

Entrepreneurship and the One-Stop Service Delivery System: Impacts of Project GATE

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Presentation Overview

- **The program and its evaluation**
- **Key findings**
 - GATE increased business ownership
 - GATE had no impact on overall employment
 - GATE reduced earnings overall
- **Further research**

The Program and Its Evaluation

DOL's Reemployment Strategies Include Helping People Become Self-Employed

- **Many workers want to own their own business**
 - But lack business expertise and access to credit
- **Self-employment is important—over 10% of the workforce is self-employed**
- **Small businesses are important for the economy**
 - Engine for economic growth
 - Contribute to innovations in products and production processes

The ARRA Encourages Business Development

- **\$730 million for SBA to encourage start-up ventures and help small businesses through recession**
 - Temporary fee reductions on SBA loans
 - Increases SBA loan guarantees
 - New loan program to help businesses meet existing debt payments
- **Expansion of SBA Microloan Program**
 - \$50 million in additional lending
 - \$24 million in technical assistance grants to microlenders

GATE Provides Assistance to Entrepreneurs

- **One-Stop Career Centers offer self-employment services as an additional reemployment service**
- **Nearly everyone is eligible**
- **Services are free**
- **“Cold shower” video needs to be viewed before application can be submitted**

GATE Offers Three Services

- **Assessment**
- **One-on-one technical assistance**
- **Classroom training**
 - Introduction to business
 - FastTrac programs
 - Quickbooks

GATE Was Implemented in Five Sites

- Philadelphia
- Pittsburgh
- Minneapolis/St. Paul
- Northeast Minnesota (Duluth)
- Maine (Bangor, Portland, and Lewiston)

GATE Evaluated Using an Experiment

- Over 4,000 eligible GATE applicants were randomly assigned to either a program or control group
- Program group participants were offered GATE services
- Control group members could not participate in GATE but could receive other self-employment services offered in the community

Evaluation Involved Extensive Data Collection

- **Two follow-up surveys at 6 and 18 months after random assignment**
- **Administrative records on earnings and unemployment insurance receipt**
- **Program data**
- **Application forms**
- **Site visits**

