To provide for the availability of self-employment assistance to individuals receiving extended compensation or emergency unemployment compensation.

IN THE SENATE OF THE UNITED STATES

November 8, 2011

Mr. Wyden (for himself, Mr. Carper, and Mr. Casey) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To provide for the availability of self-employment assistance to individuals receiving extended compensation or emergency unemployment compensation.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the “Startup Technical Assistance for Reemployment Training and Unemployment Prevention Act” or the “STARTUP Act”.

SEC. 2. STATE ADMINISTRATION OF SELF-EMPLOYMENT ASSISTANCE PROGRAMS.

(a) AVAILABILITY FOR INDIVIDUALS RECEIVING EXTENDED COMPENSATION.—Title II of the Federal-State
Extended Unemployment Compensation Act of 1970 (26 U.S.C. 3304 note) is amended by inserting at the end the following new section:

“AUTHORITY TO CONDUCT SELF-EMPLOYMENT ASSISTANCE PROGRAMS

“Sec. 208. (a)(1) At the option of a State, for any weeks of unemployment beginning after the date of enactment of this section, the State agency of the State may establish a self-employment assistance program, as described in subsection (b), to provide for the payment of extended compensation as self-employment assistance allowances to individuals who would otherwise satisfy the eligibility criteria under this title.

“(2) Subject to paragraph (3), the self-employment assistance allowance described in paragraph (1) shall be paid to an eligible individual from such individual’s extended compensation account, as described in section 202(b), and the amount in such account shall be reduced accordingly.

“(3)(A) Subject to subparagraph (B), for purposes of self-employment assistance programs established under this section and section 4001(h) of the Supplemental Appropriations Act, 2008, an individual shall be provided with self-employment assistance allowances under such programs for a total of not greater than 26 weeks (referred to in this section as the ‘combined eligibility limit’).
“(B) For purposes of an individual who is participating in a self-employment assistance program established under this section and has not reached the combined eligibility limit as of the date on which such individual exhausts all rights to extended compensation under this title, the individual shall be eligible to receive self-employment assistance allowances under a self-employment assistance program established under section 4001(h) of the Supplemental Appropriations Act, 2008, until such individual has reached the combined eligibility limit, provided that the individual otherwise satisfies the eligibility criteria described under title IV of such Act.

“(b) For the purposes of this section, the term ‘self-employment assistance program’ means a program as defined under section 3306(t) of the Internal Revenue Code of 1986, except as follows:

“(1) all references to ‘regular unemployment compensation under the State law’ shall be deemed to refer instead to ‘extended compensation under title II of the Federal-State Extended Unemployment Compensation Act of 1970’;

“(2) paragraph (3)(B) shall not apply;

“(3) clause (i) of paragraph (3)(C) shall be deemed to state as follows:
“(i) include any entrepreneurial training that the State or non-profit organizations may provide in coordination with programs of training offered by the Small Business Administration, which may include business counseling, mentorship for participants, access to small business development resources, and technical assistance; and’;

“(4) the reference to ‘5 percent’ in paragraph (4) shall be deemed to refer instead to ‘1 percent’; and

“(5) paragraph (5) shall not apply.

“(c) In the case of an individual who is eligible to receive extended compensation under this title, such individual shall not receive self-employment assistance allowances under this section unless the State agency has a reasonable expectation that such individual will be entitled to at least 13 times the individual’s average weekly benefit amount of extended compensation and emergency unemployment compensation.

“(d)(1) An individual who is participating in a self-employment assistance program established under this section may elect to discontinue participation in such program at any time.
“(2) For purposes of an individual whose participation in a self-employment assistance program established under this section is terminated pursuant to subsection (a)(3) or who has discontinued participation in such program, if the individual continues to satisfy the eligibility requirements for extended compensation under this title, the individual shall receive extended compensation payments with respect to subsequent weeks of unemployment, to the extent that amounts remain in the account established for such individual under section 202(b).”.

(b) Availability for Individuals Receiving Emergency Unemployment Compensation.—Section 4001 of the Supplemental Appropriations Act, 2008 (Public Law 110–252; 26 U.S.C. 3304 note) is amended by inserting at the end the following new subsection:

“(h) Authority to Conduct Self-Employment Assistance Program.—

“(1) In general.—

“(A) Establishment.—Any agreement under subsection (a) may provide that the State agency of the State shall establish a self-employment assistance program, as described in paragraph (2), to provide for the payment of emergency unemployment compensation as self-employment assistance allowances to individuals
who would otherwise satisfy the eligibility criteria specified in subsection (b).

“(B) Payment of Allowances.—Subject to subparagraph (C), the self-employment assistance allowance described in subparagraph (A) shall be paid to an eligible individual from such individual’s emergency unemployment compensation account, as described in section 4002, and the amount in such account shall be reduced accordingly.

