until such individual has reached the combined eligibility limit, provided that the individual otherwise satisfies the eligibility criteria described under title IV of such Act.

"(b) For the purposes of this section, the term 'self-employment assistance program' means a program as defined under section 3306(t) of the Internal Revenue Code of 1986, except as follows:

"(1) all references to 'regular unemployment compensation under the State law' shall be deemed to refer instead to 'extended compensation under title II of the Federal-State Extended Unemployment Compensation Act of 1970';

"(2) paragraph (3)(B) shall not apply;

"(3) clause (i) of paragraph (3)(C) shall be deemed to state as follows:

" '(i) include any entrepreneurial training that the State or non-profit organizations may provide in coordination with programs of training offered by the Small Business Administration, which may include business counseling, mentorship for participants, access to small business development resources, and technical assistance; and';

"(4) the reference to '5 percent' in paragraph (4) shall be deemed to refer instead to '1 percent'; and

"(5) paragraph (5) shall not apply.

"(c) In the case of an individual who is eligible to receive extended compensation under this title, such individual shall not receive self-employment assistance allowances under this section unless the State agency has a reasonable expectation that such individual will be entitled to at least 13 times the individual's average weekly benefit amount of extended compensation and emergency unemployment compensation.

"(d)(1) An individual who is participating in a self-employment assistance program established under this section may elect to discontinue participation in such program at any time.

"(2) For purposes of an individual whose participation in a self-employment assistance program established under this section is terminated pursuant to subsection (a)(3) or who has discontinued participation in such program, if the individual continues to satisfy the eligibility requirements for extended compensation under this title, the individual shall receive extended compensation payments with respect to subsequent weeks of unemployment, to the extent that amounts remain in the account established for such individual under section 202(b)."

(b) AVAILABILITY FOR INDIVIDUALS RECEIVING EMERGENCY UNEMPLOYMENT COMPENSATION.—Section 4001 of the Supplemental Appropriations Act, 2008 (Public Law 110–252; 26 U.S.C. 3304 note), as amended by sections 2141(b) and 2142(a), is further amended by inserting at the end the following new subsection:

"(j) AUTHORITY TO CONDUCT SELF-EMPLOYMENT ASSISTANCE PROGRAM.—

"(1) IN GENERAL.—

"(A) ESTABLISHMENT.—Any agreement under subsection (a) may provide that the State agency of the State shall establish a self-employment assistance program, as described in paragraph (2), to provide for the payment of emergency unemployment compensation as self-employment assistance allowances to individuals who would otherwise satisfy the eligibility criteria specified in subsection (b).

"(B) PAYMENT OF ALLOWANCES.—Subject to subparagraph (C), the self-employment assistance allowance described in subparagraph (A) shall be paid to an eligible individual from such individual's emergency unemployment compensation account, as described in section 4002, and the amount in such account shall be reduced accordingly.

"(C) LIMITATION ON SELF-EMPLOYMENT ASSISTANCE FOR INDIVIDUALS RECEIVING EXTENDED COMPENSATION AND EMERGENCY UNEMPLOYMENT COMPENSATION.—

"(i) COMBINED ELIGIBILITY LIMIT.—Subject to clause (ii), for purposes of self-employment assistance programs established under this subsection and section 208 of the Federal-State Extended Unemployment Compensation Act of 1970, an individual shall be provided with self-employment assistance allowances under such programs for a total of not greater than 26 weeks (referred to in this subsection as the 'combined eligibility limit').

"(ii) CARRYOVER RULE.—For purposes of an individual who is participating in a self-employment assistance program established under this subsection and has not reached the combined eligibility limit as of the date on which such individual exhausts all rights to extended compensation under this title, the individual shall be eligible to receive self-employment assistance allowances under a self-employment assistance program established under section 208 of the Federal-State Extended Unemployment Compensation Act of 1970 until such individual has reached the combined eligibility limit, provided that the individual otherwise satisfies the eligibility criteria described under Title II of such Act.

"(2) DEFINITION OF 'SELF-EMPLOYMENT ASSISTANCE PROGRAM'.—
For the purposes of this section, the term 'self-employment assistance program' means a program as defined under section 3306(t) of the Internal Revenue Code of 1986, except as follows:

"(A) all references to 'regular unemployment compensation under the State law' shall be deemed to refer instead to 'emergency unemployment compensation under title IV of the Supplemental Appropriations Act, 2008';

"(B) paragraph (3)(B) shall not apply;

"(C) clause (i) of paragraph (3)(C) shall be deemed to state as follows:

" '(i) include any entrepreneurial training that the State or non-profit organizations may provide in coordination with programs of training offered by the Small Business Administration, which may include business counseling, mentorship for participants, access to small business development resources, and technical assistance; and';

"(D) the reference to '5 percent' in paragraph (4) shall be deemed to refer instead to '1 percent'; and

"(E) paragraph (5) shall not apply.

"(3) AVAILABILITY OF SELF-EMPLOYMENT ASSISTANCE ALLOWANCES.—
In the case of an individual who is eligible to receive emergency unemployment compensation payment under this title, such individual shall not receive self-employment assistance allowances under this subsection unless the State agency has a reasonable expectation that such individual will be entitled to at least 13 times the individual's average weekly benefit amount of extended compensation and emergency unemployment compensation.

"(4) PARTICIPANT OPTION TO TERMINATE PARTICIPATION IN SELF-EMPLOYMENT ASSISTANCE PROGRAM.—

"(A) TERMINATION.—An individual who is participating in a self-employment assistance program established under this subsection may elect to discontinue participation in such program at any time.

"(B) CONTINUED ELIGIBILITY FOR EMERGENCY UNEMPLOYMENT COMPENSATION.—For purposes of an individual whose participation in the self-employment assistance program established under this subsection is terminated pursuant to paragraph (1)(C) or who has discontinued participation in such program, if the individual continues to satisfy the eligibility requirements for emergency unemployment compensation under this title, the individual shall receive emergency unemployment compensation payments with respect to subsequent weeks of unemployment, to the extent that amounts remain in the account established for such individual under section 4002(b) or to the extent that such individual commences receiving the amounts described in subsections (c), (d), or (e) of such section, respectively.".

SEC. 2182. GRANTS FOR SELF-EMPLOYMENT ASSISTANCE PROGRAMS.

(a) IN GENERAL.—

(1) ESTABLISHMENT OR IMPROVED ADMINISTRATION.—Subject to the requirements established under subsection (b), the Secretary shall award grants to States for the purposes of—

(A) improved administration of self-employment assistance programs that have been established, prior to the date of the enactment of this Act, pursuant to section 3306(t) of the Internal Revenue Code of 1986 (26 U.S.C. 3306(t)), for individuals who are eligible to receive regular unemployment compensation;

(B) development, implementation, and administration of self-employment assistance programs that are established, subsequent to the date of the enactment of this Act, pursuant to section 3306(t) of the Internal Revenue Code of 1986, for individuals who are eligible to receive regular unemployment compensation; and

(C) development, implementation, and administration of self-employment assistance programs that are established pursuant to section 208 of the Federal-State Extended Unemployment Compensation Act of 1970 or section 4001(j) of the Supplemental Appropriations Act, 2008, for individuals who are eligible to receive extended compensation or emergency unemployment compensation.

(2) PROMOTION AND ENROLLMENT.—Subject to the requirements established under subsection (b), the Secretary shall award additional grants to States that submit approved applications for a grant under paragraph (1) for such States to promote self-employment assistance programs and enroll unemployed individuals in such programs.

(b) APPLICATION AND DISBURSAL.—

(1) APPLICATION.—Any State seeking a grant under paragraph (1) or (2) of subsection (a) shall submit an application to the Secretary at such time, in such manner, and containing such information as is determined appropriate by the Secretary. In no case shall the Secretary award a grant under this section with respect to an application that is submitted after December 31, 2013.

(2) NOTICE.—Not later than 30 days after receiving an application described in paragraph (1) from a State, the Secretary shall notify the State agency as to whether a grant has been approved for such State for the purposes described in subsection (a).

(3) CERTIFICATION.—If the Secretary determines that a State has met the requirements for a grant under subsection (a), the Secretary shall make a certification to that effect to the Secretary of the Treasury, as well as a certification as to the amount of the grant payment to be transferred to the State account in the Unemployment Trust Fund under section 904 of the Social Security Act (42 U.S.C. 1104). The Secretary of the Treasury shall make the appropriate transfer to the State account not later than 7 days after receiving such certification.

