

TRAINING AND EMPLOYMENT NOTICE	<b>NO.</b> 35-16
	<b>DATE</b> January 18, 2017

**TO:** AFFILIATE AMERICAN JOB CENTER DIRECTORS  
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 WORKFORCE INNOVATION OPPORTUNITY ACT (WIOA) 166  
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**FROM:** PORTIA WU /s/  
 Assistant Secretary

**SUBJECT:** Release and Availability of the Final Report Titled *Evaluation of the GATE II Grants: Is Self-Employment Training Effective for Rural and Older Dislocated Workers?*

- 1. Purpose.** The Employment and Training Administration (ETA) announces the release and availability of the final report titled *Evaluation of the GATE II Grants: Is Self-Employment Training Effective for Rural and Older Dislocated Workers?*
- 2. Background.** In the mid-2000s, ETA implemented Project GATE (Growing America Through Entrepreneurship), a demonstration program designed to provide self-employment training to individuals interested in pursuing self-employment. The impact study of Project GATE, publicly released by ETA in 2009, showed that the program was effective in assisting unemployed workers interested in self-employment to start their own business, become self-employed, and avoid unemployment for long periods. Following the success of Project GATE, ETA decided to award grants—known as the GATE II grants—for the implementation of programs modeled after Project GATE. The main difference between Project GATE and the GATE II grant program was the former served nearly everyone who expressed an interest in self-employment, while GATE II targeted (a) older, dislocated workers, and (b) dislocated workers residing in rural areas. DOL focused on these populations to investigate whether self-employment training offers an opportunity to stimulate the reemployment of these two target populations by helping them start their own businesses.

In June 2008, ETA awarded GATE II grants to four states: Alabama, Minnesota, North Carolina, and Virginia. Alabama and North Carolina used the grants to provide self-employment training to dislocated workers in rural areas, while Minnesota and Virginia targeted older dislocated workers. A detailed discussion of the implementation of GATE II grants in each of the four states has been incorporated into the report as Chapter 4.

3. **Project GATE II Evaluation Description.** To rigorously assess the effectiveness of the GATE II programs in improving the labor market outcomes of rural and older dislocated workers, DOL asked the four grantee states to use a random assignment design in which randomly selected program applicants would either receive services (treatment group) or not receive services (control group). North Carolina and Virginia were able to implement a random assignment process successfully. However, Alabama was not successful in implementing random assignment process and Minnesota vigorously sought and DOL agreed not to implement random assignment; instead, hoping to serve as many people as possible. As a result, only North Carolina and Virginia are included in the impact study of the GATE II grants. The outcomes for these two states are detailed in Chapter 5.

The objective of the evaluation was to address two key research questions:

1. Was GATE II effective in improving the labor market outcomes of older dislocated workers and rural dislocated workers?
2. Is providing self-employment training to older dislocated workers and rural dislocated workers a viable policy tool for promoting reemployment?

To address these questions, the evaluation included two components: 1) an implementation study to examine program design and implementation in each state; and 2) an impact study to examine the impact of GATE II on participant labor market outcomes (e.g., self-employment, overall employment, self-employment earnings, and total earnings). The study employed participant data at program entry, post-program follow up, and administrative data to examine the answers to these questions stated above.

4. **Key Evaluation Findings.** The study results explain impacts found in North Carolina and Virginia. These results are not generalizable to the larger population.
  - Overall the study shows that the program was effective in assisting rural, dislocated workers to start their own businesses following program entry and that workers remained self-employed nearly three years after program entry.
  - Additional analysis showed that the North Carolina GATE II program was more effective for younger workers (those under 45 years of age) and for workers with no prior self-employment experience.
  - The North Carolina's GATE II program increased the likelihood of starting a business in the 32-month period after program entry by 9.5 percentage points (a 35 percent increase over the control group mean) and increased the likelihood of self-

employment at 32 months after program entry by 7.4 percentage points (a 27 percent increase over the control group mean).

- The impact study of the Virginia GATE II program which was designed to help older, dislocated workers showed that the program was effective in helping participants start their own business after program entry. The Virginia GATE II program increased the likelihood of starting a business in the 24-month period after program entry by 11.0 percentage points (a 29 percent increase over the control group mean). However, there were no statistically significant impacts in the Virginia GATE II program on self-employment (defined as whether the participant was self-employed at the time of the follow-up survey), salary employment (defined as total self-reported wage/salary earnings at the time of the survey), overall employment, earnings, or unemployment insurance receipt.

Based on these somewhat limited results, the study suggests that self-employment training is an effective tool for assisting younger dislocated workers, particularly those with limited self-employment experience, but with prior managerial experience.

5. **Inquiries.** To view an abstract of this publication, as well as to download the full report, please visit the ETA Research Publication Database Web site at:  
<http://wdr.doleta.gov/research/keyword.cfm>