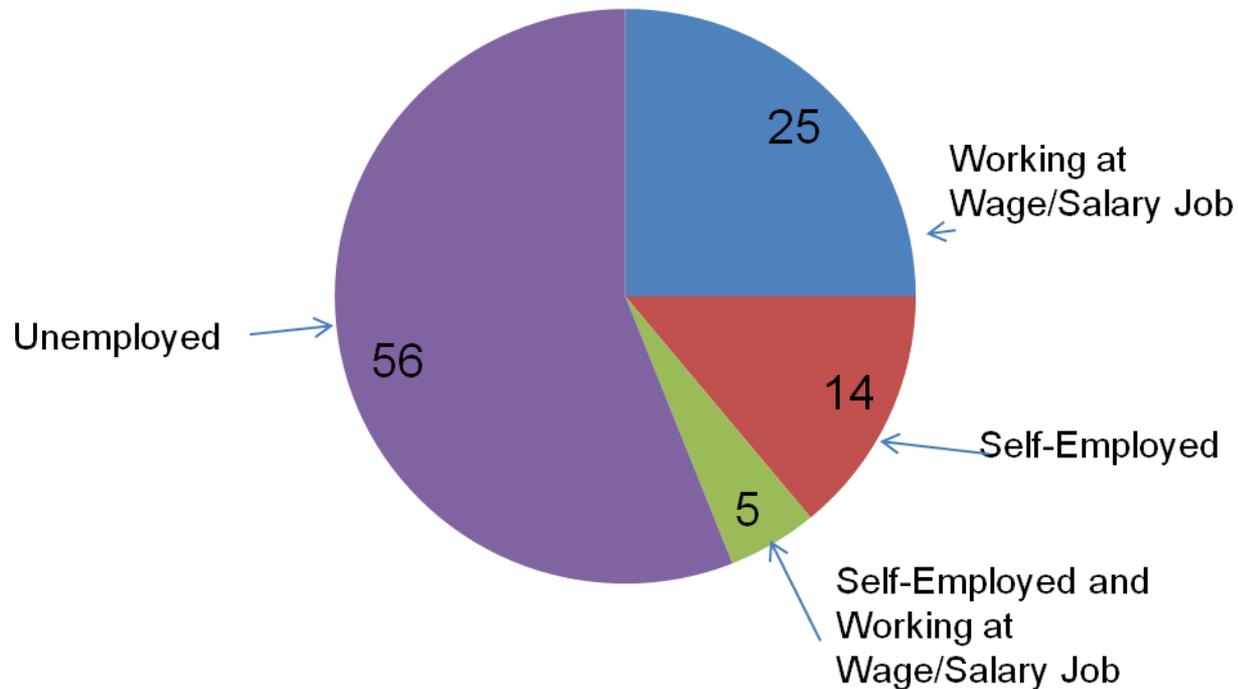
The Findings

GATE Applicants Were Diverse

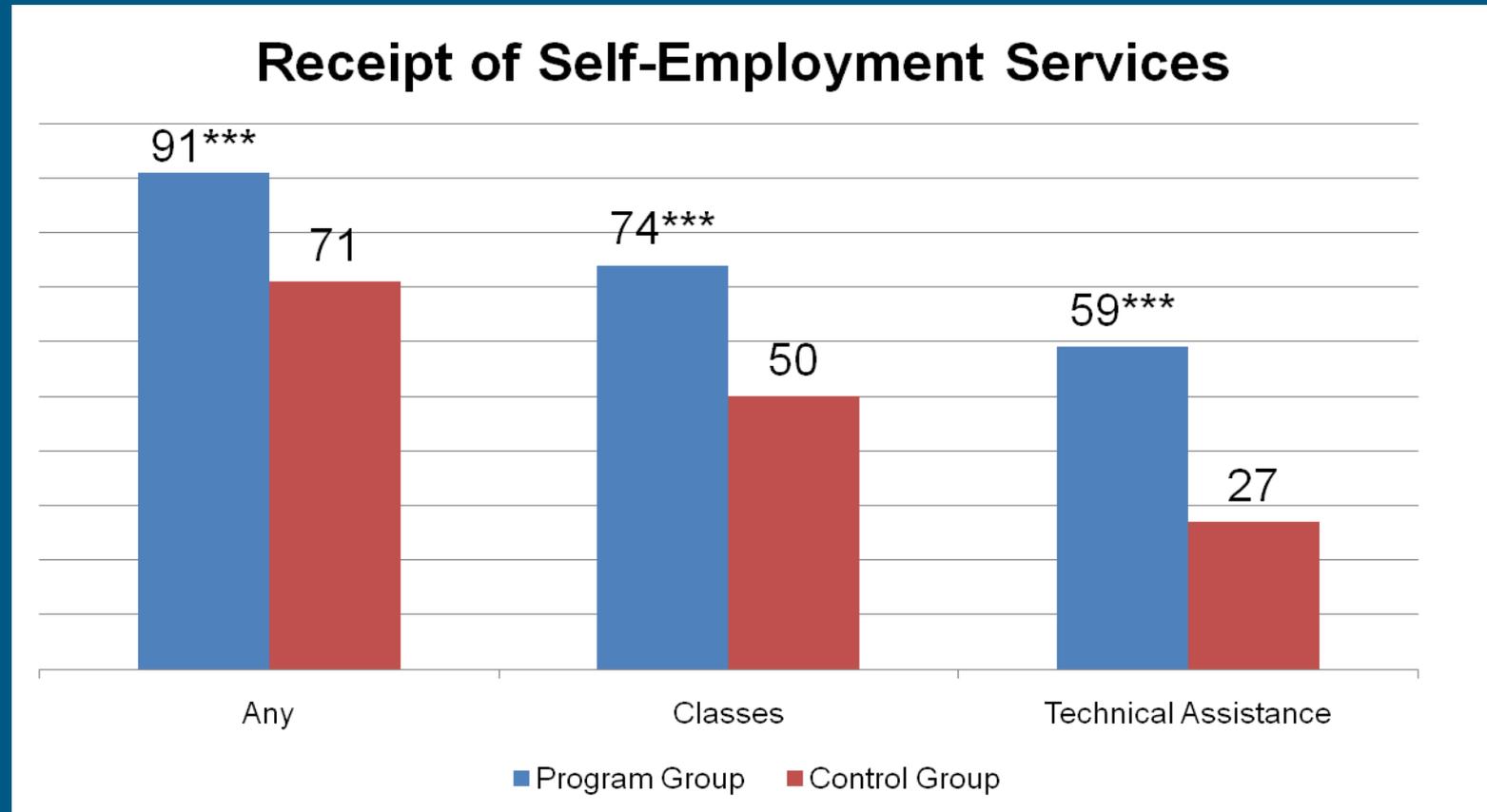
- Applicants were 18–79 years old, most between 30 and 50
- Nearly half were women
- 54% White, 30% African American
- 74% had at least some college
- 35% had household income less than \$25,000; 7% had household income of \$100,000 or more