(c) ALLOTMENT FACTORS.—For purposes of allotting the funds available under subsection (d) to States that have met the requirements for a grant under this section, the amount of the grant provided to each State shall be determined based upon the percentage of unemployed individuals in the State relative to the percentage of unemployed individuals in all States.

(d) FUNDING.—There are appropriated, out of moneys in the Treasury not otherwise appropriated, $35,000,000 for the period of fiscal year 2012 through fiscal year 2013 for purposes of carrying out the grant program under this section,

SEC. 2183. ASSISTANCE AND GUIDANCE IN IMPLEMENTING SELF-EMPLOYMENT ASSISTANCE PROGRAMS.

(a) MODEL LANGUAGE AND GUIDANCE.—For purposes of assisting States in establishing, improving, and administering self-employment assistance programs, the Secretary shall—

(1) develop model language that may be used by States in enacting such programs, as well as periodically review and revise such model language; and

(2) provide technical assistance and guidance in establishing, improving, and administering such programs.

(b) REPORTING AND EVALUATION.—

(1) REPORTING.—The Secretary shall establish reporting requirements for States that have established self-employment assistance programs, which shall include reporting on—

(A) the total number of individuals who received unemployment compensation and—

(i) individuals referred to a self-employment assistance program;

(ii) individuals who participated in such program; and

(iii) received an allowance under such program;

(B) the total amount of allowances provided to individuals participating in a self-employment assistance program;

(C) the total income (as determined by survey or other appropriate method) for businesses that have been established by individuals participating in a self-employment assistance program, as well as the total number of individuals employed through such businesses; and

(D) any additional information, as determined appropriate by the Secretary.

(2) EVALUATION.—Not later than 5 years after the date of the enactment of this Act, the Secretary shall submit to Congress a report that evaluates the effectiveness of self-employment assistance programs established by States, including—

(A) an analysis of the implementation and operation of self-employment assistance programs by States;

(B) an evaluation of the economic outcomes for individuals who participated in a self-employment assistance program as compared to individuals who received unemployment compensation and did not participate in a self-employment assistance program, including a comparison as to employment status, income, and duration of receipt of unemployment compensation or self-employment assistance allowances; and

(C) an evaluation of the state of the businesses started by individuals who participated in a self-employment assistance program, including information regarding—

(i) the type of businesses established;

(ii) the sustainability of the businesses;

(iii) the total income collected by the businesses;

(iv) the total number of individuals employed through such businesses; and

(v) the estimated Federal and State tax revenue collected from such businesses and their employees.

(c) FLEXIBILITY AND ACCOUNTABILITY.—The model language, guidance, and reporting requirements developed by the Secretary under subsections (a) and (b) shall—

(1) allow sufficient flexibility for States and participating individuals; and

(2) ensure accountability and program integrity.

(d) CONSULTATION.—For purposes of developing the model language, guidance, and reporting requirements described under subsections(a) and (b), the Secretary shall consult with employers, labor organizations, State agencies, and other relevant program experts.

(e) ENTREPRENEURIAL TRAINING PROGRAMS.—The Secretary shall utilize resources available through the Department of Labor and coordinate with the Administrator of the Small Business Administration to ensure that adequate funding is reserved and made available for the provision of entrepreneurial training to individuals participating in self-employment assistance programs.

(f) SELF-EMPLOYMENT ASSISTANCE PROGRAM.—For purposes of this section, the term "self-employment assistance program" means a program established pursuant to section 3306(t) of the Internal Revenue Code of 1986 (26 U.S.C. 3306(t)), section 208 of the Federal-State Extended Unemployment Compensation Act of 1970, or section 4001(j) of the Supplemental Appropriations Act, 2008, for individuals who are eligible to receive regular unemployment compensation, extended compensation, or emergency unemployment compensation.

SEC. 2184. DEFINITIONS.

In this subtitle:

(1) SECRETARY.—The term "Secretary" means the Secretary of Labor.

(2) STATE; STATE AGENCY.—The terms "State" and "State agency" have the meanings given such terms under section 205 of the Federal-State Extended Unemployment Compensation Act of 1970 (26 U.S.C. 3304 note)

Available Self-Employment Assistance SEA Grants

State	Total Available	Establishment or Improved Administration	Promotion and Enrollment	State	Total Available	Establishment or Improved Administration	Promotion and Enrollment
Alabama	$479,840	$411,291	$68,549	Nebraska	$111,006	$95,148	$15,858
Alaska	$69,071	$59,204	$9,867	Nevada	$465,817	$399,272	$66,545
Arizona	$711,300	$609,686	$101,614	New Hampshire	$100,300	$85,971	$14,329
Arkansas	$276,319	$236,845	$39,474	New Jersey	$1,070,511	$917,581	$152,930
California	$5,388,572	$4,618,776	$769,796	New Mexico	$173,222	$148,476	$24,746
Colorado	$562,343	$482,008	$80,335	New York	$1,978,999	$1,696,285	$282,714
Connecticut	$415,008	$355,721	$59,287	North Carolina	$1,228,623	$1,053,105	$175,518
Delaware	$80,608	$69,093	$11,515	North Dakota	$33,347	$28,583	$4,764
Dist of Columbia	$89,317	$76,557	$12,760	Ohio	$1,238,931	$1,061,941	$176,990
Florida	$2,400,953	$2,057,960	$342,993	Oklahoma	$274,350	$235,157	$39,193
Georgia	$1,156,906	$991,634	$165,272	Oregon	$468,830	$401,854	$66,976
Hawaii	$111,120	$95,246	$15,874	Pennsylvania	$1,273,656	$1,091,705	$181,951
Idaho	$167,546	$143,611	$23,935	Puerto Rico	$504,523	$432,448	$72,075
Illinois	$1,615,519	$1,384,731	$230,788	Rhode Island	$159,734	$136,915	$22,819
Indiana	$720,577	$617,637	$102,940	South Carolina	$548,432	$470,085	$78,347
Iowa	$242,970	$208,260	$34,710	South Dakota	$51,445	$44,096	$7,349
Kansas	$249,408	$213,778	$35,630	Tennessee	$709,202	$607,887	$101,315
Kentucky	$488,417	$418,643	$69,774	Texas	$2,457,874	$2,106,749	$351,125
Louisiana	$376,976	$323,122	$53,854	Utah	$218,841	$187,578	$31,263
Maine	$132,233	$113,343	$18,890	Vermont	$49,329	$42,282	$7,047
Maryland	$541,360	$464,023	$77,337	Virginia	$671,010	$575,151	$95,859
Massachusetts	$632,631	$542,255	$90,376	Virgin Islands	$9,718	$8,330	$1,388
Michigan	$1,178,691	$1,010,307	$168,384	Washington	$791,014	$678,012	$113,002
Minnesota	$471,045	$403,753	$67,292	West Virginia	$157,955	$135,390	$22,565
Mississippi	$356,732	$305,770	$50,962	Wisconsin	$568,929	$487,653	$81,276
Missouri	$638,248	$547,070	$91,178	Wyoming	$44,750	$38,357	$6,393
Montana	$85,942	$73,665	$12,277	US	$35,000,000	$30,000,000	$5,000,000

SELF-EMPLOYMENT ASSISTANCE (SEA) FUNDING APPLICATION OUTLINE

A. SEA Application Summary. States must use this outline to develop their application for funding to improve, implement and/or administer an SEA program and must identify whether the funds will be used to implement a regular Unemployment Compensation (UC), Extended Benefits (EB), and/or Emergency Unemployment Compensation (EUC) SEA program. In addition, the funding application must indicate whether the state is applying for a grant for:

- Improved administration of an existing SEA program established before the date of enactment of Subtitle E;
- Development, implementation, and administration of a new SEA program established after the enactment of Subtitle E for individuals who are eligible to receive regular UC; and/or
- Development, implementation, and administration of an SEA program established under section 208 of the Federal-State Extended Unemployment Compensation Act of 1970 or section 4001(j) of the Supplemental Appropriations Act, 2008 for individuals who are eligible to receive EB or EUC.
- Promotion of the SEA program and enrollment of unemployed individuals in such programs. Note: States applying for a grant for these activities must also apply for a grant for one or more of the activities listed above.

