MATHEMATICA
Policy Research

REPORT

FINAL IMPLEMENTATION STUDY REPORT

CREATING JOBS WHEN YOU CAN'T FIND ANY: Implementation Lessons from a Self-Employment Pilot Program for the Unemployed

June 2017

Samia Amin
Christopher Jones
Natasha Nicolai
Irma Perez-Johnson
Mary Anne Anderson
Kristen Joyce
Mikia Manley

Submitted to:
U.S. Department of Labor
Employment and Training Administration
200 Constitution Ave., NW
Washington, DC 20210
(202) 693-5954
Project Officer: Janet Javar
Contract Number:
DOLQ121A21886/DOLU121A21910

Submitted by:
Mathematica Policy Research
P.O. Box 2393
Princeton, NJ 08543-2393
Telephone: (609) 799-3535
Facsimile: (609) 799-0005
Project Director: Samia Amin
Reference Number: 40099

Recommended Citation:

Amin, Samia, Mary Anne Anderson, Christopher Jones, Kristen Joyce, Natasha Nicolai, Mikia Manley, and Irma Perez-Johnson. "Creating Jobs When You Can't Find Any: Lessons from a Self-Employment Pilot Program for the Unemployed." Washington, D.C.: Mathematica Policy Research, June 2017.

This project has been funded, either wholly or in part, with Federal funds from the U.S. Department of Labor, Employment and Training Administration under Contracts DOLQ101A21440/ DOLU111A21704 and DOLQ121A21886/DOLU121A21910. The contents of this publication do not necessarily reflect the views or policies of USDOL, nor does mention of trade names, commercial products, or organizations imply endorsement of same by the U.S. Government.

Acknowledgments

We would like to thank Janet Javar and Wayne Gordon at the U.S. Department of Labor, who provided invaluable guidance and support throughout this pilot program and evaluation study. We are grateful to Lydia Fiore, Michelle Ennis, Sybil Felton, and others from ETA for their thoughtful feedback on this implementation report. We would also like to thank the staff at the Employment and Training Administration (ETA), including ETA regional staff in regions 1, 2, 5, and 6, who provided important feedback on the design of the Self-Employment Training (SET) pilot program and the SET evaluation study.

Implementing and studying the SET pilot program would not have been possible without the close cooperation of our SET participants, workforce staff partners, and microenterprise service provider staff. First, we thank the participants for engaging in the SET program, and are especially grateful to those SET participants who candidly shared their experiences with us through case study interviews. We gratefully acknowledge the local workforce and state unemployment insurance offices—the City of Chicago and Cook County in Illinois, as well as the Illinois Department of Economic Security; Cuyahoga and Lorain counties in Ohio, as well as the Ohio Department of Job and Family Services; the City of Los Angeles and Los Angeles County in California, as well as the Employment Development Department; and Multnomah and Washington counties in Oregon, as well as the Oregon Employment Department—that helped to attract participants to SET and participated in our study. Finally, we gratefully acknowledge our microenterprise service providers for their efforts to implement the SET model, serve program participants, and take part in the study.

Numerous staff at Mathematica, as well as our project consultant, made important contributions to this pilot program. Heinrich Hock, Shawn Marsh, Ryan, Callahan, John Carsley, Jessica De Santis, and several other staff who made implementation feasible, were instrumental to the design and implementation of SET. Robert Fairlie served as our consultant, and provided indispensable direction and guidance as well as essential early feedback on program and study design.

In conducting the implementation study, Liz Potamites and Malik Mubeen led efforts to validate, clean, and analyze programmatic data, and Wamaitha Kiambuthi and Sarah LeBarron assisted with coding descriptive data and providing other project support. Elizabeth Brown conducted many of the case study interviews with SET participants, and also provided valuable support by summarizing and coding interview data. Michael Ponza, Heinrich Hock, and Robert Santillano provided useful feedback and helpful comments to improve the report. We also received excellent assistance from Donna Verdier, Bridget Gutierrez, and Effie Metropoulos, who edited the report, and from Colleen Fitts, Rose Sullivan, Jennifer Baskwell, Margaret Hallisey, and others with the Mathematica communications team who helped to implement a unique vision in formatting and producing this report.

This page has been left blank for double-sided copying

CONTENTS

This page has been left blank for double-sided copying

TABLES

FIGURES

This page has been left blank for double-sided copying

Executive Summary

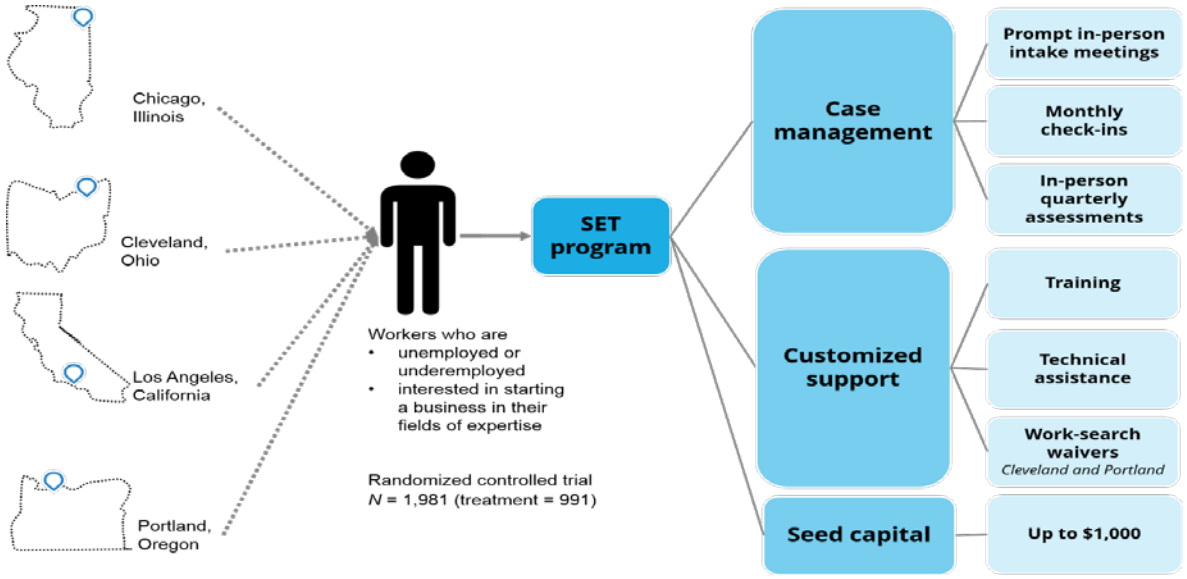
Abstract

The Self-Employment Training (SET) pilot program, funded by the U.S. Department of Labor (DOL), rigorously tested strategies to support dislocated workers who want to start their own businesses. Unemployed and underemployed workers who proposed businesses in their fields of expertise were eligible to participate. SET participants received free access to case management; customized support, including training and technical assistance from microenterprise service providers experienced in business development; and up to $1,000 in SET seed capital microgrant funds, to be used for business start-up costs. The program operated in four sites (Chicago, Illinois; Cleveland, Ohio; Los Angeles, California; and Portland, Oregon) between 2013 and 2017. Mathematica Policy Research, under contract to DOL, designed the program, supported implementation, and is conducting rigorous implementation and impact studies to assess the feasibility and impacts of the SET pilot. This report summarizes final results from the implementation study.

Introduction

As of January 2017, 1.9 million people remained in the ranks of the long-term unemployed (Bureau of Labor Statistics 2017). Starting a business, or self-employment, may offer a path for some of these people to return to work. The Self-Employment Training (SET) pilot program, which operated from 2013–2017, was funded by the Employment Training Administration (ETA) at the U.S. Department of Labor (DOL) to test and evaluate strategies to support dislocated workers who wanted to start their own businesses. Unemployed and underemployed workers who proposed businesses in their fields of expertise were eligible to participate. Mathematica Policy Research implemented and conducted an evaluation of the SET program (Figure 1). Based on data collected during the implementation period, this summary presents what we have learned so far about program implementation.

Figure ES.1. Intervention and study design



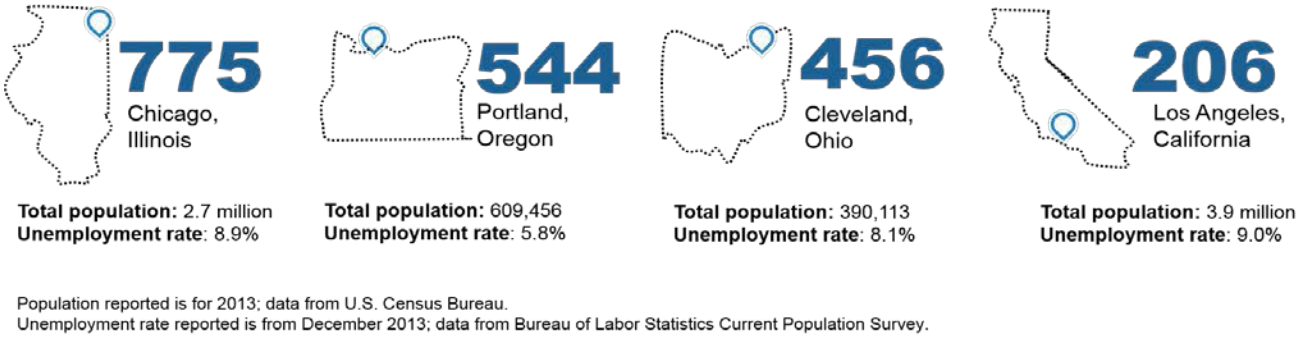
Focus, outreach, and intake. SET focused on dislocated workers who proposed to develop businesses in their fields of expertise. In order to test a replicable model, Mathematica partnered with existing local workforce agencies, state employment services, and unemployment insurance (UI) agencies, who agreed to promote the SET program to their customers (see Figure 2 for program roles and responsibilities). Interested individuals were directed to a website where they could watch an online orientation and submit an application to be considered for the program. Both the web-based orientation and application, which served as the baseline survey for the study, were developed and hosted by the Mathematica study team. From July 2013 through January 2016, interested individuals could apply for services on a rolling basis until the study's recruitment targets were met in January 2016. Services were available until May 2017. Eligible applicants were randomly assigned to either a treatment group, which received SET program services, or a control group, which did not receive SET services.

Figure ES.2. SET delivery

Program offer. Eligible applicants assigned to the SET program were offered up to 12 months of case management, intensive and tailored service delivery, and seed capital microgrants of up to $1,000 to use on business start-up expenses. Case management involved prompt, in-person intake meetings; monthly follow-up meetings; and in-person quarterly reassessments. In the Cleveland, Ohio, and Portland, Oregon, sites, SET participants who received UI benefits could also get work-search waivers exempting them from job search requirements. These waivers allowed SET participants to continue receiving UI benefits while devoting their full time and attention to starting their own business.

Implementation partners. To determine the feasibility and effectiveness of offering the bundle of supports provided by SET, we tested the program in sites where services were in high demand and providers had high capacity. We ultimately selected four metropolitan sites with relatively high unemployment rates, a population of dislocated workers with diverse industry experience, a network of workforce partners willing to promote the program, and a large enough number of high-capacity microenterprise service providers that could provide business development assistance. Figure 3 shows the distribution of the sample across the selected sites.

Figure ES.3. Distribution of SET sample across sites



Population reported is for 2013; data from U.S. Census Bureau.
Unemployment rate reported is from December 2013; data from Bureau of Labor Statistics Current Population Survey.

Study design. To answer our research questions, we designed and implemented rigorous impact and implementation studies of SET. To understand whether the program worked, who it worked for, and in which locations, we designed a multisite, randomized controlled trial that drew on the baseline intake survey administered to all study group members and a follow-up survey conducted 18 months after program entry. Final results are expected in fall 2018. To understand how the program worked, we conducted the **implementation study** discussed here. This study draws on data from the program applications, participant monitoring data from the program's management information system (MIS), case study interviews with 36 program participants, and site visit and phone interviews with service providers and workforce partners.

Research questions

Did the Self-Employment Training pilot program work?

Who did the pilot program work for best, and where did it work the best?

How did the program operate in practice?

What did it take to attract and serve SET participants?

Findings

Although it is too early to tell whether SET improved outcomes for program participants—a question that will be answered by our ongoing impact study—we can see how the program operated and engaged participants, and understand the milestones participants achieved while in the program.

Who participated in the SET study? The SET study sample represented several populations of particular interest to DOL. Nearly 60 percent of the sample members were female, and 60 percent were nonwhite. Seventy percent were not employed when they applied to SET, and over half of these individuals were long-term unemployed, having been without work for 27 weeks or longer. Although participants possessed educational and professional assets—more than half (57 percent) had a bachelor's degree or higher, and 71 percent reported managerial experience—they also reported financial constraints, such as having declared bankruptcy in the past seven years (11 percent). Over one-third of SET study participants had been self-employed before, and about one-fifth were self-employed when they applied to SET.

How well did SET operate? The SET program attracted 7,027 individuals who completed the online orientation between July 2013 and January 2016. Of these, 2,470 completed applications and 1,981 (80 percent of applicants) met the study criteria. Ultimately, 14 percent of those who initially expressed interest in SET by registering for the orientation on the program website ended up in the study sample. The typical participant stayed in the program for 8 months, and almost half participated for 10 months or more. In examining patterns of service delivery, we found that:

- **The case management model was implemented with medium fidelity to the program model.** Providers were most likely to implement the intake process and monthly follow-ups with high fidelity. Eighty-five percent of the assigned program participants showed up for their intake appointments, and 95 percent of SET program participants who attended their intake meeting went on to receive additional SET services beyond the intake meeting.

- **The majority of participants received intensive and tailored services.** Eighty-nine percent of program participants received technical assistance, and 49 percent received training. Overall, provision of technical assistance, defined as one-on-one consultation on different aspects of the participant's business, was common and uniform across providers. Training—which generally consisted of multi-session workshops or stand-alone courses on topics like business planning, marketing, and finance—was less common.
- **Roughly one-third of the participants received microgrants to provide seed capital for their business.** Thirty-six percent of SET participants who completed the intake process received seed capital microgrants, with an average award of $986 (out of a possible $1,000).

All sites exhibited medium fidelity to the SET model

Overall, sites implemented SET case management with medium fidelity. Five sites implemented intake and monthly follow-up with high fidelity.

89% received technical assistance

Most participants (89%) received some technical assistance. Many also received some form of training (49%).

36% received microgrants

For participants who completed an intake, 36% received microgrants and and they asked for an average of $986 out of the $1,000 that was available.

What did it take to attract and serve SET participants? In the course of implementing the pilot and its evaluation, we learned lessons that are relevant not just for other pilot programs, but for any funder, practitioner, or researcher seeking to introduce or test new service offerings for unemployed and underemployed workers.

- **Use existing infrastructure to attract applicants to a new program.** When the initial application rates were lower than expected, we were able to meet our enrollment targets by increasing mass outreach through UI partners and offering more intensive technical assistance directly to workforce office staff promoting the SET program to their customers.
- **Revamp processes that don't work by leveraging behavioral science and user-centered design.** To address the challenges associated with recruiting participants, we identified key behavioral barriers that could be preventing participation. We overcame these barriers by streamlining outreach materials, highlighting success stories, sending mass emails and robocalls, and avoiding any required actions that would be a hassle for participants.
- **Use technology to streamline the intake process for participants.** Our online systems worked well to recruit our target population. Over time, we revamped the SET website to provide clear, upfront information about SET's eligibility criteria; we also included several examples of how applicants should complete the questions on the application.
- **Provide ongoing training and technical assistance to ensure successful implementation.** In providing technical assistance to the service providers to monitor implementation and encourage program fidelity, we found it useful to hold monthly check-in calls to ask about a random selection of

specific participants. This allowed the study team to monitor SET advisors' familiarity with their assigned participants.

- **Encourage model fidelity by using performance-based incentives.** Providers did not find the compensation for delivering SET services to be adequate—they recommended payments of $1,000 to $4,500 per participant. Providers could have received up to $825 per participant; however, they actually received an average of only $522 per participant because many participants failed to meet certain milestones and/or to engage in the program for the full 12 months.

Lessons learned and next steps

Self-employment. We found that it is feasible to deliver an intensive and individualized program model to support dislocated workers interested in self-employment. The SET model can be delivered by leveraging the existing workforce system infrastructure and network of microenterprise service providers. Intensive support to implementing partners will most likely be necessary, especially up front. A diverse group of individuals may be interested in—and stand to benefit from—services like SET.

Starting a new program. Adopting a user perspective is critical for the service offering and for program processes. Building in time for a full-fledged trial run in one or two sites may have helped improve the program design. Program monitoring that draws on a mix of data is important in determining program fidelity. The scale of program operations and rate of participant flow can affect performance.

What's next? Although we know it is feasible to deliver intensive, tailored help with microenterprise development to people interested in self-employment, the impact study will give us causal evidence on whether SET succeeded in improving the economic outcomes of dislocated workers who wanted to start businesses in their fields of expertise. Measuring the impact of SET on self-employment, employment, and total earnings will capture whether SET helped participants become reemployed, which was the Department of Labor's major objective for this pilot program. Understanding these impact estimates will help answer the question of whether a program like SET should be made available to a broader group of people, and whether it should be integrated into existing workforce processes and systems.

This page has been left blank for double-sided copying

I. Introduction

At the height of the recession in October 2009, almost 16 million Americans (10 percent of the workforce) went through the difficult experience of being unemployed (Bureau of Labor Statistics 2009). Seven years later, the economy appears to have recovered—as of January 2017, the national unemployment rate had hovered around 5 percent for over a year (Bureau of Labor Statistics 2017), but 1.9 million people remained in the ranks of the long-term unemployed (Bureau of Labor Statistics 2017). Starting a business, or self-employment, may be a way to help some of them return to work. As of 2015, over 15 million people in the United States were self-employed (Hipple and Hammond 2016).

The Self-Employment Training (SET) pilot program, which operated from 2013–2017, was funded by the Employment Training Administration (ETA) at the U.S. Department of Labor (DOL) to test and evaluate strategies to support dislocated workers who wanted to start their own businesses. Unemployed and underemployed workers who proposed businesses in their fields of expertise were eligible to participate.

Based on data collected during the implementation period, this report presents what we have learned so far about program implementation.

Pilot snapshot

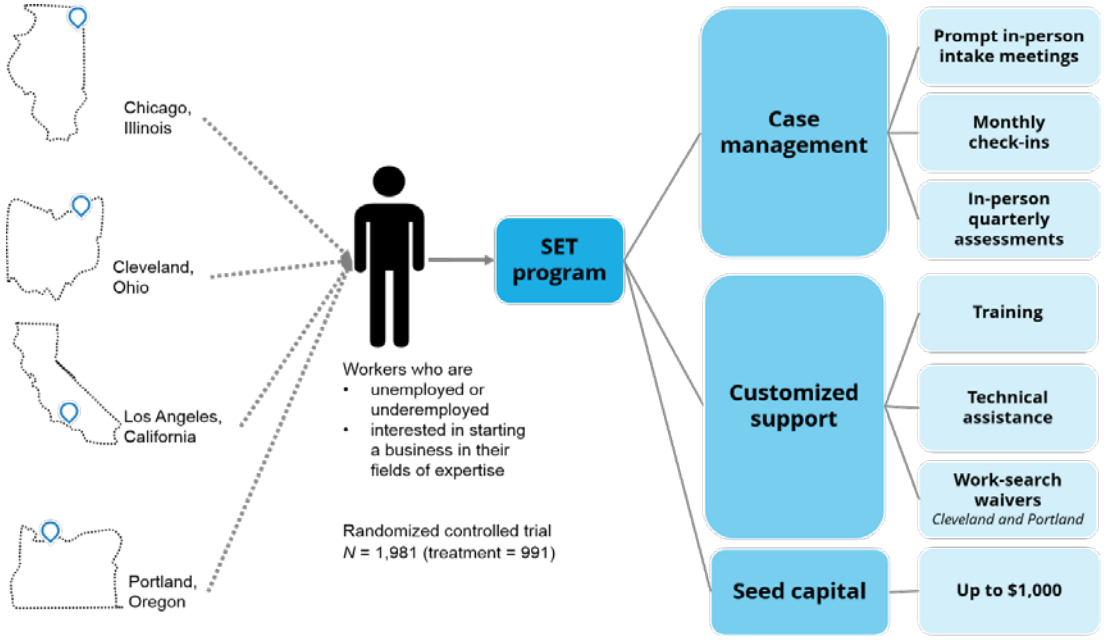
The Self-Employment Training (SET program offered participants free access for up to 12 months to case management; customized support, including training and technical assistance from microenterprise service providers (referred to as "service providers" or "providers") experienced in giving business development assistance to those starting or operating small businesses; and up to $1,000 in SET seed capital microgrant funds to be used for start-up costs (see Figure I.1). Before SET, an approach that included case management and microgrants like this had not been tested for dislocated workers seeking to start a business.

SET was offered in four sites: Chicago, Illinois; Cleveland, Ohio; Los Angeles, California; and Portland, Oregon. In two sites (Cleveland and Portland), participants receiving unemployment insurance (UI) benefits were also eligible for work-search waivers that allowed them to keep receiving UI benefits while developing their businesses and exempted them from the requirement to search for work. The pilot program enrolled 1,981 participants between July 2013 and January 2016. A lottery randomly assigned half of these participants to receive program services; the other half could not access SET program services, but were free to access any self-employment services available in the community. Services were delivered between July 2013 and June 2017 by 11 service providers.

DOL contracted with Mathematica Policy Research (Mathematica) to do the following:

- **design** the SET pilot program
- **support implementation** by recruiting, monitoring, and providing technical assistance to local organizations delivering the program services
- conduct an **implementation analysis** to examine the SET program's feasibility
- implement a **random assignment study** to measure SET's effects on participants

Figure I.1. Key features of the SET pilot program



Understanding the context and the relevance of SET

Microenterprises and small businesses are an important source of employment; more than 10 percent of the U.S. working population is self-employed (Hipple and Hammond 2016). Supporting these small businesses is a priority for many organizations. Therefore, there is widespread agency, foundation, and state and local recognition of the importance of supporting small business start-ups (see Figure I.2).

Initiatives by federal agencies range from Small Business Development Centers (SBDCs), funded by the Small Business Administration, to the U.S. Department of Agriculture's Rural Microentrepreneur Support Program. Currently, five states are participating in the federal Self-Employment Assistance (SEA) program, which permits unemployed workers to continue receiving UI benefits while starting a business, without meeting requirements to look for work. Several state and local workforce and economic development agencies have also made efforts to support business start-ups, as have foundations and the private sector (see Figure I.2).

Nonetheless, support for people *in the early stages* of starting a business remains limited, especially for those starting from a disadvantaged position, such as unemployment. Several pilot programs and studies funded by the ETA have explored strategies that might fill this gap (see Box I.1 and Appendix Table A.1 for summaries on and findings from these pilot programs and findings from the most recent DOL study on the SEA program). These findings are supplemented by DOL-funded studies of the SEA program designed to understand program implementation and results. SET builds on both sets of findings. Because the new Workforce Innovation and Opportunity Act (WIOA) of 2014 integrates self-employment support into workforce services, SET's lessons are likely to be very relevant and timely (see Figure I.2 for WIOA provisions on self-employment assistance).

Box I.1. DOL efforts to understand the role of self-employment

- **Self-Employment and Enterprise Development (SEED).** From 1989 to 1991, the SEED program offered Washington State UI claimants business development services, financial assistance, and a work-search waiver if they were progressing toward starting their own business. The program significantly increased the rate of entry into and persistence in self-employment as well as the amount of self-employment earnings (Benus et al. 1995).
- **Massachusetts Enterprise Project (MEP).** From 1990 to 1993, MEP was offered to Massachusetts UI claimants with more than 26 weeks of benefits left who were likely to exhaust their benefits. Participants could attend seminars, workshops, and counseling while receiving a work-search waiver. Participants significantly increased their rate of entry into and persistence in self-employment and their earnings from wage or salary positions (Benus et al. 1995).
- **Project Growing America Through Entrepreneurship I and II (GATE I and II).** From 2003 to 2005, GATE I was offered in Maine, Minnesota, and Pennsylvania to anyone interested in creating, sustaining, or expanding a business. The program focused on training and counseling. Participants significantly increased entry into self-employment, but no impacts were found on persistence in self-employment or earnings (Benus et al. 2008). From 2008 to 2011, GATE II was offered to dislocated workers in North Carolina, Alabama, Virginia, and Minnesota. Participants significantly increased entry into self-employment in both Virginia and North Carolina, and significantly increased persistence in self-employment in North Carolina (Davis et al. 2013).
- **Self-Employment Assistance (SEA) program.** The latest study on the SEA program examined states that established active statewide SEA programs, which give unemployed workers the option of becoming reemployed by starting their own businesses. UI claimants receive work-search waivers and must be identified as likely to exhaust UI benefits. From January 2013 through June 2015, close to 5,000 UI claimants entered SEA programs; the percentage UI benefits paid to SEA participants during this period ranged from 0.01 to 1.14 percent (Weigensberg et al. 2017).

Figure I.2. Examples of national efforts to promote self-employment

FEDERAL

U.S. Department of Labor
Has funded several generations of self-employment assistance demonstration programs to promote employment/re-employment.

Small Business Administration (SBA)
Serves as main federal arm of financing and technical assistance to small businesses, and supports SCORE, Small Business Development Centers (SBDCs), and Women's Business Centers (WBCs).

U.S. Department of Agriculture
Provides financial support and technical assistance to stimulate business creation and growth in rural areas.

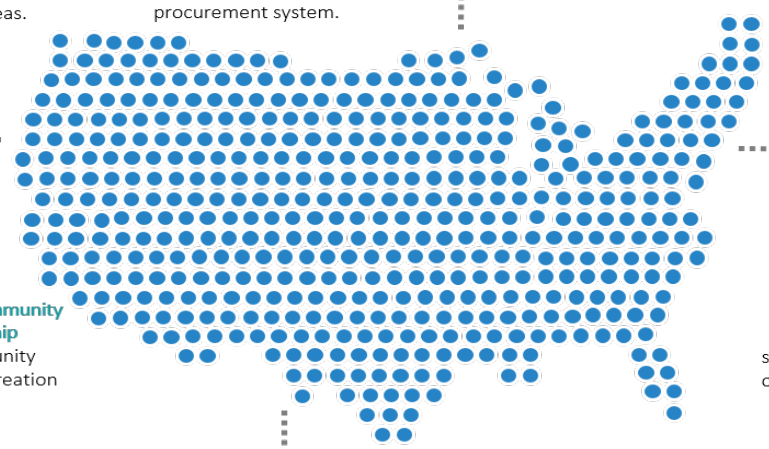
Veterans Administration
Offers resources, funding, and training for veterans to start and grow small businesses and leverage the federal procurement system.

STATE/LOCAL

Investment/ Microfinance Institutes
Most states have one or more entities that offer microloans, seed grants, or other financial supports to state residents starting their own businesses.

Business Development Corporations
State-centered organizations that offer loans, classes, and consultation or mentorship services to individuals starting their own business.

Community Development Financial Institutions
Local organizations that partner with the SBA to provide credit and other financial services to microentrepreneurs and small businesses.



NONPROFIT

National Association for Community College Entrepreneurship
Grows the role of community colleges in supporting job creation and entrepreneurs.

National Association for the Self-Employed
Offers how-to resources, legal assistance, home office insurance, credit cards, opportunities for consolidated buying power, college scholarships, and grants to self-employed individuals; also pursues legislative actions.

Corporation for Economic Development
Provides an extensive library of tools, research, and resources on asset building and expanding economic opportunity for microbusiness owners.

Kauffman Foundation
Supports entrepreneurial training programs such as 1 Million Cups and FastTrac; promotes entrepreneurship among public agencies.

Association for Enterprise Opportunity
Piloting programs to connect entrepreneurs to Community Development Financial Institutions (CDFIs) and nonprofit lenders. Also provides a database of state and local programs across the US, offers a library of research resources, and conducts capacity building and policy advocacy.

PRIVATE/ CORPORATE

Goldman Sachs 10,000 Small Businesses
Provides education, capital, and support services to small business owners to help foster success and build networks.

QuickBooks Small Business Center
Online resources and guides covering topics such as Starting Up, Cash Flow, Funding and Financing, and Accounting and Taxes.

LinkedIn ProFinder Business Competition
Helps small business owners connect with freelance professionals for services. The platform also hosts a competition for cash prizes and free business subscriptions.