Most GATE Applicants Were Unemployed

Employment Status at Application



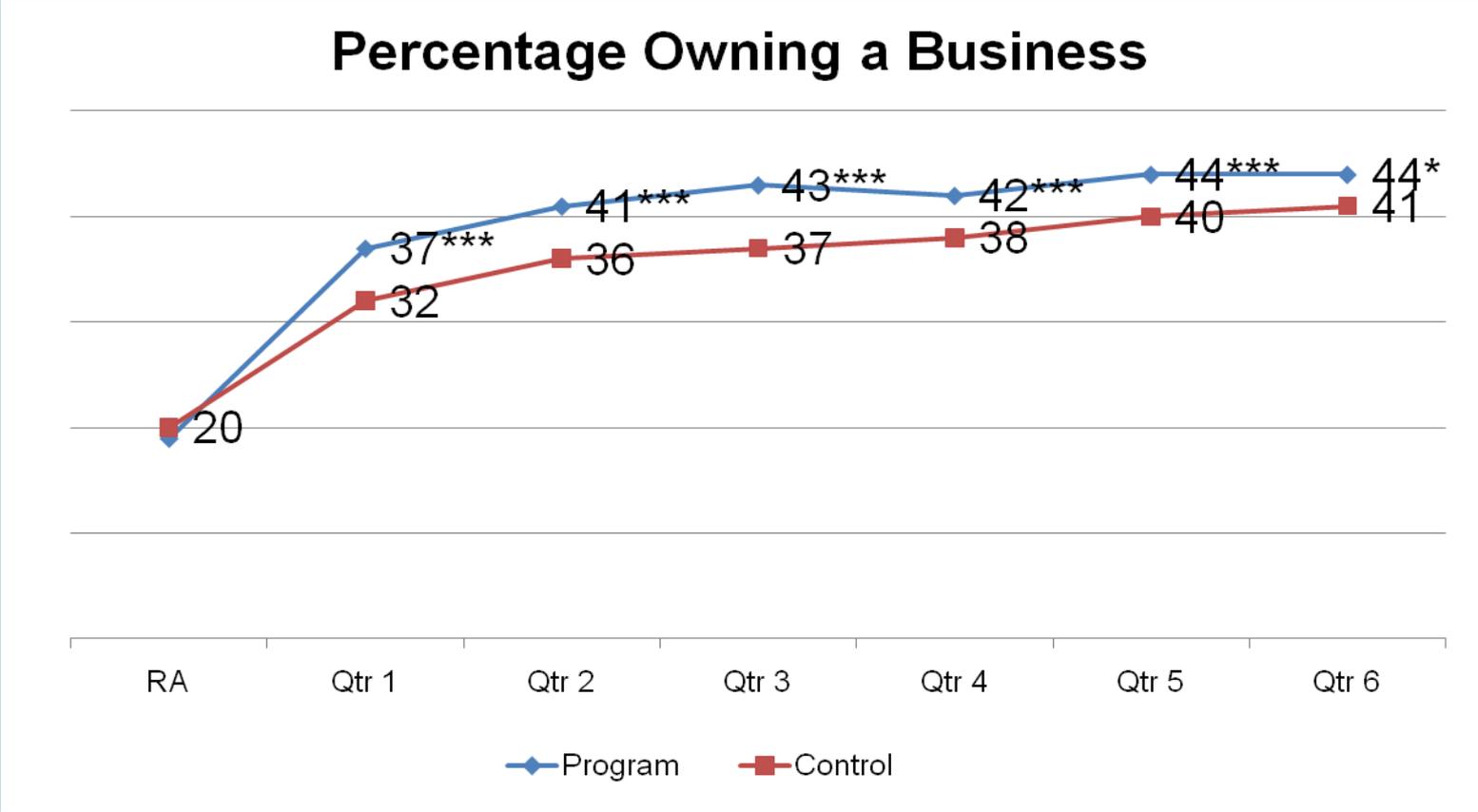
GATE Increased Receipt of Services, But Many Controls Got Services