B. Program Design. The description of the SEA program(s) must address in detail processes that will be put in place to ensure that all core components described in this guidance and its attachments, as applicable, are met, including that:

a. Individuals must be eligible to receive benefits under the applicable program, except that the individuals are not required to meet program requirements related to:
   - Availability for work;
   - Active work search;
   - Refusal to accept work; and
   - Disqualifying income with respect to income earned from self-employment;
b. Individuals must be participating in self-employment assistance activities, including entrepreneurial training, business counseling, and technical assistance that are approved by the state UC agency; and
c. Individuals must be actively engaged on a full-time basis in activities (which may include training) relating to the establishment of a business and becoming self-employed.

Note: No more than one percent of individuals receiving EUC or EB can participate in this Federal SEA program.

Proposals should include a narrative that is responsive to the following project design elements:

a. Notification: A description of the notification process to advise potentially eligible individuals about the SEA program.

b. Selection: A description of the state's process to select those individuals who voluntarily have agreed to participate in the SEA program.

c. SEA Activities and Training: A description of the planned activities and training that would be required and/or recommended for SEA participants.

d. Feedback: A description of the procedures for follow up and attendance verification of required SEA activities/training.

e. Staffing: A description of how the SEA program will be staffed. States must ensure that proposed staffing arrangements have been agreed upon by all parties before submitting the SEA proposal.

f. Other Training Resources: A description of planned resources to be leveraged from entrepreneurship organizations, including the Small Business Administration.

g. One-Stop Career Center Services: A description of planned resources to be used from One-Stop Career Centers to support the development of a claimant's self-employment plan.

h. Agreements and/or Memorandum of Understanding (MOU): A description of any written agreements or MOU with participating One-Stop Career Centers and/or partners like the Small Business Administration to provide services and/or training. The state may provide a copy of the agreement or MOU in lieu of the description.

i. Monitoring: A description of how the state will monitor the progress SEA recipients are making in setting up their businesses.

j. Required Reporting: An assurance that the state will implement reporting of SEA activity in accordance with the instructions in this UIPL.

k. Other: A description of any additional factors not covered in this list that will be a part of the program.

States may use the table below, adding any activities the state has identified other than the ones listed, to identify the staff that will conduct key SEA activities and whether these activities will be conducted on an individual basis or in a group setting.

Example:

Activity	Individual/ Staff	Group/Staff
SEA Orientation		
Development of a Business Plan		
Training		
Required Activities		

C. Program Costs. Applications must include a description of all proposed costs and a projected schedule for significant program activities. The costs should be identified separately as start-up costs and the projected costs for operation. Start-up costs would include the costs of

staff training, program development (which would include the development of policies, operating procedures, and claimant pamphlets or brochures), automation costs related to service delivery and automation costs for Employment and Training Administration (ETA) required reports. Proposals must include all information identified in this outline to receive funding.

a. **Staff Costs**. The application should identify both estimated state staffing needs (in excess of base staff) and any contract staff needs, for example, for automation. Staff costs for new SEA programs may include costs to administer SEA, staff training, and development of policies and procedures. States should identify, separately, all staff costs for developing SEA reports and programming requirements separate from the costs of administering SEA activities. States may include information in the following format.

   Example:

Position Title	# Hours	Cost Per Hour	Total Cost
SEA Coordinator	120	$50	$6,000

b. **Other.** The application should include costs for other activities and/or equipment not identified above. Each cost should be broken down to the specific cost item with a description of each cost and the associated costs for each item requested. All costs must be related to administering the SEA program. Examples of expenditures may include:

   - Automation/Programming costs (this may include the SEA application, costs for updating automated systems to process applications and claims, preparation of reports, etc.); and/or
   - Outreach materials

c. **Total Costs.** The total funding request must not exceed the state's total allotment.

D. Project Timeline. A timeline of the project must be included that identifies significant milestones in implementing the program, including project design and any staff training. The timeline should include a projected date for completion of methodology to identify SEA participants and tracking of participants' progress and status. It should also include the projected completion date of programming the monthly ETA required reports (see Attachment 9 of this UIPL), and the date that the first SEA participants will be offered services.

E. Supporting Materials. States may attach additional materials that will support their application.

Paperwork Reduction Act: The Office of Management and Budget has authorized this information collection and assigned it 1205-0496, expires November 30, 2012. According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless such collection displays a valid OMB control number. Public reporting burden for this collection of information is estimated to average 125 hours per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. The obligation to respond to this collection is required to obtain or retain benefit. Pub L. 112-96. Send comments regarding the burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the U.S. Department of Labor-ETA, Office of Unemployment Insurance, 200 Constitution Avenue, N.W., Room S-4524, Washington, DC 20210.

Attachment 4

SELF-EMPLOYMENT ASSISTANCE (SEA) COVER PAGE

Control Number 1205-0496, Expires 11/30/2012

State Name:	
Name and Title of the State Agency Administrator: Name: Title: Address:	
SEA Program Lead/Contact *The person who can answer questions about the SEA proposal.*	Name: Telephone: E-mail:
Subtotal SEA Proposal Cost for Implementation/Improved Administration *The total amount of funds requested for this portion of the application (not to exceed State allotment).*	$
Subtotal SEA Proposal Cost for Promotion and Enrollment *The total amount of funds requested for this portion of the application (not to exceed State allotment).*	$
Total SEA Proposal Cost including Implementation/Improved Administration Costs and Promotional and Enrollment Costs	$
Indicate whether funding is requested for regular Unemployment Compensation (UC), Extended Benefits (EB), and/or Emergency Unemployment Compensation (EUC) SEA program activities.	❑ Regular UC ❑ EB ❑ EUC
If applicable, a copy of the state law pertaining to regular UC and/or EB pursuant to Subtitle E of the Middle Class Tax Relief and Job Creation Act of 2012 *Please attach or provide an estimated date of submittal.*	
It is understood that by the acceptance of these funds for this proposal, the state assures it will be reporting SEA activity in compliance with the requirements of the SQSP, and meet any other assurances required.	❑ Yes ❑ No

See next page for Paperwork Reduction Act Public Burden Notice

Public Burden: The Office of Management and Budget has authorized this information collection and assigned it 1205-0496, expires November 30, 2012. According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless such collection displays a valid OMB control number. Public reporting burden for this collection of information is estimated to average 125 hours per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. The obligation to respond to this collection is required to obtain or retain benefit. Pub L. 112-96. Send comments regarding the burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the U.S. Department of Labor-ETA, Office of Unemployment Insurance, 200 Constitution Avenue, N.W., Room S-4524, Washington, DC 20210.

Implementing and Operating Instructions for Administering Self-Employment Assistance (SEA) Programs for Emergency Unemployment Compensation (EUC) Recipients[1]

A. Introduction

The Federal SEA program is a voluntary program designed to encourage unemployed workers to become reemployed by starting their own businesses. Under an agreement with the Secretary of Labor states may pay Federal SEA allowances in lieu of EUC (under the new section 4001(j) of the Supplemental Appropriations Act of 2008) to individuals whom the state has determined to meet eligibility requirements of the state's SEA program. Under this program, states pay a weekly self-employment allowance instead of EUC, to help eligible unemployed workers while they actively engage in activities that will lead to establishing businesses and becoming self-employed. This document provides guidance to states in administering the provision of Section 2181 of the Middle Class Tax Relief and Job Creation Act of 2012 (the Act) - (Subtitle E-Self-Employment Assistance). The Act requires that no more than one percent of individuals receiving EUC may participate in this Federal SEA program.

Note: The number of claimants participating in an EUC SEA program in a state may include interstate claimants residing in that state if the state of residence is operating an EUC SEA program, even though the "paying state" may not be operating an EUC SEA program. For example, an individual is claiming against State A, which does not have an EUC SEA program, but lives in State B, which does. State B may permit the individual, if otherwise eligible (including the "one percent" limitation), to participate in its SEA program, while collecting benefits from State A. As an EUC SEA participant, the individual would not be subject to the requirements for availability for work, active search for work, or refusal to accept work. To optimize the success of these EUC SEA programs, the Department strongly encourages states to coordinate efforts to facilitate and allow such EUC interstate claimants to be able to participate in these programs, if otherwise eligible. Further, the state agrees to honor interstate claims determinations of eligibility for enrollment in EUC SEA programs from agent states that have EUC SEA programs.