Wells Fargo Works
Provides online resources, guides, and a streamlined loan platform for small business owners.

Small Business Forward
An initiative by JP Morgan Chase to help minority, women, and veteran-owned business become successful.

FedEx Small Business Center
Online resources and guides as well as an annual grant competition for small business owners.

Miller Lite Tap the Future Competition
Small business competition that allows entrepreneurs to pitch their business idea for the chance to win up to $200,000.

Fundera
Helps small business owners apply for loans and runs an annual video competition for the chance to win $2,500.

The Self-Employment Assistance (SEA) program. This is part of the UI program and is overseen by ETA. It permits unemployed workers to continue receiving UI benefits while starting a business, without meeting requirements to look for work (see Box I.1). Individuals who have been permanently laid off from their previous jobs and identified (through a state's profiling system) as likely to exhaust their regular UI benefits are eligible to participate. States operate the program on a voluntary basis. Currently five states (Delaware, Mississippi, New Hampshire, New York, and Oregon) have active SEA programs.

Workforce Innovation and Opportunity Act (WIOA). Section 134 of WIOA cites "entrepreneurial training" as an allowable training service for adults and dislocated workers. Local workforce agencies may therefore expend WIOA funds on self-employment assistance training and include self-employment outcomes in their performance measures.

Note: Programs cited in this figure are illustrative examples and have not been reviewed or endorsed by the U.S. Department of Labor.

Pilot program development

We designed SET program features and the implementation model on the basis of a careful review of the academic and practitioner literature and field research.

Our **literature review** drew on the following:

- studies on previous DOL-funded pilot programs (see Chapter II)
- research on self-employment and entrepreneurship, and
- practitioner literature on microenterprise development support.

Our goal in conducting these reviews was to understand what worked and what did not in which contexts and to identify features worth testing.

We coupled this desk research with **conversations with practitioners** (staff at SBDCs, microenterprise service providers, and microloan lenders). Their perspectives helped us understand the types of people who may be attracted to the SET program, the challenges they faced, and program features that might be especially relevant, given the difficult economic climate in which the program was launched. It also allowed us to understand the status quo in terms of what services were offered.

Key findings from the literature review and practitioner research that informed the design of the SET pilot program are in Appendix A. We ultimately chose a model of case management, intensive and tailored service delivery that included business development training, technical assistance, and seed capital microgrants.

Finally, discussions with the staff at workforce agencies and at microenterprise service providers in potential sites helped us refine the program design and define how to recruit participants for this program and make services available to them. We determined that local and state workforce partners would conduct outreach; Mathematica would conduct intake; and microenterprise service providers carefully selected, contracted, and monitored by Mathematica would deliver services (see Chapter II for further details).

Research questions and study design

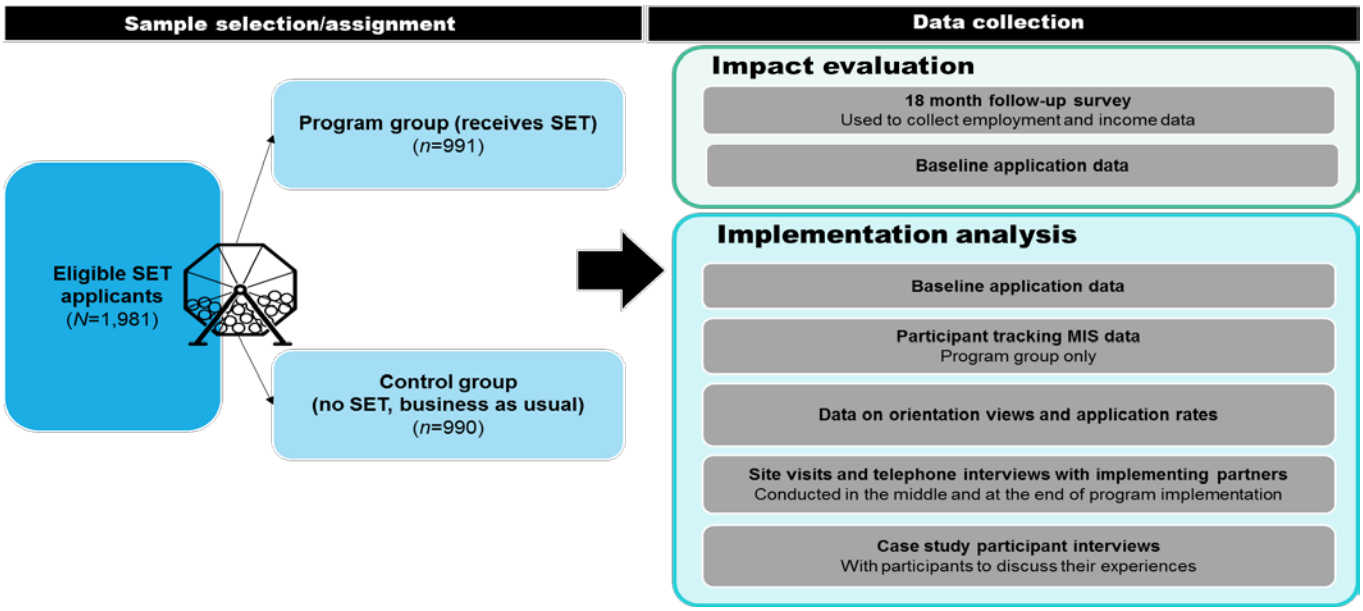
Once we pinned down the SET program model, we worked with DOL and our local partners to identify the main research questions. These were as follows:

- **Did the Self-Employment Training pilot program work?** What was the net impact of the SET program on participants' overall employment status and total earnings, as well as self-employment? Did it attract participants? Did participants find SET useful? Did local providers think it was worth offering?
- **For whom did the Self-Employment Training pilot program work, and where did it work?** What types of participants did the program attract, and which ones benefitted from the program? Did program outcomes and impacts vary by participants' demographic and socioeconomic characteristics, work experiences, or attitudes? What were the key contextual features of SET study sites or providers that may have influenced program outcomes and impacts?

- **How did the Self-Employment Training pilot program work in practice?** How well did key features of the program work? How well did innovative outreach and intake procedures work in practice? Were service providers able to deliver intensive and timely support with fidelity to the program model? Did the program successfully offer financial supports through the seed capital microgrants? How did providers and participants perceive and engage with key elements of the SET program?
- **What will it take to operate the Self-Employment Training pilot program at scale?** What were the lessons learned regarding partnerships and supports needed to implement this pilot program at scale? What are considerations for replicating or scaling this program, or both?

To answer these questions, we designed and implemented rigorous impact and implementation studies (Figure I.3; see Appendix B for details on the technical designs of these studies). To understand the questions of whether the program worked, and for whom and where, we designed a multisite, **randomized controlled trial**. This impact study, which is ongoing at the time of this implementation report's preparation, will be based on data from a baseline application survey given to all study group members and a follow-up survey conducted 18 months after program entry. Final data collection for the impact study will continue through summer 2017, and final results are expected in fall 2018. (See Appendix B, Part I, for the impact study design.) To understand how the program worked—that is, what was needed for its implementation, and lessons learned for replicating the program, scaling it, or informing similar efforts—we conducted an **implementation study**. This study drew on program application data, participant tracking and monitoring data from the SET management information system (MIS) database, case study interviews with 36 participants, and site visit and phone interviews with providers. (See Appendix B, Part II, for further details on the implementation study design and data collection sources.) Although a cost-benefit analysis was outside the scope of this study, this report also includes findings about the adequacy of provider payments for serving SET participants.

Figure I.3. Evaluation design and data collection: a snapshot



Implementation report roadmap

This report describes how we designed and implemented the SET pilot program. The accompanying evaluation communicates what we learned to date, and the implications of these implementation findings.

Chapter II. What is the Self-Employment Training Program? p. 9

- We describe the following: key features of SET, implementation plans, and evaluation design for those interested in designing, operating, or evaluating similar self-employment or training programs targeting the unemployed and underemployed. (Also see Appendices A and B.)

Chapter III. Who Participated in the SET Program? p. 15

- We describe the people served by SET so that readers can understand the users of the program and learn how the participants compare with other populations. Appendix C provides detailed tables on SET participant characteristics at the time that participants applied for the program (at baseline).

Chapter IV. How Well Did SET Operate? p. 25

- We describe what is known about how well SET operated immediately after the end of program implementation. Because final data collection for the impact study is still under way at the time of this report's writing, the report relies on implementation data available from the following sources: (1) our participant-tracking SET management information system (MIS), (2) a survey administered to our SET service providers, (3) provider site visits and phone interviews, and (4) participant perspectives from case study interviews. In Appendices D, E, and F, detailed findings are presented on SET's overall performance, drawing on analyses of SET MIS data, provider survey and provider interview data, and participant interview data.

Chapter V. SET In-Depth: Key Features in Practice p. 37

- We examine three key features of the SET model—case management, intensive service delivery, and seed capital microgrants—to understand how these features were designed and implemented, whether they helped participants, and lessons learned. This chapter summarizes our takeaways, with more detailed information on provider and participant perspectives presented in Appendices D.II, E.II.C, and F.III on case management, intensive service delivery, and seed capital microgrants.

Chapter VI. What Did It Take to Attract and Serve SET Participants? p. 61

- We discuss what it took to implement the program and what it might take to scale it, if it is shown to work. We will discuss using the existing infrastructure for outreach; applying behavioral insights for improving participant recruitment; streamlining intake by using technology; refining procedures to recruit, train, and provide ongoing technical assistance to partners; and developing performance-based incentives to encourage model fidelity.

Chapter VII. Lessons Learned p. 83

- We conclude by summarizing takeaways from the report, what more we hope to learn from our final impact study, how our current results can be used by practitioners to modify their current service offerings, and next steps in exploring how similar pilot programs may help unemployed workers through additional research opportunities.

This page has been left blank for double-sided copying

II. What Is the Self-Employment Training Program?

The Self-Employment Training pilot program's primary goal was to help unemployed and underemployed people return to work, not to promote self-employment at any cost. The SET study explored whether and what kinds of self-employment supports could help people become reemployed. Before SET, such a case management approach for aspiring small business owners had not been tested for dislocated workers. This chapter provides a brief overview of the design of the pilot program; more details on program design and the implementation process can be found in Appendix A.

SET targeting

SET is a pilot program that targeted dislocated workers (that is, unemployed and underemployed workers) who proposed to develop businesses in their field of expertise. DOL initiated the SET pilot to learn whether self-employment could be a viable reemployment strategy for dislocated workers, as defined under the Workforce Investment Act of 1998.

In addition to restricting the program to dislocated workers, we limited entry to those who were pursuing or proposing businesses in a field in which they had experience or expertise. A review of the research suggested that aspiring business owners who have substantive knowledge about the product or service that they plan to offer are more likely than others to succeed (see Appendix A, Box A.1).

These criteria were designed to allow us to target those with high need (workers who had lost jobs through no fault of their own and, despite their best efforts, had not found suitable employment) who also demonstrated a specific characteristic correlated with self-employment success (experience in the industry in which they wanted to start a business). For more information on program eligibility criteria, see Appendix A, Part II.

SET outreach and intake

To attract the target population, Mathematica partnered with local workforce agencies, state employment services, and UI agencies to promote the SET program (see Box II.1). We chose these workforce entities as outreach partners because we wanted to test a model of self-employment assistance for unemployed and underemployed workers that might be scalable and sustainable in the long term. These entities typically have contact with the target population. Under WIOA, these partners have been authorized to provide self-employment support. SBDCs and microenterprise service providers might have been other natural partners for outreach. However, we did not involve these types of organizations because we did not want to introduce bias into the randomized controlled trial component of the evaluation of the pilot program. If these types of organizations recruited applicants, they could have ended up offering SET-like services to the control group—services that these people might not have pursued or received in the absence of knowing about SET. This would have weakened the ability of our study to measure the true impacts of SET.

Box II.1. Role of state and local workforce staff

Staff at six partner local workforce boards and their affiliated American Job Centers (AJC) were asked to

- Display SET publicity materials provided by Mathematica in AJC common areas and resource rooms
- Provide a direct link (such as a desktop icon) to the SET website on the AJC website and AJC resource room computers
- Briefly describe SET during AJC orientations using a Mathematica-developed script
- Answer basic questions about SET and direct interested individuals who had more detailed questions to the SET website or to a Mathematica-staffed helpline

When feasible, staff at state employment services and UI offices were asked to

- Conduct recurring mass letter or postcard mailings to UI claimants about the SET program
- Conduct recurring email blasts and robocalls to UI claimants about SET
- For UI staff colocated at AJCs, briefly describe SET to UI claimants interested in self-employment and refer them to the website for more information

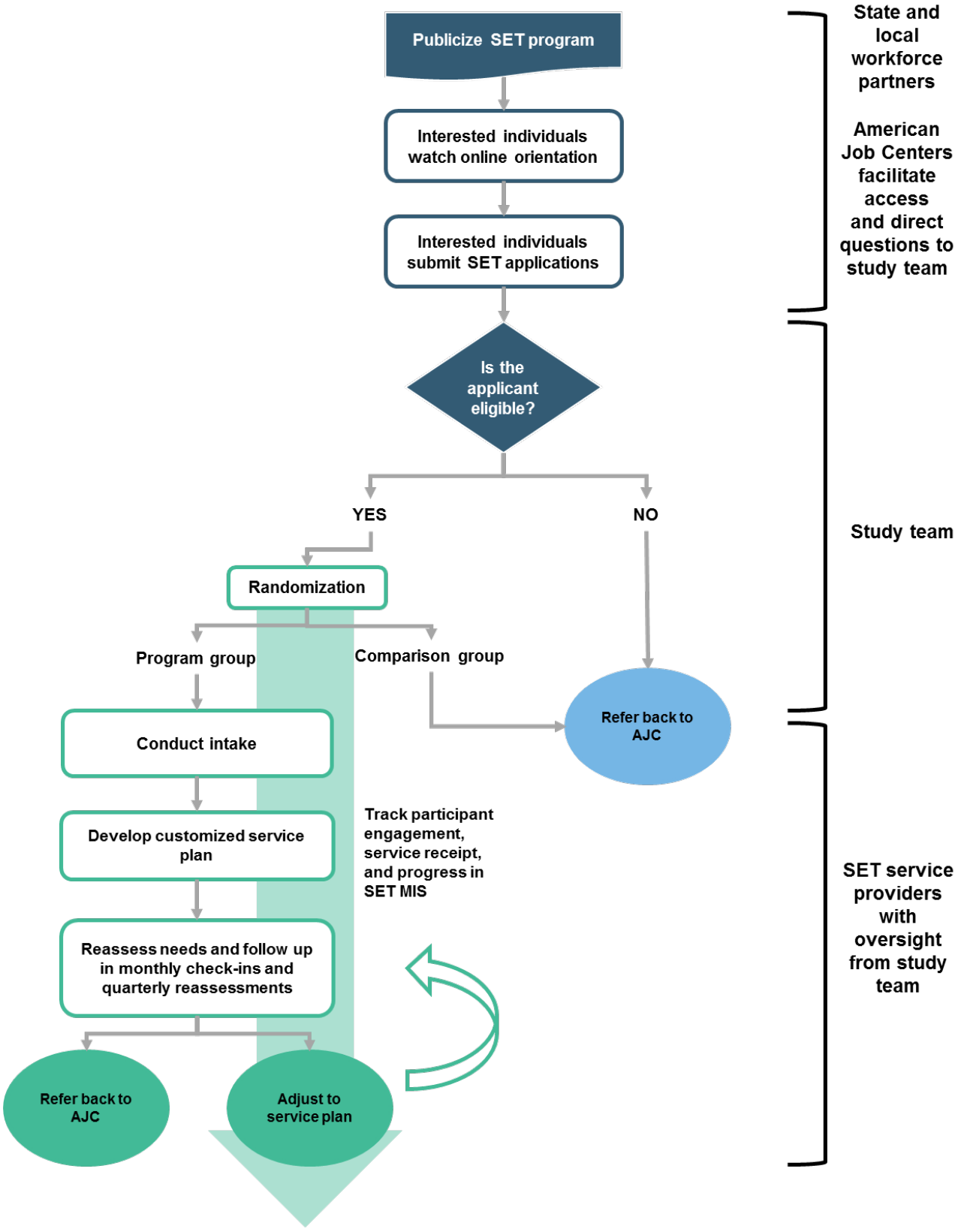
The study's program design called for workforce partners to promote SET through strategies intended to place a low burden on the partners. The outreach plans recognized that SET was launched in a challenging economic climate. In 2013, workforce partners, such as Local Workforce Investment Boards and American Job Centers, were struggling with tight budgets, limited staff resources, and high demand for services across their systems. Placing additional burden on workforce staff by asking them to take on more recruitment responsibilities, such as holding orientations specific to SET and processing applications, was not likely to be feasible. Instead, Mathematica assumed these responsibilities (see Figure II.1 for a breakdown of the SET delivery structure).

Figure II.1. SET delivery

Figure II.2 depicts participant flow through the SET program. People interested in the program were directed to visit a SET website where they could watch an online orientation and submit an application to be considered for the program. Both the web-based orientation and the web-based intake questionnaire, which served as the baseline survey for the study, were developed and hosted by Mathematica. Eligible applicants were admitted into the program on a rolling basis until the study's target recruitment numbers were met.[1] Mathematica processed applications, determined eligibility, conducted random assignment, and assigned SET program group members (or SET participants) to one of the 11 service providers (usually on the basis of geographic proximity and provider capacity to serve participants at that particular time). These providers already offered business development assistance, training, and resources to people starting or already operating a small business. Eight of our SET providers received Small Business Administration funding, either as SBDCs or as Women's Business Centers (WBCs). The other three providers were community-based organizations or nonprofits that received most of their funding from non-federal sources.

[1] The initial total target for the study was 3,000 eligible applicants; this number was revised to 2,000 eligible applicants once better estimates of application rates at sites were realized. See Chapter VI for a discussion of program outreach.

Figure II.2. SET participant flow



SET offer

People assigned to receive the SET program were offered up to 12 months of the following services and supports, free of cost.

Case management services from experienced business development advisors, called SET advisors, which included the following:

- **Prompt, in-person intake meetings.** Providers were required to check the SET MIS daily for the new participants we randomly assigned to them. Then, they had to assign a SET advisor to conduct intake with each new participant within two weeks. During intake, the SET advisor was to focus on understanding the participant's business idea, stage of business development, and needs. The SET advisor would also work with the participant to devise a service plan that would help him or her make progress toward developing the business.
- **Monthly follow-up meetings.** At least once a month, the SET advisor had to talk with the participant over the phone or in person, or check in by email. The SET advisor was supposed to use this follow-up to understand progress made since the last meeting, identify new business development needs, and provide additional assistance, if needed.
- **In-person quarterly reassessments.** Every three months, the SET advisor was required to hold an in-person meeting with each participant. During this reassessment, the SET advisor was to assess the participant's overall progress since intake, reevaluate the participant's needs, and update the service plan. Participants could receive up to three quarterly reassessments during their time in SET.

Intensive and tailored service delivery. SET advisors were expected to use the case management interactions described above to connect participants to customized services and supports (such as business development training, technical assistance, and coaching) and to adjust those services and supports as participants' needs evolved. SET advisors could provide services directly (such as delivering technical assistance themselves), through referrals to training and other resources available at their own organizations, or through referrals to external organizations.

Seed capital microgrants of up to $1,000. Participants who registered their businesses, completed their business plans, and engaged satisfactorily with the program (as determined by their SET advisors) could access up to $1,000 in microgrant funding. Microgrants could be used for start-up expenses, such as licenses, equipment, or supplies, but not for ongoing operational expenses, such as salary or rent, or for personal expenses.

In two of the four sites (Cleveland and Portland), state UI offices agreed to provide access to work-search waivers to those SET participants who were also UI claimants. These work-search waivers allowed SET participants to continue receiving UI benefits while devoting their full time and attention to starting their own business (instead of searching for work).

Appendix A discusses the underlying literature and field research that informed selection of these key features of the SET program model. A logic model linking our hypotheses of how these features would translate to improved outcomes for participants is also provided in Appendix A, Figure A.1.

Where was SET offered?

To determine the feasibility and effectiveness of offering the intensive bundle of supports described above, we sought to test the program in sites that were:

- High-demand: Identifying a small number of high-demand sites—those with large numbers of dislocated workers interested in self-employment—was necessary for our evaluation to efficiently obtain a large enough sample of eligible applicants to detect impacts. Selecting high-demand sites was especially critical because of the way the target population was defined—the program was restricted to dislocated workers proposing businesses in their fields of expertise. We therefore implemented SET in large, metropolitan areas likely to have many of these individuals.
- High-capacity: High-capacity sites—those with workforce partners and microenterprise service providers with adequate staff and resources to promote SET and deliver the SET model with fidelity—were necessary because implementation of the SET model was expected to require substantial effort from workforce partners and microenterprise service providers.

Ultimately, Mathematica selected four metropolitan sites with relatively high unemployment rates (between 6 and 9 percent at the time of site selection), a dislocated worker population with diverse industry experience (so that self-employment ventures did not crowd each other out, and to provide a stronger proof-of-concept test), a strong and enthusiastic network of workforce partners willing to promote the program, and a sufficient number of high-capacity microenterprise service providers. Our chosen sites encompassed six workforce areas in four cities:

- Chicago: City of Chicago and Cook County (representing one workforce area)
- Cleveland: Cuyahoga and Lorain Counties (representing two workforce areas)
- Los Angeles: Los Angeles City and Los Angeles County (representing two workforce areas)
- Portland: Washington and Multnomah Counties (representing one workforce area)

SET microenterprise service providers

SET program services were provided by 11 service providers in the four metropolitan sites. Cleveland, Portland, and Chicago had three providers each, while Los Angeles had two providers.

These service provider partners were carefully vetted and selected. Because of the program's emphasis on sustained and tailored support, a true test of the model required partnering with high-capacity providers whose staffing structure and service philosophy were well aligned with program objectives. We identified sites with high-quality providers, shortlisted providers that were likely to be promising candidates, conducted site visits to learn more about them, and invited a subset to respond to a request for a proposal in which they had

to describe their capabilities and proposed approaches to implementing SET (see Appendix A, Part IV, for further details on how we selected providers).

Mathematica provided technical assistance and oversight to support providers in implementing the SET model as planned (see Appendix A, Part III, for details on Mathematica's role). To promote fidelity to the program's case management model, we implemented a performance-based compensation scheme that tied payments to key service provision milestones (see Box II.2).

Box II.2. Structure of SET microenterprise service providers' compensation

Providers received a mix of upfront and pay-for-performance payments. For each referred participant, providers could receive:

- An **initial commitment** payment of $100 for each participant they agreed to serve during the program's full implementation period; local providers agreed to serve 50 to 300 referred SET participants.
- An **intake payment** of $400 for each referred participant for whom they completed intake; this payment was intended to cover the costs of the initial assessment, service planning, and service delivery.
- Up to three **ongoing engagement payments** of $75 per participant for conducting quarterly reassessments and delivering services in each month of the preceding quarter.
- A **milestone payment** of $100 for each participant who completed a satisfactory business plan.
- A **termination payment** of $25 for each participant who left the program early, to encourage providers to formally close out participants who were no longer actively engaging with the program.

III. Who Participated in the SET Program?

To understand how SET worked and interpret its results, we must begin by understanding the people who enrolled. While the U.S. Bureau of Labor Statistics provides rich data on the overall population of people who are self-employed in the United States, the SET implementation study may shed light on those drawn to self-employment out of necessity because of unemployment or underemployment. This information is likely to be especially relevant for local workforce agencies as they seek to expand their service offerings to include self-employment in light of the WIOA. In this chapter, we examine the following features of the full SET study population consisting of both treatment and control group members:

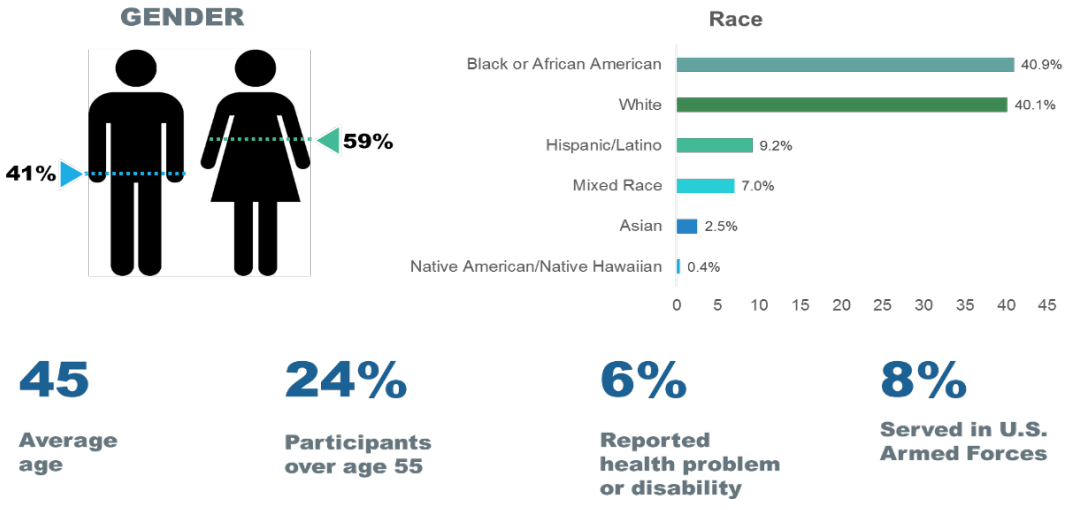
For this analysis, we draw on the baseline data submitted by study participants when applying for SET, and on provider and program participant perspectives. To contextualize our findings, we compare the SET study population with the national self-employed population, on characteristics for which there are available data, using the following sources: (1) Aspen Institute data on U.S. microentrepreneurs (Aspen Institute 2015), and (2) data from the Bureau of Labor Statistics on the current self-employed population in the United States (Hipple and Hammond 2016). Cross-site comparisons are found at the end of the chapter in Box III.2. Detailed data are available in Appendix C, including comparisons with other self-employment pilot programs.

Demographic characteristics of SET study participants

SET was inclusive, attracting a broad group of potential entrepreneurs and populations of particular interest to DOL.

As seen in Figure III.1, the average SET study participant was a 45-year-old, nonwhite woman.

Figure III.1. Demographic characteristics of SET study participants



Source: SET baseline application data

SET attracted study participants who were in their prime wage-earning years, as well as those who were older. The average age of SET study participants was 45. Well over half of the sample (57 percent) was between the ages of 35 and 54—in their prime wage-earning years.[2] Almost one-quarter of SET study participants were 55 or older, suggesting that the program was attractive to older workers, who are a key demographic served by the workforce system. This reflects national data on small business owners—in 2015, over 38 percent of them were over the age of 55, according to the Bureau of Labor Statistics.

A large percentage of SET study participants were female and nonwhite. More than half (59 percent) of SET study participants were female, and 60 percent were nonwhite. As shown in Figure III.1, study participants self-identified as being black most frequently (41 percent), white (40 percent), Hispanic or Latino (9 percent), or mixed race (7 percent). Among other groups, 2.5 percent or fewer identified as being Asian, Native American, or Native Hawaiian. SET's diverse makeup was in contrast to the mostly white participants of previous pilot programs (see Appendix C, Table C.4). SET's participant profile also diverged from national data on microentrepreneurs—according to the Aspen Institute, 40 percent were Hispanic or Latino, almost 30 percent were white, and only about 15 percent were African-American or black in 2015.

SET served other special populations of interest to DOL. Six percent of SET study participants reported having a disability or serious health problems. According to Aspen Institute data on microentrepreneurs in the United States, only 1 percent of that population reported having a disability in 2014.

Eight percent of a partial sample of SET study participants reported having served in the military, either in active duty, the Reserves, or the National Guard.[3] National data on self-employment suggest that veterans are more likely to be self-employed than nonveterans: in 2015, the self-employment rate for veterans was 7 percent, compared with 6 percent for nonveterans (Hipple and Hammond 2016).

Socioeconomic conditions of SET study participants at baseline

Most SET study participants were in somewhat difficult economic straits at baseline. The majority were unemployed, with average household incomes below the national average.

