

California Needs a Self-employment Assistance Program

California has a persistent, long-term unemployment problem.

- The percent of long-term unemployed (jobless for 27 weeks or more) as a share of total unemployed in California rose from 19.9% in December 2005 to 44.5% in December 2010.

Increase in long-term unemployment has hit all demographic groups in California, but some populations experience more long-term unemployment, including minorities, older workers, educated workers (these categories overlap).

Population	% long-term unemployed Dec05	% long-term unemployed Dec10
African American	25.4%	53.7%
Asian	26.0%	53.6%
Workers 55-64	25.5%	56.5%
Finance workers		57.5%

- Those with a bachelor degree or higher are less likely to lose their job, but once they do, 47.9% are unemployed longer than 26 weeks.

Existing companies are not creating enough jobs. Self-employment must be part of any economic recovery plan for California.

- Self-employment is a labor market trend; self-employment was more than 25% of wage and salary employment in 2009.
- Pre-2000, self-employment grew at an average of 1.4% a year; post-2000, self-employment grew at an average of 3.5% a year and is projected to grow at a rate of 7.2% in the next five years.
- Microentrepreneurs that have gone through training programs and receive business technical assistance from CAMEO members have an 80%

success rate (versus the 50-80% failure rate of small businesses that don't seek help.)

- These micro-business owners also create on average two jobs in addition to their own, over a three-five year period. CAMEO's experience is supported by Aspen Institute.

California has the opportunity to apply for \$5.3 million from the U.S. Dept. of Labor to initiate, administer, and market a SEA program to help the unemployed who can start their own businesses.

- It is estimated by the U.S. Department of Labor (DOL) that 5% of the unemployed have entrepreneurial potential, meaning there are an estimated 100,000 people in California who could benefit from self-employment training offered through the 100 Micro Business Development and Small Business Development Centers throughout the state.
- Under a SEA program unemployed workers can maintain their unemployment insurance benefits while they start their own small businesses without having to look for other full-time work. Participants in a SEA program would engage in 'self-employment assistance activities' as defined by the EDD. These may include, but are not limited to, entrepreneurial training, business counseling, and business technical assistance.

The one positive thing legislators can do right now to create jobs through self-employment is to initiate a Self-Employment Assistance Program (SEA).