Subtitle E of the Act also amends the Supplemental Appropriations Act of 2008 to make Federal SEA available to individuals receiving EUC. States must execute an Addendum to their EUC agreement with the Secretary to pay Federal SEA allowances in lieu of EUC benefits (see Attachment 6 to this Unemployment Insurance Program Letter (UIPL)).

These SEA programs will be established consistent with section 3306(t) of the Internal Revenue Code of 1986, except that all references to "regular compensation" refer instead to "emergency unemployment compensation" under Title IV of the Supplemental Appropriations Act, 2008, as amended, except that:

- The requirement that participants must have been identified through a state's profiling system as likely to exhaust regular UC does not apply to the payment of Federal SEA for EUC; and
- The requirement that SEA programs not result in increased costs to the state UC program does not apply to SEA programs for EUC recipients.

[1] States may also use these instructions to operate an SEA program for EB recipients.

Note: To qualify for EUC, an individual must first be determined to be a UC "exhaustee" as defined in the EUC law. An individual who exhausts SEA under state law is not eligible for EUC because s/he is not a UC "exhaustee," since individuals in an SEA program receive an allowance in lieu of regular UC while they are establishing their own businesses. (See UIPL No. 23-08 and UIPL No. 23-08, Changes 1 through 6, for more information regarding eligibility requirements for EUC). The instructions in this document are issued to the states and cooperating state agencies as guidance provided by the U.S. Department of Labor (Department) in its role as the principal in the Emergency Unemployment Compensation, 2008 (EUC08) program.

States may not deviate from the operating instructions without the prior approval of the Department. The interpretations, policies, and procedures issued in this document supersede those previously issued in UIPL Nos. 23-08 and 23-08, Changes 1, 2, 3, 4, 5, and 6 to the extent that any inconsistencies exist.

B. Background

The "withdrawal standard" of Section 3304(a)(4), FUTA, and Section 303(a)(5), SSA, limits withdrawals (with specified exceptions not relevant here) from a state's unemployment fund for payments of "compensation." The term "compensation" is defined in Section 3306(h), FUTA, as "cash benefits payable to individuals with respect to their unemployment." Because payment must be made with respect to "unemployment," the withdrawal standard, prior to 1993, prohibited states from using unemployment funds to help individuals establish themselves in self-employment.

The North American Free Trade Agreement (NAFTA), enacted on December 8, 1993, included a provision allowing states to operate SEA programs over a five-year period that would permit certain individuals to receive payments from the state's unemployment fund in lieu of regular compensation to help them establish businesses. Specifically, section 507, NAFTA, amended the withdrawal standard (and the definition of "unemployment fund" in section 3306(f), FUTA) to provide that amounts may be withdrawn from the unemployment fund of a state "for the payment of allowances under a self-employment assistance program (as defined in section 3306(t)), FUTA...." This exception to the withdrawal standard applies solely to the SEA allowances described in Section 3306(t), FUTA, which was also added to FUTA by section 507(a), NAFTA. Under new section 3306(t)(1), SEA allowances are payable "in lieu of regular" UC for the purposes of assisting individuals in establishing a business and becoming self-employed. On October 28, 1998, the Noncitizen Benefit Clarification and Other Technical Amendments Act of 1998, (P.L. 105-306) permanently authorized the SEA program.

C. Definitions

1. "Act" means Subtitle E-Self-Employment Assistance of Section 2181 of the Middle Class Tax Relief and Job Creation Act of 2012.

2. "Additional Benefits (AB)" means compensation totally financed by a state and payable under a state law by reason of conditions of high unemployment or by reason of other special factors.

3. "Agreement" means the agreement between a state and the Department under which the state agency makes payments, as the Department's agent, of EUC08 in accordance with Title IV of the Supplemental Appropriations Act, 2008 as interpreted by the Department as set forth in these instructions or any other instructions issued by the Department.

4. "Applicable State Law" means the state law of the state, which is the applicable state for an individual.

5. "Compensation" means cash benefits (including dependents' allowances) payable to individuals with respect to their unemployment, and includes regular UC, additional compensation, EB, and EUC08.

6. "Department" means the U.S. Department of Labor.

7. "Emergency Unemployment Compensation" means the compensation payable under the Supplemental Appropriations Act of 2008, as amended, and which is referred to as EUC.

8. "Extended Benefits" means the compensation payable under the Federal-State Extended Unemployment Compensation Act of 1970, as amended, and which is referred to as EB.

9. "Regular Unemployment Compensation" means compensation payable to an individual under any state law, and, when so payable, includes compensation payable under 5 U.S.C. Chapter 85, but does not include EB or additional compensation.

10. "Secretary" means the Secretary of Labor.

11. "State" means the 50 states of the United States, the District of Columbia, the Commonwealth of Puerto Rico, and the U.S. Virgin Islands.

12. "State Agency" means the authority "designated under a State law to administer the unemployment fund in such state" as defined in Section 3306(e), FUTA.

13. "State Law" means the UC law of a state approved by the Secretary under Section 3304(a) of the Internal Revenue Code of 1986 (26 USC 3304(a)).

14. "Week" means a week as defined in the applicable state law.

15. "Week of Unemployment" means a week of total, part-total, or partial unemployment as defined in the applicable state law, which shall be applied in the same manner and to the same extent to claims filed under the requirements of the Act.

D. Operating Instructions

1. Eligibility Requirements. To be eligible for Federal SEA allowances, individuals must:
   a. Be determined to be unemployed;
   b. Meet EUC eligibility requirements, as applicable;
   c. Be determined by the UC agency to have a reasonable expectation that they will be entitled to at least 13 weeks of EUC and/or EB, if applicable;
   d. Be actively engaged in full-time activities related to the establishment of a business and becoming self-employed as prescribed by the state, which may include entrepreneurial training, business counseling, and technical assistance offered by either private or public entities, such as the Small Business Administration.

2. Identifying Federal SEA Recipients. Unlike the SEA program for recipients of regular UC, Federal SEA recipients need not be identified through a state's profiling system as likely to exhaust (regular) benefits to participate in the Federal SEA program. However, Federal SEA participants must be eligible for EUC. EUC recipients include EUC for ex-servicemembers and former Federal employees. To qualify for EUC, individuals must have exhausted all rights to regular UC. Additional Benefits (AB) is not regular compensation and does not affect receipt of EUC.

   Note: An individual's eligibility for AB is determined by state UC law.

3. Monetary Entitlement/Amount of Allowance. The weekly allowance payable under this section to an individual will be equal to the weekly benefit amount for EUC otherwise payable. Individuals who are in the SEA EUC program, have an SEA EUC entitlement of less than 26 weeks, and exhaust the SEA EUC entitlement may be eligible to receive an SEA EB entitlement. However, no individual will receive SEA allowances with respect to EB and EUC in excess of a combined total of 26 weeks.

   Individuals enrolled and participating in the Federal SEA program for EUC will receive a weekly allowance, which is the same as the individual's EUC weekly benefit amount.

   Since the SEA allowance is "in lieu of" EUC, the total amount of Federal SEA that individuals may receive is equal to their maximum benefit amount of EUC less any EUC previously received. Similarly, the weekly Federal SEA allowance amount must equal the weekly benefit amount for EUC, and Federal SEA and EUC may not be paid for the same week(s).

4. Weeks of Entitlement. Under the "combined eligibility limit," individuals may receive up to a maximum of 26 weeks of Federal SEA payments based on EUC and/or EB combined.

   It is possible that an individual may be eligible for EUC or SEA, or EB or SEA. This will occur when the individual is participating in training related to self-employment, which is also approved training under state law. In this instance, the state is free to determine whether EUC/EB or the Federal SEA allowance will be paid provided that

eligibility requirements for the respective program are met and when the individual consents to participate in the SEA program. However, in no instance may EUC and/or EB and Federal SEA be paid with respect to the same week(s).

5. Continuing Eligibility for EUC. Individuals who are terminated from or voluntarily leave the SEA program may collect EUC (if otherwise eligible) until the total amount of EUC paid and SEA paid equals the maximum EUC entitlement.

