

*"The overall experience in the SEA Program was phenomenal. The instructors and staff at WORC along with the individual counseling sessions in legal, accounting and marketing allowed me to run a successful staffing business. Today, Around The Clock Staffing employs over 100 contracted employees."*

*- Joan Babbitt, Owner*



## **WORC's Self-Employment Assistance Program helps generate businesses, jobs, tax revenues**

The Self-Employment Assistance Program provides business training, counseling, and the continuation of unemployment compensation benefits to qualified dislocated workers whose focus is on starting a business. The program operates throughout the Commonwealth of Pennsylvania and is administered by the Department of Labor and Industry. The program was first developed from the North American Free Trade Agreement (NAFTA) in late 1993. Women's Opportunities Resource Center (WORC) has been providing this program to the Philadelphia metropolitan area since it was officially established in Pennsylvania in 1997.

The following statistics are based upon interviews of clients served by Women's Opportunities Resource Center (WORC) in FY2006.<sup>1</sup> The interviews were conducted in 2008, and asked SEA clients about their experiences in 2007. Ninety-seven (97) of the 144 clients served in 2006 were interviewed, a response rate of 67%.

### **Summary Results**

- In 2007, 73% of SEA participants were running businesses. Half reported opening their businesses within 2 months of receiving services. Most (90%) of those in business were still in business when follow-up surveys were conducted in July 2008.
- Full-time, full-year businesses had median revenues of \$45,000 in 2007.<sup>2</sup> Business owners reported median total earnings, which includes income from the business and employment wages, of \$26,200 in 2007.
- About one in five of the businesses started by SEA clients provided additional employment beyond owner. These businesses generated an additional 35 jobs.
- In total, the businesses responding to this survey generated a little over \$4 million in revenues in 2007. These businesses generated \$240,555 in sales tax revenues in 2007.<sup>3</sup>

<sup>1</sup> The interviews were conducted using MicroTest tools and protocols. MicroTest, the industry standard for data collection in the U.S. microenterprise development industry, is a program of The Aspen Institute.

<sup>2</sup> N = 37

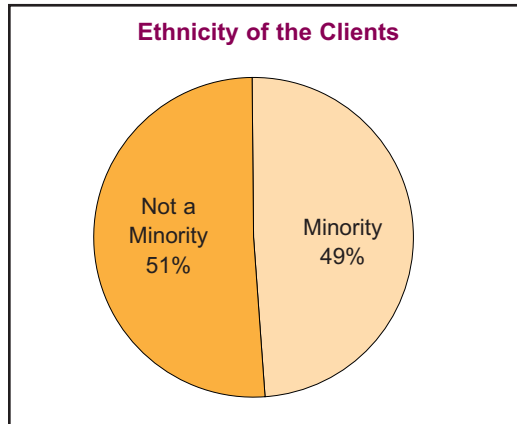
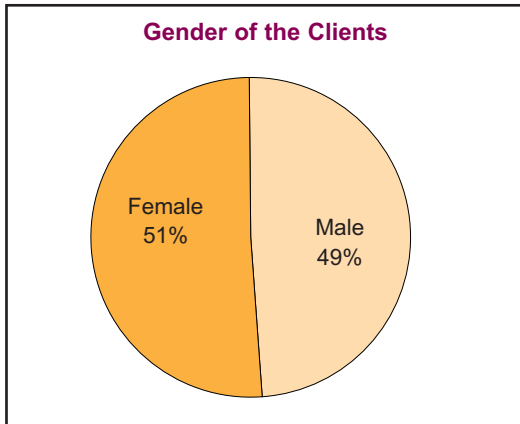
<sup>3</sup> A total of 59 out of 71 SEA businesses reported their revenues in 2007. Out of these, 4 businesses are not included in tax calculations because they are exempt from sales tax. Taxes are calculated by applying 7% tax rate on businesses that operated in Philadelphia area (4) and 6% tax rate on the rest of the businesses (51).

## SEA Participants

Of the SEA clients receiving services in 2006, 50% were women and 49% were minorities.<sup>4</sup> All were unemployed when they entered the program.

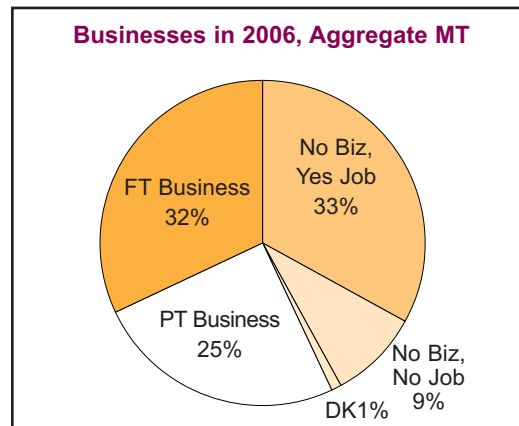
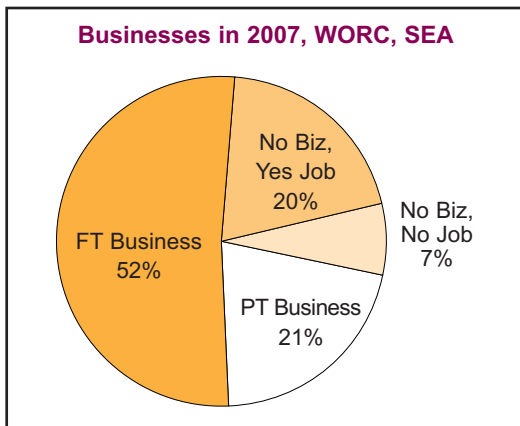
All of the clients received business training and technical assistance, and 5% received business loans of less than \$35,000 from WORC.