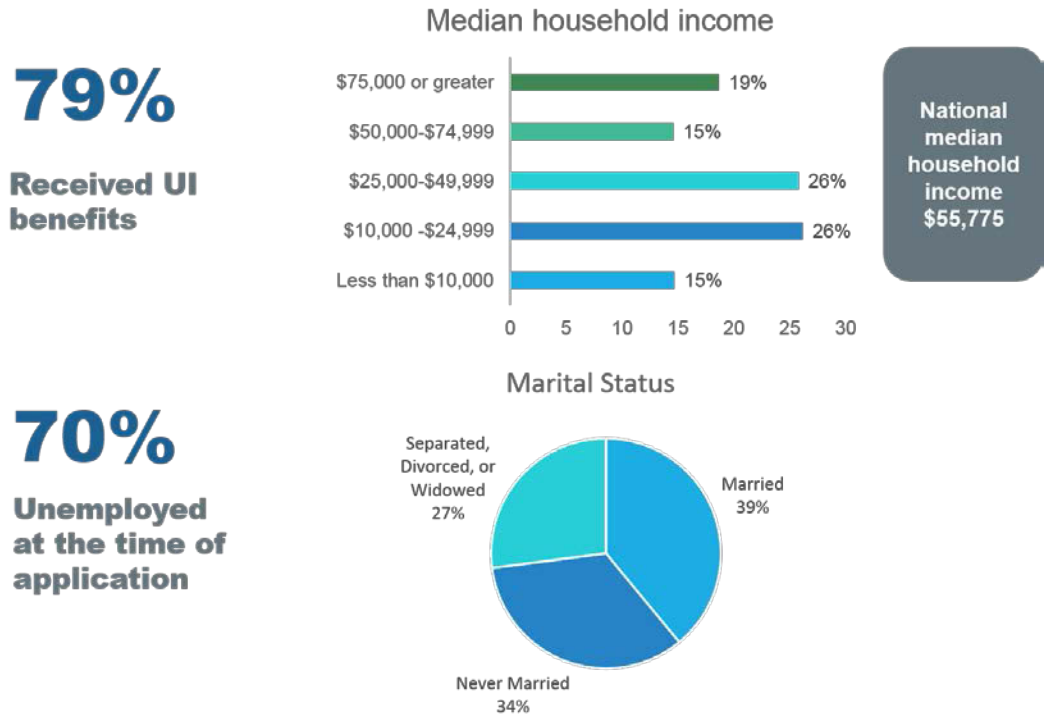
The vast majority of SET study participants were unemployed and had received UI benefits in recent years. Seventy percent of SET study participants were not employed at the time of application; over half of these individuals were long-term unemployed, having been without work for 27 weeks or longer.

[2] This definition is supported by U.S. Census Bureau (2016), "Household Income: Selected Characteristics of Household, by Total Money Income in 2015."

[3] This number is likely to be an underrepresentation because we stopped collecting these data midway through intake in an effort to streamline the application and reduce participant drop-off.

Seventy-nine percent had received unemployment benefits in the two years prior to applying for SET; 81 percent of these claimants had exhausted their benefits.

Figure III.2. Employment, income, and marital status of SET study participants



Source: SET baseline application data.

The most commonly cited reason for job loss was being laid off (56 percent). Other reasons included getting fired (16 percent) or having temporary or seasonal work end (15 percent). During the SET implementation period, the duration of unemployment among unemployed workers nationally ranged from 26 to 37 weeks on average.[4] Box III.1 provides the perspectives of study participants on barriers they experienced to becoming reemployed.

Box III.1. Participant perspectives on barriers to reemployment

In the early stages of SET recruitment, questions about the likelihood of finding a job were part of the automated dislocated worker screener. Of the 1,044 applicants who answered this likelihood question and ended up being a part of our study sample (both treatment and control group participants), nearly one-quarter of study participants (396) thought they were "very unlikely to find a job in the next three months," with the most common reasons being lack of available jobs to match skills, applying to jobs repeatedly and not getting any offers (but not knowing why), being offered salaries that were too low (considering participants' skills), being discriminated against because they were too old, and a depressed job market in general.

[4] Labor force statistics from the Current Population Survey, Bureau of Labor Statistics, 2013–2016, Table A-12, "Unemployed persons by duration of unemployment."

Most SET study participants had household incomes below the national median. Given that our target population was composed of unemployed and underemployed workers, it is not surprising that their average household income was relatively low—$50,511, which is lower than the 2015 median U.S. household income of $55,775 (Posey 2016). This average household income does encompass quite a range. Nearly one in five study participants had a household income over $75,000, whereas one in two earned more than $10,000, but less than $50,000. These income levels are in line with national comparisons. According to the Aspen Institute, 59 percent of microentrepreneurs can be defined as living in poverty based on the U.S. Department of Housing and Urban Development's standard.

SET study participants reported having limited family obligations or health-related constraints that might affect their ability to start a business. Although nearly 40 percent of SET study participants were married at the time of application, the majority were single, never married, divorced, separated, or widowed; roughly 60 percent of our study population also had no children. Six percent reported having a disability, and four percent reported facing caregiver challenges that could impede their ability to pursue self-employment; three percent indicated having a household member with a disability or a serious health problem. The share of SET participants who reported health-related challenges is larger than the share within the national population—only one percent of microentrepreneurs reported having a disability in 2015, according to the Aspen Institute. Almost all study participants (94 percent) indicated they had health care insurance through a source other than their own employer.

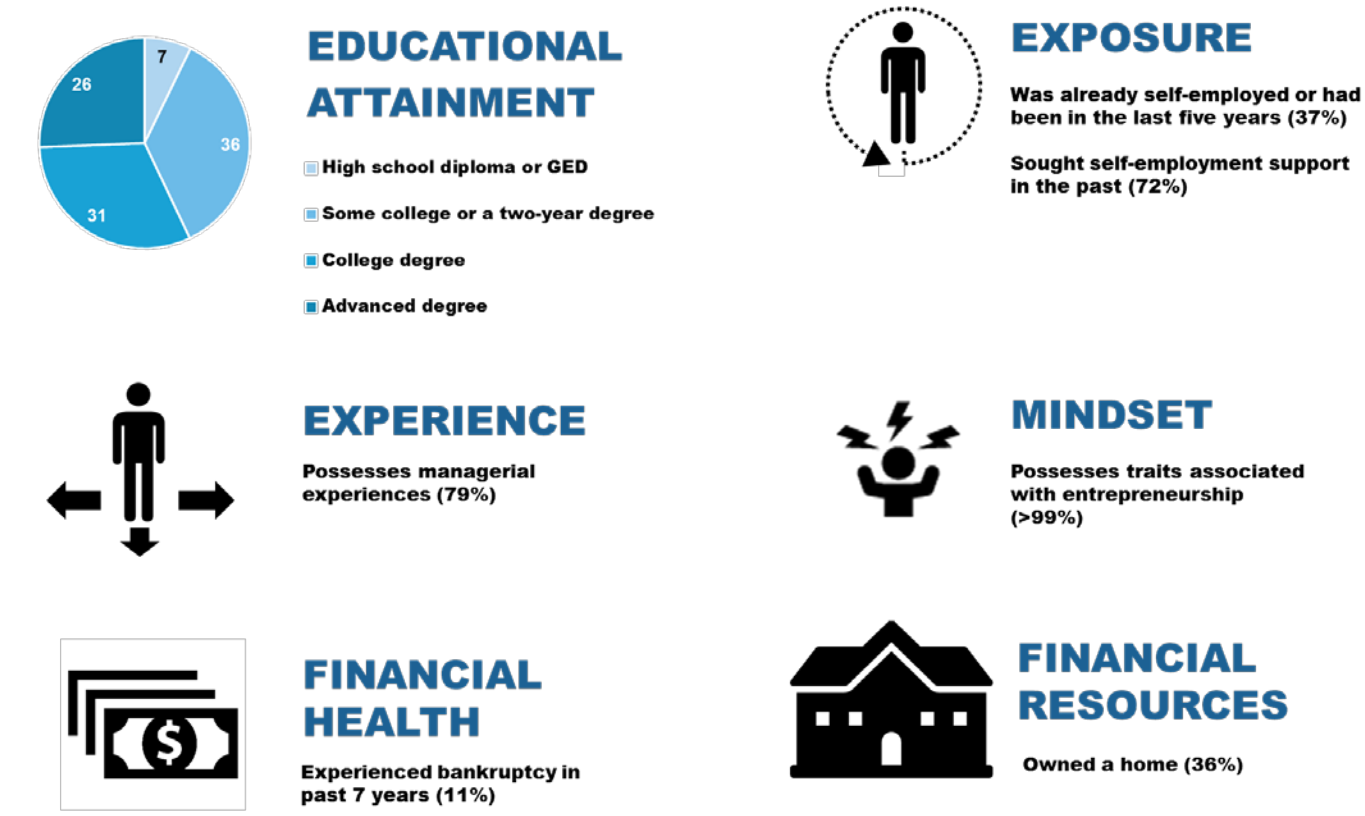
Some of these results contrast with providers' characterizations of the SET participants they served. Providers indicated that many program participants experienced family, health, or similar challenges over the course of their time in the program. When we surveyed providers to select the top three reasons for lack of engagement with SET, "personal challenges (such as health, child care or other family care, housing)" was chosen by seven of the nine provider staff and was the most frequently selected response. Providers also mentioned these challenges during interviews, with one provider staff identifying these as something SET was not able to address. It is possible that program participants did not face these challenges at the time they applied but were vulnerable to encountering one of them later. Alternatively, they may have opted to omit that information for fear that it might make them appear less viable as candidates for the program, even though they were not being vetted on those criteria. At the same time, the perceptions of providers may have been based on a few salient cases and not on all the participants they served.

Educational and professional assets, experiences, and financial assets of SET study participants

Most SET study participants were well-educated professionals with rich managerial experiences. One-fifth had prior exposure to self-employment and self-employment supports.

As seen in Figure III.3, SET study participants possessed several educational and professional assets that could help them pursue self-employment.

Figure III.3. SET study participants' educational and professional assets



Source: SET baseline application data.

SET study participants were highly educated and had rich managerial experiences. More than half (57 percent) of SET study participants had a bachelor's degree or higher. Almost all (93 percent) had at least some college education or more. These statistics are in line with national data on small business owners—according to the Bureau of Labor Statistics, about half of small business owners had at least a bachelor's degree, and another 20 percent had attended some college as of 2015. About 71 percent of SET study participants reported having some management experience, averaging about six years of this type of experience.

Despite these income constraints, many SET study participants did appear to have some financial cushion and access to other resources. Sixty-two percent had a credit card, and the average credit limit was over $10,000 (ranging between $7,000 and $17,000 across the four sites). The average SET study participant had over $17,000 in cash at hand. A little over one-third of SET study participants owned their own homes. Nearly everyone had access to a computer at home with Internet access, and had a reliable form of transportation.

Nonetheless, several SET study participants reported financial hardship. Eleven percent had experienced bankruptcy in the past seven years. An additional 25 percent had experienced another type of

financial hardship (including court-ordered payments to creditors or delinquency on debt payments beyond 60 days).[5]

A sizable portion of SET study participants had self-employment experience and exposure to self-employment supports. Over one-third of SET study participants had self-employment experience, with the percentage ranging from 28 to 38 percent across the four sites. Twenty-one percent were self-employed at the time they applied, whereas 16 percent had been self-employed in the past five years. About half of these individuals had already accessed in-person classes, workshops, and seminars (with a large difference between Los Angeles, at 71 percent, and the other sites, at 43 to 48 percent).[6] About 41 percent had participated in some type of mentoring or peer guidance relationship. Nonetheless, they were interested in accessing support through SET.

Many of those who were already self-employed had made progress toward business development milestones such as registering a business or earning revenue. Over 61 percent of those entering the SET study with self-employment experience had a registered business, and over half reported positive net earnings.

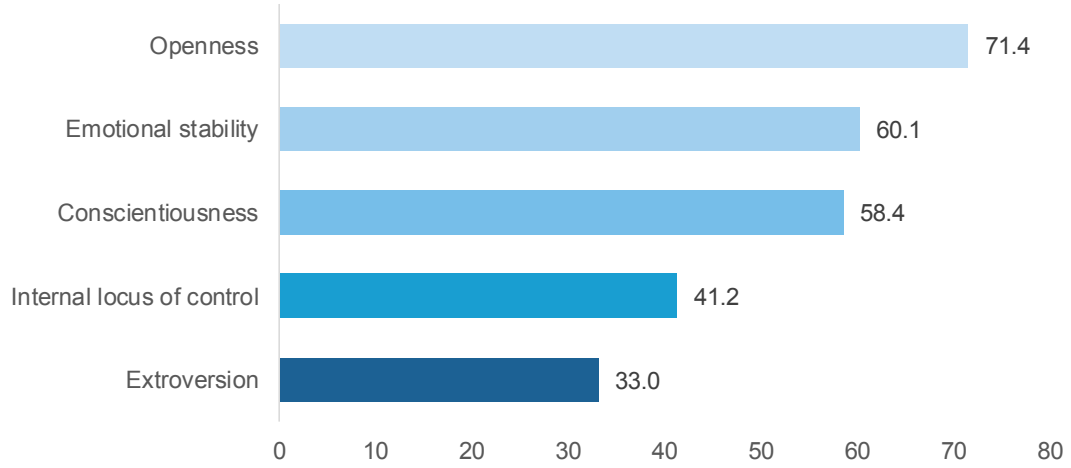
SET study participants possessed many important characteristics related to pursuing and achieving success in self-employment and entrepreneurship. Evidence from prior research indicates that traits common among entrepreneurs include being open to new experiences, emotional stability, conscientiousness, extroversion, and having an internal locus of control (Caliendo et al. 2011; Zhao et al. 2010). A majority of SET study participants scored high on measures of openness (71 percent), emotional stability (60 percent), and conscientiousness (58 percent) (Figure III.4). Over one-third scored high on the remaining measures.[7]

[5] Estimates of financial hardship are calculated by subtracting the proportion of SET participants who experienced bankruptcy from the proportion of SET participants who had experienced any financial difficulty including bankruptcy.

[6] This difference may be due to the presence of "BusinessSource Centers" in Los Angeles, which are small business resource centers that are connected to the workforce system.

[7] Locus of control was measured by using the Brief Locus of Control Scale (Lumpkin 1985). Personality traits were measured using the Ten Item Personality Inventory (Gosling et al. 2003).

Figure III.4. Percentage of SET study participants who scored high on traits typically correlated with success in self-employment



Source: SET baseline application data.

Note: The chart shows the percentage of SET study participants who scored high on each of these traits.

Nearly all SET study participants were willing to tolerate at least an average level of financial risk. Several studies have demonstrated that risk taking is key to entrepreneurial success (Stevenson and Gumpert 1985; Caliendo et al. 2011; Nieb and Biermann 2014). In examining study participants' financial risk tolerance, we saw that half of SET study participants were willing to take "average risks to earn average returns," and another 37 percent were ready to take "above-average risks to earn above-average returns."

Motivations and aspirations of SET study participants

Most SET study participants sought self-employment to generate primary income, be their own boss, and advance in their profession.

When asked why they were pursuing self-employment, SET study participants reported a variety of motivations.

Most SET study participants sought self-employment in order to have a primary source of income. We asked study participants to select their top three reasons for pursuing self-employment. Approximately three-quarters of the study participants selected having a primary source of income as one of those reasons (Figure III.5). Another 9 percent said they hoped earnings from self-employment could be a secondary income source. This is consistent with the fact that most study participants were unemployed when they applied.

Figure III.5. Reasons SET study participants wanted to start their own businesses

Source: SET baseline application data.

Note: The chart shows the percentages of SET study participants who selected a given reason as one of their top three reasons for pursuing self-employment.

Many SET study participants wanted to start a business in order to be their own boss, advance professionally, or bring new solutions to market. About two-thirds (62 percent) of study participants selected wanting to be their own boss as one of their top three reasons for pursuing self-employment. Almost half (46 percent) indicated that they wanted to advance in their professions as one of their top three reasons, and 43 percent cited a desire to bring a new idea to the marketplace. Findings from the case study interviews with 36 program participants suggest that most were motivated to apply to SET because of the help and resources they hoped to receive. The majority of interviewed program participants (63 percent) who received help with their business before entering SET said the SET program provided better services for their needs, and a key reason for this was the individualized nature of services (see Appendix F, Part II, for more details on participant perspectives, and Appendix E, Part II, for provider staff perspectives on participant motivations for applying to SET).

Those who applied to SET proposed businesses in a wide range of sectors. The greatest proportion of business proposals were in the professional, scientific, and technical services industry, as defined by the North American Industry Classification System, which categorizes business sector industries. This field includes people in high-skilled jobs such as lawyers; accountants; architects; industrial and graphic designers; computer programmers and systems analysts; marketers and public relations specialists; photographers; and consultants in management, human resources, and administration. Among those already self-employed in the United States, most are working in the management, businesses and financial services, and construction and extraction sectors. (See Appendix C, Table C.5 for an accounting of all SET study participants' business ideas by industry sector.)

Box III.2. Cross-site comparisons of SET study participants

Across key characteristics, we observed some differences between sites among the SET study participants. For more information, see the detailed tables in Appendix C.

- **Demographics.** Higher percentages of study participants were female in Chicago (64 percent) and Cleveland (60 percent) than in Los Angeles (55 percent) and Portland (51 percent). Race and ethnicity varied greatly among sites; the number of study participants identifying as nonwhite and/or of Hispanic descent was highest in Los Angeles (92 percent), followed by Chicago (76 percent) and Cleveland (62 percent), and lowest in Portland (28 percent). Los Angeles also had the highest proportion of Hispanic or Latino (23 percent), mixed race (13 percent), and Asian (12 percent) study participants, with the proportion of each group at less than 9 percent in the other sites. Study participants were more likely to be married in Portland (55 percent), followed by Cleveland (40 percent), and less likely in Chicago (31 percent) and Los Angeles (28 percent).
- **Length of unemployment.** While the proportion of unemployed study participants was similar across sites, study participants were much more likely to be long-term unemployed in Chicago and Los Angeles (51 percent each) compared with Portland (19 percent) and Cleveland (38 percent). These differences suggest that study participants in half our sites may have faced especially challenging circumstances.
- **Financial assets and constraints.** Taking into account income, assets, and financial constraints, Chicago study participants appeared to face the most difficult financial situations and Portland study participants the least difficult ones, with more mixed statuses for those in Cleveland and Los Angeles. Average household income varied substantially across sites, with a higher average in Portland (almost $76,000) and Cleveland (about $59,500) compared with Los Angeles and Chicago (both between $38,500 and $38,750). Average cash in hand was higher in Portland (more than $26,500) and lower in Chicago ($12,000); unlike income, however, cash assets were also high in Los Angeles (almost $31,000) but lower in Cleveland (slightly over $13,000). The proportion of participants declaring bankruptcy was much higher in Cleveland (16 percent) and Chicago (14 percent) than in Portland (6 percent) and Los Angeles (4 percent). Experiencing other types of financial hardship was lower in Portland (18 percent) than in the other three sites (28 to 32 percent).
- **Education and self-employment experience.** The proportion of study participants with a bachelor's degree and/or an advanced degree was slightly higher in Portland (62 percent) and Chicago (59 percent) compared with Cleveland and Los Angeles (52 percent each). Among those already operating a business when they applied to SET, study participants in Portland and Chicago, respectively, had the highest (71 percent) and lowest (51 percent) rates of business registration, but both had higher rates of positive net earnings (53 and 58 percent) compared with Cleveland (44 percent) and Los Angeles (33 percent).

This page has been left blank for double-sided copying

IV. How Well Did SET Operate?

Although it is too early to tell whether the program improves outcomes for Self-Employment Training program participants—a question that will be answered by our ongoing impact study—we can see how the program operated and engaged participants and understand what milestones participants achieved while in the program. In this chapter, we draw on MIS datato understand the following domains of program performance:

We also draw on interviews with providers and participantsto examine their perspectives on rates and drivers of engagement with the program, benefits derived from program participation, and strengths and weaknesses of the SET program offerings. While all these data sources have limitations, which are discussed in Appendix B, Part II, they do offer a sense of program performance in the short term.

To place these findings in context, the SET implementation study findings will be compared wherever possible with findings from the evaluation of the GATE I pilot program, which was a precursor to SET. GATE I, also structured as a randomized controlled trial, provided assessment, classroom training, and counseling to anyone who wished to create, sustain, or expand a business that was legitimate and appropriate. (Case management was not a component of the GATE I model.) GATE I was offered in several sites in Maine, Minnesota, and Pennsylvania, and included over 2,000 people in its treatment group (see Appendix A, Table A.1, for more information.) GATE I is an appropriate point of comparison because it had a similar purpose, albeit a much broader target population consisting of any individuals interested in self-employment, and has detailed implementation and impact findings available (Appendix A, Table A.1). These findings helped guide program design decisions for SET and can be useful for contextualizing SET results.

Attracting participants

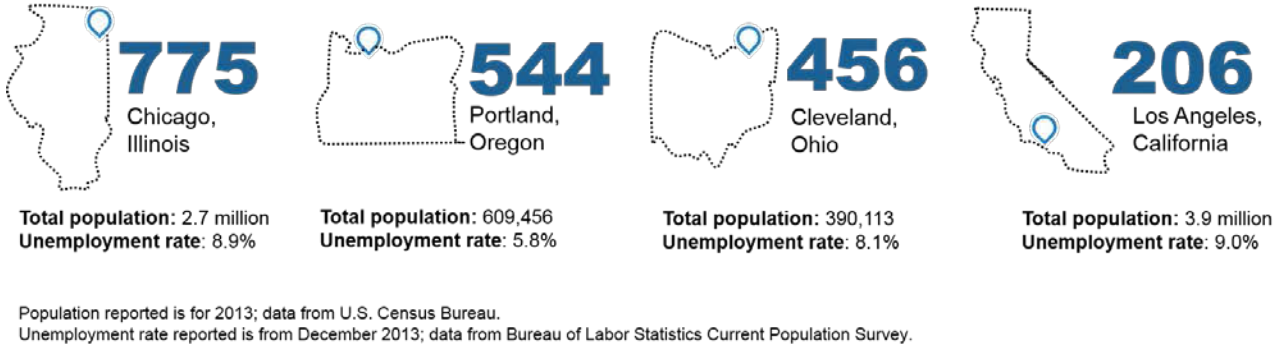
SET attracted nearly 2,000 eligible participants across four sites in a span of two and a half years.

SET operated in four metropolitan sites where it was promoted primarily through staff at partner local workforce agencies and state employment services. As described in Chapter II, the program design called for relatively low-burden recruitment efforts by workforce staff, who were supposed to direct interested individuals to the SET website, where they could view an orientation video about the pilot study and apply. In practice, we worked with sites to pursue a wider and more intensive range of outreach efforts to attract program participants. These are described in greater detail in Chapter VI. This section describes our final results in attracting participants.

SET ultimately attracted a large number of eligible applicants. The SET program attracted 7,027 individuals who completed the SET online orientation between July 8, 2013, and January 31, 2016. Of these individuals, 2,470 completed applications and 1,981 (80 percent) met study criteria. The 489 ineligible individuals were fairly evenly split between those who did not pass the automated screener, which checked whether they were dislocated workers (52 percent), and those who either did not propose businesses that drew on their fields of expertise or did not have residential addresses that fell in the study's catchment area as determined by Mathematica staff (48 percent).[8] Since the pilot program included an experimental study to measure impacts, half of the eligible applicants (991) were randomly assigned to receive program services, and the other half (990) were assigned to a control group, which did not receive SET services. To place the SET study population in context, the SEA program served 5,000 UI claimants in six states over two and a half years, between January 2013 and June 2015 (Weigensberg et al. 2017).[9]

SET attracted participants in both large and midsize urban sites. Figure IV.1 shows both the distribution of the SET study sample across our four sites as well as their relative sizes. SET study participants were concentrated in three of these sites. Almost 40 percent of eligible program applicants (the study sample) were from Chicago. Portland and Cleveland were our next two largest sites, which is notable, given the much smaller population in their respective catchment areas. Los Angeles, the largest metropolitan site participating in the SET program, ultimately attracted the fewest eligible applicants, which may have been due to workforce partner constraints in conducting outreach for SET. (Chapter VI provides further details on experiences and lessons from promoting SET).

Figure IV.1. Distribution of SET sample across sites



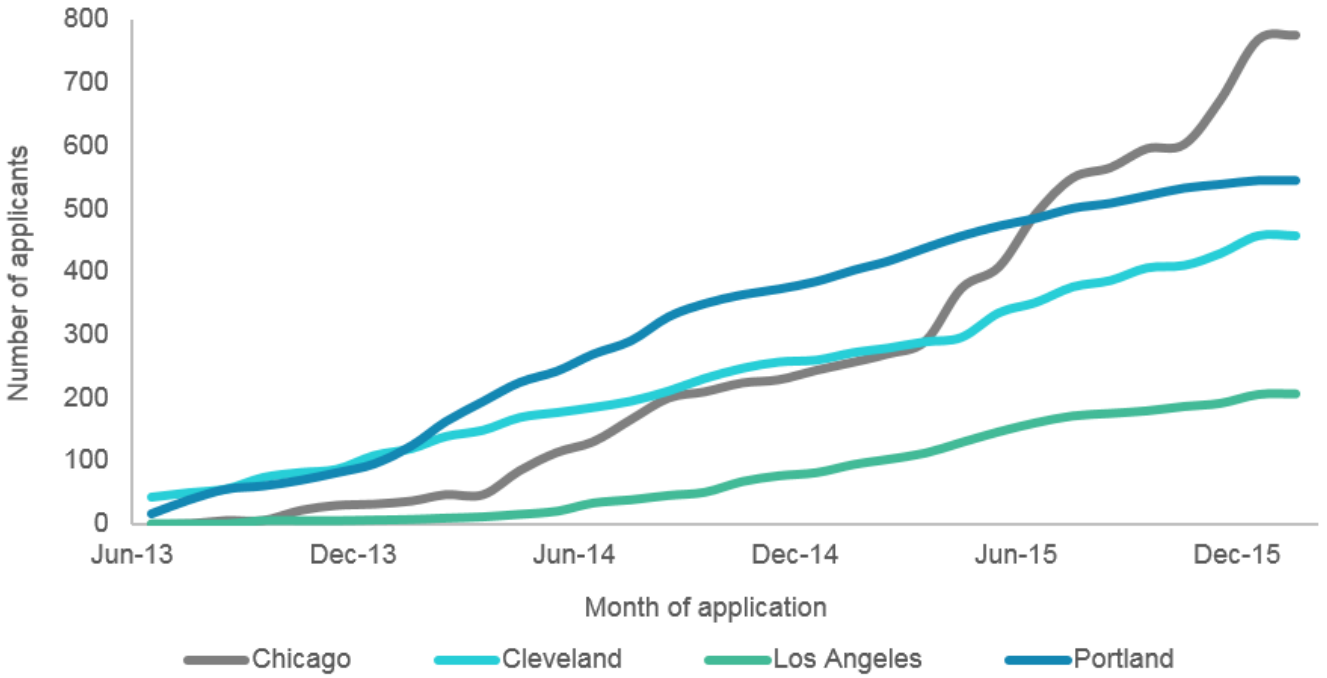
Application rates took a while to build up, and mass outreach proved critical in two sites. For the first two years, most of the eligible applications were from the two smaller sites (Portland and Cleveland). In Portland, SET was able to leverage the existing workforce mechanisms in place for determining interest in the state SEA program. In Cleveland, quarterly robocalls to UI claimants supplemented by consistent efforts by

[8] Mathematica staff also double-checked applications to make sure they were legal, ethical, and moral, and referred a handful of applications about which there was ambiguity to DOL for review. A handful of these applications were found to be ineligible.

[9] Although SEA and SET both target unemployed workers, SEA differs from SET in that eligibility is limited to unemployed individuals profiled as likely to exhaust benefits and participation is capped at 1 percent of the participating state's UI claimant population.

workforce staff to promote SET seem to have contributed to steady applications to the program. Figure IV.2 shows the rate of eligible applications received over the period of SET implementation.

Figure IV.2. Cumulative eligible applications for SET, by site



Source: SET baseline application data.

In Chicago, application rates were initially far lower than anticipated and only began surging once the state UI office began conducting mass outreach (specifically, mass emails supplemented by robocalls) in late 2014 to tens of thousands of people, and then, in 2015, to hundreds of thousands of current and former UI claimants. The upward trajectory in application rates in all sites was also due to additional outreach efforts conducted by the Mathematica team and application of behavioral insights to participant recruitment—these efforts are described further in Chapter VI. Surges in application rates may have had important repercussions on provider capacity to serve SET participants and follow the SET model; these influences are referenced throughout the remainder of the report.