6. Nonmonetary Eligibility Requirements. The following provisions of EUC eligibility requirements do **not** apply to individuals engaged in self-employment activities:

   a. EUC requirements relating to availability for work, active search for work, and refusal to accept work.
   b. State requirements relating to disqualifying income are not applicable to income earned from self-employment by individuals claiming SEA allowances.

7. Disqualifications. Individuals must be actively engaged on a full-time basis in activities relating to the establishment of a business and becoming self-employed to be eligible for SEA. SEA participants who fail to attend and partake in scheduled SEA activities or fail to participate full-time in the SEA program are subject to disqualification. States should note that, like issues of unavailability for work, failure to participate may be only a temporary condition and would not necessarily result in an indefinite denial of benefits. The denial/disqualification would apply only for the week(s) the failure occurred. As with regular compensation, eligible individuals may receive SEA payments during a benefit year until the maximum benefit amount is exhausted.

   States also have the option of terminating an individual's participation in the SEA program for failure to meet SEA program requirements. This may be appropriate if, for example, the individual misses training necessary to commence self-employment activities. (Note: If otherwise eligible, individuals may revert back to regular UC and again to EUC SEA.)

8. Continued Claims.

   a. Determination of Weekly Claims. The state agency must promptly, upon the filing of a claim for a payment of Federal SEA allowance for a week of unemployment, determine whether the individual is entitled to a payment of Federal SEA for such week, and, if entitled, the amount of Federal SEA to which the individual is entitled to and issue a prompt payment.
   b. Redetermination. If the state agency determines that an individual failed to actively engage in self-employment activities (whether scheduled or in general), the individual must be issued an appealable determination. An individual filing a Federal SEA weekly certification has the same rights to request a reconsideration of a determination as are provided for in the applicable state law for regular UC.

9. Determinations.

   a. Promptness. Full payment of Federal SEA when due must be made with the greatest promptness that is administratively feasible.

b. Notices to Individuals. The state agency must give written notice to the individual of any determination or redetermination of an initial claim and all weekly claims. Each notice must include such information about rights to reconsideration or appeal, or both, using the same process that is used for redeterminations or appeal as in regular UC.
c. Determination Standards. The procedures for making determinations and redeterminations and furnishing written notices of determinations, redeterminations, and rights of appeal to individuals claiming Federal SEA allowances must be consistent with the Secretary's "Standard for Claim Determinations-Separation Information" (Employment Security Manual, Part V, sections 6010 et seq.).

10. Appeal and Hearing.

    a. Applicable State Law. The applicable state law provisions concerning the right of appeal and fair hearing from a determination or redetermination or entitlement to regular compensation must apply to determinations and redeterminations of eligibility for or entitlement to Federal SEA.
    b. Rights of Appeal and Fair Hearing. The right of appeal and opportunity for a fair hearing to claims for Federal SEA must be consistent with these instructions and with sections 303(a)(1) and 303(a)(3) of SSA (42 U.S.C. 503(a)(1) and 503(a)(3)).
    c. Promptness of Appeals Decisions.
        1) Decisions on appeals under the Federal SEA Program must accord with the "Standard for Appeals Promptness-Unemployment Compensation" in 20 CFR Part 650.
        2) Any applicable state law provision allowing the advancement or priority of UC cases on judicial calendars, or otherwise intended to provide for the prompt payment of UC when due, must apply to proceedings involving entitlement to Federal SEA.

11. Fraud, Overpayment, and Recovery. Section 4005(b) of the Supplemental Appropriation Act, 2008, as amended, Title IV-Emergency Unemployment Compensation, 2008, applies to benefits found to be improperly paid when paying Federal SEA in lieu of EUC.

12. Financial Information: Payments to States for SEA Grants. Section 2182 of the Act provides for grants to states with existing programs to improve administration and for those states that enact programs, funds for development, implementation, and administration of the program. In addition, funds are available to states to promote their SEA program and enroll unemployed individuals in the program. For states with approved applications, subaccounts will be established in state UTF accounts for each type of grant and the Treasury will transfer appropriate amounts to the subaccounts upon certification from the Secretary of Labor to the Secretary of the Treasury. States will be advised of the availability of the funds through an award letter from the Department. Upon award, states must report transactions by SEA subaccounts in these reports:
    a. ETA 8403 (Summary of Financial Transaction, Title IX Funds, OMB No. 1205-1254) and
    b. ETA 2112 (UI Financial Transaction Summary, OMB No. 1205-1254) on lines 15 (Title IX Reed Act) and 44 (Title IX (Reed)), and transactions must be identified by amount and program type, as appropriate, in the comments section.

    Currently, the ETA 2112, lines 15 and 44, and the Quarterly Progress Report (QPR) are in the process of being submitted as an Information Collection Request (ICR) to the Office of Management and Budget (OMB) requesting the establishment of a new collection. The Department notes that a Federal agency cannot conduct or sponsor a collection of information unless it is approved by OMB under the Paperwork Reduction Act of 1995, and displays a currently valid OMB control number, and the public is not required to respond to a collection of information unless it displays a currently valid OMB control number (see 44 U.S.C. 3507). Also, notwithstanding any other provisions of law, no person shall be subject to penalty for failing to comply with a

collection of information if the collection of information does not display a currently valid OMB control number (see 44 U.S.C. 3512). The Department will notify states of OMB's decision upon review of the Department's ICR, including any changes that may result from this review process, and provide instructions.

13. Required Reporting. OMB has recently approved a new collection of data for any state that is operating an SEA program (See Attachment 9). This report, the ETA 9161 (OMB No. 1205-0490), Self-Employment Assistance for UI Claimants, is available as an attachment to this UIPL and can also be accessed through the UI required reports systems that states currently use to provide electronic data to the National Office. Please note that this collection applies to any states that are currently offering SEA for claimants in the regular program, as well as state that begin to offer SEA to claimants in the EB or EUC program. The reports are program-specific and states must record SEA activity for claimants based on the program in which the claimants would have been drawing benefits had they not enrolled in SEA. The first ETA 9161 that states will submit to the National Office will be for the second calendar quarter of 2012, and that report will be due on August 1, 2012. Questions concerning reporting frequency, instructions or methods for developing or reporting this information should be directed to the Employment and Training Administration's appropriate regional office.

    Attachment 10 includes the Quarterly Progress Report (QPR). The report is for SEA states whose grant applications were approved by the Department. SEA grantees should submit the QPR to the appropriate regional office on a quarterly basis to monitor grantee progress against the approved statement of work.

- DRAFT -

Addendum to Agreement under the Supplemental Appropriations Act, 2008

Dear Governor:

Your state has an Agreement under the Supplemental Appropriation Act, 2008, Title IV—Emergency Unemployment Compensation (EUC), Public Law (P.L.) 110-252 (Agreement) to administer the EUC program on behalf of the Federal government. On February 22, 2012, the President signed the Middle Class Tax Relief and Job Creation Act of 2012 (the Act)—(P.L. 112-96), which extended and modified the EUC program. The Secretary may permit states to implement a Federal Self-Employment Assistance (SEA) program to pay SEA in lieu of EUC to eligible individuals under an Addendum to the existing state Agreement. The EUC SEA program encourages and enables unemployed workers to voluntarily become reemployed by starting their own businesses. The U.S. Department of Labor's (Department) operating guidance details the requirements for a state to implement and operate a Federal SEA program.

This addendum to the Agreement adds the following new paragraphs:

XIV. The Agency will implement a EUC SEA program and make payments of self-employment assistance in accordance with the Act and in accordance with the terms of this Agreement and the operating instructions issued by the Department.

XV. The Agency will furnish to the Department such information and reports and will make such studies as the Department of Labor determines are necessary or appropriate for carrying out the purposes of the Act.

The assent of your state to the modification of the Agreement by the addition of the new paragraphs XIV and XV, above, may be evidenced by your signature at the end of this letter, or the signature of any state official who has the authority to sign on behalf of your state, as provided in the certification of authority below the parties' signatures. Please have this Addendum signed and sent via email, a PDF copy to EUC.CY2012@DOL.GOV, or you may fax it to Gay Gilbert, Administrator, Office of Unemployment Insurance, at (202) 693-3229. The signed Addendum must be returned by the close of business on XX, 2012 or no later than xxx.

