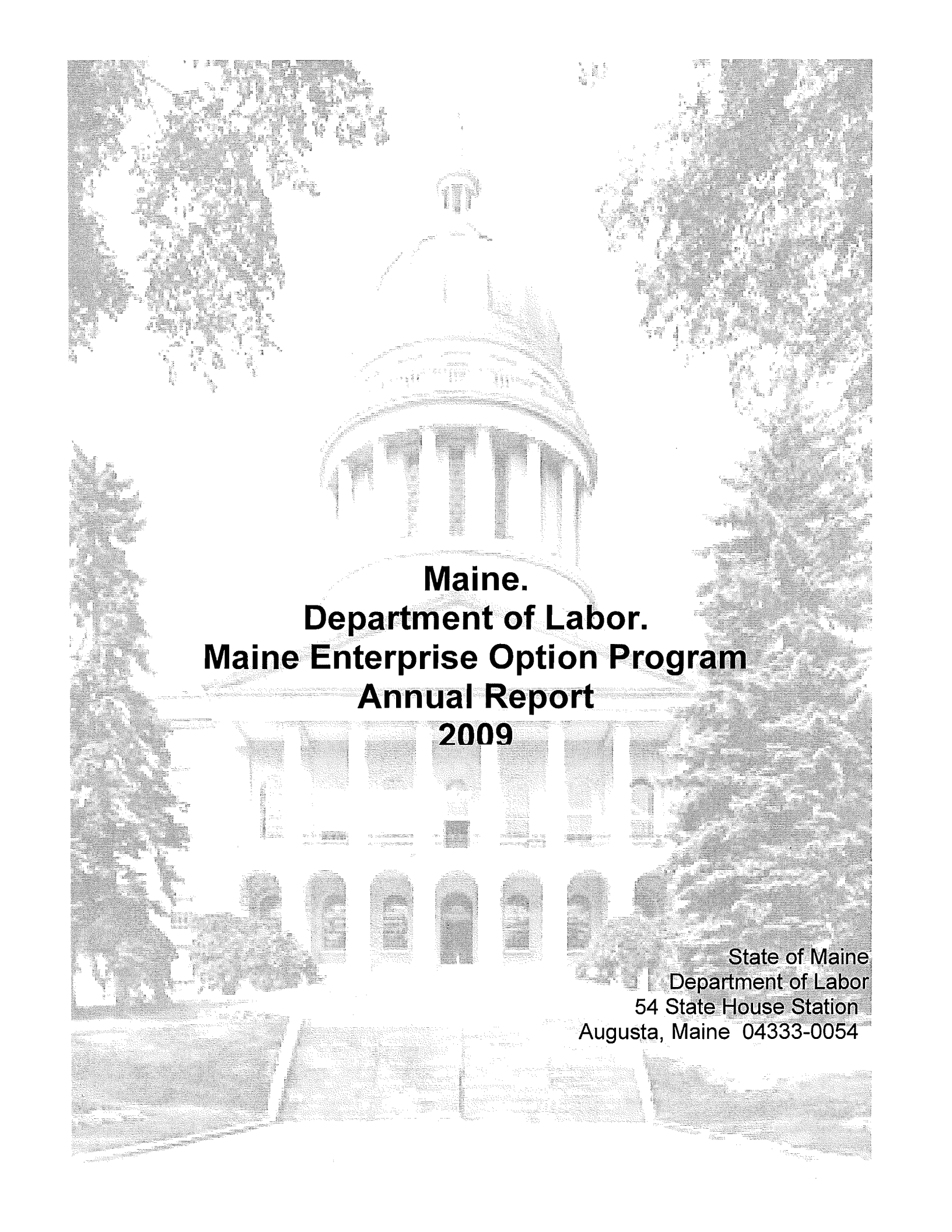


# MAINE STATE LEGISLATURE

The following document is provided by the  
**LAW AND LEGISLATIVE DIGITAL LIBRARY**  
at the Maine State Law and Legislative Reference Library  
<http://legislature.maine.gov/lawlib>



