

## **Project GATE II Frequently Asked Questions**

### **1. What is Project GATE Stage II?**

The Minnesota Department of Employment & Economic Development (DEED) was awarded a \$2 million federal demonstration grant to serve entrepreneurs which supplements the federal Dislocated Worker program. The project is called Project GATE Stage II (PG2) after a pilot project Minnesota operated several years ago called Growing America Through Entrepreneurship (GATE) which also provided training and consulting to aspiring entrepreneurs. The major differences between the first stage and this grant is that Project GATE Stage II must serve federal Dislocated Workers that are 50 years of age or older with an interest in business ownership through self-employment.

### **2. What services does it provide?**

Project GATE Stage II (PG2) provides a wide range of services to its customers; taking them from individual assessment and development, to concept feasibility, to successfully launching a new business. Some services may vary depending on the readiness of the individual customer, but most customers will experience a common service pattern. The typical sequence will be: intake, pre-assessment, orientation seminar, full business readiness assessment, consultant services, training, business plan creation, and engagement with financial assistance. After this sequence, the customer should be 'business ready' for a successful start.

For more detail on this sequence, see question eight below and the customer process graphic.

### **3. What services does it not provide?**

Project GATE Stage II will not provide grants or loans to aspiring entrepreneurs or existing business owners. Business consultants can assist customers in identification of possible capital resources, assist in the development of lender required loan documentation, and help facilitate contact with organizations that provide capital. The intent of Project GATE II is to successfully prepare qualified program participants for business ownership through training and consulting.

### **4. Whom does it serve?**

This grant will serve federal Dislocated Workers who are 50 years of age or older and express an interest in business ownership through self-employment.

### **5. Why are we focusing on this population?**

This grant is from the U.S. Department of Labor's Employment & Training Administration, as part of their activities under the Workforce Investment Act. The request for proposals that resulted in this grant specified federal Dislocated Worker customers as the target population. Therefore, all customers must be federal Dislocated Workers.

Since a demonstration grant generally cannot scale to all potential customers statewide, the federal agency requested proposals which focused on one of two populations: adults of any age in rural areas only; or all geographic areas (urban and rural) with an age restriction (50+ years old). Because Minnesota had already participated in the initial pilot with geographic restrictions (i.e. the pilot Project GATE), DEED staff felt that it was best to attempt to reach all regions of the state with this demonstration project.

It is possible that upon completion of the three-year grant, Minnesota's independent efforts to bolster entrepreneurship will remove some of these restrictions and find a way to serve a broader demographic. Doing this would likely require some changes to state legislation.

**6. When can customers begin receiving services?**

Project GATE II will launch on January 1, 2009. Even so, dislocated workers may still receive services and entrepreneurship-related training through existing Dislocated Worker program funds. Customers who are interested in participating in Project GATE II should be enrolled in the federal Dislocated Worker program to prepare them for enrollment in Project GATE II when it becomes available. The program period will extend for two and a half years, unless the Department of Labor's Employment & Training Administration allows an extension (which is not yet determined).

**7. Where will it be available?**

Customers will engage the program by coming into or calling one of the nearly fifty WorkForce Centers across the state of Minnesota. Once the customer is determined to be eligible for the federal dislocated worker program, and meets the other eligibility criteria, he/she can start receiving initial services. Initial services will be delivered by counselors at the WorkForce Centers. The business consulting and training services that follow will take place at any one of a number of program partners. Those partners will be determined through an RFP process and may include: Small Business Development Centers, postsecondary education institutions, and/or independent non-profit organizations that work with entrepreneurs.

**8. How will customers receive services?**

Customers will receive services from two distinct but integrated systems: the Workforce Center system, and the network of business consultants overseen by the Office of Entrepreneurship and Small Business Development (OESBD).

The initial services to customers—intake, pre-assessment, and orientation seminars—will take place at Workforce Centers. This is for the sake of customer convenience: as federal Dislocated Worker participants, they are already going to this location. The orientation seminars will be delivered by Workforce Center staff or by business consultants operating under this grant. This connection will help customers easily transition from introduction to training and consulting service providers.

