

# Turning unemployment into self-employment

Created on Thursday, 29 August 2013 01:00 | Written by [Bill MacKenzie](#)

<http://portlandtribune.com/bvt/16-opinion/160494-turning-unemployment-into-self-employment>

Ronald Reagan once wisecracked, “The nine most terrifying words in the English language are, ‘I’m from the government, and I’m here to help.’ ”

But sometimes the government gets it right.

Julie Thomas knows that. Thomas recalls with sadness when her beloved black lab, Barney, had cancer.

Wanting desperately to ease Barney’s pain, Thomas, an employee at Intel’s Hillsboro site, studied small animal massage and began treating her pet. When Thomas learned she was going to be let go by Intel, she decided to take a risk and change careers to work in canine water therapy.

But how could she get the business off the ground while unemployed? Oregon’s Self Employment Assistance Program (SEAP) came to her rescue.

The regular Unemployment Compensation (UC) program requires unemployed workers to be actively seeking work to get UC benefits. SEAP allows unemployed people to collect allowances equal to their benefits while devoting all their time to starting a business, rather than looking for another job.

The program was created in 1993 after passage of federal legislation championed by then Congressman Ron Wyden. SEAP is now active in seven states, including Oregon. In 2012, legislation sponsored by now Sen. Wyden provided for \$35 million in grants to states to improve administration and promotion of the program. With the economy still struggling, SEAP offers a lifeline to some entrepreneurs.

“It seemed a perfect fit for me,” Thomas said.

Thomas opened her business, Doggie Paddle, in Portland in October 2010. “I’m not making the money I made working in a corporation,” she said, “but I’m doing something with animals, something of service, something for which I have a passion.”

Thomas is just one of several thousand Oregonians who have taken advantage of SEAP, including 55 now enrolled from Washington County.

With SEAP support, Dave Crosswhite of Tigard started Oregon Backflow Testing, which tests backflow prevention devices that help to prevent hazardous materials from entering drinking water. SEAP “was a huge factor because it took the pressure off of needing to produce an income

right away and allowed me to focus on building the business and not having to job search in order to receive benefits,” Crosswhite said.

Glen Wagner and Steve Bauer signed up with SEAP after they both lost technology jobs. They decided to start a company called Open LORE in Beaverton that would deliver assistive technology to people having difficulty reading English, primarily those with dyslexia.

“Unfortunately, with multiple kids in college and still relatively young, at least at heart, we did not have the complete means to meet our family obligations and the capital expenses of starting a new technology business,” Wagner said. “With SEAP, we could put our heart and soul into the business.”

But SEAP is not without its weaknesses.

Key SEAP performance data is based only on surveys returned by program participants, but a lot of participants don’t return the surveys. For example, a recent Oregon survey sent out to 356 SEAP participants got only 78 replies, a 22 percent return.

So the state doesn’t know how many people sign up for SEAP, exhaust their benefits and end up with no business and no job. Some of those missing may be in worse shape than when they started.

Another glaring weakness is that success in Oregon hasn’t been determined on the basis of how many SEAP participants start and maintain a successful business. Rather, success has been judged by how well the state promotes SEAP and how much money is distributed to SEAP participants. Only government could think that way.

In addition, although SEAP requires that potential participants fill out an application that is scored to determine the feasibility of their proposed business, there’s no real follow-up. That means no assurance participants will take advantage of the array of support programs available to help grow and sustain a business. Failure may too often be the consequence.

Only about half of all new businesses survive five years or more and only about one-third survive 10 years or more. To improve their odds, SEAP-related businesses need continuing guidance. After all, although new businesses create new jobs, it’s only when they succeed and expand that real job growth occurs.

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