Sincerely

Secretary of Labor

I accept the modification proposed above to the Agreement previously entered into by this State under the Supplemental Appropriation Act, 2008, Title IV—Emergency Unemployment Compensation, P.L. 110-252, for the purpose of implementing and administering a Federal SEA program on behalf of the Federal government.

By: **DRAFT – not for signature**
(State Signatory)

_____
(Title)

DATED: _____

For the State of _____

CERTIFICATION OF AUTHORITY (if other than the Governor signed above)

NAME: _____

TITLE: _____

I hereby certify that the above-named person has the authority under the Constitution and laws of this State to sign this Agreement on behalf of the State.

Signature: **Draft – not for signature**

Title: _____

Date: _____

Model Language and Commentary on Language to Implement a Self-Employment Assistance (SEA) Program for Individuals Eligible for Regular Unemployment Compensation

Section ___. SELF-EMPLOYMENT ASSISTANCE PROGRAM

(a) Definitions. As used in this section--

(1) "Self-employment assistance activities" means activities (including entrepreneurial training, business counseling, and technical assistance) approved by the *[enter appropriate state agency or official]* in which an individual identified through a worker profiling system as likely to exhaust regular unemployment compensation participates for the purpose of establishing a business and becoming self-employed.

(2) "Self-employment assistance allowance" means an allowance, payable in lieu of regular unemployment compensation and from the unemployment fund established under section *[enter relevant section of state law]*, to an individual participating in self-employment assistance activities who meets the requirements of this section.

(3) "Regular unemployment compensation" means benefits payable to an individual under this Act (including benefits payable to Federal civilian employees and to ex-servicemembers pursuant to 5 U.S.C. Chapter 85) other than additional and extended benefits.

(4) "Full-time basis" shall have the meaning contained in regulations promulgated by the *[enter appropriate state agency or official]*.

(b) Amount of self-employment assistance allowance. The weekly allowance payable under this section to an individual will be equal to the weekly benefit amount for regular unemployment compensation otherwise payable under section *[enter appropriate section of state law]* of this Act. The sum of (1) the allowance paid under this section and (2) the regular unemployment compensation paid under this Act with respect to any benefit year shall not exceed the maximum benefit amount as established by section *[enter appropriate section of state law]* with respect to such benefit year.

(c) Eligibility for self-employment assistance allowance. The allowance described in subsection (a) shall be payable to an individual at the same interval, on the same terms, and subject to the same conditions as regular unemployment compensation under this Act, except that--

(1) the requirements of sections *[enter relevant sections of state law]* relating to availability for work, active search for work, and refusal to accept work are not applicable to such individual;

(2) the requirements of section *[enter relevant section of state law]* relating to self-employment income are not applicable to income earned from self-employment by such individual;

(3) an individual who meets the requirements of this section shall be considered to be unemployed under section *[enter relevant section of state law]*; and

(4) an individual who fails to participate in self-employment assistance activities or who fails to actively engage on a full-time basis in activities (which may include training) relating to the establishment of a business and becoming self-employed shall be disqualified for the week such failure occurs.

(d) Limitation on receipt of self-employment assistance allowances. The aggregate number of individuals receiving the allowance under this section at any time shall not exceed 5 percent of the number of individuals receiving regular unemployment compensation. The *[enter appropriate state agency or official]* shall, through regulations, prescribe such actions as are necessary to assure the requirements of this subsection are met.

(e) Financing costs of self-employment assistance allowances. Allowances paid under this section shall be charged to employers as provided under provisions of this Act relating to the charging of regular unemployment compensation.

(f) The self-employment assistance program may not result in any cost to the Unemployment Trust Fund in excess of the cost that would be incurred by the state and charged to the Fund had the program not been operated.

(g) Self-employment assistance allowances paid under this section shall be paid in accordance with any additional program requirements established by the Secretary of Labor pursuant to 26 U.S.C. 3306(t).

(h) Effective date. The provisions of this section will apply to weeks beginning after the date of enactment *[or enter appropriate date.]*.

The commentary below concerns the model language for states wishing to amend their unemployment compensation (UC) law to provide for the optional SEA program.

States may modify the model language to accommodate state law conventions. Blanks have been provided for inserting cites to relevant sections of the state law, state agencies, or state officials.

(a) Definitions.

(1) Self-employment assistance activities. This provision defines these activities consistent with Section 3306(t)(3)(C) and (D), FUTA. States should note that the approval of the state agency is limited to the self-employment "activities" themselves. States may not base a denial of approval on factors unrelated to the self-employment assistance activities. Additionally, this section implements the requirement in section 3306(t)(3)(B) that SEA participants be identified pursuant to a state worker profiling system as likely to exhaust regular unemployment compensation.

(2) Self-employment assistance allowance. This provision defines the SEA allowance and establishes that such allowances are to be paid from the state's unemployment fund. States may also wish to consider whether to amend the section of state law that governs withdrawals from the unemployment fund.

(3) Regular unemployment compensation. This provision defines "regular unemployment compensation." It is necessary since SEA allowances are payable "in lieu of" regular unemployment compensation. State law may already contain a definition of regular unemployment compensation, in which case the addition of this definition may not be not necessary.

(4) Full-time basis. This provision defers to the states to define "full-time basis." Since the Department is not at this time providing a specific definition of "full-time basis," it is recommended that states reserve the right to prescribe the definition in regulations in order to assure consistency with Federal law.

(b) Amount of self-employment assistance allowance. This provision governs the weekly and maximum amount of SEA allowance payable. It assures that SEA allowances are paid "in the same amount" as regular UC. It also clarifies the relationship between payments of regular UC and SEA allowances with respect to a benefit year.

(c) Eligibility for self-employment assistance allowance. This provision contains the "equal treatment" requirement of Section 3306(t)(2), FUTA (except for the requirement that SEA allowances be paid "in the same amount," which is contained in subsection (b) above). It also contains the three exceptions to the "equal treatment" requirement which are found in subparagraphs (A) through (C) of Section 3306(t)(2), FUTA.

By cross referencing the definition of "self-employment assistance activities," this provision assures payment only to those individuals participating in such activities. It also contains the requirement of Section 3306(t)(3)(D) that the individual be actively engaged on a full-time basis in activities relating to the establishment of a business and becoming self-employed.

States may establish their own disqualifications for failure to meet these requirements. States should note that, like unavailability for work, failure to participate may be only a temporary condition which should not necessarily result in an indefinite denial. (Note: If otherwise eligible, individuals may revert back to regular UC and again to EUC SEA.) The model language provides for a disqualification only for the week the failure occurred. As with regular compensation, individuals may receive SEA payments during a benefit year until the maximum benefit amount is exhausted.

States also have the option of terminating an individual's participation in the SEA program for failure to meet SEA program requirements. This may be appropriate if, for example, the individual misses training necessary to commence self-employment activities.

(d) Limitation on receipt of self-employment assistance allowances. This provision implements section 3306(t)(4), FUTA, which limits the number of individuals receiving SEA allowances at

any given time to 5 percent of the number of individuals receiving regular UC. Giving the state agency authority to create regulations to meet this requirement provides flexibility to the agency to assure that necessary data will be collected as required by the Department and that the five percent limit will not be exceeded.

(e) Financing costs of SEA allowances. Since State UC law might explicitly provide only for the financing of regular UC and not SEA allowances, it may be necessary to describe the financing mechanism for the allowances. This provision in the model language uses the same mechanism as is used for regular UC.

(f) This provision implements section 3306(t)(5), FUTA, which prohibits SEA programs from resulting in any increased cost to the state's unemployment fund.

(g) This provision implements section 3306(t)(6), FUTA, which provides the Secretary of Labor with authority to establish other program requirements that are deemed to be appropriate, including reporting requirements.

(h) Effective Date. This provision establishes the first week of unemployment, beginning after the Governor signs the agreement, during which SEA allowances may be paid in lieu of regular unemployment compensation.

Model Language and Commentary on Language to Implement a Self-Employment Assistance (SEA) Program for Individuals Eligible for Extended Benefits (EB)

Section ___. SELF-EMPLOYMENT ASSISTANCE PROGRAM FOR EB CLAIMANTS

(a) Definitions. As used in this section--

(1) "Self-employment assistance activities" means activities (including any entrepreneurial training that the State or non-profit organizations may provide in coordination with programs of training offered by the Small Business Administration, which may include business counseling, mentorship for participants, access to small business development resources, and technical assistance) approved by the *[enter appropriate state agency or official]* for the purpose of establishing a business and becoming self-employed.