Reproduced from scanned originals with text recognition applied  
(searchable text may contain some errors and/or omissions)



**Maine.  
Department of Labor.  
Maine Enterprise Option Program  
Annual Report  
2009**

State of Maine  
Department of Labor  
54 State House Station  
Augusta, Maine 04333-0054





JOHN ELIAS BALDACCI  
GOVERNOR

STATE OF MAINE  
DEPARTMENT OF LABOR  
54 STATE HOUSE STATION  
AUGUSTA, MAINE  
04333-0054

LAW & LEGISLATIVE  
REFERENCE LIBRARY  
13 STATE HOUSE STATION  
AUGUSTA, ME 04333

LAURA A. FORTMAN  
COMMISSIONER

March 11, 2010

The Honorable Troy D. Jackson, Senate Chair  
The Honorable John L. Tuttle, Jr., House Chair  
Members of the Joint Standing Committee on Labor  
124<sup>th</sup> Maine State Legislature  
100 State House Station  
Augusta, ME 04333-0100

Dear Senator Jackson, Representative Tuttle and Members of the Joint Standing Committee on Labor:

Enclosed is the 2009 Maine Enterprise Option (MEO) Report as required by Title 26, M.R.S.A., §1197.

Any questions regarding this report may be addressed to Eloise Vitelli, Director of Program and Policy Development at the Maine Centers for Women, Work and Community, at 621-3432, or Laura Boyett, Director, Bureau of Unemployment Compensation, at 621-5156.

Sincerely,

Laura A. Fortman  
Commissioner

LAF/lm

enc.

cc: Eloise Vitelli  
Laura Boyett

**MAY 12 2010**

PHONE: (207) 623-7900

TTY: 1-800-794-1110  
E-MAIL: Laura.A.Fortman@maine.gov

FAX: (207) 287-5292

The Maine Department of Labor provides equal opportunity in programs, services and employment.



Maine Enterprise Option Program (MEO)  
 Annual Report for 2009 to the Joint Standing Committee on Labor of the  
 124th Maine Legislature  
 March 5, 2010

An annual report of activities under the self-employment assistance program for 2009 is respectfully submitted herewith in accordance with Title 26, M.R.S.A. §1197.

The MEO provides eligible unemployment insurance recipients the option of collecting self-employment assistance allowance at the same level as regular unemployment insurance benefits while developing a small business. To be eligible to apply for self-employment assistance benefits under MEO an individual claimant must be profiled as “likely to exhaust.” The self-employment assistance opportunity was made possible by passage in Congress of the North American Free Trade Agreement (NAFTA) in December, 1993 and by Maine statute enacted in April, 1994. On October 28, 1998, President Clinton signed the bill (H.R. 4558), which removed the sunset provision for self-employment assistance programs.

The first eligible unemployment compensation recipients were notified of the availability of the self-employment option in October 1995. The following summarizes the program's operation for the past six years.

Program Component	PY 2009	PY 2008	PY 2007	PY 2006	PY 2005	PY 2004	Total since program start
Eligible UI recipients	<b>10,585</b>	8,367	7,704	7,956	10,369	15,746	<b>93582</b>
Applicants	<b>401</b>	333	367	435	588	629	<b>4026</b>
Accepted into Program	<b>168</b>	134	201	255	346	492	<b>2350</b>
Appeals of Denial	<b>55</b>	41	7	42	40	41	<b>368</b>

Program Overview

New, initial UI claimants found eligible by the MEO profiling screen are mailed a notice of the opportunity to apply for acceptance into the self-employment program. Profiling is a statistical method for “predicting” those most likely to exhaust their benefits and is required by the U.S. Department of Labor to ensure no additional costs accrue to the unemployment trust fund.