Mass outreach and extra measures proved necessary because of drop-off rates observed during various stages of the SET recruitment process. Ultimately, only 14 percent of individuals who initially expressed interest in SET by registering for the orientation website ended up in the study sample, compared with 26 percent for GATE I, even though both programs initially seemed to attract similar numbers of interested individuals (see Table IV.1).

Table IV.1. Drop-off rates during recruitment

	Register for orientation	Complete orientation		Complete application		Pass eligibility			Program group
Program	Number	Number	Percent of registrants	Number	Percent of orientation completers	Number	Percent of applicants	Percent of all registrants	Number
SET	14,129	7,027	49.7	2,470	35.2	1,981	80.2	14.0	991
GATE I	16,000	6,000	37.6	4,201	70.0	4,198	99.9	26.2	2,095
Potential reasons for differences			SET had an online orientation		SET lacked direct access to provider support for completion		SET had narrower eligibility criteria		

Source: SET MIS data on orientation views and application rates; Benus et al. 2008; Bellotti 2006.

Note: We do not have an exact count of the number of people reached by our mass outreach, nor were we able to track the number of unique visitors to the SET website. We were, however, able to log how many people were interested in viewing the SET orientation because we required people to register for an online account with their email address before accessing the orientation.

Program take-up and persistence rates

Eighty-five percent of SET program participants completed intake into the program and 80 percent returned to receive services past intake.

Low service utilization is a problem that plagues many public programs. Learning from the implementation experiences of previous demonstration projects (see Appendix A, Table A.1), the SET study team recognized the importance of getting participants recruited and engaged as soon as possible and for as long as possible. Case management that prioritized prompt, regular, and sustained engagement was a key element of SET. (See Box IV.1 for key program steps for rapid engagement of participants, and Chapter V, "Case Management" for findings on case management.) This section examines program take-up, persistence rates, and the duration and intensity of participant engagement.

Box IV.1. Steps to engage participants rapidly

- Applications were typically processed within two business days and applicants were notified via email and phone.
- Acceptance emails and letters gave program participants contact details about their provider and urged them to get in touch with their provider within a week.
- Providers were to check the SET MIS daily for new program participant assignments and to contact participants promptly for an in-person intake meeting. Intake meetings were due within two weeks of assignment.
- Monthly follow-ups by SET advisors were designed to continually assess participant needs and provide help to keep them engaged.
- Mathematica staff monitored intake timelines and raised concerns about delays in intake with program providers, as necessary.

Eighty-five percent of randomly assigned SET program participants showed up for their intake appointments. Overall, 838 of the 991 treatment group participants received an intake meeting. This number masks a fair amount of variation across sites. Intake rates in Portland (93 percent) and Los Angeles (91 percent) were much higher than those in Cleveland (82 percent) and Chicago (79 percent).

Ninety-five percent of SET program participants who attended their intake meeting went on to receive additional services. A key motivation in having an in-person, one-on-one intake meeting soon after program assignment was to whet participant desire for program engagement and persistence. To understand persistence in the program, we examined how many people who attended their intake meeting participated in any additional services. On average, 95 percent of participants who attended an intake meeting persisted in the program to receive additional services, which amounts to 80 percent of all SET program group members (see Table D.2 in Appendix D, Part I, for data on service receipt by all participants). These additional services could range from business development classes and training, to one-on-one advising and technical assistance, to email, phone, and in-person follow-up, according to the participant's customized service plan (see Chapter V, "Intensive and Tailored Service Delivery," for an in-depth discussion of the types of services offered to SET participants).

Chicago lagged other sites in ensuring program persistence. Only 92 percent of participants who attended intake meetings received additional services in Chicago, compared with 97 percent in Cleveland and Los Angeles, and 96 percent in Portland. Some of this lag may be due to large surges in applications in Chicago beginning in April 2015 which stretched the capacity of providers to conduct timely intake meetings.

SET take-up rates were lower than those for GATE I, but program persistence rates were higher. Fifteen percent of SET program group members randomly assigned to SET did not show up for intake compared with 10 percent of no-shows for the GATE I assessment, which was the first service offered after randomization into the program. However, GATE I participant-tracking data suggest that 76 percent of the full program group received additional services after intake, compared with 80 percent for the full SET program group (Benus et al. 2008; Bellotti et al. 2006). The higher persistence rates among SET participants may be due to the case management approach, in which participants were contacted monthly by their assigned SET advisor to keep them engaged in the program. The final impact report may shed further light on these differences.

Duration and intensity of SET program participation

SET participants typically participated in the program for 8 months. Almost half of the participants persisted for 10 months or more after intake. At the other end of the spectrum, nearly one-tenth of the participants persisted less than a month in the program.

SET program participants were eligible to participate in the program for 12 months. To encourage continued engagement, program providers were required to connect on a monthly basis with participants and meet quarterly in person to conduct a reassessment of participant needs. To understand how long participants engaged with the program, we measured the duration of program persistence as the number of months between a participant's intake into the program and the last successful contact they had with the provider. (See Appendix D, Part I, for further details, including alternate estimates of program persistence made on the

basis of the official date of exit from the program and Appendix B, Part II, for a discussion of the limitations of these data.)

The typical SET program participant persisted in the program for 8 months. The median duration for participant program persistence was 8 months. Participants in Portland persisted the longest in the program with a median duration of 10 months. Program participants in Cleveland had the shortest duration of program persistence (7 months) (see Appendix D, Part I, Tables D.6 and D.7). All three of the Portland providers achieved high fidelity with regard to following up with participants on a monthly basis, which may explain the higher persistence in this site (see Chapter V, "Case Management" for more details on fidelity).

Almost half participated for 10 months or more. Figure IV.3 shows the drop-off of participant engagement, by month, using SET MIS data.[10] Based on the data, the majority of SET program participants who completed intake were concentrated in two groups:

- **Those who chose to participate for 10 months or more (44 percent).** SET program participants from Portland account for a large proportion of this group, which included over half of the randomly assigned participants who had an intake meeting. Participants from Cleveland were the least likely to stay in the program through the last quarter, with less than one-third doing so. (See Appendix D, Tables D.3, D.6, and D.7, for data on program duration by quarter and month for each site.)
- **Those who chose to stop participating within a month of beginning the program (9 percent).** The Cleveland site had the largest share of participants who dropped out in their first month (13 percent), followed by Chicago (11 percent).

This suggests that the majority of SET program participants decided fairly early on (in their first month with the provider) whether or not the program was for them. Many of those who decided to continue went on to participate in the program for most of the time—at least 10 out of 12 months or more—that it was available to them.

[10] Although providers were not required to log program services beyond the 12 months in the program, many did so, with 8 percent of the sample showing receipt of services past the 12 months.

Figure IV.3. Program drop-off rates, measured in months from intake

Source: SET MIS participant tracking data; Benus et al. 2008.

Note: The sample for SET includes 838 program group members randomly assigned to SET providers who completed intake. The sample includes 51 participants who were still active as of the pull date of the data (January 23, 2017), and this may mean that duration of participation is slightly underrestimated.

The duration of program participation among SET participants is much longer than that of participants in GATE I. GATE I participants who completed assessments spent four months in the program on average. Seventeen percent of GATE I participants remained in the program just one month, while only 5 percent persisted for a year. Unlike SET, which specified availability of services for a full year, GATE I did not specify a duration for service provision to providers or participants.

The median SET program participant engaged with his or her provider eight times. To measure the intensity of participant engagement, we looked at the frequency of successful contacts per participant among those who completed intake.[11] Portland had the highest frequency of successful contacts (10), followed by Chicago (8), Cleveland (7), and Los Angeles (6). (We cannot report comparable data from GATE I because case management was not part of its model.) Later in the chapter, we discuss provider perspectives on participants' patterns of program engagement.

Participant progress toward business development milestones

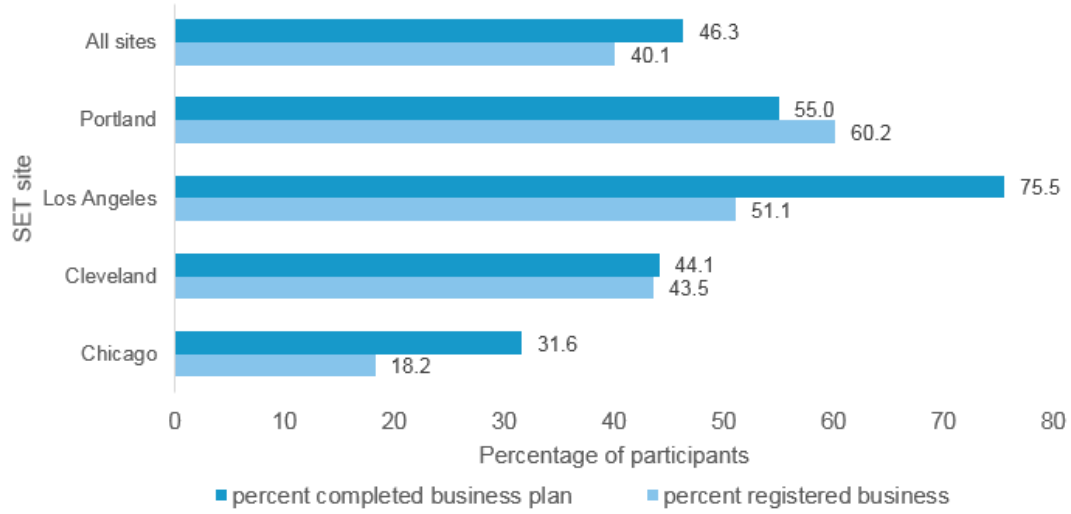
Almost half of SET program participants who started the program completed a business plan, and 40 percent registered their business.

[11] Providers were required to log any instance of service provision for each participant as a separate event in the SET MIS. This could consist of provision of training, check-ins, or technical assistance provided in person, on the phone, or through email. Any entry that recorded such an exchange was counted as a successful contact, unless it involved the provider reaching out and not receiving a response from the participant.

The ongoing follow-up survey for the SET impact study will provide richer and more systematic data on interim and final outcomes for both treatment and control group members. For now, we examine provider records on participant progress toward two business development outcomes: completing a satisfactory business plan as determined by the provider, and registering a business with a state or local entity. Note that both of these milestones were required for participants to be eligible for seed capital microgrants (take-up rates of these microgrants are discussed in Chapter V, "Seed capital microgrants").[12] We selected these milestones on the basis of feedback from microenterprise service providers with whom we held preliminary discussions while designing SET. These providers said that achieving these milestones indicated (1) progress toward business start-up, and (2) commitment to the business itself, by demonstrating an investment of time and resources.[13]

Almost half of all participants completing intake completed a satisfactory business plan (Figure IV.4). SET providers were responsible for helping participants develop a satisfactory business plan and for noting in the SET MIS when this was achieved. Providers indicated that 46 percent of participants completed a satisfactory business plan. There was substantial variation across sites in this metric, with Chicago having the lowest business plan completion rates (32 percent) and Los Angeles having the highest (76 percent).

Figure IV.4. Percentage of participants at each site that achieved specified milestones



Source: SET MIS participant tracking data.

Note: The sample for SET includes 838 program group members randomly assigned to SET providers. The sample includes 51 participants who were still active as of the pull date of the data (January 23, 2017) and thus the number of successful contacts and hours in services may be slightly underrepresented.

[12] Although other participation milestones may be important (such as officially launching a business, making sales, hiring employees, applying for or obtaining non-SET financing, obtaining wage/salary employment, and other markers of participant progress toward self-employment or reemployment), such data were not systematically collected by our providers for all participants. In the interest of limiting the burden on SET providers, we made tracking other milestones optional for providers and therefore we have little data on these.

[13] We also aligned these milestones with some of those required under the Self-Employment and Enterprise Demonstration in Washington State, conducted in 1989–1991, which granted a lump-sum UI payment to qualifying participants who met the following criteria: complete four training sessions, develop an acceptable business plan, establish a business bank account, satisfy licensing requirements, and obtain adequate financing.

Forty percent of the participants who received an intake meeting registered their business with a state or local entity. Business registration rates are highest in Portland and Los Angeles, where over half of the participants who had an intake met this milestone. They are lowest in Chicago, where less than one-fifth did so. These variations across sites may largely reflect differences in costs in obtaining business registration and resulting adaptations in program procedures. Business registration was included as a prerequisite for receipt of a seed capital microgrant. In Chicago, we permitted SET advisors to waive the requirement for business registration for any participant, because the total combined fee to register a business could be as much as $750. This was much higher than in the other study sites (typically $100 to $150 per registration). In other sites, we also allowed similar exceptions for any participant when a provider made a strong case that the participant could not afford the fees. Across all sites, the business registration requirement was waived for 18 percent of SET participants who received microgrants. (Overall, 36 percent of the SET participants who received an intake applied for and received microgrant funding. Chapter V has more details on implementation of the seed capital microgrants.)

Provider feedback on the usefulness of SET

To assess provider feedback on SET, we draw on three sources of data: (1) a short provider survey administered via email in October 2016 (during the last quarter of program implementation) to the 9 providers still participating in SET, (2) follow-up telephone interviews conducted in November 2016 with these 9 providers, and (3) data from site visit interviews and observations conducted midway through program implementation with all 11 providers, between July 2014 and June 2015. (Appendix B provides further details on data collection and Appendix E provides detailed analyses of these data).

All providers thought SET benefited at least some participants. All core elements of the SET model were considered beneficial, with provider perspectives on the program improving over time.

Providers thought that although many participants fully engaged with SET, a sizable number did not. We asked providers to select what proportion of the SET participants randomly assigned to them fully engaged with the program.[14] Two-thirds of respondents (six of nine) reported a majority of their participants fully engaged, and the remaining three providers shared that less than half of the participants were fully engaged.

When asked about what challenges participants faced in engaging with the program, the main reasons providers cited for low levels of engagement were the participants' personal challenges (such as health, child care or other family commitments, or lack of housing), insufficient commitment, wanting to find a wage or salary job, and only being interested in the seed capital microgrants (see Appendix E for details).

[14] In the survey instrument, we defined fully engaged individuals as those who "actively participated in program services offered and made progress on assigned tasks."

The majority of SET providers thought the program was useful to more than half of the participants. We asked service provider staff to estimate how many of their participants benefited from the SET program, meaning they experienced a change for the better in their employment status. Six of the nine providers responding to the survey indicated that more than half had benefited; four of those six said at least three-quarters benefited. However, the remaining three providers thought less than half benefited.

Providers indicated that core elements of the SET program model were beneficial to participants. We asked providers about their perceptions of the usefulness of a range of services and supports meant to be offered during the SET program (see Appendix E, Figure E.2). There was consensus among all nine providers that an in-person intake was very beneficial. Technical assistance, the seed capital microgrant, group classes, and regular monthly follow-up were also selected as being very beneficial by the majority of respondents (between five and eight of the nine providers). Insights from provider staff on the case management model (including in-person intake, monthly follow-up, and quarterly reassessments), intensive and tailored service delivery, and the seed capital microgrant were useful and are discussed in Chapter V.

Providers' perspectives on the usefulness of certain aspects of the SET model became more positive over time. During site visit interviews conducted midway through program implementation, some providers were skeptical of the usefulness of monthly follow-ups and quarterly reassessments, but they found these aspects more beneficial toward the end of implementation. This change in perspective may have occurred because adjustments were made to program procedures after the site visits (Box IV.2). Providers may also have had more opportunities to observe the benefits of SET once they had been implementing it for more than two years.

Box IV.2. Changes to program procedures made after site visits

- Established standing monthly meetings to address any questions from SET advisors and to probe challenges specifically
- Clarified that providers should promptly terminate unresponsive participants from the program
- Shared spreadsheet templates and other supports to help provider staff monitor participants and motivate them to engage regularly
- Terminated relationships with two providers that were not implementing the SET model as planned, after attempting remediation (new participants were assigned to the other providers in those sites)

Participant feedback on the usefulness of SET

Data on the full study sample's receipt of self-employment supports and participants' perspectives on the usefulness of those supports is being collected for the final impact study. In the interim, we interviewed 36 program participants for their input on the program. These participants were those who had been active in the program for at least five months, but differed in the degree to which they had made progress in completing a business plan and receiving the SET seed capital microgrant (see Appendix B, Part II, for details on the sample, data collection methods, and analysis approach for these interviews; Appendix F contains the full findings from these interviews). Because we did not interview a random sample of participants, participant responses were not necessarily representative of the average SET program participant.

All respondents found SET to be useful. A majority found the program instrumental in helping them make progress in the development of their business. They reported receiving an array of supports and benefits but also noted areas for improvement.

A majority of SET participants who were interviewed found the program to be useful. While 32 out of the 36 participants responded "yes" when asked if SET was useful, four participants indicated that the program was somewhat useful and identified ways in which it could be improved (discussed below).

Interviewed SET participants reported receiving many benefits and identified many program strengths. The most commonly mentioned benefits were the one-on-one support and assistance from a business advisor; help with writing a business plan; gaining knowledge of how to start and run a business; the seed capital microgrant; and networking and support from other participants in classes and training. When asked about unique program strengths, apart from benefits, participants cited the availability of an array of services, resources, and outside references provided by the service providers and the overall package of SET services (see Appendix F, Part II, for more details on the types of assistance provided).

However, areas for program improvement were also identified. Weaknesses cited by the four participants who found the program only somewhat useful included the following: insufficient access to networking opportunities and tools, being suitable only for new entrepreneurs, classes that were too advanced, and insufficient help with developing the business plan.[15] Among interviewed participants, the two most commonly mentioned weaknesses were that the amount of the seed capital microgrant was not high enough and, according to the four participants who said the program was "somewhat useful," that the resources provided by the service providers were lacking (for example, because there were not enough classes available, classes were too generic, or referrals to outside services were too generic). (See Appendix F, Part II, for other less frequently mentioned weaknesses.)

Most interviewed participants thought that their SET service provider could help them address barriers to business development that they faced. The types of specific provider support participants mentioned included guidance on finances, hiring decisions, and logistical challenges, as well as finding links to other resources, such as classes on marketing and financing. On the other end of the spectrum, some participants (less than one-third of those who responded to this question) said their providers would not be able to help them with the specific challenges they faced. Examples of such challenges included personal challenges (for example, financial need), activities that required participant action (for example, attracting clients), or related to domains in which the provider had limited expertise (for example, social media). Although providers typically could offer resources or referrals in a variety of areas, participants may not have taken advantage of them, or may have considered the resources unhelpful.

[15] Notably, the participant who cited the last weakness was assigned to a provider that we terminated midway through the implementation for lack of fidelity to the program model.

A majority of interviewed participants considered SET instrumental for their progress in starting a business. Overall, 24 of the 34 SET participants who responded to this question did not think they would have made similar progress on their business if they had not been in the SET program. A few participants said there was a lot of information they did not know before participating in SET. Others mentioned that SET helped them push further in developing their businesses than they would have on their own. Several participants said they would not have written a business plan without SET. Some participants also said they would probably be in a regular wage or salary job if it were not for the program. About one-fifth of the participants interviewed thought they would have made similar progress on their business without SET. However, half of these participants also said the process would most likely not have been as smooth without SET, or it may have taken them longer to progress.

V. SET In-depth: Key Features in Practice

Building on the findings of Chapter IV, which looks at operations of the Self-Employment Training pilot program as a whole, this chapter takes a closer look at how three features of the program—case management, intensive and tailored service delivery, and the seed capital microgrants—were implemented, and how participants engaged with these offerings. This chapter looks at both participant engagement with and provider implementation of these three key program features, as well perspectives on whether and how these features helped participants, and aspects that could be improved. For each key feature of SET, we discuss (1) the design of the feature, (2) the rationale behind offering it, (3) how the feature was implemented in practice, (4) its perceived usefulness, (5) opportunities and challenges that affected its implementation, and (6) lessons learned in implementing it. The sections of this chapter are designed to largely be modular and self-standing so readers can pick and choose among them.

Case management

Design

Case management was a central component of the SET model. Experienced business development advisors, called SET advisors, were required to (1) promptly engage participants in the program and conduct an in-person intake meeting, (2) follow up with participants monthly to understand their progress and business development needs, and (3) meet in person with participants every three months to track their progress, reevaluate their needs, and update their service plans.

Rationale

Case management was provided to SET participants because research suggests that on-call, focused advice and assistance and "just-in-time" training provided by a mentor may be more effective for aspiring business owners than the general start-up classes that microenterprise development assistance providers typically offer (Schreiner and Woller 2003). This may be because many new businesses face risks and challenges that are too diverse to identify up front (Sullivan 2000; Schreiner and Woller 2003). Prior to SET, the case management approach had not been tested for the dislocated worker population.

In addition, nonexperimental research suggests that dislocated workers face challenges that may differ from those of other aspiring business owners, including heightened anxiety and the loss of self-esteem, self-confidence, and sense of purpose as a result of their job displacement (Brand 2015). These factors can impede workers' efforts to become reemployed or self-employed, and providing sustained one-on-one encouragement and support may help.

When designing the SET program in 2011–2012, we sought to implement a case management approach because the customization of services likely to result from such a model may be especially helpful for dislocated workers. We expected this population to lack business development knowledge and experience, and to benefit from individualized assistance—through working one-on-one with a SET advisor—to master these skills. (For more details on the individualized assistance approach, see Chapter 2.) We also learned that there was limited availability of one-on-one support for aspiring business owners at existing providers.

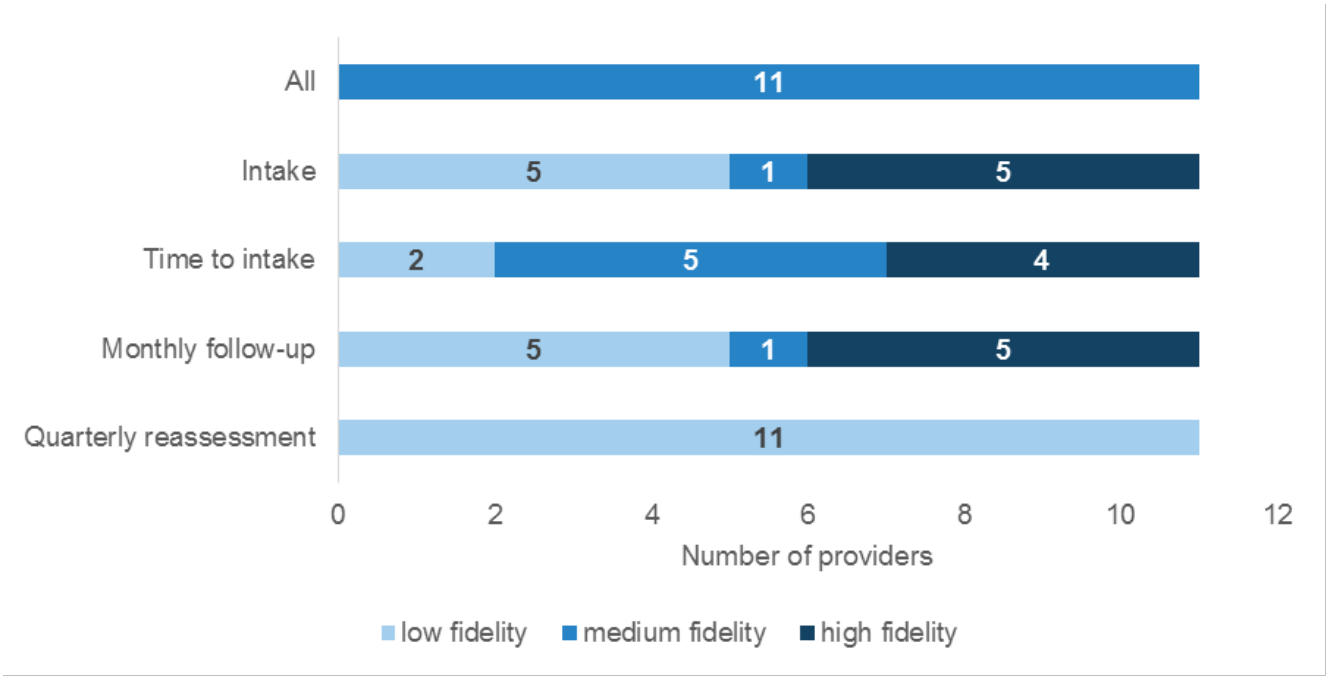
Case management in practice

Using SET MIS data, we examined whether case management interactions were timely and sustained—in other words, whether they were implemented with fidelity—throughout the life of the SET program.[16] To assess fidelity, we examined whether (1) intake happened, (2) intake was timely, (3) two-thirds of monthly

[16] The sample analyzed for this section includes 990 program group members randomly assigned to SET providers. Because of a program error, one individual from the treatment group was not randomly assigned to a provider and is not included in analyses relying on participant tracking SET MIS data. The sample includes 51 participants who were still active as of the pull date of the data (January 23, 2017) and thus the number of monthly follow-up meetings and quarterly reassessments may be slightly underrepresented.

follow-up meetings occurred on time, and (4) all quarterly reassessments were conducted when due. For each indicator, we assigned a ranking of low, medium, or high fidelity (scored 1, 2, or 3). Figure V.1 depicts the number of providers that ranked low, medium, or high on each criterion, as well as the number of providers that achieved a certain overall fidelity score (the sum of 1–3 on each of the four criteria). Definitions, scoring criteria, and the sample included for the indicators are described in Appendix B, Part II, and Appendix B, Table B.2). Findings are summarized here, and detailed fidelity scores by provider can be found in Appendix D, Part II, Table D.8. To get a sense of the changes in performance over timing, the findings from this analysis are compared with analogous ones conducted in 2015 for an interim brief on case management (see Amin et al. 2016). To assess case management we also drew on provider and participant perspectives.

Figure V.1. Fidelity to timely and sustained case management interactions



Source: SET MIS data.

Overall, implementing case management proved feasible, but fidelity varied across providers, over time, and across different elements of the SET case management model. On aggregate, there was medium fidelity to the case management model among all providers. Fidelity was highest for the indicators related to intake and lowest for those related to quarterly reassessments. All providers had low fidelity for quarterly reassessments, which masks some variation across providers. If we restrict our analysis to the remaining three indicators, we see that four of the nine providers had high fidelity, with three of these providers concentrated in a single site (see Appendix D, Appendix Figure D.1). Provider and participant perspectives on the usefulness of each of these features largely mirrored the trends observed in the fidelity of individual components. There was near consensus on the usefulness of intake, and more mixed opinions on the monthly follow-up and quarterly reassessments. The sections below discuss each of the features of case management in depth.

Intake. Providers were expected to conduct an intake meeting with new participants within two weeks of their assignment to the program. During intake, the SET advisor focused on understanding the participant's business idea, stage of business development, and needs. The SET advisor was also supposed to work with the participant to devise a service plan that would help him or her make progress toward developing the business.

Almost all providers successfully conducted in-person intake meetings. Across all providers, 85 percent of SET participants in our final study sample received an in-person intake meeting. Seven of 11 providers showed high fidelity by conducting intake for over 90 percent of assigned participants. The remaining four providers demonstrated medium fidelity by conducting intake for 75 to 90 percent of assigned participants. (See Appendix D, Figure D.1, for how these scores compare across providers.)

Less than half of the providers conducted intake within the required two weeks, but most conducted it within three weeks. For SET participants who received an intake meeting, the meetings took place 18 days, on average, after they were accepted into the program. Four of the 11 SET providers demonstrated high fidelity by conducting intake within 16 or fewer days, on average. Five demonstrated medium fidelity and conducted intake within three weeks, on average. Two demonstrated low fidelity, taking longer than three weeks, on average. (See Box V.1 to see how provider performance on intake changed over time, and see Appendix D, Table D.8, for how scores compare across providers.) In GATE I, by comparison, the average time to the initial assessment was about one month (Bellotti et al. 2006).

Box V.1. Fidelity on intake over time

Provider performance on intake changed over time. Compared with our earlier findings on fidelity to the case management model, the average number of participants with intake was a bit lower (85 percent rather than 89 percent), but the number of providers with high fidelity on the measure actually increased by one (Amin et al. 2016). The average number of days until intake increased by two days over our earlier findings on fidelity to the case management model, and the distribution of fidelity scores also changed, with more providers now demonstrating medium fidelity. In particular, two providers' fidelity scores worsened, most likely because they received a large influx of assigned participants later in the program and had to lengthen the time between program assignment and intake because of capacity constraints. Another provider experienced staff turnover, which may have caused delays in scheduling intake meetings. On the other hand, another provider's fidelity score improved from our interim findings, most likely because the staff received increased technical assistance and guidance from the study team. (See Appendix B, Part II, for additional details on changes in how timeliness of intake was calculated, given the influx of participants in one site.)