* /**/*** Significantly different from zero at 0.10/0.05/0.01 level

Source: Follow-up surveys, Waves 1 and 2

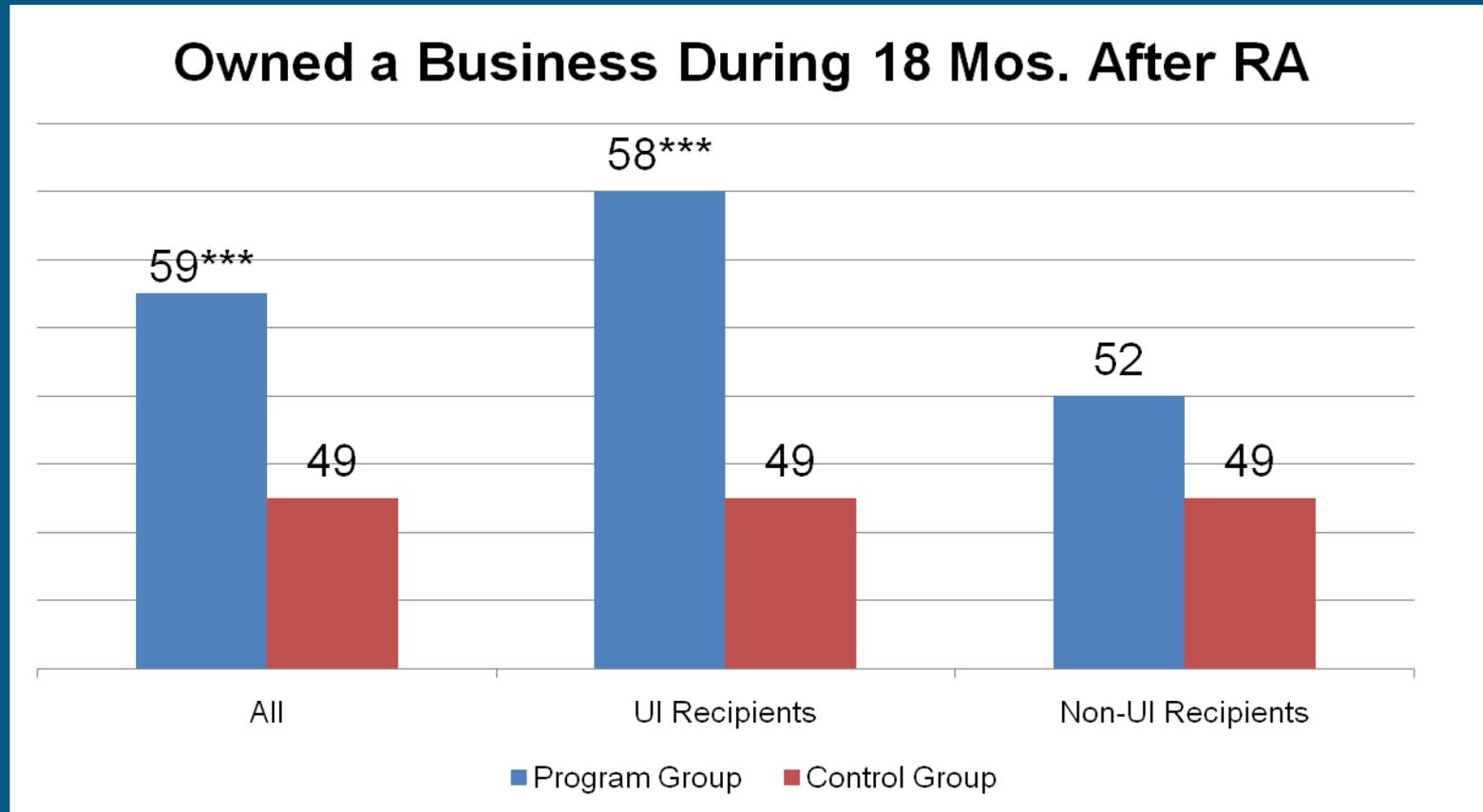
GATE Increased Business Ownership



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Source: Follow-up surveys, Waves 1 and 2