Applications are filed through a local CareerCenter office and forwarded to the Review Board for approval. Applicants are notified by mail if they have been accepted into the program or not. Denials may be appealed first to the Review Board. This year, seven appeals went the next step to a formal hearing through the Administrative Appeals Division. In addition, the Review Board reversed its earlier decision on two occasions: in one instance, the profile was recalculated and found to meet the score cut-off; in the second instance, a late application resulted from staff scheduling error not through action on the applicant's part. The vast majority of informal appeals are the result of a low score, followed by insufficient weeks of

benefits remaining (18 weeks are required), and/or late filing of application (60 days after initial claim is filed).

The profiling score is reviewed from time to time to ensure that the criteria is at an appropriate level in relation to the model exhaustion rate, that is, the rate that best protects the cost neutrality of the program. The profiling cur-off score for eligibility was revised upward in July 2005 to a score of 28 from 23.

Staff training was held in December, 2009 for local CareerCenter and UI staff assigned to the MEO program. The training provided a review of the program requirements, procedures and policies. The dramatic increase in the number of individuals filing for unemployment assistance during the first part of this year and increased staff pressure contributed to some degree of stress within the UI system, causing some delays in processing MEO applications. Federal law does not provide for a self-employment assistance benefit under the extended or other special benefit programs. Only regular unemployment insurance benefit recipients are eligible for MEO.

Project GATE (Growing America Through Entrepreneurship), an experimental research demonstration of which Maine was a partner, has recently published a final report which indicates that services provided under GATE had a greater impact on UI recipients than non recipients in terms of business ownership. The full report may be found at: <http://www.dolleta.gov/reports/>.

#### Demographic information about those accepted into MEO during 2009

- Gender – 96 were males and 72 were females
- Race – 121 were white, 47 were Other.
- Education – 65 had high school degrees or below; 48 had certificate, associate degrees or some college; 30 had attained college degrees and 25 had advanced degrees or were working towards advanced degrees.
- Age – The majority of participants (98) were forty-five and over, including 16 individuals over the age of 60; while 49 were between the ages of 35 – 44 and 21 were between the ages of 24 – 34.
- Occupational Background – Participants' previous occupations included: Professional and Related - 38; Management, Business and Financial - 42; Production – 17; Sales and Related occupations - 10; Service occupations – 12; Office and Administrative Support – 21; Construction and Extraction - 7; Installation, Maintenance and Repair - 16; and Transportation and Material Moving - 5.
- The participant level from each county is as follows:

Androscoggin	12	Somerset	6
Aroostook	5	Waldo	9
Cumberland	47	Washington	4
Hancock	11	York	20
Keenebec	16	Franklin	5
Knox	8	Oxford	5
Penobscot	16	Sagadahoc	4
Piscataquis	0		

The types of business proposed include a wide array of service, product and retail ventures including: education and counseling; business services such as web page design, internet brokerage, secretarial, marketing and communications, graphic design, bookkeeping, courier/delivery and engineering services; retail businesses include restaurants, used clothing and furnishings, equipment sales, art gallery; product related ventures include ventilated shelving, fishing rod building and repair, wood canoes, wooden storm windows, jewelry and crafts, cheese-making and wholesale seafood; tourist related businesses include bed and breakfast, ecotourism services, travel agent, entertainment company. Other business proposals include: equestrian center, horse stable, pet kennel, small engine repair, home modeling, title searches and environmental compliance sampling.

Overall, the demographics of MEO participants have remained relatively constant over the fifteen years of program operation; perhaps reflective of Maine's aging population, older workers (45 and older) continue to be in the majority. This past year did see more male MEO participants than female, reflective of the general trends in unemployment during this recession.

The occupational backgrounds have shifted slightly from year to year with most coming from professional and managerial fields, with others from administrative, production, and service fields. Most applicants propose businesses in industry areas where they have significant work experience, although others venture into areas that have been avocations or side interests. Particularly for those applicants who are older, have less than a college education, yet who have significant work experience and industry knowledge, starting their own business can present a viable economic opportunity.