Providers found intake to be very useful, citing many benefits. All nine providers participating in the provider survey indicated that intake was very beneficial to SET participants.[17] These views remained stable over time, with providers expressing support for this feature both at midpoint and at endpoint data collection. In phone interviews conducted near the end of implementation, provider staff shared that they thought intake meetings were important for building relationships with participants, exposing them to available resources,

[17] Two service providers did not participate in the survey because they were no longer serving SET participants at the time the survey was conducted.

and helping advisors learn more about participants' business ideas. They especially pointed out the usefulness of meeting in person. One provider liked this approach so much that they reported integrating it into their non-SET programming.

Participants similarly appreciated the intake meetings and reported intake meetings that were comprehensive in the content covered. All of the 36 participants interviewed as part of our case study reported attending an intake meeting with their SET service provider, with 70 percent who discussed its timeliness saying that it was within two weeks. Participants reported discussing many topics during their initial intake meeting. Information on the SET program, a discussion of the participant's business idea, and appropriate services were mentioned by over half of all interviewed participants.

Monthly follow-up. At least once a month, the SET advisor was expected to talk with each participant over the phone or in person, or check in by email. The SET advisor was supposed to use this monthly follow-up to understand progress made since the last meeting, identify new business development needs, and provide additional assistance if needed.

About half of the providers completed participant follow-up on time. Overall, for SET participants who received an intake meeting, 63 percent received timely monthly follow-up meetings (defined as conducting monthly meetings on time with more than two-thirds of participants). This is a substantial improvement over the 55 percent who received timely follow-up meetings midway through implementation (Amin et al. 2016)—but much of this improvement may have been because providers felt more empowered to terminate unresponsive participants and became more diligent in doing so. Five of the 11 SET providers demonstrated high fidelity, whereas five demonstrated low fidelity, and one demonstrated medium fidelity.[18]

Low fidelity providers cited poor participant engagement for the lack of responsiveness. Staff at the three providers with the lowest percentage of participants receiving monthly follow-up shared some insight into why this may have occurred. The SET advisor at one provider faced difficulty getting responses to meeting requests and also found that the SET MIS did not facilitate keeping track of and scheduling participant follow-up. Another provider's staff did not think the monthly follow-up was helpful for participants and that participants would contact the provider if they needed assistance. The third provider reported facing non-responsive participants, especially after the participants received the seed capital microgrant, and felt meeting monthly was too often.

Providers were less enthusiastic about monthly follow-up compared to intake but their perspectives improved over time. Provider staff found the monthly follow-up meetings to be relatively less beneficial than other SET program features, according to the provider survey. While five respondents said that monthly follow-up was very beneficial, three said they were moderately beneficial, and one respondent

[18] Three providers with the lowest percentage of completed follow-up meetings received intensive technical assistance from the study team to try to increase these percentages after the team learned the providers were not adhering to the SET program model. Two of these providers did not show improvement and, as of August and December 2014, were no longer being assigned new SET participants.

said they were only slightly beneficial (Appendix E, Figure E.7). During interviews, staff said the monthly follow-up helped participants review their business plan and vision in-depth, provided them with support and resources, and kept participants motivated and engaged. While some staff said the monthly follow-up was not useful for all participants and only for those who needed extra help or motivation, or thought they occurred too frequently, others found them beneficial. One provider that had been especially skeptical of the benefits of monthly follow-up was more convinced of their benefit by the end of the program implementation.

Most participants found monthly follow-up to be useful. All but two of the 36 SET participants we interviewed reported receiving regular follow-up from providers, although the frequency of these meetings varied.[19] Several participants who were interviewed as part of our case study component found the monthly follow-up helpful as a source of accountability, a way to keep them focused and motivated, and an opportunity to receive guidance from a business development advisor. A few participants, however, thought the follow-up contacts were too frequent. Participants reported that the follow-up meetings were conducted in a variety of ways (in person, via email, and over the phone) and often served as opportunities for provision of technical assistance (discussed in greater detail in the section on intensive and tailored services later in this chapter).

***Quarterly reassessments*.** Every quarter, the SET advisor was expected to hold an in-person meeting with each participant. During this reassessment, the SET advisor was supposed to track the participant's overall progress since intake, reevaluate the participant's needs, and update the service plan. Participants could receive up to three quarterly reassessments during their time in SET.

No providers implemented quarterly reassessments with fidelity. To assess the fidelity of the quarterly reassessment requirement, we examined the proportion of participants who received all of the quarterly reassessments that were due, given their tenure of engagement with SET. Low fidelity was indicated if providers conducted quarterly reassessments with fewer than half of their assigned participants who had received an intake. No provider completed all required quarterly reassessments for half or more of SET participants who were both assigned to them and had turned up for intake (this accounted for 786 out of 838 total participants who had been assigned to a provider for at least 90 days)—thus, all had low fidelity. (See Appendix B, Table B.2, for more information on fidelity measures.) Only 21 percent of SET participants received all of their quarterly reassessments that were due given their tenure in the program. However, we observe a wide range in the percentage of participants receiving all required quarterly assessments across the providers. Four providers conducted all required quarterly reassessments with 30-50 percent of participants, four providers conducted them with 10-21 percent of participants, and three providers did not conduct all required reassessments with their assigned SET participants at all. (See Appendix D, Table D.8 for details per provider.)

The percentage of participants receiving all required quarterly reassessments decreased by 20 percentage points from our midpoint findings; furthermore, five providers' fidelity scores decreased (two from high to low

[19] Those two participants received services from providers who were found to not be implementing the SET model with fidelity. These providers were no longer being randomly assigned new participants by August and December 2014.

and three from medium to low). This may be due to the fact that participants' engagement in the program decreased over time. As a result, fewer participants would have received all three of their required reassessments. Our earlier findings were also calculated using a more limited sample.

Usefulness

Overall, provider staff thought the case management interactions allowed them to help participants make faster progress. Several provider staff commented that it would have taken longer for participants to start their businesses without SET, and some offered specific examples of how their one-on-one interactions with participants helped expedite the business development process. Staff described that working with a SET advisor saved participants time because they could get answers quickly from an expert. Providers felt they could use case management interactions to help participants avoid making mistakes that could have delayed their progress, to assist them in creating action plans, and to hold them accountable to those plans to keep them moving forward. Advisors also played a role in motivating participants to continue working on their businesses and to take important steps forward in their business development process—steps that they may have feared taking on their own.

The case management approach gave providers a framework to provide the emotional support and personal advice that unemployed SET participants needed. In describing their interactions with specific participants, providers often provided examples of help that went beyond just business development. They described helping participants weigh risks they were considering taking, such as leaving a job and working on their business full-time, providing encouragement to people who felt "deflated" by the time it takes to build a business, and helping participants build up confidence to be a business owner.

Participants were drawn to SET for the individualized assistance model, and many reported satisfaction with what they received. As mentioned in Chapter III, individualized attention had been one of the major draws of SET. (See Chapter II for details of the model.) Fifteen of the 36 interviewed participants also cited it as one of the primary benefits of SET. Individualized attention was cited as a benefit even more frequently than the seed capital microgrant, which is somewhat surprising, given the perceived need for funding among the SET target population of unemployed and underemployed workers and start-ups more generally.

In their own words: Voices of SET participants

Around the time that Monica (name changed) started SET, she had some personal problems that were causing her to doubt her self-employment goals. Monica and her SET advisor agreed to have weekly, in-person check-ins to talk about the business and anything affecting its progress. Through this experience, her SET advisor became a key part of her support system. Monica said: "My advisor's personal and professional skills in life coaching helped me to be re-centered. She really asked thought-provoking questions. She began to make me think in a way that was more critical when it came to my business." After completing the SET program, Monica maintained contact with her advisor.

Some participants also said that fruitful relationships with SET advisors were a particular dividend of the case management approach. Interviewed participants reported that their SET advisors became their champions on their self-employment journeys and provided invaluable supports. Several participants viewed their advisors as invested in their businesses and trusted sources of guidance; some built relationships with their SET advisors that continued beyond the duration of the program.

For more details about what providers thought about case management, see Appendix E, and for participant views, see Appendix F.

Opportunities and challenges

The main opportunity that facilitated implementation of the case management approach was being able to partner with strong providers. These providers were willing to try to implement the approach with fidelity, even though it was not part of their usual business model. Mathematica intentionally selected sites that had a strong microenterprise service provider presence in order to fairly test the model. (See Appendix A, Part IV, for details on provider selection.)

Yet there were also several challenges to implementing case management. First, the case management approach was new for 9 out of the 11 providers, so they required additional technical assistance on implementing the approach and integrating it into their existing models. Second, providers said that the SET MIS did not facilitate participant tracking to support case management, and that the SET requirements for follow-up and data entry were time consuming. Third, the compensation provided by SET did not adequately cover provider costs, especially because of a lack of participation in quarterly reassessments and business plan completion, which were benchmarks for a portion of the SET provider payment (see Chapter VI, "Utilizing performance-based incentives to encourage model fidelity" for an explanation of the provider compensation structure). Fourth, in the absence of a regular stream of participants, providers were unable to hire additional staff, and it was hard to provide the required amount of follow up to participants with their existing staff. In other words, this is an approach that probably has economies of scale.

Looking ahead: Provider perspective

SET service provider staff suggested a few improvements that might be made to the case management model should it be implemented again. One advisor recommended that the monthly follow-up be scaled down to every two to three months as the program progresses. Another suggested offering another reassessment for seed capital microgrant recipients one year after receiving the microgrant to help motivate them.

Looking ahead: Participant perspective

Case study participants also had ideas for how case management could be improved. One participant suggested the follow-up should occur only quarterly and should be held virtually instead of in-person or over the phone. On the other hand, one participant would have preferred more frequent follow-up meetings. Another participant thought the monthly follow-ups should have been longer meetings in the beginning, and another would have preferred that the meetings be held with different advisors so they could benefit from others' expertise.

Lessons learned

Providing case management proved feasible with the existing network of providers across sites. However, fidelity varied across providers, over time, and across different elements of the SET case management model. According to providers, case management helped participants progress faster in developing their businesses and provided the emotional support and personal advice participants needed. Many participants found the individualized attention to be a primary benefit of SET and some formed fruitful relationships with SET advisors as a result.

Piloting case management in the context of SET also provided several lessons on how support to providers for delivery of this model. First, offering up-front and ongoing training, monitoring, and technical assistance to providers is important for helping them integrate case management into their existing service models. Second, the compensation for service providers must be high enough to cover the costs and effort of implementing a case management model. Third, it would be helpful to provide a participant tracking system or MIS that better facilitates case management, such as one that could generate reminders and reports that would help with meeting scheduling. According to some staff, the MIS would ideally use mobile-based technology that would allow both providers and participants to enter data.

Intensive and tailored service delivery

Design

Under the SET model, providers were expected to offer participants services that were intensive and tailored to their business development needs. To do so, providers were supposed to assess each participant's needs during the intake meeting and design a package of services customized to the participant. We asked providers to offer services free of charge to SET participants and to update the service plan on the basis of each participant's progress during the program. Services could include formal training, technical assistance, access to mentors or peer support groups, and help applying for funding from outside sources, among others. Advisors could provide services directly, through referrals to training and resources available at their own organizations, or through referrals to external organizations.

Rationale

The rationale for offering an intensive and tailored bundle of services mirrored our reasoning for adopting a case management approach. As discussed in the previous section, dislocated workers most likely lack business development knowledge and experience and are also struggling with the effects of job loss. Accordingly, we determined that customized, flexible assistance may be most helpful to SET participants. In lieu of offering a one-size-fits-all curriculum on standard business development topics, we designed SET so that participants could be linked to a combination of services tailored to their specific needs, business idea, and stage of business development.

While designing SET, we also learned that such **intensive business development services are not readily available**. Microenterprise service providers in the SET study sites told us that, while they frequently offered free or low-cost group trainings and workshops for new entrepreneurs, they tended to offer only a few hours of one-on-one support per participant because of staffing and other resource constraints. In addition, many providers reserved such support for clients who had already reached key business milestones, or they charged a fee for such assistance. We concluded that SET's intensive and tailored services would differentiate the SET model from the ones typically encountered by new entrepreneurs accessing business development services, allowing us to test the impact of a new model on our study population.

Service delivery in practice

To understand whether SET participants received an intensive and tailored package of services in practice, we looked at service receipt and intensity, as well as the variety of services received. Although providers had discretion in the types of training and technical assistance they provided, in this chapter we seek to explore the amounts and types that were given in order to better understand SET participant experiences. For this analysis, we used SET MIS data on services received by participants. We grouped the types of services that SET participants received into four categories: (1) formal training, (2) one-on-one counseling or technical assistance, (3) peer support groups, and (4) virtual assistance over email. We also reviewed information from interviews with provider staff and participants. Detailed tables of findings are in Appendix D.

As discussed in Chapter IV, service receipt may be underrepresented in our estimates because of inconsistencies in data entry (see Appendix B, Part II). Inconsistencies may have occurred because the MIS

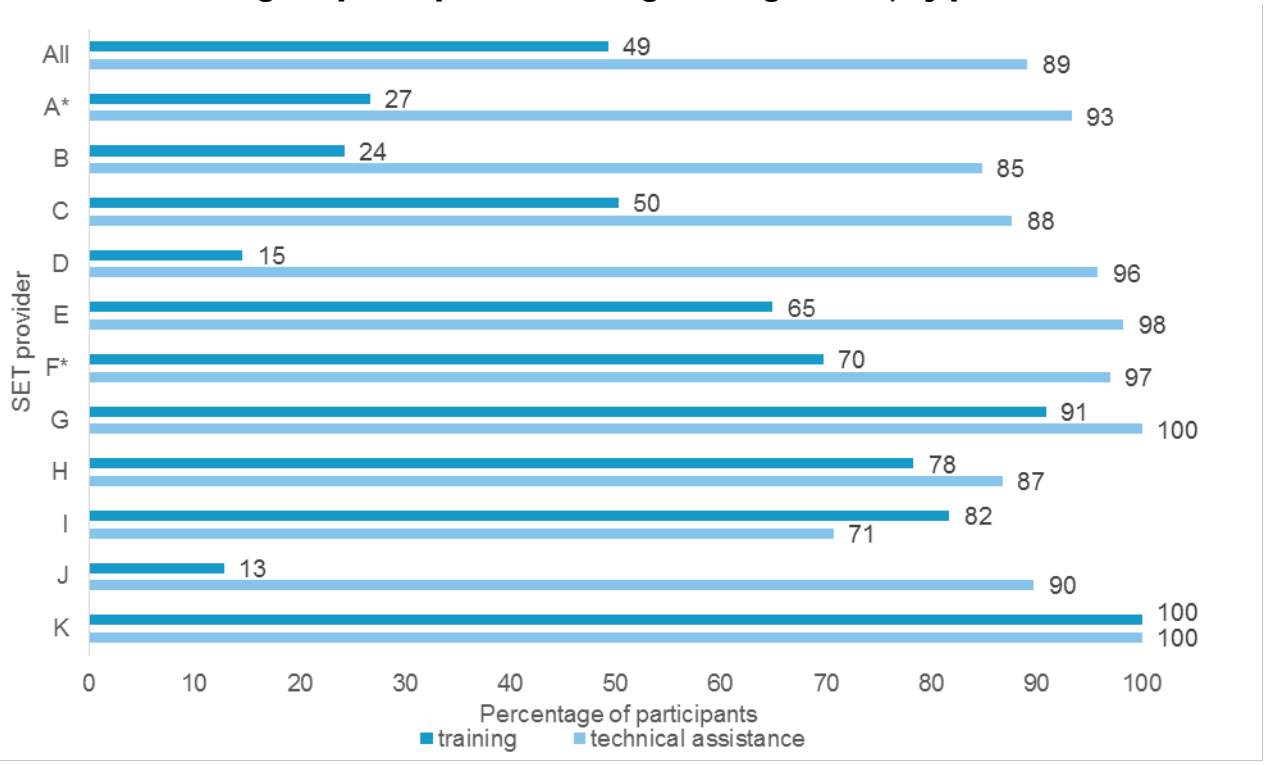
used for data entry was not user friendly, funding for providers may not have adequately covered the time required for data entry and service provision was still ongoing in one site.

Service receipt

Overall, provision of technical assistance (TA), defined as one-on-one consultation on different aspects of the participant's business, was common and uniform across providers. Among SET participants who completed intake, 89 percent overall received TA; at all but one provider, at least 85 percent of participants received TA (Figure V.2). Given the high rate of receipt of TA, the proportion of participants receiving both training and TA was similar to the proportion receiving training, both among all participants (47 percent) and at the provider level.

Nearly half (49 percent) of SET participants who completed intake received formal training through SET (Figure V.2). Training, which generally consisted of multi-session workshops or stand-alone courses on topics like business planning, marketing, and finance, could be received directly from the SET provider or through referrals. We observed wide variation by provider in this outcome—at four providers, more than three-quarters of participants received training, while at another four, approximately one-quarter or fewer received training. We did not examine differences by type of provider (such as SBDC or community-based organizations), but the forthcoming impact study will examine such differences in more detail.

Figure V.2. Percentage of participants receiving training and TA, by provider



Source: SET MIS participant tracking data.

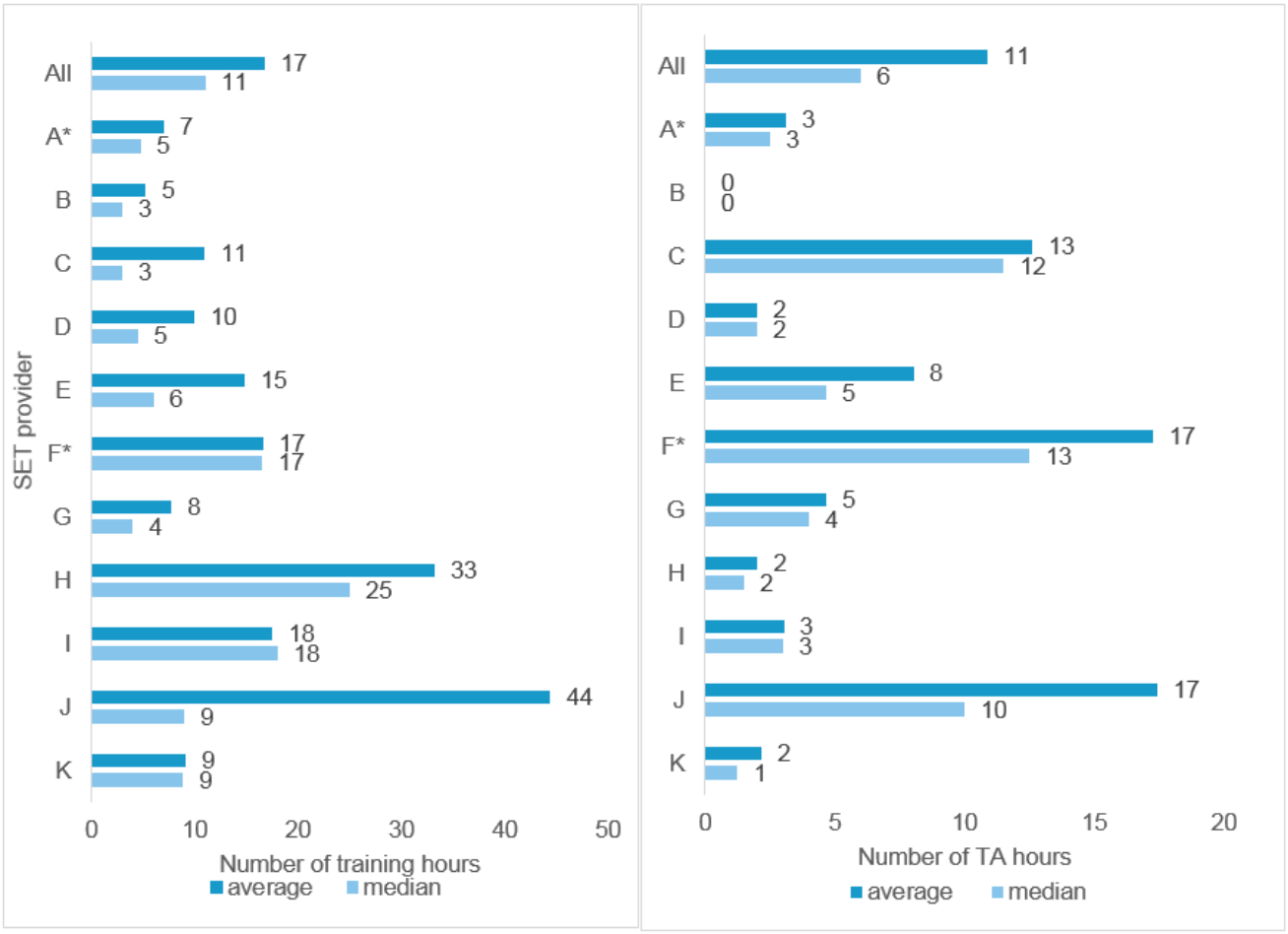
Note: Only the 838 participants who completed a formal intake were included to calculate the average length of program participation. The sample includes 51 participants who were still active as of the date that the data were pulled (January 23, 2017) and thus the average time of activity in the program may be slightly underrepresented. We discontinued our relationship with providers marked with an asterisk (*) in during implementation because of their lack of fidelity to implementation of the case management model.

Peer support was a less frequently observed service. Only a few participants who completed intake (3 percent overall) received some form of peer support through their provider. This occurred for participants at five providers; at only one provider did the proportion receiving peer support exceed 10 percent.

Service intensity

For participants for whom providers listed hours of training, the median number of hours received was 11 (Figure V.3). The amount of training varied widely by provider: participants at six providers received a median of less than a day of training (3 to 6 hours), while participants at two providers received about a day of training (9 hours); participants at the remaining three providers received the equivalent of two to three days of training (17 to 25 hours). Nearly all MIS entries of training included reports of hours, making this a reasonable estimate of the intensity of training for participants.

Figure V.3. Hours of training and technical assistance received by participants, by provider



Source: SET MIS participant tracking data.

Note: Only the 838 participants who completed a formal intake were included to calculate the average length of program participation. The sample includes 51 participants who were still active as of the date the data were pulled (January 23, 2017) and thus the average time of activity in the program may be slightly underrepresented. We discontinued our relationship with providers marked with an asterisk (*) during implementation because of their lack of fidelity to implementation of the case management model.

The amount of TA received appears lower than the amount of training, with a median of 6 hours across all providers (Figure V.3). One provider did not report hours for nearly any participants; most of the rest (seven providers) reported a median of 1 to 6 hours of TA. The remaining three providers, including the two with the most participants, reported medians between 10 and 13 hours. Note, however, in contrast to training, only about half of MIS entries of TA listed the hours involved, making these estimates more difficult to make than others. These estimates rely on the data available, but it is especially likely that these hours are underreported.

Service customization

Program MIS data indicate that providers offered a diverse array of training and TA, suggesting the use of customized approaches to meeting participant needs. With regard to training, we observed a wide variety of course topics. (We did not collect comprehensive data on each provider's classes—the number and type of classes offered varied by provider and over time.) Several providers had many of their participants take a basic business development course. Additionally, the vast majority of classes were listed as being taken by fewer than 10 participants at the provider. During interviews, providers and participants both reported that a variety of class topics was offered—most commonly, business fundamentals, marketing, accounting and finance, Quickbooks, and social media. Other training topics included pricing, operations, Microsoft Office, websites, credit counseling, record keeping, and financing. (See Appendix E, Part III, for more details on class offerings.)

Similarly, in interviews, provider staff and participants both described discussing many different TA topics. The most commonly mentioned topics were accounting and financials, business plan development, lending and financing, websites, and marketing. Other topics included business registration, credit counseling, legal assistance, pricing, and sales. We were not able to analyze technical assistance topics using the SET MIS because of data limitations.

Interviews with provider staff suggest that they tailored service delivery to participant needs. Staff at several SET service providers reported that they recommended classes to participants on the basis of their individual experience or stage of business development, although in some cases providers standardized some services. For example, three providers required that participants complete certain courses or counseling topics before they could apply for the seed capital microgrant.

However, it is likely that in some locations, participants may not have been able to access all services that could have been useful. Staff from five of the nine providers that we interviewed near the end of program implementation said they did not think there were any services that would have helped participants that were not available to them, with some staff noting that they could refer participants to outside sources for any services they could not provide directly. However, other provider staff members indicated that some useful services were not available, including basic personal financial management training, transportation, professional coaching, mental health services, advanced bookkeeping training, a business plan workshop, and mentors.

Comparison with other programs and studies

On average, SET participants did not appear to receive more or less training and technical assistance compared with service providers outside of SET and previous self-employment demonstrations. Assessing whether the intensity of service delivery was satisfactory is difficult because we did not require or expect providers to offer a specified amount of training, TA, or other services. (We were only prescriptive about the frequency of case management interactions described in the previous section.) Still, several other studies can serve as benchmarks against which we can compare SET's service receipt outcomes:

- The 2014 U.S. Microenterprise Census by the Aspen Institute considers a significant level of business development services to be 10 hours of service during a year. This survey can provide useful benchmarks for training and TA. Of the microenterprise program providers responding to Aspen's survey, 44 percent reported providing an average of 9 hours or fewer per year of **training** per individual, 18 percent reported an average of 10 to 20 hours, and 37 percent reported an average of 21 hours or more. Additionally, 39 percent reported providing an average of 4 hours or fewer per year of **technical assistance** per individual, 31 percent reported an average of 5 to 9 hours, and 36 percent reported an average of 10 hours or more (Aspen Institute 2015).
- A study of SBA-funded business development programs (SBDCs, SCORE, and WBCs) that asked participants how much counseling they received found reports of lower intensity: 62 percent of responding participants said they received between 0 and 5 hours of counseling in one year, 17 percent reported 6 to 10 hours, and 22 percent reported more than 10 hours. This study noted that similar analyses used benchmarks of 3 and 5 hours of service per year (SBA 2013).
- Participants in previous self-employment demonstrations tended to have more classroom training hours (average of 20–28 hours in GATE I; recommended durations of 20 hours in SEED and 12 hours in MEP) and varying amounts of technical assistance (average of fewer than 2 hours in SEED, 3 hours in GATE I, 7–8 hours in MEP and one GATE II state, and 15 hours in another GATE II state) (Benus et al. 1995, Benus et al. 2009; Davis et al. 2013).[20]

Usefulness

For the most part, providers and participants said tailored service delivery, as well as training and technical assistance, were useful for participants. In interviews conducted near the end of program implementation with staff members from 9 of our 11 providers, respondents generally described tailored service delivery, training, and technical assistance as useful for participants; one staff member did not discuss tailored service delivery, and another said the training classes were not helpful. In our interviews with 36 case study participants, approximately three-quarters of respondents said the services they received were tailored to their specific needs, and that both training and TA were useful.

[20] More information about these previous self-employment demonstrations is found in Table A.1, Appendix A.

Providers and participants described the ways in which tailoring services helps meet participants' individual needs. Advisors noted several strengths of training and TA: training courses covered business fundamentals; when participants took classes together, they benefited from collaborating as a cohort; when available, online courses offered flexibility for participants who could not attend in-person classes; and technical assistance helped participants with tasks they would have struggled with on their own. Underscoring the importance of customizing services, staff at one provider thought classes were not helpful because class content was not tailored to individual needs and thus had less of an impact. Participants praised classes for teaching them both general and specific topics, and for allowing them to network and follow up with their course instructor. Several participants interviewed for the study valued their advisors' technical assistance.

In their own words: Voices of SET participants

One of our participants, Maria (name changed), came to SET with an idea she thought would be profitable, but she did not know the basics of running a business. For her, success in SET was measured by learning how to run a business. Through classes she participated in as part of SET, Maria said, "I learned about many aspects of running a business that I didn't know before. I learned how to do a business plan. I learned how businesses run and all the things that go into it. I learned about marketing. I learned a lot about social networking and social media. I didn't know any of this before."

Although providers found training and TA useful, they also mentioned some challenges involving service delivery. One SET advisor noted that providing TA in a particular area (sales generation) was challenging because some participants lacked confidence to pursue aggressive marketing and sales techniques. Providers also raised issues about training classes: participants did not always attend classes, they struggled to learn in a classroom setting, or they focused more on completing classes than on developing their business idea. Some providers said certain classes were too expensive to offer for free to SET participants, and either charged for these classes or made some of the content available during in-person technical assistance sessions.