(2) "Self-employment assistance allowance" means an allowance, payable in lieu of extended compensation and from the unemployment fund established under section *[enter relevant section of state law]*, to an individual participating in self-employment assistance activities who meets the requirements of this section.

(3) "Extended compensation" means benefits payable to an individual under the Act and title II of the Federal-State Extended Unemployment Compensation Act of 1970, as amended.

(4) "Emergency unemployment compensation" means benefits payable to an individual under an agreement pursuant to Title IV of the Supplemental Appropriations Act, 2008, as amended.

(5) "Full-time basis" shall have the meaning contained in regulations promulgated by the *[enter appropriate state agency or official]*.

(b) Amount of self-employment assistance allowance. The weekly allowance payable under this section to an individual will be equal to the weekly benefit amount for extended compensation otherwise payable under section *[enter appropriate section]* of this Act. The sum of (1) the allowance paid under this section and (2) the extended compensation paid under this Act with respect to any benefit year shall not exceed the maximum benefit amount as established by section *[enter appropriate section of state law]* with respect to such benefit year. No individual shall receive self-employment assistance allowances from programs established under section *[enter relevant section of state EB law]*, and under agreement for emergency unemployment compensation for a total of more than 26 weeks.

(c) Eligibility for self-employment assistance allowance. The allowance described in subsection (a) shall be payable to an individual at the same interval, on the same terms, and subject to the same conditions as extended compensation under this Act and title II of the Federal-State Extended Unemployment Compensation Act of 1970, as amended, except that--

(1) the requirements of sections *[enter relevant sections of state law]* relating to availability for work, active search for work, and refusal to accept work are not applicable to such individual;

(2) the requirements of section *[enter relevant section of state law]* relating to self-employment income are not applicable to income earned from self-employment by such individual;

(3) an individual who meets the requirements of this section shall be considered to be unemployed under section *[enter relevant section of state law]*;

(4) an individual who fails to participate in self-employment assistance activities or who fails to actively engage on a full-time basis in activities (which may include training) relating to the establishment of a business and becoming self-employed shall be disqualified for the week such failure occurs; and

(5) an individual shall not be eligible to receive a self-employment allowance unless the *[enter appropriate state agency or official]* has a reasonable expectation that the individual will be entitled to at least 13 times the individual's average weekly benefit amount of extended compensation and emergency unemployment compensation.

(d) Limitation on receipt of self-employment assistance allowances. The aggregate number of individuals receiving the allowance under this section at any time shall not exceed 1 percent of the number of individuals receiving extended compensation. The *[enter appropriate state agency or official]* shall, through regulations, prescribe such actions as are necessary to assure the requirements of this subsection are met.

(e) Financing costs of self-employment assistance allowances. The provisions of this Act relating to the charging of extended compensation shall apply to allowances paid under this section.

(f) Self-employment assistance allowances paid under this section shall be paid in accordance with any additional program requirements established by the Secretary of Labor pursuant to 26 U.S.C. 3306(t).

(g) Effective date. The provisions of this section will apply to weeks beginning after enactment *[or enter appropriate date.]*.

The commentary below concerns the model language for states wishing to amend their extended benefit (EB) law to provide for the optional SEA program.

States will need to modify the model language to accommodate state law conventions. Blanks have been provided for inserting cites to relevant sections of the state law, state agencies, or state officials.

(a) Definitions.

(1) Self-employment assistance activities. This provision defines these activities consistent with Section 208(b)(3) of the Federal-State Extended Unemployment Compensation Act of 1970 (EUCA). States should note that the approval of the state agency is limited to the self-employment "activities" themselves. States may not base a denial of approval on factors unrelated to the self-employment assistance activities.

(2) Self-employment assistance allowance. This provision defines the SEA allowance and establishes that such allowances are to be paid from the state's unemployment fund. States may also wish to consider whether to amend the section of state law that governs withdrawals from the unemployment fund.

(3) Extended compensation. This provision defines "extended compensation." It is necessary since SEA allowances are payable "in lieu of" extended compensation. State law may already contain a definition of extended compensation, in which case the addition of this definition may not be not necessary.

(4) Emergency unemployment compensation. This provision defines "emergency unemployment compensation." It is necessary to implement section 208(c), EUCA which provides that SEA allowances are only payable to those individuals that the state agency has a reasonable expectation to be entitled to at least 13 time the individual's average weekly benefit amount of extended compensation and emergency unemployment compensation.

(5) Full-time basis. This provision defers to the states to define "full-time basis." Since the Department is not at this time providing a specific definition of "full-time basis," it is recommended that states reserve the right to prescribe the definition in regulations in order to assure consistency with Federal law.

(b) Amount of self-employment assistance allowance. This provision governs the weekly and maximum amount of SEA allowance payable. It assures that SEA allowances are paid "in the same amount" as extended compensation. It also clarifies the relationship between payments of extended compensation and SEA allowances with respect to a benefit year. Lastly, this provision implements section 208(a)(3), EUCA, which limits the total amount of SEA allowances payable to an individual with respect to extended compensation and emergency unemployment compensation to 26 weeks.

(c) Eligibility for self-employment assistance allowance. Section 208(b), EUCA, provides that SEA programs for individuals eligible for EB must conform to the definition of an SEA program

in section 3306(t), FUTA. Section 3306(t)(2), FUTA, contains an "equal treatment" requirement providing that SEA allowances must be paid "in the same amount, on the same interval, on the same terms, and subject to the same conditions" as extended compensation with three exceptions. The exceptions to the "equal treatment" requirement are found in subparagraphs (A) through (C) of Section 3306(t)(2), FUTA.

By cross referencing the definition of "self-employment assistance activities," this provision assured payment only to those individuals participating in such activities. It also contains the requirement of Section 3306(t)(3)(D) that the individual be actively engaged on a full-time basis in activities relating to the establishment of a business and becoming self-employed.

States may establish their own disqualifications for failure to meet these requirements. States should note that, like unavailability for work, failure to participate may be only a temporary condition which should not necessarily result in an indefinite denial. (Note: If otherwise eligible, individuals may revert back to regular UC and again to EUC SEA.) The model language provides for a disqualification only for the week the failure occurred. As with extended compensation, individuals may receive SEA payments until the maximum benefit amount with respect to a benefit year is exhausted.

States also have the option of terminating an individual's participation in the SEA program for failure to meet SEA program requirements. This may be appropriate if, for example, the individual misses training necessary to commence self-employment activities.

SEA allowances may only be payable to an individual if the state agency has a reasonable expectation that such individual will be entitled to at least 13 time the individual's average weekly benefit amount of extended compensation and emergency unemployment compensation.

(d) Limitation on receipt of self-employment assistance allowances. This provision implements section 208(b)(4), EUCA, which limits the number of individuals receiving SEA allowances at any given time to 1 percent of the number of individuals receiving extended compensation. Giving the state agency authority to create regulations to meet this requirement provides flexibility to the agency to assure that necessary data will be collected as required by this Department and that the one percent limit will not be exceeded.

(e) Financing costs of SEA allowances. Since State UC law may provide only for the financing of extended compensation and not SEA allowances, it may be necessary to describe the financing mechanism for the allowances. The model language uses the same mechanism as is used for extended compensation.

(f) This section implements section 3306(t)(6), FUTA, which provides the Secretary of Labor with authority to establish other program requirements that are deemed to be appropriate, including reporting requirements.

(g) Effective Date. This language establishes the first week of unemployment during which SEA allowances may be paid in lieu of regular unemployment compensation.