#### Services Provided

MEO participants are required to attend an *Introduction to Small Business Seminar*, meet at least two times with a qualified business counselor, and participate in an approved training program. In addition, they are required to report on their weekly claim form forty hours of activities related to developing and implementing their business idea, and to provide a midpoint progress report. A detailed weekly MEO claim form and other information about the program are available on-line through the Department of Labor website.

During program year 2009 (January – December) the Maine Small Business Development Centers (SBDC) provided 638 hours of one-on-one counseling to 140 MEO participants and 45 three-hour *Introduction to Small Business Seminars* throughout the state attended by 500 individuals. The SBDC on-line *Introduction to Self-employment* workshop reached 415 individuals during 2009 while 1900 individuals enrolled in all of the on-line courses. The CareerCenters encourage MEO participants to participate in the on-line introductory class prior to meeting with the business counselor. Individuals who successfully complete the class receive a certificate. Both live and on-line workshops are open to the public and are attended by non-MEO clients as well. The seminars address the following topics:

1. Developing a Business Mind Set – personal qualities required for business, personal financial requirements, setting long and short term business goals
2. Forms of Business Organization – sole proprietorship, partnership, corporation
3. Overview and review of the Business Plan – contents and purpose
4. Resources and Information on getting started – next steps.



In addition, participants in MEO are provided with a copy of a *Step By Step Business Plan Workbook* upon acceptance into the program. Participants may select from the list of approved training programs and/or use the [www.mainebusinessworks.org](http://www.mainebusinessworks.org) website to locate training specific to their needs. On-line training is accessible at [www.maine-sbdc.org](http://www.maine-sbdc.org).

CareerCenter staff provide an initial orientation to MEO as well as follow-up services to program participants as needed.

#### Program Costs

As required under state and federal laws, no additional costs have accrued to Maine's unemployment trust fund as a result of the MEO program. Expenses for coordinating and providing the required training and technical assistance during program year 2009 were as follows:

<u>Category</u>	<u>Expense</u>	<u>Source of Funds</u>
Assistance, coordination	\$8,000	Wagner-Peyser Funds
Counseling and Technical Assistance	\$16,175.67	Special Administrative Expense Fund

In addition, the SBDC provided \$49,086 of in-kind services to MEO participants. In-kind services include the introductory seminars and counseling over and above the required two sessions.

The Maine Small Business Development Centers, a statewide network of business information, counseling and financing service providers, is working under a contract with the Maine Department of Labor (MDOL) to provide technical assistance and counseling to MEO participants on a priority basis. Maine Centers for Women, Work, and Community has a contract with MDOL to provide coordination and technical assistance services to the program.

This Report prepared by

Eloise Vitelli  
Director, Program and Policy Development  
Maine Centers for Women, Work, and Community  
46 University Drive  
Augusta, Me 04330-9410

Phone (207) 621-3432  
Fax (207) 621-3429  
E-mail [evitelli@maine.edu](mailto:evitelli@maine.edu)

In consultation with and on behalf of  
The Maine Department of Labor

March 5, 2010



Program Component	PY 2009	PY 2008	PY 2007	PY 2006	PY 2005	PY 2004	PY 2003	PY 2002	PY 2001	PY 2000	PY 99	PY 98	PY 97	PY 96	PY 95 (3 mos.)	Total
Eligible UI Applicants	10,585	8,367	7,704	7,956	10,369	15,746	10,235	5,292	5,908	4,588	3,572	3,639	4,144	2,475	706	93,500
Accepted into Program	401	333	367	435	588	629	354	293	205	148	109	139	168	177	47	4,020
Appeals of Final	168	134	201	252	346	492	201	115	113	98	58	99	101	129	44	2,350
	55	41	7	42	40	41	33	34	25	12	15	6	9	12	3	360