Participants identified several issues they encountered with service delivery. A quarter of participants interviewed for case studies said they did not receive tailored services. They explained that they received more general information about starting a business, and a few of them said their advisor did not discuss the services they should receive. The most common issue raised by participants who found training or TA less useful or not useful was that it covered information they already knew or activities they had already completed. (In a couple of cases, participants felt that their advisor did not have enough expertise.) Two participants felt the class they took did not match their needs, with one finding it too advanced and the other finding it too basic. Other participants said the technical assistance they received was too general, did not contribute to their business development, or was otherwise insufficient.

Opportunities and challenges

Several opportunities supported the use of training, TA, and other services as the primary mechanism through which SET participants gained business-related knowledge and skills. First, we intentionally partnered with service providers that we knew had capacity to deliver comprehensive

offerings, including both formal training and expertise in business development. Additionally, SET providers said the elements of SET reinforced each other. Several provider staff described how they used intake and the monthly follow-up meetings—both elements of the case management model—to tailor services for participants. Providers and participants also described how training courses and one-on-one technical assistance often complemented each other. For example, one SET advisor said that combining classes with one-on-one technical assistance helped participants use meetings more productively by focusing on the areas where they needed the most help. Some staff felt that one-on-one assistance was more important than attending classes, but also noted that classes could help reinforce the one-on-one assistance.

Despite these opportunities, providing appropriately tailored and intensive services to all participants may have been challenging. Several participants interviewed (about 25 percent) felt that the services they received were not useful. Similarly, although many participants received a large amount of training and technical assistance, others received much less compared with benchmarks from existing programs.

Connecting participants to intensive and tailored services may be complicated by several challenges. Such challenges include (1) insufficient implementation of the SET case management model, according to some low fidelity ratings (discussed in the previous section); (2) lack of engagement or early termination by some participants (as discussed in Chapter IV); and (3) provider perceptions that they were not being compensated sufficiently to deliver an intensive and tailored approach (discussed further in Chapter VI). These challenges can be intertwined—as one advisor observed, customizing services to participants was important because they might disengage from the program if they felt services were either unnecessary or too advanced. Furthermore, as noted earlier, services were likely underreported and our data may not capture the full extent of services received.

Looking ahead: Provider perspective

During site visits and interviews, providers discussed a couple of suggestions for improving service delivery. Many staff recommended that all participants should take a basic business workshop because of their common needs. Multiple staff also suggested providing classes that focused specifically on business plan development.

Looking ahead: Participant perspective

Participants also had some input for how services could have better fit their needs. For example, one participant said she would have preferred classes that were more tailored to her skill level. Participants assigned to providers who did not offer classes, or offered them sporadically, said they would have liked a more regular class schedule.

Lessons learned

Our analysis of SET service receipt outcomes shows that it is possible to provide intensive and tailored training and technical assistance to people starting out in self-employment. Other business development programs could similarly tailor and intensify service delivery. For example, more timely and sustained case management could help with service provision by giving providers more opportunities to

tailor services. Participants may also find it helpful if providers build in feedback loops and add new services or offerings that participants seek. Providers could develop and share written, customized service delivery plans with participants to ensure that services meet the participants' needs and that both the provider and participant follow through on the plan.

Program designers could also offer more specific guidance to providers about how to make sure they are tailoring services appropriately. Setting benchmarks for the amount of training or TA to be provided could lead to increased provision of these services but could also interfere with the goal of tailored services if some participants need less assistance than the benchmarked amounts. Finally, to promote customization of services, providers should make a wide range of training courses and TA topics available to participants, either directly or through referral. Providers can accomplish this in different ways; for example, we observed that providers with a large staff and more resources could offer many training courses, whereas providers with fewer staff and resources could employ advisors with expertise in a variety of topics.

SET seed capital microgrants

Design

The seed capital microgrant was a key part of the SET program. Participants could apply for a microgrant of up to $1,000—intended to cover some of the costs of starting a business—if they met certain requirements, namely: (1) engaging satisfactorily in the program (as assessed by the service provider), (2) registering their business, and (3) completing a comprehensive and satisfactory business plan. Microgrants could be used for start-up expenses, such as licenses, equipment, or supplies, but not for ongoing operational expenses, such as salary or rent, or for personal expenses.

Rationale

We offered access to seed capital microgrants (henceforth referred to as microgrants) through the SET program because of evidence that access to start-up capital may be an important determinant of success for aspiring business owners. For example, researchers analyzing the effect of a business start-up subsidy for unemployed workers in Germany found that the subsidy had an impact on reducing job-seeking behavior and on the rate of UI benefits. Additionally, programs that offer microgrants demonstrate higher rates of business start-up because they help aspiring business owners overcome financial constraints (Reize 2000; Millán et al. 2010).

When designing the SET program in 2011–2012, we learned that start-up grants can help people who are just starting their businesses more easily get to the point where they can qualify for small business loans or other funding. However, such grants were not broadly available. We found some agencies and organizations that offered small business grants, but these grants were typically offered as part of a contest and appeared to be targeted to business owners further along in growing their businesses, such as neighborhood improvement or revitalization grants targeted to businesses that were ready to open storefronts. Some organizations, like Accion USA and Kiva, offered microloans as low as $500, but availability and accessibility were limited.

Given that the study's target population of unemployed and underemployed workers could face problems accessing funding because of, for example, poor credit histories, lack of collateral, and other challenges, we sought to identify a strategy that would provide an alternative source of funding. Since our target population was already presumed to be in a vulnerable financial position because of their employment situation, even if they qualified for a loan, taking one might not be an optimal choice. Therefore, we designed the microgrant to provide as many participants as possible with the opportunity to access seed capital by setting the maximum amount at $1,000. We chose this amount based on feedback from microenterprise service provider staff on how much funding would be helpful for unemployed people seeking to start a business. See Appendix A for more details on the design of the microgrant.

In our design consultations with microenterprise service providers, staff recommended that participants be required to demonstrate commitment to their businesses before receiving the microgrant. After gathering information on appropriate milestones, we set the criteria of program engagement and achievement of the two key business development milestones: registering the business and completing a comprehensive and

satisfactory business plan. For more detailed information on how we determined eligibility for the microgrants and distributed them, see Appendix A, Part II, and Anderson et al. 2016.

Seed capital microgrants in practice

Overall, a little over a third of SET participants who completed intake received microgrants. Thirty-six percent of SET participants who completed intake received seed capital microgrants. (No participants who applied for microgrants were rejected.) The highest proportion of microgrant recipients (as a share of all randomly assigned participants who completed intake within each site) was in Los Angeles (62 percent). Los Angeles was followed by Portland (49 percent), Cleveland (40 percent), and Chicago (27 percent). Across all sites, the average length of program participation before a participant requested a microgrant was seven months, suggesting that this length of time was sufficient for participants to complete a business plan that met providers' expectations, as long as they were engaged with the program and in developing their businesses. This time frame was similar in Portland (average of seven months), while the time was longer in Chicago and Los Angeles (nine months) and shorter in Cleveland (four months). See Appendix D, Appendix Table D.13, for more details on microgrant expenditure amounts and other related characteristics.

Participants who did not apply for microgrants faced various challenges in being able to qualify for them. We assumed that take-up of the microgrant would be higher than it was, because the microgrant itself would be an incentive for participants to complete the business development milestones. We selected the milestones based on discussions with staff at microenterprise service providers. These staff reported that registering a business and completing a business plan were appropriate benchmarks that signify a person is serious about and committed to business start-up. However, during SET implementation, staff from multiple providers said participants—even those who were engaged in the program—found it difficult to complete their business plan, one of two prerequisites for becoming eligible for the microgrant. Staff at several providers identified the financial projections section of the plan as being particularly difficult for participants to complete, because they did not understand how to realistically estimate their expected revenue and expenses.

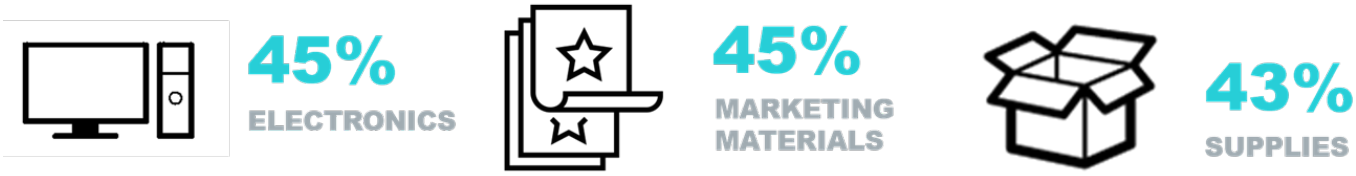
On average, participants requested nearly the entire amount of seed capital funding available. Participants requested an average of $986 of the $1,000 available. Participants could make multiple requests and also request multiple items, up to a maximum of $1,000 per participant.[21] They most frequently spent the grant money on (also see Figure V.4):

- Electronics, such as computers, printers, and mobile devices (requested by 45 percent of recipients)
- Marketing materials, which included website development, attendance at networking events, and physical marketing materials (requested by 44 percent of participants)
- Supplies, including inventory or raw materials for businesses (requested by 43 percent of recipients)

[21] Since participants could include multiple items and item types in their microgrant requests, the percentages of item types requested do not add up to 100 percent.

SET microgrant recipients requested the most for electronics and education. On average, purchases in these categories were $708 for electronics and $586 for education (including advanced or specialized training relating to participants' businesses). SET microgrant recipients spent the next highest amounts, on average, on supplies ($584), marketing ($482), and insurance of different types for their businesses ($422).[22] (See Appendix D, Appendix Table D.14 for more details on the microgrant expenditures.)

Figure V.4. Most frequently requested items for seed capital microgrants



Source: SET MIS participant tracking data.

With a few exceptions, microgrant recipients resembled SET participants who did not receive microgrants on most background characteristics. On a few characteristics, statistically significant differences were found between microgrant recipients and the rest of the participant sample. Microgrant recipients had more financial assets and education compared with nonrecipients. Between the two groups, although average household income was the same, microgrant recipients appeared to have higher liquidity, with higher average credit card limits and cash assets. Additionally, more microgrant recipients had an advanced degree (and fewer had some college education without a degree). Also, while the average age was similar, the distribution differed, with the proportion of microgrant recipients higher in the 35–44 range and lower in the 55–64 range compared to the rest of the participant sample. See Table D.15 in Appendix D for more details on the comparative characteristics of microgrant recipients and the rest of the SET participant pool, and see Appendix B, Part II, for details on the statistical tests that were used.

The types of businesses that microgrant recipients proposed were similar to those proposed by non-recipients. Thirty-three percent of microgrant recipients proposed businesses in the professional, scientific, and technical services field, as did 29 percent of the rest of the SET participant pool. This category includes lawyers, accountants, architects, industrial and graphic designers, computer programmers and systems analysts, marketers and public relations specialists, photographers, and consultants in management, human resources, and administration. For more information on the types of businesses proposed by microgrant recipients, see Table D.16 in Appendix D and Appendix B, Part II, for details on the statistical tests that were used.

[22] Although we did not allow the microgrants to be used for ongoing operational expenses, such as paying rent on a place of business each month, we allowed them to be used for a one-time purchase of an operational cost that was critical to their business, such as the first year of insurance for businesses that had to be insured.

Usefulness

Participants and providers said the microgrants filled financial needs for participants. According to a survey conducted with staff members from 9 of our 11 providers, all but one said a majority of participants had unmet financial needs that could only have been filled by the microgrants; half of those said that at least three-quarters of participants had these needs. Furthermore, 7 of 9 staff members said the microgrant (up to $1,000) was generally sufficient for meeting participants' financial start-up needs. Staff and participants also said that the microgrants helped participants reduce personal risk and leverage other resources at their disposal. Given their limited assets and income, participants who were able to access microgrants could better "stretch their dollars," by leveraging additional funds through savings or support from friends and family, and avoid credit card debt or high-interest, predatory loans to fund their businesses.

Microgrants may have also benefited participants in nonfinancial ways. Providers thought that the microgrants motivated participants who might otherwise have disengaged from the program to continue participation, and enticed them to take advantage of a wider range of services than they otherwise might have. Some interviewed participants also shared that they found the microgrant to be a good incentive to continue with the program. On the other hand, two participants said that although they appreciated the microgrant, it did not motivate them to apply to SET. (Instead, one said she was motivated to participate because of the nonmonetary assistance she would receive and the other by the opportunity to help people through his business.) We also saw evidence that capping the microgrant at $1,000 helped participants prioritize their purchases, with participants saying they had to focus on investments that would directly lead to sales. Additionally, one participant said the microgrant gave her confidence in her business because it showed her that she had reached an important benchmark.

Provider staff and participants identified some challenges with the microgrant. Among both provider staff and participants, we received feedback that the amount was inadequate. One participant suggested that $1,000 was more appropriate for business owners who were already in the midst of operations and just needed a little boost for supplies. All of the providers from one of our two larger sites suggested that the amount was not sufficient for people starting businesses in a metropolitan area. According to several provider staff, some participants tried to take advantage of the microgrant by requesting items that were not relevant to their businesses. (Staff rejected these requests and worked with participants to make more appropriate requests.)

In their own words: Voices of SET participants

One of our participants, Phil (name changed), dreamed of owning a business that would combine his interest in physical fitness with his experience in retail management and customer service. Phil's SET advisor helped him develop a business plan for a boutique fitness studio. He used the plan to apply for and get a $1,000 microgrant for equipment. When we interviewed Phil, he was running a profitable studio that employed several instructors. He told us that the microgrant helped him when he was first starting up and said, "I'm scaling. I'm profitable. I'm expanding. I have hired people. It's great."

Opportunities and challenges

Several factors allowed for strong implementation of the seed capital microgrant. We partnered with providers that, for the most part, could work closely with participants to ensure that they met the criteria to access the funding and that they requested appropriate items. This vetting was important to ensure that participants did not take advantage of the microgrant opportunity. We also communicated with providers to make sure that we had sufficient documentation of intended purchases and communicated directly with participants to request proof after they bought the items they intended to buy.

Looking ahead: Provider perspective

While provider staff said the microgrants were helpful to participants, they also had some suggestions for improving the offer. Two provider staff members suggested increasing the amount of the microgrant; one staff member also suggested placing additional constraints on allowable uses for the microgrant, but did not specify what kinds of constraints would be useful.

Looking ahead: Participant perspective

Some of the participants interviewed for our case studies, 21 of whom received microgrants, had ideas on how the offer could be differently implemented. One participant suggested offering funding at the beginning of the program and then additional funding at the end to incentivize progress. Like providers, several participants suggested boosting the funding level.

On the other hand, the offer of the microgrant did bring up at least three programmatic challenges. First, because participants were not accountable for paying back the microgrant, they could use the money on legitimate business expenses but then abandon the business with no consequences. Second, the microgrant did not address any other barriers that our target population may have faced, such as repairing a low credit score or otherwise making the participant more attractive to traditional lenders. Third, some provider staff speculated that the microgrant may have attracted some people to SET who were not truly interested in self-employment, and just wanted to take advantage of the monetary opportunity.

Lessons learned

Offering microgrants as low as $1,000 for people aspiring to start their own businesses may be worth pursuing. Both provider staff and participants spoke about several ways in which the microgrants helped participants pay for start-up expenses, and also offered nonfinancial benefits (specifically, an incentive to follow through and engage with the program). If such microgrants are subject to stringent criteria, as under SET, the offer may result in relatively low take-up. This is not necessarily negative, because such criteria may help to ensure that funds are being directed to appropriate expenses and are awarded only to people who have shown serious dedication to their business.

Our experiences offering seed capital microgrants to participants in a pilot program shed light on how similar funding mechanisms could be implemented. First, it is important to choose appropriate eligibility criteria that demonstrate participant dedication—in other words, criteria that signify that participants are serious about achieving their self-employment goals, and are not simply trying to obtain cash or purchase items that are unrelated to their business. Second, it may be helpful to enlist an entity that can appropriately assess whether applicants seeking funding reached those eligibility milestones (in our case, this meant partnering with experienced business development advisors who could assess whether a business plan was comprehensive and satisfactory). Furthermore, funded applicants may need counseling to make the most of the opportunity; again, it may be helpful to partner with experts who can fulfill this role.

This page has been left blank for double-sided copying

VI. What did it take to attract and serve SET participants?

The Self-Employment Training pilot program engaged several different types of partners and involved heavy oversight and management by Mathematica. In the course of implementing the pilot and its evaluation, we learned lessons that are relevant not just for pilot programs, but also for any team that is seeking to introduce new, untested service offerings using existing infrastructure.

In this section, we share lessons on the following topics that we learned from implementing SET. For each of these topics, we describe our initial plans, the modifications we had to make in practice because of implementation realities, the lessons learned, and what we would have done differently had we not been operating within the constraints of a pilot study.

Using existing infrastructure to attract applicants to a new program

SET design

Because we designed SET for sustainability and scale, we partnered with workforce and UI agencies that typically interact with our target population to conduct program outreach. We knew that the role of these partners would be critical, so we vetted sites carefully and tailored our outreach plans to make them low burden for partner organizations. Our plans assumed the following:

- Workforce partners would integrate a short description of SET in their existing communications (during regular AJC interactions and one-on-one meetings), hang SET posters in AJCs, and include a SET web page link on their websites.
- More intensive outreach through robocalls, letters, and emails to UI claimants was initially deemed feasible in only one of our four sites.
- Once participants were directed to SET, Mathematica would oversee intake by hosting an online orientation to share information about the program.

We designed our outreach materials to be both inclusive and informative. We used visuals that showed a diverse range of people whom SET might serve and a diversity of businesses that could be supported. We also included information to answer questions and acknowledge reservations that applicants may have about the program or pursuing self-employment. We consulted with our partners to get feedback on the materials and revised them multiple times. However, once the program got under way, we quickly learned that changes to our processes and new strategies would be needed to hit our recruitment goal.

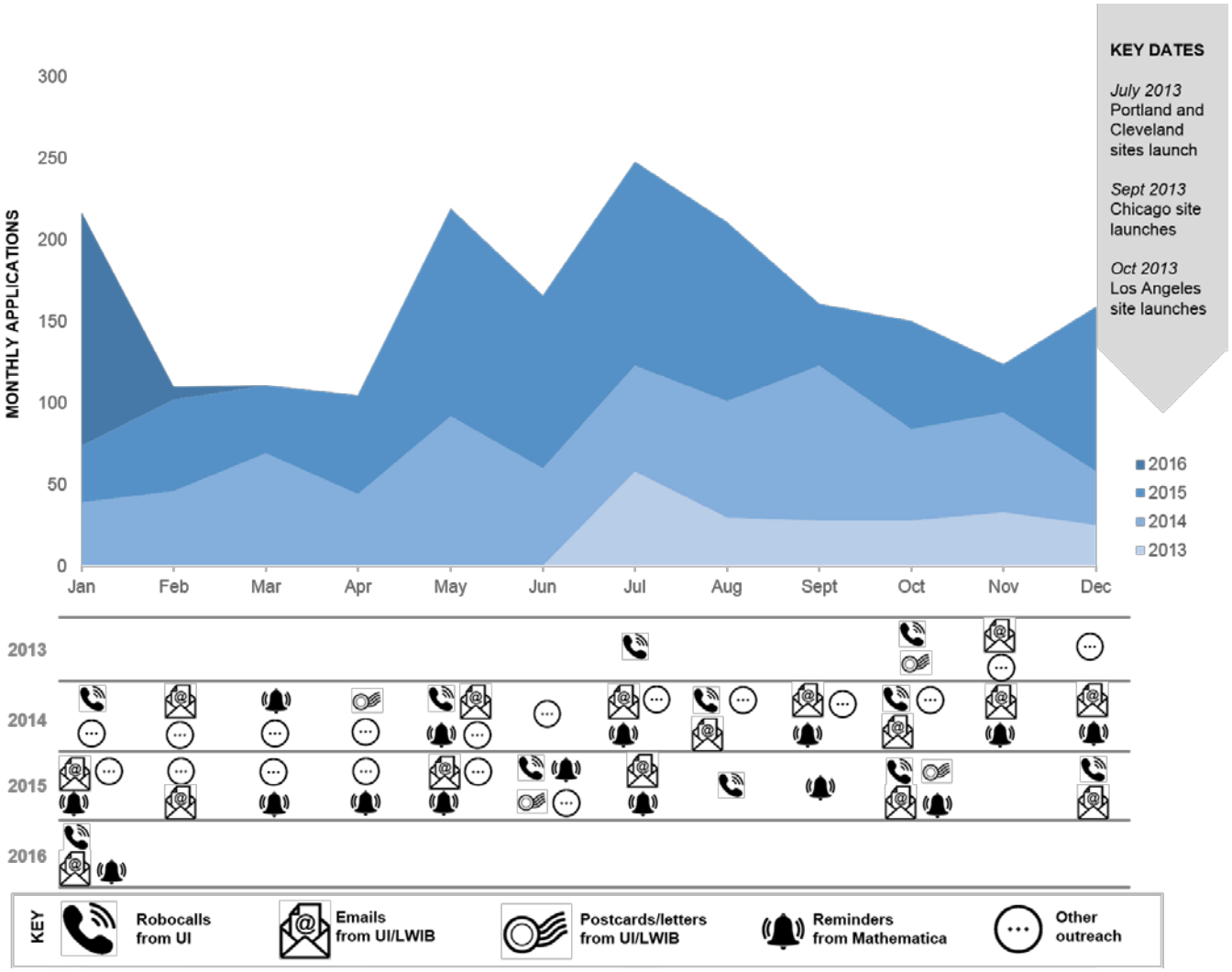
Implementation realities

In the first two sites where we launched SET (Cleveland and Portland), we saw an initial surge, then quick drop-off, of applications. In our two larger sites (Chicago and Los Angeles), application rates were low from the moment the program launched (see Figure VI.1). As a result, we revised our approach by:

- **Relying more on mass outreach by UI partners.** We asked UI agencies in the remaining three sites to initiate robocalls, mass emails, or mass mailings and to increase the frequency and the recipient pool for this outreach over time. Staff in Chicago eventually agreed to do mass emails followed by robocalls to hundreds of thousands of former UI claimants. Staff in Los Angeles were able to accommodate a couple of rounds of robocalls to a few thousand individuals. Staff in Portland did not have capacity for mass robocalls or emails but did send letters and postcards on SET to current and former UI claimants.
- **Requesting AJCs in Chicago and Los Angeles to host SET-specific orientations** so customers could watch the orientation as a group, ask questions, and receive help completing SET application. Only a few of these orientations occurred in Los Angeles. In Chicago, participants did not sign up for in-person orientations, so we instead relied more heavily on mass outreach.

- **Offering more intensive technical assistance directly to AJC frontline staff.** In Chicago and Los Angeles, which experienced lagging application rates as discussed above, we conducted site visits, held additional training events, and held biweekly standing meetings with workforce staff to track progress and provide technical assistance. To motivate staff, we shared more detailed information about SET application rates with AJC and UI agency staff, and we also gave staff contact information for SET site liaisons, who would help answer any questions.

Figure VI.1. Total applications to SET and major outreach efforts, by month and year



Source: SET baseline application data.
Note: LWIB stands for Local Workforce Investment Board.

We also took steps outside of the existing outreach infrastructure by:

- **Adding more actionable information to the SET website,** including clearer guidance on eligibility criteria and how to answer questions (For more information about the SET application process, see Appendix A, Part II.)

- **Sending frequent reminder emails to encourage people** who had started applications or viewed the orientation to apply. This strategy proved especially effective—applications spiked after each reminder.
- **Posting SET ads on job-seeking websites, newspapers, and through organizational email blasts;** we also shared publicity materials with organizations such as community colleges and libraries.
- **Creating and distributing additional materials,** including business cards and postcards, flyers, and testimonial handouts, after receiving advice from partner staff that shorter and more personalized materials would be more appealing to AJC customers.

Lessons learned

We ended up having to reach beyond the existing infrastructure to promote SET, which is similar to what the GATE I team experienced—that team, too, had to recruit outside the AJCs to reach enrollment targets. This taught us lessons on pilot program recruitment.

Tips

Frontline staff are the ones who will promote your program. Make sure you engage them—not just their supervisors!

Context always changes—keep listening and adapting.

You may not get the approach right the first time—set aside resources to make ongoing improvements.

Our initial low-touch outreach plan proved to be effective only when we could piggyback on existing procedures that already engaged with the target population. In Portland, because of the active SEA program in Oregon, AJC and UI staff were familiar with and adept at speaking about self-employment as a reemployment strategy. AJC staff also conducted in-person, individual intakes with every AJC customer and, as part of their routine procedure, asked them about their interest in self-employment and screened for SEA program eligibility.[23] Because of these existing procedures, AJC and UI staff could easily incorporate information about SET's availability during the recruitment period, while also discussing SEA, and encouraging those interested in self-employment to apply to both.

Mass outreach from a trusted entity proved to be the most effective strategy for promoting a new program such as ours. This was especially true for SET because our eligibility criteria limited the pool of clients that qualified for the program. We did not initially anticipate the volume of outreach that would be necessary to reach recruitment goals. As shown in Figure VI.1, mass outreach by UI offices led to large surges in applications, especially in 2015 when UI partners in two sites agreed to increase the scale and frequency of these efforts. We also found that mass outreach was most effective when offered by an entity such as the UI or workforce agencies, which were known to the targeted population, as compared with more generic promotional outreach. When we attempted to use commercial partners to promote SET through mass emails and strategic online marketing, we saw no returns on our investments.

[23] To qualify for SEA in Oregon, individuals had to meet a certain Worker Profile Score, which indicates low likelihood of being reemployed through a job.

We needed to establish feedback loops with staff to keep them motivated about promoting SET. Most of our partners were not accustomed to promoting self-employment, nor was their performance measured on customers' self-employment outcomes, so we saw a need to persistently fuel partner commitment to promoting the program. We did so by sharing success stories. We had initially relied on choosing enthusiastic partners, conducting pre-implementation training, and providing ad-hoc troubleshooting to engage partners, but these strategies did not account for renewing buy-in among partners throughout the program period. Creating feedback loops and listening carefully to partner needs did help solidify our working relationships over time.

What we would have done had we not been operating as a pilot

If we had not had to evaluate SET, and therefore ensure lack of bias in our sample, we would have conducted outreach through microenterprise service providers that already attracted people interested in self-employment. (We did not because we were concerned that the study control group would get SET-like services if we recruited through providers.) We would have also (1) prototyped our outreach materials by asking for user (not just partner) feedback, and (2) maintained a local presence in each site to provide technical assistance and adjust procedures more quickly. Finally, conducting a pilot in one site for a few months may have allowed us to refine our outreach procedures and decide earlier whether they needed to be modified. The more complex the program and the contexts in which it is implemented, the more important it may be to do this.

Additionally, if a program like SET were replicated by a workforce agency that would have to publicize the program on its own, we would advise the agency to create performance metrics and align performance incentives to mandate and/or reward staff promotion of the program. We would also advise the agency to devote substantial resources for outreach and for adopting the steps described above, either by cultivating that capacity in-house or getting external assistance. We would still advise, for example, prototyping outreach materials with workforce customers and conducting a pilot (with a few AJCs, perhaps) before expanding the service to all customers. To encourage communication and knowledge about self-employment offerings, agencies may also want to conduct regular internal training and facilitate meetings between external microenterprise service providers and frontline staff.

Leveraging behavioral science and user-centered design to revamp processes that don't work

SET design

In our initial outreach strategy, we drew substantially on the perspectives of workforce provider and funding agency staff when designing our outreach, and we planned to leverage existing infrastructure (see the previous section) to recruit our target population. Our strategy entailed low-touch outreach such as making available posters and brochures about SET in workforce centers, having workforce staff mention the program during general AJC orientations, and conducting occasional email blasts and robocalls to the UI claimant population.

We solicited a lot of advice from site partners on our intake materials and procedures, and tried hard to make them attractive to a diverse population, but we did not test them extensively with potential users. On the basis of feedback from our partners, we focused on providing as much information as applicants may need up front. For intake, Mathematica designed a simple website that provided detailed information about the program only after a potential applicant created a login account and started watching an orientation video. Not only was the website visually unappealing, but the orientation video started with a "cold shower" detailing the potential hardships of starting a business.

Taken together, our strategy and outreach procedures focused more on sharing information rather than making the program appealing. We also did not plan for following up with people who showed interest but did not initially apply to the program (in other words, those who needed persuading).

