

Project GATE Interim Report

Summary and Implications*

Background

Project GATE, an experimental research demonstration, was initiated by U.S. Secretary of Labor Elaine L. Chao in 2002 to help emerging entrepreneurs create, sustain, and/or expand their existing small business. Project GATE operated in seven urban/ rural sites in three states (Minnesota, Maine, and Pennsylvania). To help emerging entrepreneurs, Project GATE: (1) teamed U.S. Department of Labor training and assistance programs with economic development entities such as local small business development centers, women's business development centers, local chambers of commerce, entrepreneurial service providers, and small business loan providers; (2) partnered with faith-based and community-based organizations, ethnic organizations, and local community businesses in extensive community outreach efforts; and (3) provided entrepreneurial training and technical assistance to over 2,000 project participants.

Interim Report

The findings from the information presented in the Project GATE interim report suggest several lessons for policymakers and program administrators considering designing and implementing a self-employment program. These include:

- Project GATE could be replicated on a wider scale.
- Self-employment programs should be flexible enough to meet participants' diverse needs.
- Using independent assessment counselors (independent from the training provider) avoids concerns about conflicts of interest.
- Outreach campaigns should be tailored to the individual needs of the project site.
- Challenges of starting a business and obtaining business financing should be made clear to program applicants.
- Credit repair and loan application assistance are important services to offer to project participants.

Policy Implications

Because of the successful implementation of Project GATE, the best practices and lessons learned garnered from the implementation and execution of the demonstration can potentially be applied to other demonstrations and ongoing formula programs. Some of the important lessons and best practices learned from Project GATE are:

- Holding a series of meetings with community stakeholders to assess interest in entrepreneurship.
- Conducting a series of focus groups with local residents (potential participants) to assess entrepreneurship needs.

- Identifying and cultivating an entrepreneurship program champion at the local level (e.g., Workforce Investment Board, One-Stop Career Centers).
- Identifying community-based organizations and economic development agencies (e.g., Small Business Development Centers, Chambers of Commerce, SCORE, Women's Business Development Centers) with the capacity to promote training for the entrepreneurship program.
- Soliciting feedback from community stakeholders, economic development agencies and potential participants regarding the design of the program before implementation.
- Launching the entrepreneurship training program with a community-wide outreach campaign.
- Engaging stakeholders in regular meetings to assess the program's progress.
- When necessary, revisiting program's design to ensure that it meets the needs of participants and the community.

Next Steps

The early findings presented in this interim report suggest that Project GATE could be implemented on a wider scale. However, recommendations on whether or not GATE *should* be replicated elsewhere will depend upon how GATE participants fared in comparison with members of the control group. The Project GATE final report will include a net-impact and benefit-cost analysis to answer this critical question. The report will be based on data from two surveys (6 month and 18 month intervals), service data from a participant tracking system, and administrative records on earnings and UI benefits. The final report will address the following questions:

- Did GATE participants receive more self-employment services?
- Were GATE participants more likely to complete a business plan or obtain a business loan?
- Did Project GATE increase business development?
- Did Project GATE increase employment and earnings?
- Did Project GATE decrease the receipt of UI and public assistance?
- Was Project GATE cost effective?

In addition to providing answers to these questions, the findings from the final report will provide policymakers and program administrators with evidence on whether Project GATE should be replicated on a wider scale. The final report on Project GATE will be available in the summer of 2007.

* This Summary and Implications document was prepared by the Employment and Training Administration and does not necessarily reflect the opinions of the study author(s).