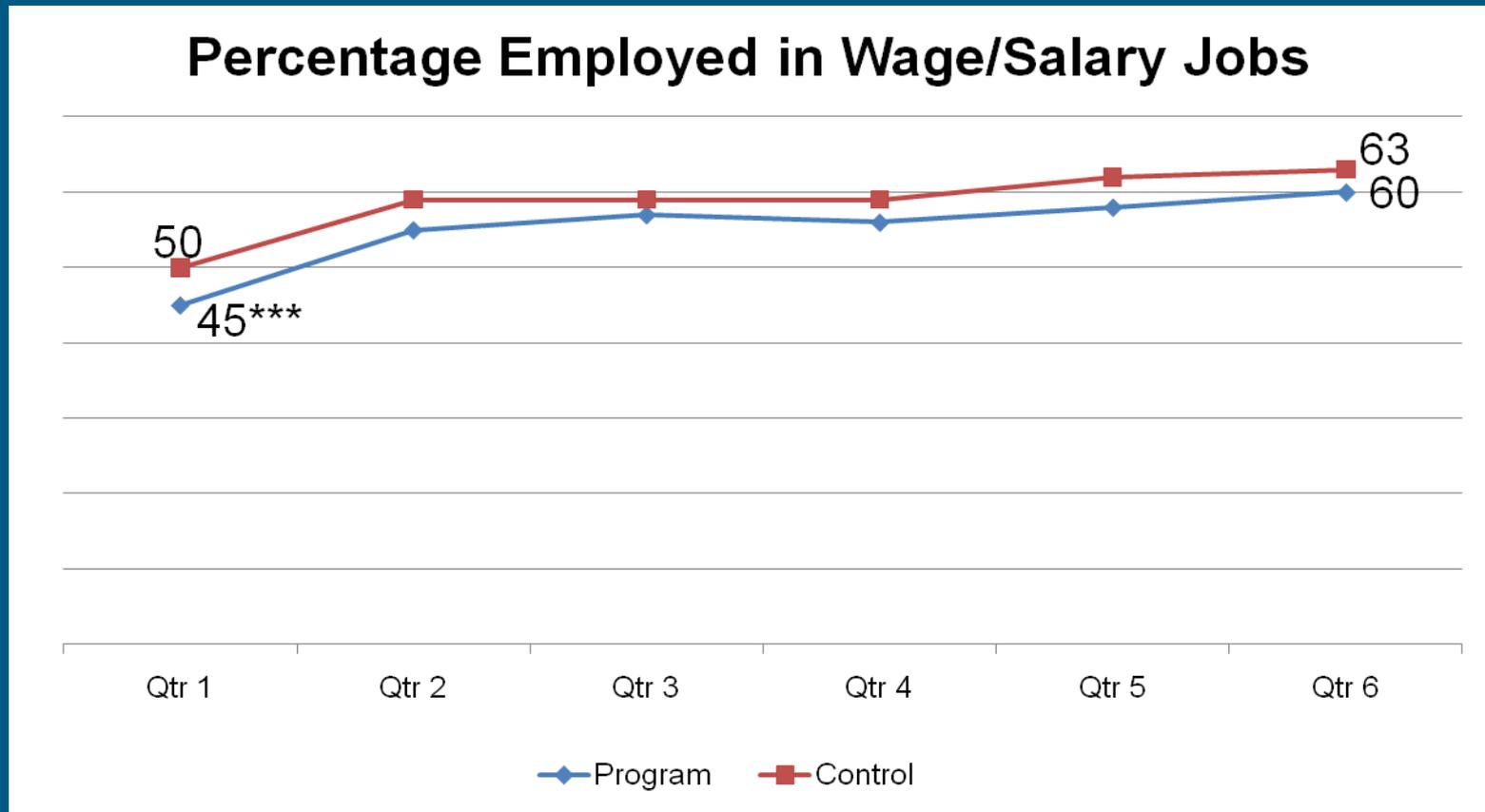
Impact on Business Ownership Larger for UI Recipients



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Source: Follow-up surveys, Waves 1 and 2