In our initial design, we assumed that these information-laden approaches and the offer of microgrants would be sufficient to reach our recruitment goal, but within months of launching SET, we knew we would have to change our procedures to reach our targets.

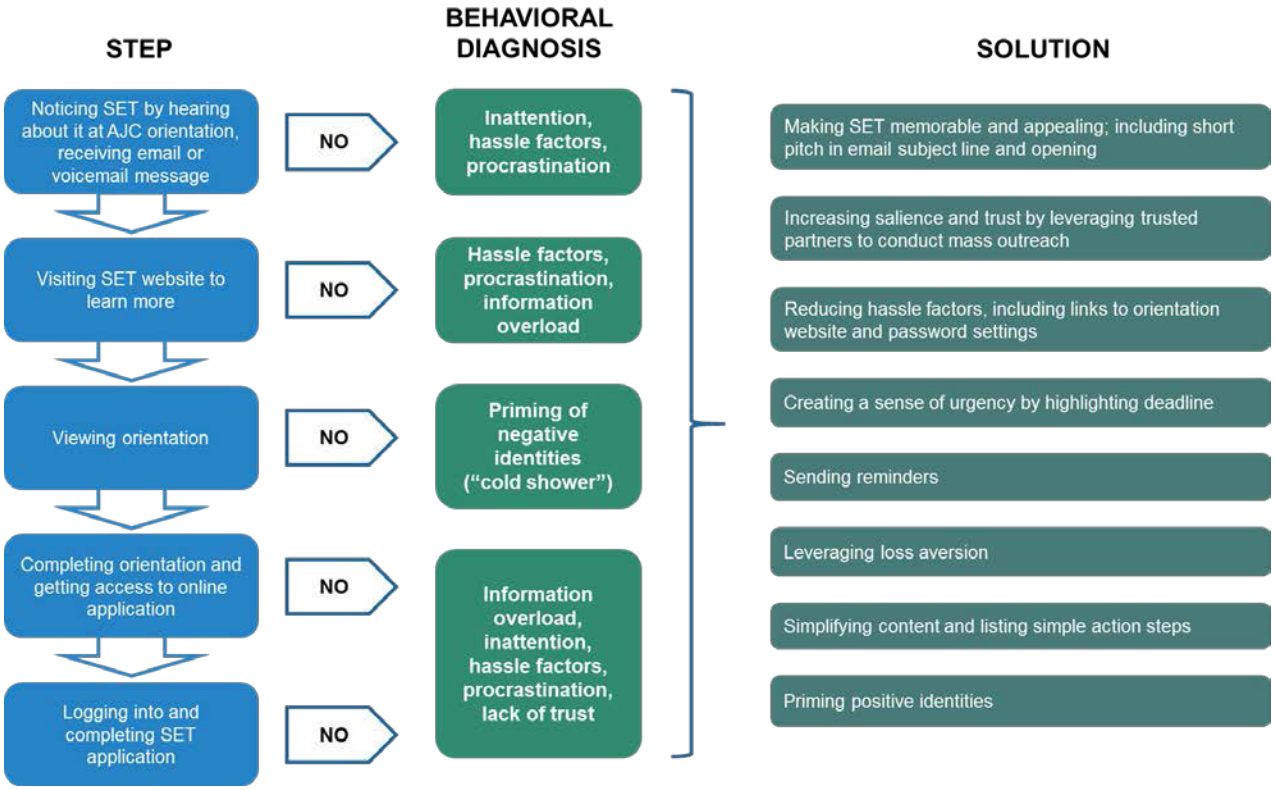
Implementation realities

When we launched, we initially struggled a great deal with recruiting enough eligible applicants in our sites or converting people who expressed interest in the program into those who completed applications. This led us to pause, step back, and take stock of all of our outreach materials and intake procedures. In particular, we drew on behavioral science and the principles of user-centered design to diagnose why our program was not attracting the droves of applicants our site partners had told us we should anticipate.

To identify weaknesses, we mapped out the steps that individuals needed to take to enter a program. We then used monitoring data on the various steps of orientation and intake, as well as information gleaned during site visits, to identify the potential behavioral barriers to program take-up (Bhargava and Manoli 2015). Most of all, we adopted a user perspective on our outreach and intake process, keeping in mind that the "users" we were serving might be experiencing severe stress. People have limited capacity to process information and act, especially in times of scarcity. In times of financial stress—which unemployed workers grappling with financial pressures are probably experiencing—they can develop tunnel vision, focusing only on what seems most urgent (Banerjee and Mullainathan 2008). The behavioral barriers and solutions we identified are shown in the behavioral map in Figure VI.2 and discussed in the text below. (For a more detailed

discussion of many of these behavioral barriers, how they may manifest in labor programs and how to address them, see Darling et al. 2017.)

Figure VI.2. Behavioral barriers and solutions in the SET recruitment process



Note: In the figure, solutions map to multiple behavioral diagnoses, instead of there being a one-to-one match between diagnoses and solutions.

- **Inattention and lack of trust (Karlan et al. 2010).** AJC orientations, at which SET was to be mentioned briefly, were intended to be a key venue for SET promotion. During site visits, however, we learned that SET was one of dozens of service options mentioned to participants. Moreover, those delivering information about SET were neither knowledgeable nor passionate about SET, because they were too far removed from program delivery and results. As a result, it was unlikely that orientation attendees would take note of SET or think to ask for more information. Our orientation website did not alleviate this problem, as it was initially a bare-bones site that did not try to "sell" the program or make it attractive to its target audience. It also required people to log in before being able to learn more, which may have deterred applicants.

- **Information overload (Iyengar and Kamenica 2006; Madrian and Shea 2001).** We designed our informational brochures to be attractive trifold fliers. However, they were packed with information about the program and explained the random assignment aspect of the study. Behavioral science suggests that people get overwhelmed with complexity and are inclined to set aside tasks that require processing too much information. People looking at our brochures or viewing the program orientation video may have suffered these drawbacks. This raises the risk that interested individuals might not

come to understand the potential benefits of SET because they were overwhelmed by the amount of information in our outreach materials and did not understand the action steps needed to apply.

- **Hassle factors and procrastination (Dymond and Roche 2009; Van Hooft et. al. 2005; Ariely and Wertenbroch 2002).** Even if people decide to apply to a program, they can still get easily distracted from following through. Hassle factors, both big and small, can deter action. Small hassles may include needing to open a piece of mail to read a letter about SET, remember a website address to access information, register with an email address to learn more about the program, and so on. Larger hassles can include having to complete a 45-minute application form asking detailed (and potentially stress-inducing) questions about one's employment history, financial circumstances, and self-employment plans. In these scenarios, procrastinating or abandoning plans to apply can become an attractive option. The program drop-off rates discussed in Chapter IV indicate that these considerations may have affected our target population.
- **Priming identities (Goldstein et. al. 2008).** There is evidence that people act differently when their identity in a social group is cued or primed. This can have both positive and negative effects. In the context of SET, potential applicants may have been primed to think of themselves negatively—as being unemployed and having a hard time finding a job—when they viewed our application materials, because the materials emphasized that only unemployed and underemployed workers were eligible for the program. Moreover, the "cold shower" in our orientation, designed to give fair warning to applicants about the risks of self-employment, may have further primed negative identities. On the other hand, our posters seemed to be useful for priming positive identities by showing a range of diverse people who appeared to be running many different kinds of businesses. These graphics were intended to prime people to think they could also pursue self-employment and be successful.

Once we identified these issues, we were able to identify both program strengths and improvements to our existing strategies. Our program strengths were that the online orientation reduced hassle factors, and our attractive outreach materials featured diverse populations that primed positive identities. Strategies for improvement that we were able to implement to address the barriers identified above included the following:

- **Streamline outreach materials, leading with the appeal of SET and listing simple action items as a bulleted list (Wolff et. al. 2004).** To reduce inattention, information overload, and hassle factors, we shortened our outreach materials and used more dynamic language intended to communicate the benefits that people may receive from applying to SET. We also provided clear and concise information on what steps people needed to take to apply.
- **Highlight success stories that prime positive identities and allow participants to visualize themselves in the program (Goldstein et. al. 2008; Duflo and Saez 2003; Banerjee 2002).** Our original posters already featured diverse populations from different business sectors. We built on this by developing vignettes intended to help people also develop a mental image of themselves in SET and visualize what they could achieve. This approach was influential in motivating not only applicants but also the staff conducting outreach. When we were able to share with staff the progress

made by ordinary people, much like their clientele, and provide concrete examples of how SET advisors were helping them, we were able to energize them to promote the program.

- **Send mass emails and robocalls, using a multipronged outreach approach to increase salience and trust (Karlan et al. 2010).** Behavioral science tells us that the more easily people can recall hearing about something, the more important that something becomes, which addresses the problem of inattention. Wherever possible, we partnered with our state workforce and UI agency partners to adopt a two-for-one approach to conducting outreach for the program (for example, sending an email or letter and following up with a robocall). We were able to do this in two of our sites and saw immediate surges in applications. We also found that in sites where we were able to create stronger collaborations by having both workforce and UI staff coordinate and promote SET, we saw higher payoffs. For potential applicants, hearing about SET from multiple trusted sources may have assuaged concerns that a new program offering free money was too good to be true.
- **Leverage loss aversion and create urgency (Hershfield et. al. 2011; Blunt and Pychyl 2000; Tversky and Shafir 1992; Kahneman et. al. 1991; Ellsberg 1961).** People are more motivated to act to avoid loss than to gain something new. We framed our messages to emphasize that recipients should not lose the opportunity to access SET services. We used deadlines to encourage people to submit applications, especially in the last week of recruitment, when reminder emails highlighted the application deadline. In response, we received an unprecedented volume of new eligible applications, with a total of 87 eligible applications over the last weekend, compared to the more typical weekly total of 17 in the last quarter of intake.
- **Reduce hassle factors using mass email marketing and streamlined materials (Bettinger et. al. 2009; Van Hooft et. al. 2005).** In our reminder emails to SET participants who had started but not completed the application, we included hyperlinks to the application website and their log-in names and passwords. This allowed applicants to click immediately on a hyperlink that took them to the SET website or SET application. We also refined our automated dislocated worker screener and application to reduce observed hassle factors. To do this, we first assessed application data and logs of applicant queries to understand which parts of the application were most burdensome or confusing. We eliminated those that were not essential to the study. For those that were important to keep, we revised the questions to make them simpler to understand or provided examples so that applicants had a model for how to answer.

Lessons learned

To effectively conduct outreach for SET, we had to apply our understanding of behavioral science to revising our materials and procedures. This helped us to proactively address behavioral barriers that may be affecting our target population, and address these through user-centered solutions. Our experience taught us important lessons on how to enhance program recruitment using behavioral science insights.

Tips

Use clear, simple language to counteract behavioral barriers

Use deadlines and repeated reminders to encourage action

It is important to adopt an empathetic user perspective. When designing our outreach and recruitment materials and procedures, we did not fully account for the experiences and circumstances of our applicants. We also focused on deterring those who might not be sufficiently committed or who might be willing to game the system. We had to adopt a lens that would allow us to see the outreach and application process through the perspective of potential applicants in order to customize the materials and processes to better meet their needs. This also allowed us to understand and contextualize the small, or micro, decisions they would have to make to apply to the program—such as whether to open an email about the program or visit a website to learn more—and figure out how to encourage them to take those small steps and address any barriers along the way that may inhibit them.

Through site visit observations and in-person conversations, we were able to better understand the context in which we were implementing SET. Until our site visits in the middle of implementation, we did not fully understand why our outreach approach was not sufficient. In AJCs, our outreach materials for SET competed with materials from dozens of other programs; SET was just one of many programs advertised to AJC customers on a regular basis. We had to make sure any messaging about SET was distinct and clearly communicated the benefits that people could get from applying to the program. We also needed to increase the frequency of communication about SET, so that it would stand out for those who may be overwhelmed by the many options they were hearing about from workforce or UI agencies.

Get feedback early and often, and be willing to change approaches in response to user experience. We had to invest considerable resources into reworking our outreach materials and procedures, and may have benefited from doing more of that work up front. For example, staff in one site told us that our orientation's cold shower might be off-putting to potential applicants. However, by the time we received that feedback, we had already invested a lot of time and resources into finalizing the orientation. When we received more than our target number of applications in our opening month, we discounted this feedback, but when applications slowed, we revisited it and had to seek more feedback to make SET more attractive to applicants. Rather than assuming that we knew what worked—because it had worked in the past, or because it would be inconvenient to change our course—we had to adopt a flexible approach and be open to new ideas in response to feedback and observations on what was and was not working for our pool of potential applicants.

What we would have done had we not been operating as a pilot

If we did not have to evaluate SET, and therefore ensure lack of bias in our sample, we would have had greater freedom to make further revisions to SET. We would have completely changed the content of our orientation—we could not do that, however, because of resource constraints and because, for comparison purposes, we needed to ensure that all individuals in our sample had received similar information on the program. We would have also made the application much shorter and provided support for helping people complete it.

If we were to implement a similar program again, we would ideally work directly with users to (1) understand how they learn about and decide to apply to programs such as SET and identify what roadblocks deter them; (2) quickly prototype outreach and intake processes and solicit feedback from different segments of our target population in varied contexts; (3) conduct an extended pilot and observations of how our processes work before finalizing the design; and then (4) provide intensive technical assistance and follow-up to outreach partners in the initial stages of implementation. Agencies that may want to implement a SET-like program could take similar steps by talking to their customers to identify roadblocks and prototype processes, conducting an internal pilot before finalizing design, and facilitating communication among all partners, especially during start-up.

Streamlining intake by maximizing the use of technology

SET design

To limit the burden that participating in SET would impose on our local workforce and UI agency partners, we planned to conduct an online intake process, instead of the in-person approach used by employment pilot programs in the past. (GATE I study results also recommended this as a strategy for encouraging orientation attendance.)

Our intake process included a web-based orientation and program application form. For the orientation, Mathematica developed and hosted a 20-minute video that provided basic information about SET. We also developed and hosted a web-based application form, which included an automated screening instrument to assess dislocated worker status, according to the DOL definition. Mathematica staff reviewed applications, made determinations regarding the eligibility of participants' business ideas, conducted random assignment, assigned accepted participants to the service providers, and referred participants to these providers. We also hosted a helpline that applicants could call or email with questions about the program and receive responses from staff on the study team.

We designed the online intake process to be easily accessible and efficient for sharing information about SET with potential applicants. Additionally, by processing applications centrally with automated screens, we hoped to ensure consistent screening, rapid processing, and less opportunity for cherry-picking (selections driven by bias on the part of the application reviewers). Although our initial design remained mostly intact during the implementation period, we modified a few aspects to better meet applicant needs and to respond to partner feedback.

Implementation realities

- **For the most part, our online systems worked well from a technological standpoint**—we did not experience any major glitches with people being able to access the site, view the orientation, and apply to the program. We attributed this to comprehensive planning and pilot testing before making the systems available to the public.

- **Participant feedback collected from our case studies on the online systems was mostly positive.** Sixty-one percent of interviewed participants said that the online orientation was easy to use or not difficult; 72 percent said the same of the application. Participants appreciated being able to access the information from anywhere (as long as they had a computer and Internet access), and they said that the application mostly was easy to navigate and complete.

- **Several applicants were confused by some questions in the application, however.** This confusion may have been compounded by the online nature of the intake process—because intake was mostly hosted online, applicants could not easily ask AJC or UI staff for clarification, even though these entities were involved in promoting the program. Many applicants accessed the helpline to express confusion over eligibility criteria, and the level of detail needed in explaining their business idea and demonstrating its link to their past experience.

- **The dislocated worker screener reduced staff burden for processing applications, but it required fine-tuning.** At the end of the first six months of the program, we noted that 38 percent of the applications received were ineligible, and people frequently called to request a chance to

reapply, indicating that they had misunderstood questions in the dislocated worker screener. We revisited our screener and identified questions that lent themselves to misinterpretation and fine-tuned these questions, as well as the screening decision rules associated with them.

- **We adopted a range of measures to improve applicants' understanding of program eligibility and application criteria.** We revamped the SET website to provide clearer and up-front information about SET's eligibility criteria, including a frequently-asked-questions (FAQ) page; we also included several examples of how applicants should describe their business idea and relevant experience in the application. We redesigned the dislocated worker screener, asking fewer questions and phrasing them in simpler language. This led to far fewer people being incorrectly screened out. (The percentage of individuals found ineligible in the final sample fell to 20 percent.)

Lessons learned

Our experiences in SET demonstrated the gains in efficiency that can be realized from using technology for intake processes. Technology can provide efficient ways to administer intake processes and reduce the burden on workforce staff so that they can focus on service provision and other responsibilities. For SET, much of the willingness of staff to partner for a pilot stemmed from the fact that we minimized the burden: we could do so within the limited resources of the pilot only because we leveraged technology, substituting it for intensive eligibility screening procedures that would have otherwise been carried out by workforce staff. Technology also allowed us to minimize the burden on applicants. The automated dislocated worker screener weeded out those who did not meet the criterion of being a dislocated worker, thus saving them from having to fill out the remaining questions.

Tip

When using online processes, make examples, FAQs, and a helpline available to applicants—some may need personal assistance!

Conducting intake and orientation online had the added benefit of standardizing intake procedures and the application of eligibility criteria across sites, reducing variability. By providing information online, we decreased the chance that people would receive different information. By having a centralized team access the relevant portions of the application, we minimized the odds that applicants would be subject to individual biases. Allowing for a remote team to conduct providers' assignments, we also guarded against the risk of local staff cherry-picking applicants, as was reported in the GATE I implementation study (Bellotti et al. 2006).

Recognizing and accounting for the weaknesses of online intake is important. In the absence of direct interaction with applicants during the intake process, we realized that several issues can surface. It can be harder to (1) encourage program take-up among interested individuals and provide assistance with program applications, (2) identify instances in which procedures are not working as intended, and (3) provide information at a level that is appropriate for a particular individual. To account for these limitations, we regularly analyzed programmatic data (such as drop-off rates at the various stages of the application process, and the types of questions submitted through the helpline) and checked in with workforce partners to identify weaknesses. Some weaknesses were readily spotted through these measures (e.g., the high proportion of

individuals who had been screened out), but others were not revealed until we conducted site visits (e.g., the limitations of outreach materials and the website).

Some limitations we could address within the constraints of the online system. For example, to improve understanding of the program and its eligibility criteria, we provided FAQs, illustrative examples of application responses, and other resources on the website (such as self-employment resources), as well as a channel (the helpline) for potential applicants to connect to someone for personal assistance. Other constraints were harder to address, such as providing technical assistance for completing the application.

What we would have done had we not been operating a pilot

If we had not been under pilot study constraints, we would have prototyped our orientation and application materials more widely in various contexts. (We had pilot-tested the baseline questionnaire but not the online system itself—observing users navigating the orientation and the online questionnaire, and fielding their questions might have alerted us sooner to the limitations of these instruments.) We also would have piloted the materials in one site for a few months, to further refine them and decide earlier on broader modifications. To compensate for the lack of a feedback loop, we would have built in a procedure for follow-up when application materials were unclear or eligibility determinations were on the fence.

Any workforce agencies looking to replicate SET or implement a SET-like program may also want to consider these steps, in addition to piloting in-person orientation and application processes, if resources allow. AJC customers may appreciate and benefit from being able to ask questions of workforce staff and having individualized assistance while filling out a program application; such assistance for customers may result in fewer ineligible applications or determinations that need more information to be processed.

Providing ongoing training and technical assistance to ensure successful implementation

SET design

In order to assess the feasibility and impacts of the SET model, we needed our service providers to implement it with fidelity—meaning that the model should be implemented in the same manner with all participants, across all sites. This ensures that the results across sites are comparable, and that we test the program as it was intended to be implemented.

We trained providers on the program model before implementation began and delivered ongoing technical assistance to encourage fidelity. To help providers understand our expectations for implementing SET, we conducted an initial, scripted training to deliver a consistent message and overall guidance in how they should implement the model. The training took a full day and was conducted in-person so that study team staff could best answer any questions and clarify concerns.

We also designed and made available an online SET MIS to refer participants to providers, track participant progress, and process seed capital microgrant applications. The study team monitored the SET MIS and also held monthly check-in calls with providers to oversee ongoing implementation and provide guidance and assistance as needed.

At least once in each site, we also conducted site visits to review participant records and explore providers' understanding and implementation of the model. Taking these steps helped to clarify the SET model for providers, and for the most part, helped the study team identify and resolve challenges before they grew to be problematic.

Implementation realities

- **Providers found most features of SET easy to administer.** In the survey that we administered to provider staff, those who responded generally said that the key elements of SET were easy to implement, with some exceptions. Two provider staff each said that monthly follow-up and quarterly reassessments with participants were difficult to implement. For some program features, several respondents (3–4) said it was "neither easy nor difficult" to implement (see Appendix E, Part I, for more details).

- **Providers found the participant-tracking SET MIS to be lacking.** The most common need for technical assistance that providers cited was support using a web-based SharePoint site as the program's SET MIS. Staff from 9 of our 11 service providers found it challenging to use SharePoint for SET MIS data entry, calling it "clunky," "confusing," or "not user-friendly." In particular, the system did not facilitate case management. Staff said it was difficult to track information about their SET participants using the SharePoint site and to identify next steps, to the point where SET advisors at six different service providers created alternative methods (typically, an Excel spreadsheet) to track participant information in lieu of using SharePoint. Several providers also complained about needing to do duplicate data entry, both in SET's MIS and in their own reporting systems, because SET participants were often co-enrolled in other provider services and reporting criteria were not aligned.

- **Conducting regular monitoring meetings and spot checks to detect declines in the quality of program delivery proved important.** In providing technical assistance to the service providers and to encourage program fidelity, the study team found it useful to structure the monthly check-in calls to ask about specific participants. This allowed study team staff to monitor SET advisors' familiarity with their assigned participants. The study team did not notify the SET advisors in advance about which participants would be discussed; using data from the SET MIS, we attempted to select participants that were more and less engaged in the program, and had varying levels of success with regard to meeting business development milestones. These conversations allowed us to gauge performance more accurately and identify staff training (or retraining) needs, given staff turnover; the conversations also gave provider staff a forum for asking us for clarifications and technical assistance.

Lessons learned

Our training and ongoing technical assistance for service providers, as well as our monitoring processes, helped us identify some key lessons learned that may be applicable to other pilot programs seeking to encourage and achieve program fidelity.

Tips

Conduct multiple site visits, if feasible

Conduct spot checks in addition to monitoring the MIS

Optimize MIS to be able to quickly review service delivery, or program a monthly report for this purpose

More support for providers could have enhanced the ease of pilot implementation. In several cases, provider staff responding to our provider survey said that some element of SET was very beneficial for participants but either not easy or difficult to implement, including the monthly follow-up meetings and work-search waivers (see Appendix E, Part I, for more details). Responses were evenly spread across the elements we asked about, indicating that different providers may need support in different areas.

Providers found features that they did not routinely offer beneficial but not easy to implement. All providers found group training—offered by most providers as part of their usual services—both beneficial and easy to implement. One-on one technical assistance, on the other hand—a feature that is not readily available through the self-employment infrastructure for beginning entrepreneurs—was the element most frequently selected as being very beneficial but not easy to implement. In particular, provider staff reported that participants struggled with sales generation and development of financial projections for their business plans, and the providers found it challenging to provide assistance in these areas. Intake, monthly follow-ups, and quarterly reassessments each elicited two or three such responses (out of nine providers), indicating that providers may need help carrying out case management activities (see Chapter V).

Providing additional assistance to providers around these high-benefit services and supports may be important. These responses suggest that more support for providers would facilitate program elements that greatly benefit participants. Furthermore, one-third of the providers labeled the facilitation of microgrants and work-search waivers as very beneficial but not easy to implement, suggesting that providers may need support carrying out less familiar procedures or interacting with outside agencies.

In-person site visits shed the most light on insufficient implementation. When we spoke face-to-face with service provider staff, we were best able to decipher what aspects of the program were not being implemented as they should be, and we attempted to resolve those problems both in person and on the spot as well as through follow-up discussions. Phone conversations were a useful supplement to this in-person monitoring, as were regular reviews of service receipt data in the MIS. By asking about specific participants without forewarning the SET advisors about which participants would be discussed, the monthly check-in calls also helped us understand how familiar providers were with their participants and how well they were meeting participant needs.

Limitations of the MIS constrained not only data entry but also service delivery. A considerable challenge for both providers and the study team staff monitoring them was using the MIS tool for tracking service receipt data. The MIS was burdensome for providers and insufficient for both providers and the study team staff for tracking case management needs. Because the MIS was not optimized for case management and was not programmed to automatically compile data reports, it was difficult for the study team to efficiently track fidelity to the model. The MIS should have been customized to case management needs by facilitating tracking of individual participants over time. This would have allowed the provider and study team staff to understand, at a glance, which participants had been followed up with and when. A database that allows a case record view, for example, would be advantageous for programs like SET. Similarly, automated data reports that pulled and compiled implementation data per provider would have been helpful for the study team. (Members of the study team designed and started using such a report during the program period, but with only about a year left in the implementation period.)

What we would have done had we not been operating as a pilot

If we had not been under pilot study and resource constraints, we would have made several time and resource investments to improve provision of technical assistance and monitor provider implementation. Developing, field testing, and refining an MIS that facilitated case management tracking and included dashboards for data-driven decision making would have been invaluable. We would have provided on-site technical assistance and dedicated more resources to supporting service provision. For example, study team members could have traveled to sites once a month or as frequently as needed to observe program operations and provide troubleshooting support in person. We could have also conducted in-person spot checks (or unannounced visits) and made additional program observations to better understand the quality of services being delivered. With additional resources and time, we also would have facilitated communication between providers—through a virtual or in-person meeting, for example—so they could support each other during implementation and build off one another's knowledge and experiences.

Workforce agencies interested in implementing a program like SET could take these steps and additional ones to encourage collaboration between workforce staff and external providers. For example, group meetings could help facilitate communication between workforce and provider staff, enabling each group to understand what the other does and how they help, or could help, workforce customers. To facilitate data collection and reporting, workforce agencies may also want to share performance benchmarks with external providers and have provider staff record data in the same MIS that the workforce system uses. If workforce agencies want

to provide microgrants or work-search waivers to participants in a program like SET, they may consider partnering closely with providers to ease implementation; in the case of administering waivers, they may also want to collaborate closely with state UI staff to make sure that criteria for getting and maintaining waivers are easily understood by providers and participants and are applied consistently.

Utilizing performance-based incentives to encourage model fidelity

SET design

Mathematica designed its contractual relationship with service providers to encourage fidelity in SET model delivery. When designing the payment structure to compensate providers, we recognized that higher payments could create incentives to distort behavior to receive payment for milestones. We designed our payment scheme with this challenge in mind.

Providers received a mix of up-front and pay-for-performance payments. Providers could get up to $825 per referred participant:

- An initial commitment payment of $100
- An intake payment of $400, which was intended to cover the initial assessment, service planning, and ongoing service delivery
- Up to three engagement payments of $75 each for conducting quarterly reassessments and delivering services in each month of the preceding quarter
- A milestone payment of $100 for each participant who completed a business plan
- A termination payment of $25 per participant who left the program early (to encourage providers to formally close out participants who were no longer actively engaging with the program; this payment did not count toward the maximum $825 per participant)

We expected providers to leverage their existing programs and funding to cover at least some of the business development services for SET participants. Staged payments were designed to encourage monthly reporting on participants' engagement with the program and on services received. They were also tied to performance and the timely provision of monitoring data. We left it to the discretion of provider staff to determine whether a business plan could be considered complete; we did not provide standardized guidance on how to assess a complete business plan.

Implementation realities

- **Providers did not find the compensation for services delivered to SET participants adequate.** On a provider survey conducted at the end of program implementation, only two of nine provider staff said that the payment structure for SET was about sufficient for covering the costs of service provision (see Appendix E, Part I).
- **Providers instead recommended payments of $1,000 to $4,500 per participant.** Of the seven provider staff indicating that the payment structure was not at all sufficient, five offered a specific per-participant amount that they felt was appropriate: $1,000, $1,500, $1,800, $2,500, and $4,500. (The $1,800 recommendation assumed a fee of $50 per hour and 36 hours for participants completing the full 12 months of the program; other figures were not accompanied by rationales).
- **Provider concerns may be driven by lower-than-anticipated payments for SET participants.** Though providers could have received up to $825 per participant, they actually received an average of only $522 per participant (63 percent of the maximum amount) because of participant

failure to meet milestones and engage in the program for the full 12 months. Overall, the average length that SET participants stayed in the program was 7.4 months. This implies that providers should have been paid, on average, $509 (out of $825)—close to the average of $522 that they were actually paid.