Three-quarters expected income from their business to be important in supporting their households, and about 13% anticipated that income from their business would supplement a job. One-third felt that employment was not available to them. Nearly all (95%) of surveyed clients reported being mostly or completely satisfied with the services they received from WORC.



## SEA Participant Businesses

Approximately one year after receiving services, 73% of the SEA clients were operating a business.<sup>5</sup> The rate of business starts is higher than averages for the industry (57% per MicroTest statistics). Most (51) business owners reported spending full-time at their business, and 20 spent part-time. Half reported opening their business within 2 months of receiving program services. About one-third (35%) of clients reported working a job in addition to their business.



While the SEA clients opened a variety of business types, the largest group (31% of all businesses) was in Professional, Scientific, and Technical Services.<sup>6</sup> Businesses in this category provided accounting, marketing, business consulting, and legal services. Other top business categories included Other Services (chef, computer repair), Health (optometry, non-profit art therapy, daycare), Administrative (virtual administrative assistant, travel assistance), and Manufacturing (goat

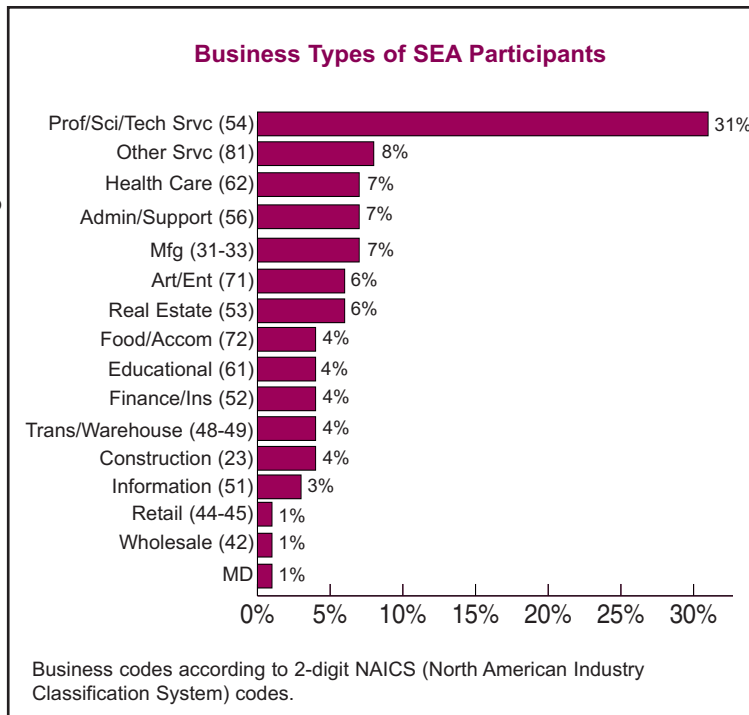
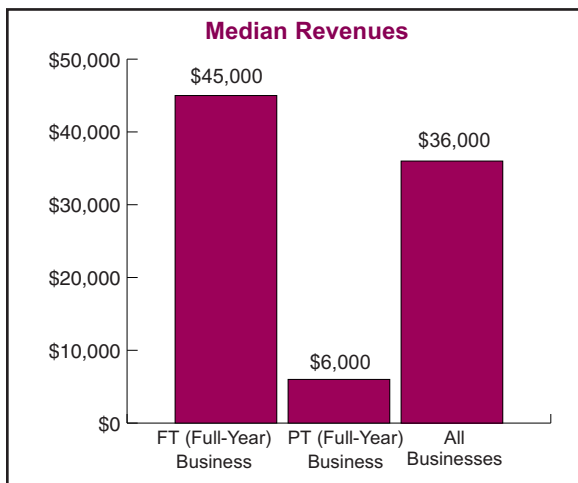
<sup>4</sup> Minorities include all non-white populations.

<sup>5</sup> A client has started a business if they have sales, or have taken steps to formalize a business.

<sup>6</sup> These categories are based on the North American Industrial Classification System (NAICS).

milk gelato, canvas products, metal fabrication). Most of the SEA participants used the skills that they'd honed in their previous jobs, bringing up to 40 years of professional experience to their businesses.

Full-time (full-year) business revenues ranged from \$4,000 to \$460,000 in 2007, with a median of \$45,000. Part-time (full-year) business revenues ranged from \$200 to \$37,000, with a median of \$6,000.