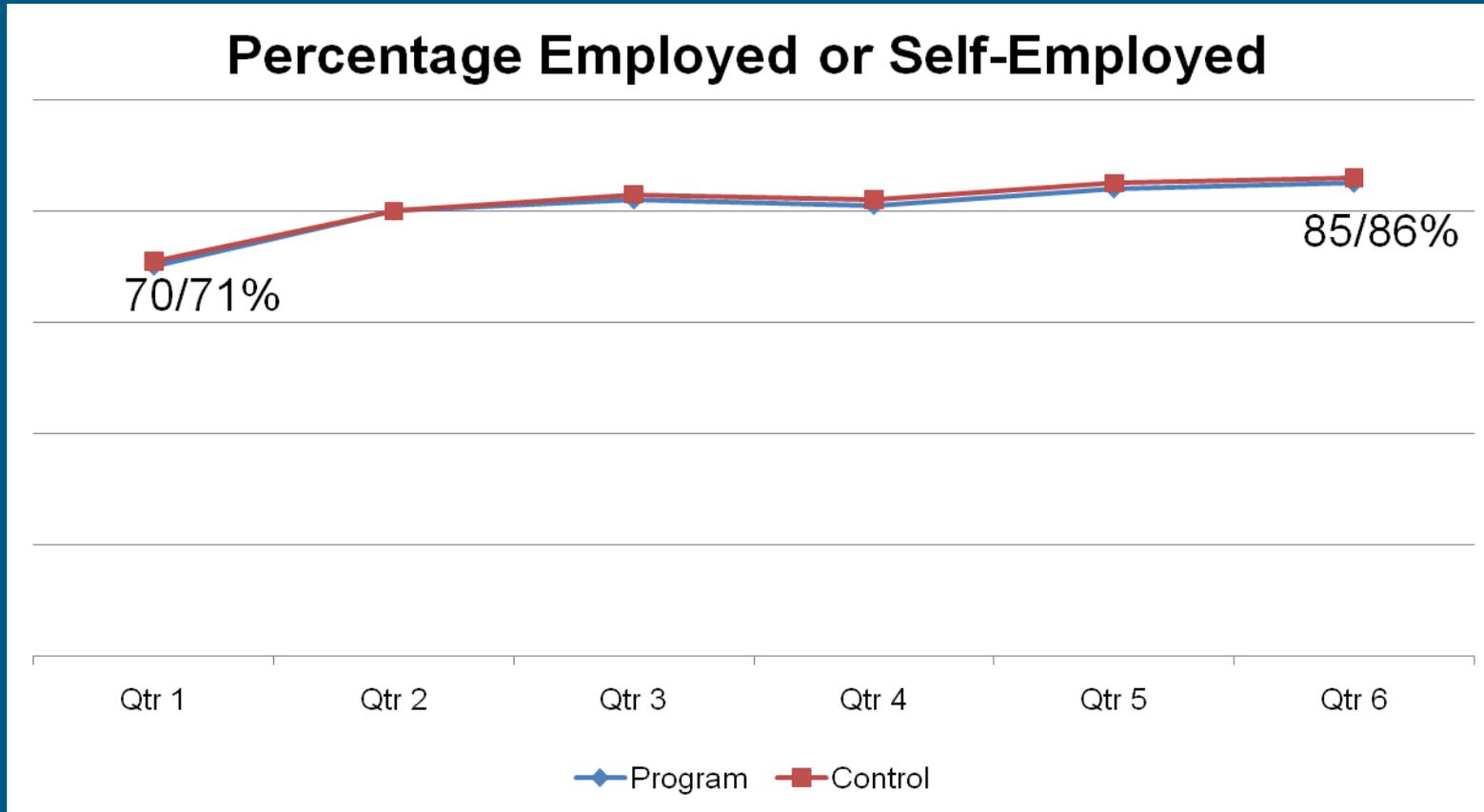
GATE Reduced Employment in Wage/Salary Jobs