- **The payment structure appeared to have contributed to provider frustrations.** In particular, SET advisors questioned the usefulness of reassessments, which we had conceived as key to ensuring ongoing service provision. Moreover, aligning a payment with the completion of one milestone (a business plan) may have had an unanticipated effect on service provision in some cases; judging from provider feedback and observations by study team members, some providers may have approved low-quality business plans, perhaps to receive the associated payment or to enable a participant's access to the seed capital microgrant.

Lessons learned

Our SET payment scheme may shed light on how other pilot programs could structure compensation for fidelity and service provision.

Tips

Set up a stage-based payment structure to encourage providers to repeatedly engage with participants

Ensure that the stages align with participant needs and implementation realities

Front-load the total amount of payment and account for drop-off

Accommodate and make exceptions by providing additional resources, as needed

It was important to front-load payments so that providers could afford to implement the model, but, to encourage providers' ongoing engagement with participants, it was also important to make later payments contingent on services provided. In contrast, under GATE I, providers were paid up front on the basis of the number of participants served, regardless of the number of hours of rendered services or the length that participants engaged; these providers ended up having early termination rates.

The reassessment component of case management did not work as expected, making it a poor benchmark for payments that led to the underpayment of providers. As discussed in Chapter IV, only 22 percent of participants, on average, had all of the required reassessments, which implies that providers did not get paid for the majority of possible reassessments. Providers shared that some of the guidance that might have been given during reassessments occurred instead during monthly follow-up meetings. Aligning payments with monthly follow-up meetings may have been a better approach to fairly compensate providers for assistance that they indeed seemed to be providing, though not during a reassessment meeting.

Other pilots may want to avoid aligning payments with milestone achievements that are subjective. In the case of SET, some providers appeared to approve business plans that should not have been approved, resulting in a perhaps unmerited provider payment and in a participant's eligibility for the microgrant. Such approvals seemed to be isolated incidents, and we took corrective action against those providers and SET advisors by providing targeted technical assistance, meeting with the SET advisor's manager to report the incidents, and, in two instances, ending our relationships with the providers before the end of the implementation period.

Finally, the total compensation offered may not have been sufficient, according to provider feedback. This was especially true under extenuating circumstances, such as sharp increases in enrollment. In such cases, we made exceptions by awarding additional resources for administrative support. Incorporating flexibility into the payment scheme allowed us to retain the services of our providers and compensate them fairly for the extra administrative work that came with unexpected and increased enrollment.

What we would have done had we not been operating as a pilot

If we had not been under pilot study and resource constraints, we may have been able to increase our total payment amount. As a comparison point, in administering the SEA program, Rhode Island paid one of its partners a flat, up-front fee of $1,000 per participant for business start-up training that lasted nine weeks (Weigensberg et al. 2017; for more information about the SEA program, see Chapter I). We could have also reimbursed providers for each rendered service, but constraints on study team time made this infeasible. A monthly service provision payment might also have been preferable—monthly payments would have offered more regular compensation directly in response to services provided. Workforce agencies interested in implementing a program like SET may also want to consider these different payment structures (per month or per service rendered) or to align payment structures with those already used with other vendors for ease of implementation.

This page has been left blank for double-sided copying

VII. Lessons Learned

Designing and administering the SET program has yielded some implementation lessons that may be useful for policymakers, funders, and practitioners who seek to assist unemployed workers get back to work through self-employment. Our experiences designing and implementing a new pilot program in a changing context also yield insights that may be relevant for any agency interested in innovating new approaches while leveraging an existing system.

Lessons learned about self-employment

SET was designed and planned over two years, and SET services were delivered over the span of almost four years. The study team learned some important lessons during that time.

Delivering an intensive and individualized bundle of self-employment supports is feasible. SET sought to deliver a case management model that was intensive, with at least monthly one-on-one contact between those being served and their main point of contact, their SET advisor. The program was not intended to be a one-size-fits-all model; rather, it was supposed to be tailored to fit people's individual business development needs. According to our findings on implementation fidelity, most of our providers were able to provide this model fairly reliably. This is important to note in the context of increasing the role of self-employment under WIOA. While we specifically sought and selected providers that we believed would have the capacity to implement this intensive, individualized model, it is possible that this model could be applied by any microenterprise service provider with sufficient capacity to deliver one-on-one case management services, given proper training and resources, including materials about business development assistance and case management techniques.

The SET model can be delivered by leveraging the existing workforce and microenterprise service provider infrastructure. SET was advertised largely through existing workforce and state UI mechanisms, namely, through in-person outreach in AJCs and mass outreach facilitated through UI communications channels. At the same time, eight of our eleven providers were affiliated with the SBA either as SBDCs or WBCs; these providers leveraged SBA funding to serve SET participants. This two-pronged model of outreach and service delivery shows that a program like SET can be facilitated through an existing infrastructure. It is worth noting that when recruiting partners and monitoring sites, we observed a lot of variation in performance among SBA-funded providers, so careful vetting and selection of partners and intensive monitoring may still be necessary.

More resources also may be necessary. We learned that our compensation scheme was not sufficient to deliver such a model, from the perspective of providers, and that current levels of SBA funding do not support tailored or intensive one-on-one services. Once implementation got under way, we received feedback from provider staff indicating that the costs of intensive follow-up were not covered by the benchmarked payments they received. Provider staff may not have estimated the costs of follow-up accurately before the implementation began, when they agreed to provide services. Additional funding may therefore be necessary to support such a model if it is carried out in the existing system. Without a cost study component, we cannot reliably

recommend a range of funding needed to support a program like SET, but feedback from providers indicated the amount should range from $1,000 to $4,500 per participant.

Intensive support to implementing partners will most likely be necessary, especially up front. We found it valuable to provide intensive technical assistance to both workforce and state UI agency staff who were advertising SET, as well as to our providers executing the SET model. Implementing a program like SET within the context of WIOA would quite likely require additional staffing and technological resources and support to bring the intake and referral procedures in house to the workforce system, as well as processes to monitor program providers. With training, staff who interact with workforce system customers can be educated about the potential benefits of self-employment and trained to monitor the performance of local microenterprise service providers, and those providers can be trained to deliver a one-on-one model tailoring assistance to these customers.

A diverse and varied group of individuals may be interested in—and stand to benefit from—services like SET. SET attracted a study sample of people with a wide range of backgrounds and business interests. It attracted applicants in both a large metropolitan region, as well in smaller ones. Along with a substantial number of UI claimants, our study sample included several groups of interest to DOL, such as veterans and their family members and workers with disabilities. The composition of our study sample demonstrates that the prospect of starting a business as a way to become reemployed, and the offer of self-employment assistance, is attractive to a range of people who may interact with the workforce or UI systems.

Improvements in program design are certainly warranted. We designed SET on the basis of literature on self-employment assistance and supports as well as discussions with microenterprise service providers around the country. However, as our findings on service delivery and implementation fidelity show, improvements to the design are warranted:

- Although the one-on-one support was mostly valued by participants and provider staff alike, it may be advantageous to strike a better balance between follow-up on the part of the provider and responsiveness from participants: providers should not feel as though they are hounding participants, and participants should demonstrate sufficient commitment to starting their business. One potential model could tailor follow-up to participant needs instead of using an absolute benchmark, but this concept may need to be piloted and tested.
- The concept of quarterly reassessments may not be as useful as monthly follow-ups. In the context of starting a business, when circumstances can change quickly, intensive and regular monthly follow-up may better fit participants' needs.
- In terms of monetary supports, we may not have adequately reimbursed providers for the intensive service delivery expected under the SET model, and the amount of the seed capital microgrant may need to be reconsidered (the amount may need to be increased or even delivered in staggered amounts, upon participants' meeting different milestones).

Lessons learned about starting a new program

Adopting a user perspective is critical for the service offering and for program processes. When designing recruitment and application materials for SET, we relied mostly on partner feedback instead of user feedback. Although partner feedback gave us important insights, it could have been helpful to gather both types of perspectives, because we received feedback about the materials after potential applicants saw them, and it was not feedback we had heard beforehand. Had we gotten that feedback earlier, it may have helped ensure the program was attractive and the offerings and eligibility criteria were clear to the target population. Piloting our materials more extensively through focus groups, user testing, and observations would have been ideal.

Building in time for a full-fledged trial run in one or two sites may have helped improve the program design. It would have been advantageous to pilot SET before implementing the program at full scale. Of course, such a full-fledged pilot would have called for more resources and time. A pilot would have allowed us to identify and fix any small technological and logistical bugs, and would have given us a better idea of our intake rates. Because we had an early influx of applicants, we did not accurately gauge the attractiveness of SET at a more steady state, after the initial flood of interest in a brand-new program had dissipated. It also took us several months to figure out what parts of the recruitment and application process were leading to drop out among potential applicants, which parts were confusing applicants, and what was attracting those who were not eligible for the program. A pilot would have allowed us to revise our procedures and materials before broadening a more refined program to all sites, allowing us to more efficiently bring in eligible applicants.

Program monitoring that draws on a mix of data is important in determining program fidelity. Getting monitoring systems right can be hard, but it is well worth the effort. For SET, we relied on a SharePoint MIS that was suboptimal for meeting the needs of our providers and the study team. A system that aligned better with the need to monitor both participant engagement (for providers) and implementation fidelity (for the study team) may have streamlined service provision for participants and the technical assistance and support given to providers. For example, being able to better filter or view data, adding reminders for required future events, and organizing the SET MIS by participant could have improved the user experience. On-site assistance may also be integral. The study team was best able to gauge performance and troubleshoot when talking to providers face-to-face. We did attempt to substitute on-site assistance with regular telephone calls between the study team and providers, but it would have been ideal to visit providers regularly in person to assess how well they were implementing the SET model.

The scale of program operations and rate of participant flow can affect performance. In the last six months of program implementation, we experienced an influx of participants in one site. Although our study team was encouraged by this level of interest in the program, we did not have the capacity to immediately enroll and serve the number of participants who applied for SET and were found eligible. We had to make adjustments, such as delaying assignment for some participants and having providers hold group orientations to reduce the time it took to conduct in-person intake meetings. We were able to be flexible to accommodate as many participants as possible, but we still saw fidelity ratings decline in this site simply

because the providers could not accommodate this large influx and simultaneously adhere to SET's intensive, tailored approach. In another context, once demand exceeded supply so dramatically, we may have been able to bring on more providers or even help existing providers hire several additional staff.

Changes in context continually pose challenges and offer opportunities. Ongoing dialogue with site partners enabled us to detect, manage, and leverage these challenges and opportunities accordingly. For example, we would not have been able to leverage improvements in robocall and mass email technology in one site if we had not been in frequent communication with state UI staff. Developing long-term relationships with different types of implementing partner staff was also valuable: at the outset of SET, workforce staff did not know much about self-employment assistance or its potential benefits, so we had to actively communicate this information to encourage them to promote SET to their customers. Moreover, being sensitive and responsive to the real or perceived burden partners experience is important. Our study team took on intake and random assignment procedures because these steps would pose a burden to already overextended workforce system partners.

What's next?

Given the economic shocks of the last decade and the challenges to come as thousands of workers continue to struggle to find stable, productive jobs that match their skills and work experience, options for reemploying these workers are critically important. In the face of these challenges, this study tested a model of reemployment through self-employment among a varied group of workers from four diverse metropolitan areas. This study provides important implementation findings, but there is much more that will be gained from the final impact study.

Although we know that it is feasible to deliver intensive, tailored microenterprise development services to people interested in self-employment, the impact study will provide causal evidence on whether SET succeeds in improving the economic outcomes of dislocated workers who want to start businesses in their fields of expertise. Measuring the impact of SET on self-employment is an important goal because the program seeks to facilitate business start-up and persistence, as well as employment in any type of job and total earnings: all of these outcomes will capture SET's overall success at helping participants become reemployed, which is DOL's major objective for the pilot program.

Understanding these impact estimates will help answer the question of whether a program like SET could be useful to a broader group of people, and whether it could be integrated into existing workforce processes and systems. Further areas of study may include connecting a program like SET to the SEA program, or offering a SET-like model, along with work-search waivers, on a more experimental basis in non-SEA states. Targeting different population types—for instance, dropping the criterion that participants must have experience in their business idea, or targeting veterans or workers with disabilities—might also be an option for testing a similar case management model.

References

Amin, Samia, Irma Perez-Johnson, and Mary Anne Anderson. "Procedures Manual for the Self-Employment Training Demonstration." Final report submitted to the U.S. Department of Labor, Employment and Training Administration. Princeton, NJ: Mathematica Policy Research, April 2013.

Amin, Samia, Caroline Massad Francis, and Irma Perez-Johnson, "Case Management for Self-Employment Success: Emerging Lessons from the Self-Employment Training Program." Washington, DC: Mathematica Policy Research, June 2016.

Anderson, A. R., S. L. Jack, and S. D. Dodd. "The Role of Family Members in Entrepreneurial Networks: Beyond the Boundaries of the Family Firm." *Family Business Review*, vol. 18, no. 2, June 2005, pp. 135–154.

Anderson, Mary Anne, Samia Amin, Irma Perez-Johnson, and Caroline Massad Francis. "What Does $1,000 in Seed Capital Buy? Emerging Lessons from the SET Program's Offer of Microgrants for Business Start-Ups." SET Demonstration Implementation Brief. Princeton, NJ: Mathematica Policy Research, June 2016.

Ariely, D., and K. Wertenbroch. "Procrastination, Deadlines, and Performance: Self-Control by Precommitment." *Psychological Science*, vol. 13, no. 3, 2002, pp. 219–224.

Aspen Institute. "FIELD Trendlines Series: U.S. Microenterprise Census Highlights, FY2012." Available at http://fieldus.org/Publications/CensusHighlightsFY2012.pdf. Accessed April 5, 2017.

Aspen Institute. "U.S. Microenterprise Census Highlights, FY2014." Washington, DC: FIELD at the Aspen Institute, 2015. Available at http://fieldus.org/Publications/CensusHighlightsFY2014.pdf. Accessed March 18, 2017.

Banerjee, A. V. "A Simple Model of Herd Behavior." *Quarterly Journal of Economics*, vol. 107, no. 3, August 1992, pp. 797–817.

Banerjee, A. V., and S. Mullainathan. "Limited Attention and Income Distribution." *American Economic Review,* vol. 98, no. 2, May 2008, pp. 489–493.

Bellotti, Jeanne, Sheena McConnell, and Jacob Benus. "Growing America Through Entrepreneurship: Interim Report." Interim report submitted to the U.S. Department of Labor, Employment and Training Administration. Columbia, MD: IMPAQ International, August 2006.

Benus, Jacob, Sheena M. McConnell, Jeanne M. Bellotti, Theodore Shen, Kenneth N. Fortson, and Daver Kahvecioglu. "Growing America Through Entrepreneurship: Findings from the Evaluation of Project GATE." Final report submitted to the U.S. Department of Labor, Employment and Training Administration. Columbia, MD: IMPAQ International, LLC, May 2008.

Benus, Jacob M., Terry R. Johnson, Michele Wood, Neelima Grover, and Theodore Shen. "Self-Employment Programs: A New Reemployment Strategy: Final Report on the UI Self-Employment Demonstration." Unemployment Insurance Occasional Paper 95-4. Washington, DC: U.S. Department of Labor, Employment and Training Administration, 1995.

Benus, J., T. Shen, S. Zhang, M. Chan, and B. Hansen. *Growing America Through Entrepreneurship: Final Evaluation of Project GATE.* Columbia, MD: IMPAQ International, December 2009.

Bettinger, E. P., B. T. Long, P. Oreopoulos, and L. Sanbonmatsu. "The Role of Simplification and Information in College Decisions: Results from the H&R Block FAFSA Experiment." NBER Working Paper 15361. Cambridge, MA: National Bureau of Economic Research, 2009.

Bhargava, S., and D. Manoli. (2015). "Psychological Frictions and the Incomplete Take-up of Social Benefits: Evidence from an IRS Field Experiment." *American Economic Review,* vol. 105, no. 11, 2015, pp. 3489–3529.

Blunt, A. K., and T. A. Pychyl. "Task Aversiveness and Procrastination: A Multi-Dimensional Approach to Task Aversiveness Across Stages of Personal Projects." *Personality and Individual Differences*, vol. 28, no. 1, January 2000, pp. 153–167.

Bosma, Niels, Mirjam van Praag, Roy Thurik, and Gerrit de Wit. "The Value of Human and Social Capital Investments for the Business Performance of Start-ups." Amsterdam, The Netherlands: Tinbergen Institute Discussion Paper, 2004. Available at http://papers.tinbergen.nl/02027.pdf. Accessed September 29, 2015.

Brand, Jennie E. "The Far-Reaching Impact of Job Loss and Unemployment." *Annual Review of Sociology,* vol. 41, no. 1, 2015. Available at https://www.ncbi.nlm.nih.gov/pmc/articles/PMC4553243/. Accessed April 5, 2017.

Brandstatter, H. "Personality Aspects of Entrepreneurship: A Look at Five Meta-Analyses." Personality and Individual Differences, vol. 51, 2011, pp. 222–230.

Brüderl, J., and P. Preisendörfer. "Network Support and the Success of Newly Founded Businesses." Small Business Economics, vol. 10, no. 3, May 1998, pp. 213–225.

Bureau of Labor Statistics, U.S. Department of Labor. "BLS Data Finder 0.9." March 28, 2016. Available at https://beta.bls.gov/dataQuery/find?st=0&r=20&fq=survey:%5bla%5d&more=0. Accessed April 7, 2017.

———. "Issues in Labor Statistics (March)." Summary 10-04. Washington, DC: U.S. Department of Labor, March 2010.

———. "The Employment Situation—October 2009." Washington, DC: U.S. Bureau of Labor Statistics, October 2009. Available at https://www.bls.gov/news.release/archives/empsit_11062009.pdf. Accessed April 7, 2017.

———. "The Employment Situation—January 2017." Washington, DC: U.S. Bureau of Labor Statistics, February 2017. Available at https://www.bls.gov/news.release/archives/empsit_02032017.pdf. Accessed March 5, 2017.

Caliendo, M., F. Fossen, and A. Kritikos. "Personality Characteristics and the Decision to Become and Stay Self-Employed." DIW Berlin Discussion Paper 1113. Berlin, Germany: German Institute for Economic Research, March 2011.Darling, Matthew, Jaclyn Lefkowitz, Samia Amin, Irma Perez-Johnson, Greg Chojnacki, and Mikia Manley. "Practitioner's Playbook: Applying Behavioral Insights to Labor Programs." Washington, DC: Mathematica Policy Research, April 2017.

Davis, S., M. Michaelides, E. Poe-Yamagata, A. Davis. "Evaluation of the GATE II Grants: Is Self-Employment Training Effective for Rural and Older Dislocated Workers?" Columbia, MD: IMPAQ International, 2013.

Delmar, F., and S. Shane. "Does Experience Matter? The Effect of Founding Team Experience on the Survival and Sales of Newly Founded Ventures." *Strategic Organization*, vol. 4, no. 3, 2006, pp. 215–247.

Duflo, E., and E. Saez. "The Role of Information and Social Interactions in Retirement Plan Decisions: Evidence from a Randomized Experiment." *Quarterly Journal of Economics*, vol. 118, no. 3, August 2003, pp. 815–842.

Dunn, T., and Holtz-Eakin, D. "Financial Capital, Human Capital, and the Transition to Self-Employment: Evidence from Intergenerational Links." NBER Working Paper 5622. Cambridge, MA: National Bureau of Economic Research, June 1996.

Dymond, S., and B. Roche. "A Contemporary Behavior Analysis of Anxiety and Avoidance." *Behavior Analyst*, vol. 32, no. 1, spring 2009, pp. 7–27.

Edgcomb, Elaine, and William Girardo. "The State of Business Development Services." FIELD at the Aspen Institute, 2012. Available at http://fieldus.org/Publications/StateofBDS.pdf. Accessed April 5, 2017.

Ellsberg, D. "Risk, Ambiguity, and the Savage Axioms." *Quarterly Journal of Economics*, vol. 75, no. 4, November 1961, pp. 643–669.

Fairlie, R., and B. Meyer. "Ethnic and Racial Self-Employment Differences and Possible Explanations." *Journal of Human Resources,* vol. 31, no. 4, autumn 1996, pp. 757–793.

Goldstein, N. J., R. B. Cialdini, and V. Griskevicius. "A Room with a Viewpoint: Using Social Norms to Motivate Environmental Conservation in Hotels." *Journal of Consumer Research*, vol. 35, no. 3, October 2008, pp. 472–482.

Gosling, S., P. Rentfrow, and W. Swann. "A Very Brief Measure of the Big-Five Personality Domains." *Journal of Research in Personality,* vol. 37, no. 6, 2003, pp. 504–528.

Harada, N. "Who Succeeds as an Entrepreneur? An Analysis of the Post-Entry Performance of New Firms in Japan." *Japan and the World Economy,* vol. 15, no. 2, April 2003, pp. 211–222.

Hershfield, H. E., D. G. Goldstein, W. F. Sharpe, J. Fox, L. Yeykelis, L. L. Carstenses, and J. N. Bailenson. "Increasing Saving Behavior Through Age-Progressed Renderings of the Future Self." *Journal of Marketing Research*, vol. 48, November 2011, pp. S23–S37.

Hipple, Steven, and Laurel Hammond. "Self-Employment in the United States." Washington, DC: Bureau of Labor Statistics, U.S. Department of Labor, March 2016.

Hout, M., and H. Rosen. "Self-Employment, Family Background, and Race." *Journal of Human Resources,* vol. 35, no. 4, autumn 2000, pp. 670–692.

Hout, M. "More Universalism, Less Structural Mobility: The American Occupational Structure in the 1980s." *American Journal of Sociology,* vol. 93, no. 6, May 1988, pp. 1358–1400.

Hout, M. "Status, Autonomy, and Training in Occupational Mobility." *American Journal of Sociology,* vol. 89, no. 6, May 1984, pp. 1979–1409.

Iyengar, S. S., and E. Kamenica. "Choice Overload and Simplicity Seeking." Working Paper 87. Chicago: University of Chicago Graduate School of Business, May 2016.

Kahneman, D., J. L. Knetsch, and R. H. Thaler. "Anomalies: The Endowment Effect, Loss Aversion, and Status Quo Bias." *Journal of Economic Perspectives*, vol. 5, no. 1, 1991, pp. 193–206.

Karlan, D., M. McConnell, S. Mullainathan, and J. Zinman. "Getting to the Top of Mind: How Reminders Increase Saving." NBER Working Paper 16205. Cambridge, MA: National Bureau of Economic Research, July 2010.

Lee, D., and E. Tsang. "The Effects of Entrepreneurial Personality, Background and Network Activities on Venture Growth." *Journal of Management Studies,* vol. 38, no. 4, June 2001, pp. 583–601.

Lentz, B., and D. Laband. "Entrepreneurial Success and Occupational Inheritance Among Proprietors." *Canadian Journal of Economics,* vol. 23, no. 3, August 1990, pp. 563–579.

Loscocco, K., J. Robinson, R. Hall, and J. Allen. "Gender and Small Business Success: An Inquiry into Women's Relative Disadvantage." *Social Forces,* vol. 70, no. 1, September 1991, pp. 65–85.

Lumpkin, J. "Validity of a Brief Locus of Control Scale for Survey Research." *Psychological Reports*, vol. 57, no. 2, 1985, pp. 655–659.

Madrian, B., and D. Shea. "The Power of Suggestion: Inertia in 401(k) Participation and Savings Behavior." *Quarterly Journal of Economics*, vol. 116, no. 4, November 2001, pp. 1149–1187.

Massad Francis, Caroline, Irma Perez-Johnson, Samia Amin, and Mary Anne Anderson. "The Characteristics and Motivations of Participants in the Self-Employment Training Demonstration." Washington, DC: Mathematica Policy Research, June 2016.

Millán, J., E. Congregado, and C. Román. "Determinants of Self-Employment Dynamics and their Implications on Entrepreneurial Policy Effectiveness." *Lecturas de Economía,* vol. 72, no. 1, January–June 2010, pp. 45–76.

Nieb, C., and T. Biemann. "The Role of Risk Propensity in Predicting Self-Employment." *Journal of Applied Psychology*, vol. 99, no. 5, September 2014, pp. 1000–1009.

Owens, K., J. Kirwan, J. Lounsbury, J. Levy, and L. Gibson. "Personality Correlates of Self-Employed Small Business Owners' Success." *Work*, vol. 45, no. 1, 2013, pp. 73-85.

Posey, Kirby. "Household Income: 2015." American Community Survey Brief. Washington, DC: U.S. Census Bureau, September 2016.

Reize, F. "Leaving Unemployment for Self-Employment: A Discrete Duration Analysis of Determinants and Stability of Self-Employment among Former Unemployed." ZEW Discussion Paper 00-26. Mannheim, Germany: Centre for European Economic Research, July 2000.

Schmidt, M., and J. Kolodinsky. "Microenterprise Development Program Success: A Path Analysis of Factors That Lead to and Mediate Client Success." *Journal of Developmental Entrepreneurship,* vol. 12, no. 1, 2007, pp. 47–69.

Schreiner, Mark, and Gary Woller. "Microenterprise Development Programs in the United States and in the Developing World." *World Development,* vol. 31, no. 9, 2003, pp. 1567–1580.

Stevenson, H., and D. Gumpert. "The Heart of Entrepreneurship." *Harvard Business Review,* March–April 1985, pp. 85–94.

Sullivan, Robert. "Entrepreneurial Learning and Mentoring." *International Journal of Entrepreneurial Behavior & Research,* vol. 6, no. 3, 2000, pp. 160–175.

Tversky, A., and E. Shafir. "Choice Under Conflict: The Dynamics of Deferred Decision." *Psychological Science*, vol. 3, no. 6, November 1992, pp. 358–361.

U.S. Census Bureau. "Household Income: Selected Characteristics of Household, by Total Money Income in 2015." Current Population Survey, 2016 Annual Social and Economic Supplement. Washington, DC: U.S. Census Bureau, 2016.

U.S. Department of Labor. "Unemployment Insurance Data Summary, Fourth Quarter 2013." Available at https://oui.doleta.gov/unemploy/content/data_stats/datasum13/DataSum_2013_4.pdf. Accessed March 21, 2017.

U.S. Small Business Administration. "Impact Study of Entrepreneurial Dynamics: Office of Entrepreneurial Development Resource Partners' Face-to-Face Counseling." Contract SBAHQ09C004B. Washington, DC: U.S. Small Business Administration, September 2013.

Van Hooft, E. A. J., M. P. Born, T. W Taris, H. van der Flier, and R. W. B. Blonk. "Bridging the Gap Between Intentions and Behavior: Implementation Intentions, Action Control, and Procrastination." *Journal of Vocational Behavior*, vol. 66, no. 2, April 2005, pp. 238–256.

van Praag, C. Mirjam. "Business Survival and Success of Young Small Business Owners." Amsterdam, The Netherlands: Tinbergen Institute Discussion Paper, 2003. Available at http://papers.tinbergen.nl/03050.pdf. Accessed September 29, 2015.

Weigensberg, E., K. Needels, A. Gould-Werth, A. Patnaik, and J. Lee. "A Study of the Self-Employment Assistance Program: Helping Unemployed Workers Pursue Self-Employment." Final Report Submitted to the Chief Evaluation Office, U.S. Department of Labor. Princeton, NJ: Mathematica Policy Research, January 11, 2017.

Wolff, A. M., S. A. Taylor, and J. F. McCabe. "Using Checklists and Reminders in Clinical Pathways to Improve Hospital Inpatient Care." *Medical Journal of Australia*, vol. 181, no. 8, October 2004, pp. 428–431.

Zhao, H., S. Seibert, and G. T. Lumpkin. "The Relationship of Personality to Entrepreneurial Intentions and Performance: A Meta-Analytic Review." *Journal of Management,* vol. 36, no. 2, March 2010, pp. 381–404.

www.mathematica-mpr.com

Improving public well-being by conducting high quality, objective research and data collection

PRINCETON, NJ ■ ANN ARBOR, MI ■ CAMBRIDGE, MA ■ CHICAGO, IL ■ OAKLAND, CA ■ TUCSON, AZ ■ WASHINGTON, DC ■ WOODLAWN, MD

MATHEMATICA
Policy Research