ETA 9161 Self Employment Assistance for UI Claimants

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A. Facsimile of Form

ETA 9161A: Self Employment Assistance (Regular Program)

STATE	REGION	REPORT FOR PERIOD ENDING
		calendar quarter end date

Section A: Claimants referred to SEA

1. Claimants Participating in and Receiving Benefits from SEA	C1
2. Benefits Paid to all SEA Claimants	C2
3. Claimants in SEA who Discontinue Participation	C3
4. Claimants in SEA who Receive a Final Payment	C4

Section B: SEA Outcomes

5. Number of Establishments created by SEA Claimants	C5
6. Cumulative Number of SEA Establishments Operating	C6
7. Individuals Employed by SEA Establishments	C7
8. Gross Revenues Earned by SEA Establishments	C8
9. Wages Paid to individuals by SEA Establishments	C9

Comments:

OMB No.: 1205-0490 **OMB Expiration Date:** 09/30/2012 **Estimated Average Response Time:** 2 Hours

O M B Burden Statement: These reporting instructions have been approved under the Paperwork reduction Act of 1995. Persons are not required to respond to this collection of information unless it displays a valid OMB control number. Public reporting burden for this collection of information includes the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Submission is required to retain or obtain benefits under SSA 303(a)(6) (42 U.S.C. 503(a)) and Pub. L. 112-96 section 2183(b)(1). Respondents have no expectation of confidentiality. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the U.S. Department of Labor, Office of Workforce Security, Room S-4526, 200 Constitution Ave., NW, Washington, DC, 20210.

ETA 9161 Self Employment Assistance for UI Claimants

ETA 9161B: Self Employment Assistance (Extended Benefits Program)

STATE	REGION	REPORT FOR PERIOD ENDING
		calendar quarter end date

Section A: Claimants referred to SEA

10. Claimants Participating in and Receiving Benefits from SEA	C1
11. Benefits Paid to all SEA Claimants	C2
12. Claimants in SEA who Discontinue Participation	C3
13. Claimants in SEA who Receive a Final Payment	C4

Section B: SEA Outcomes

14. Number of Establishments created by SEA Claimants	C5
15. Cumulative Number of SEA Establishments Operating	C6
16. Individuals Employed by SEA Establishments	C7
17. Gross Revenues Earned by SEA Establishments	C8
18. Wages Paid to individuals by SEA Establishments	C9

Comments:

OMB No.: 1205-0490 **OMB Expiration Date:** 09/30/2012 **Estimated Average Response Time:** 2 Hours

O M B Burden Statement: These reporting instructions have been approved under the Paperwork reduction Act of 1995. Persons are not required to respond to this collection of information unless it displays a valid OMB control number. Public reporting burden for this collection of information includes the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Submission is required to retain or obtain benefits under SSA 303(a)(6) (42 U.S.C. 503(a)) and Pub. L. 112-96 section 2183(b)(1). Respondents have no expectation of confidentiality. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the U.S. Department of Labor, Office of Workforce Security, Room S-4526, 200 Constitution Ave., NW, Washington, DC, 20210.

ETA 9161 Self Employment Assistance for UI Claimants

ETA 9161C: Self Employment Assistance (Federal Program)

STATE	REGION	REPORT FOR PERIOD ENDING
		calendar quarter end date

Section A: Claimants referred to SEA

19. Claimants Participating in and Receiving Benefits from SEA	C1
20. Benefits Paid to all SEA Claimants	C2
21. Claimants in SEA who Discontinue Participation	C3
22. Claimants in SEA who Receive a Final Payment	C4

Section B: SEA Outcomes

23. Number of Establishments created by SEA Claimants	C5
24. Cumulative Number of SEA Establishments Operating	C6
25. Individuals Employed by SEA Establishments	C7
26. Gross Revenues Earned by SEA Establishments	C8
27. Wages Paid to individuals by SEA Establishments	C9

Comments:

OMB No.: 1205-0490 **OMB Expiration Date:** 09/30/2012 **Estimated Average Response Time:** 2 Hours

O M B Burden Statement: These reporting instructions have been approved under the Paperwork reduction Act of 1995. Persons are not required to respond to this collection of information unless it displays a valid OMB control number. Public reporting burden for this collection of information includes the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Submission is required to retain or obtain benefits under SSA 303(a)(6) (42 U.S.C. 503(a)) and Pub. L. 112-96 section 2183(b)(1). Respondents have no expectation of confidentiality. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the U.S. Department of Labor, Office of Workforce Security, Room S-4526, 200 Constitution Ave., NW, Washington, DC, 20210.

ETA 9161 Self Employment Assistance for UI Claimants

B. Purpose

The ETA 9161 report is intended to provide a description of the scope of activities states engage in supporting Self Employment Assistance (SEA) for UI Claimants in the Regular, Extended and Federal Programs. It contains quarterly information on claimants who begin and exit the program.

C. Due Date and Transmittal.

The report is due in the ETA National Office on the first day of the second month following each calendar quarter to which it relates.

D. General Reporting Instructions.

This report summarizes claimant activity in the SEA program. Claimants subject to reporting include anyone who is eligible to receive a week of payment in the SEA program as administered by the state. There are program specific forms to accommodate reporting for SEA participants in the regular program, Federal State Extended Benefits program, and Federal benefit programs. States should ensure that reporting activity is recorded on the correct form by program type.
States should ensure that they are able to capture the necessary outcome data from the SEA program as requested on the form. In many cases, the only effective way to accomplish this is to build into the claimant's SEA agreement a responsibility to follow up with the state and to provide data on the continued operation of their establishment, whether it employs people and what wages these people are paid, and what sorts of revenues the establishment may be generating. States should not rely on UI wage records or state business tax records, as many self-employed individuals may not be represented in those systems and would go under-reported.

E. Definitions

Establishment: For the purposes of this report, states should use the definition of establishment provided by the Bureau of Labor Statistics for the Current Employment Statistics Survey. *An establishment is an economic unit, such as a factory, mine, store, or office that produces goods or services. It generally is at a single location and is engaged predominantly in one type of economic activity. Where a single location encompasses two or more distinct activities, these are treated as separate establishments, if separate payroll records are available, and the various activities are classified under different industry codes.*

F. Item by Item Instructions

1. Claimants Participating in and Receiving Benefits from SEA: Provide the number of claimants who are part of the state's SEA program and received at least one check during the reporting period. Do not include counts of claimants who attended an orientation, or made inquiries about SEA or were referred to the program but never formally entered the program. Include counts of claimants who entered the program and received at least one payment but were subsequently disqualified for monetary or non-monetary reasons.
2. Benefits Paid to all SEA Claimants: Provide the total benefits paid during the report period to all claimants participating in the state SEA program.
3. Claimants in SEA who Discontinue Participation: Enter the number of claimants who chose to leave the SEA program, or who were removed from the program due to monetary or non-monetary eligibility issues.
4. Claimants in SEA who Receive a Final Payment: Enter the number of claimants who entered the state SEA program and received a payment that reduced their account balance, in the program they are claiming benefits in, to zero.
5. Number of Establishments created by SEA Claimants: Enter the number of establishments created by SEA claimants.

ETA 9161 Self Employment Assistance for UI Claimants

6. Number of SEA Establishments Operating: Report the number of establishments that were created by claimants in the SEA program in prior reporting periods that continue to operate during the current reporting period.
7. Individuals Employed by SEA Establishments: Report the number of people employed by SEA establishments identified in items 5 and 6 above. Including the SEA participant in the total reported.
8. Gross Revenues Earned by SEA Establishments: Report the gross revenues earned by SEA Establishments identified in items 5 and 6 above.
9. Wages Paid by SEA Establishments: Report the amount of wages and compensation paid to individuals, including the SEA participant, reported as employed by SEA establishments identified in items 5 and 6 above.

Quarterly Progress Report

State: _____ Project Name: _____
Project Director: _____
Grant No: _____
Quarter Ending: _____

Section I. Summary of Grant Activities, Problems Identified and Solutions.

- Progress towards quarterly goals
- Progress towards enrollment/job placements/post program outcomes
- Implementation/ Administration
- Other key activities and constraints
    - Key indicators:
        - ✓ Infrastructure implementation and development
        - ✓ Staffing
        - ✓ Education and training
        - ✓ Monitoring

Section II. Outreach to Employers and Partners.

- Progress towards quarterly goals
- Communication
    - Key Indicators:
        - ✓ MOU or written agreements
        - ✓ Development of outreach materials
        - ✓ Partnerships established
        - ✓ Promotional activities (e.g. meetings attended, media, mailings)

Section III. Timeline for Program Completion.

- Grant progress against timeline
- Outcomes and data collection
    - Key Indicators:
        - ✓ Program enrollments
        - ✓ Employer Contacts
        - ✓ Plans established
        - ✓ Businesses Established

Section IV. Success Stories.

Section V. Technical Assistance Needs.