* /**/***Significantly different from zero at 0.10/0.05/0.01 level

Source: Follow-up surveys, Waves 1 and 2

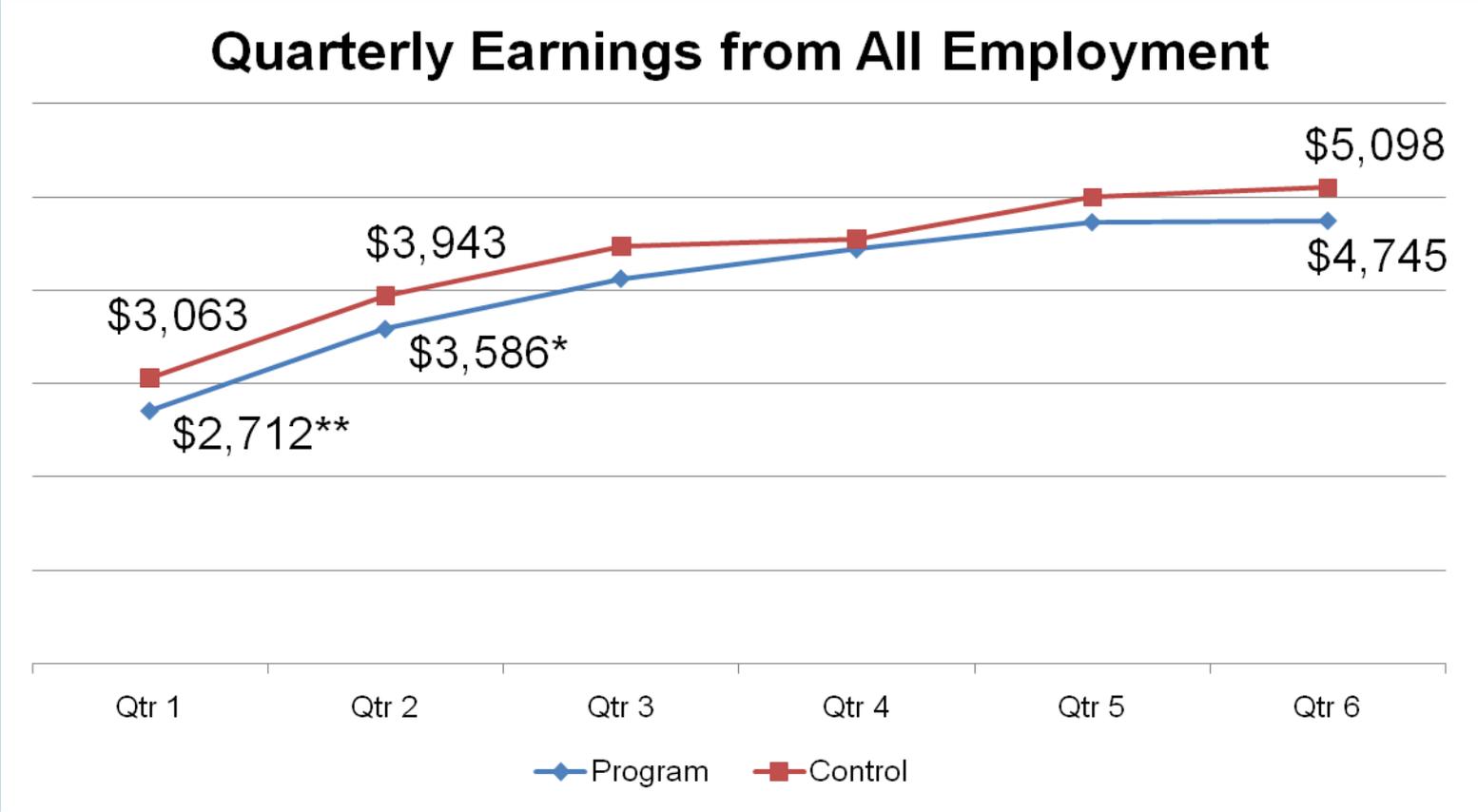
GATE Had No Impact on Employment



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Source: Follow-up surveys, Waves 1 and 2

GATE Reduced Total Earnings



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Source: Follow-up surveys, Waves 1 and 2

Key Findings

- **GATE increased business ownership**
 - Larger impact for UI recipients
- **GATE decreased employment in wage/salary jobs**
 - GATE had no impact on overall employment
- **GATE decreased earnings overall**

Next Steps

Further Research Needed

- **But 18 months is a short period in the life of a business**
 - Some businesses could be very successful
 - Data collection continuing for a third survey follow-up
- **Second generation GATE demonstrations focusing on dislocated workers**
 - Older workers
 - Workers in rural areas

For More Information

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