### Money Mailer of Delaware County

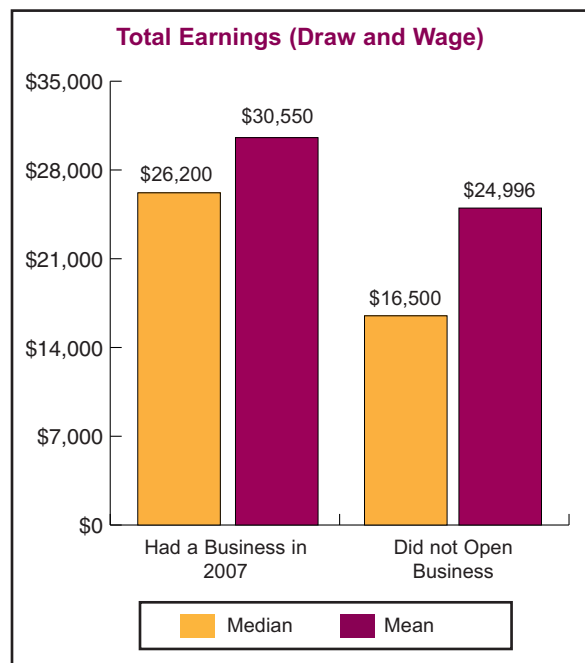
**Thomas Bird was Manager of Information Systems at Lenape Forge when the company suddenly closed. It forced him to review his options. "I felt like a kid trying to figure out what I wanted to do with my life," said Mr. Bird. Drawing on his business experience and some research understanding the needs of small manufacturers, Mr. Bird started a direct mail marketing company. He achieved \$300,000 in sales his first year, and has so far exceeded expectations in 2008. SEA services were critical to his success. "I use the management tips and advice I learned at WORC everyday in running my business."**

### Household Earnings

Two-thirds (66%) of business owners reported drawing a financial return from their business in 2007 that was used for household expenses. For full-time (full-year) business owners, the median owner's draw was \$20,000, and ranged from \$0 to \$80,000. For part-time (full-year) business owners, the median owner's draw was \$0. Part-time draw ranged from \$0 to \$26,000.

Median total earnings for business owners, which includes income from both the business and supplementary employment, were \$26,200. The median earnings of those that did not start a business were \$16,500.

Of those that did not open a business, 73% were employed in 2007. The median annual earnings of those that were employed but did not start a business were \$29,500.



Most (82%) of the SEA participants reported health care insurance in 2007. This is higher than the 68% reported in the 2007 national survey asking about 2006 experiences.<sup>7</sup> Health insurance coverage was not statistically different for those who did not start a business (85%) than for those who did start businesses (80%). Few (4%) reported receiving health care insurance through their business. More than half (53%) reported health care coverage through their job or their spouse's job.

### Returns to the Community

All of the SEA clients were receiving unemployment compensation when they entered the program. Program services in FY2006 were approximately \$2,850 per client enrolled.

In most (73%) cases, SEA clients are pursuing self-employment. In addition, about one in five of the businesses started by SEA clients provided additional employment beyond the owner. These businesses generated an additional 35 jobs. Three-quarters of those jobs were part-time.

In total, the businesses responding to this survey generated a little over \$4 million in revenues in 2007. These businesses generated an estimated \$240,555 in sales tax revenues in 2007.<sup>8</sup> This works out to approximately \$4,374 in sales tax per business in 2007.

Economic Impact	
Total Business Revenues	\$4,043,774
Calculated PA Sales Tax	\$240,555

### Pieces of the Puzzle Learning Care Center, Inc.

“All children have the capacity to be productive, well-rounded, compassionate individuals,” says Shasia Willis, President of the Pieces of the Puzzle Learning Center, Inc., in North Central Philadelphia. Undeterred when cut-backs at her prior employer caused her to lose her job, Shasia considered her options. Since joining the SEA Program at WORC, she has been patiently building her business - developing a business plan, getting the required permits and licenses, renovating a commercial space - and providing needed services to the community. In order to assist adults in the community, she plans to offer Adult Basic Education/GED instruction, parenting classes, and employment training at the center in the future. “I couldn't have done it without WORC. The business plan assistance, in particular, was in-depth and very helpful. I was better prepared for my business.”



<sup>7</sup> MicroTest Outcomes Aggregate Report, 2007 Data Collection.

<sup>8</sup> A total of 59 out of 71 SEA businesses reported their revenues in 2007. Out of these, 4 businesses are not included in tax calculations because they are exempt from sales tax. Taxes are calculated by applying 7% tax rate on businesses that operated in Philadelphia area (4) and 6% tax rate on the rest of the businesses (51).

### Women's Opportunities Resource Center (WORC)

2010 Chestnut Street  
 Philadelphia, PA 19103  
 Phone: (215) 564-5500  
 Fax: (215) 564-0933  
 E-mail: [info@worc-pa.com](mailto:info@worc-pa.com)  
 Web site: [www.worc-pa.com](http://www.worc-pa.com)

For additional information about MicroTest see: [www.microtest.org](http://www.microtest.org)