Most of the latter, more intensive steps of the program take place at OESBD-contracted partner service locations, including local Small Business Development Centers or other independent organization. The business consultant will help the customer identify training needs, authorize appropriate training for the customer (which may be at a different organization, e.g. a community college), help that customer generate a strong business plan, and link that customer to financial assistance (which again, may be at a different organization).

For more detail on this process, see the customer process graphic.

**9. How will providers receive funds?**

DEED will directly contract with two entities: the Workforce Service Areas (WSAs) that currently operate its federal dislocated worker program and the Office of Entrepreneurship and Small Business Development (OESBD). (See the reporting structure document for further detail.) The WSAs will be responsible for eligibility determination, enrollment, a pre-

assessment, and for hosting the program orientation to be provided by business consultants at a Workforce Center. The OESBD will be responsible for subcontracting for the training and consulting services that will help these federal dislocated workers successfully prepare and start their own business.

The total grant is for \$2 million over two and a half years. WSAs will receive 25 percent of the contractual funding, or roughly \$480,000 over two and a half years. The OESBD will receive 75 percent of the funding, or roughly \$1,440,000 over two and a half years. The OESBD will initiate an RFP process to select vendors that will supply the training and consulting components of the program.

The State will operate with 4 percent administration or \$80,000 for the life of the grant. WSAs will be allowed 4 percent in administration spending. All other administrative spending is the responsibility of the partner organization(s).

#### **10. How will we track customer progress?**

WSAs will track customers through the existing system it uses at its WorkForce Centers, WorkForce One (WF1). All federal Dislocated Workers are already tracked through WF1 so it is the natural vehicle for customer tracking. WSA counselors will be responsible for determining and tracking program eligibility, enrollment, activities, outcomes, and follow-up through WF1. Once the customer migrates from the initial services into the training and consulting services, business consultants and WSA counselors will be expected to communicate about the customer's progress. OESBD contracting partners will be expected to track customer progress and services delivered through the system designated by the OESBD. OESBD will make appropriate activity reports available.

#### **11. How will we track program outcomes and what standards will we apply?**

Since Project GATE Stage II is federally-funded, we will be tracking the Workforce Investment Act (WIA) common measures which include: entered employment (did the customer exit to a job), employment retention (did the customer keep that job for six months after exit), and average earnings (how much did the customer make for the two quarters after exit).

These three federal measures will be tracked at the statewide level. In other words, Project GATE II participant outcomes will be extracted from each WSA's federal Dislocated Worker performance. Minnesota has submitted a waiver to the federal government requesting that: 1. Project GATE II customer common measure outcomes be extracted from its overall federal Dislocated Worker outcomes and 2. training may be given by providers that are not WIA-certified (a requirement that exists in the federal Dislocated Worker program).

The Office of Entrepreneurship and Small Business Development will also be tracking three key performance measures: number of business starts, number of those businesses operating after one year, and number of those businesses operating after two years. Other economic impact measures will also be collected, including wealth and job generation by customer businesses.

DEED will report all program outcomes to the U.S. Department of Labor.

#### **12. Will Project GATE II customers still be eligible to receive Unemployment Insurance benefits?**

Minnesota passed legislation which made Project GATE I participants eligible to receive Unemployment Insurance benefits while in the program, up to the maximum allowable weeks. We are confident that this legislation was one of the biggest contributing factors to the first Project GATE's success so we are seeking similar legislation for Project GATE II participants. It will be submitted as part of DEED's legislative package and we will know the outcome by the end of this legislative session, which begins on January 6, 2009 and is set to conclude in May.

Currently, Unemployment Insurance recipients who are in training remain eligible for benefits and are exempt from the job search requirement. To preserve this for Project GATE II to participants, we will be classifying those that choose to stay in the program beyond the orientation as in training and consulting.