“(C) Limitation on Self-Employment Assistance for Individuals Receiving Extended Compensation and Emergency Unemployment Compensation.—

“(i) Combined Eligibility Limit.—

Subject to clause (ii), for purposes of self-employment assistance programs established under this subsection and section 208 of the Federal-State Extended Unemployment Compensation Act of 1970, an individual shall be provided with self-employment assistance allowances under such programs for a total of not greater than 26 weeks (referred to in this subsection as the ‘combined eligibility limit’).
“(ii) Carryover rule.—For purposes of an individual who is participating in a self-employment assistance program established under this subsection and has not reached the combined eligibility limit as of the date on which such individual exhausts all rights to extended compensation under this title, the individual shall be eligible to receive self-employment assistance allowances under a self-employment assistance program established under section 208 of the Federal-State Extended Unemployment Compensation Act of 1970 until such individual has reached the combined eligibility limit, provided that the individual otherwise satisfies the eligibility criteria described under title II of such Act.

“(2) Definition of ‘self-employment assistance program’.—For the purposes of this section, the term ‘self-employment assistance program’ means a program as defined under section 3306(t) of the Internal Revenue Code of 1986, except as follows:

“(A) all references to ‘regular unemployment compensation under the State law’ shall
be deemed to refer instead to ‘emergency unemploy-
ment compensation under title IV of the
Supplemental Appropriations Act, 2008’;

“(B) paragraph (3)(B) shall not apply;

“(C) clause (i) of paragraph (3)(C) shall
be deemed to state as follows:

‘‘(i) include any entrepreneurial
training that the State or non-profit orga-
nizations may provide in coordination with
programs of training offered by the Small
Business Administration, which may in-
clude business counseling, mentorship for
participants, access to small business de-
velopment resources, and technical assist-
ance; and’;

“(D) the reference to ‘5 percent’ in para-
graph (4) shall be deemed to refer instead to ‘1
percent’; and

“(E) paragraph (5) shall not apply.

“(3) AVAILABILITY OF SELF-EMPLOYMENT AS-
SISTANCE ALLOWANCES.—In the case of an indi-
vidual who is eligible to receive emergency unemploy-
ment compensation payment under this title, such
individual shall not receive self-employment assist-
ance allowances under this subsection unless the
State agency has a reasonable expectation that such individual will be entitled to at least 13 times the individual’s average weekly benefit amount of extended compensation and emergency unemployment compensation.

“(4) PARTICIPANT OPTION TO TERMINATE PARTICIPATION IN SELF-EMPLOYMENT ASSISTANCE PROGRAM.—

“(A) TERMINATION.—An individual who is participating in a self-employment assistance program established under this subsection may elect to discontinue participation in such program at any time.

“(B) CONTINUED ELIGIBILITY FOR EMERGENCY UNEMPLOYMENT COMPENSATION.—For purposes of an individual whose participation in the self-employment assistance program established under this subsection is terminated pursuant to paragraph (1)(C) or who has discontinued participation in such program, if the individual continues to satisfy the eligibility requirements for emergency unemployment compensation under this title, the individual shall receive emergency unemployment compensation payments with respect to subsequent weeks of
unemployment, to the extent that amounts re-
main in the account established for such indi-
vidual under section 4002(b) or to the extent
that such individual commences receiving the
amounts described in subsections (c), (d), or (e)
of such section, respectively.”.

SEC. 3. GRANTS FOR SELF-EMPLOYMENT ASSISTANCE PRO-
GRAMS.

(a) IN GENERAL.—

(1) ESTABLISHMENT OR IMPROVED ADMINIS-
TRATION.—Subject to the requirements established
under subsection (b), the Secretary shall award
grants to States for the purposes of—

(A) improved administration of self-em-
ployment assistance programs that have been
established, prior to the date of enactment of
this Act, pursuant to section 3306(t) of the In-
ternal Revenue Code of 1986 (26 U.S.C.
3306(t)), for individuals who are eligible to re-
ceive regular unemployment compensation;

(B) development, implementation, and ad-
ministration of self-employment assistance pro-
grams that are established, subsequent to the
date of enactment of this Act, pursuant to sec-
tion 3306(t) of the Internal Revenue Code of
1986, for individuals who are eligible to receive regular unemployment compensation; and

(C) development, implementation, and administration of self-employment assistance programs that are established pursuant to section 208 of the Federal-State Extended Unemployment Compensation Act of 1970 or section 4001(h) of the Supplemental Appropriations Act, 2008, for individuals who are eligible to receive extended compensation or emergency unemployment compensation.

(2) PROMOTION AND ENROLLMENT.—Subject to the requirements established under subsection (b), the Secretary shall award additional grants to States that submit approved applications for a grant under paragraph (1) for such States to promote self-employment assistance programs and enroll unemployed individuals in such programs.

(b) APPLICATION AND DISBURSAL.—

(1) APPLICATION.—Any State seeking a grant under paragraph (1) or (2) of subsection (a) shall submit an application to the Secretary at such time, in such manner, and containing such information as is determined appropriate by the Secretary. In no case shall the Secretary award a grant under this
section with respect to an application that is submitted after December 31, 2013.

(2) NOTICE.—Not later than 30 days after receiving an application described in paragraph (1) from a State, the Secretary shall notify the State agency as to whether a grant has been approved for such State for the purposes described in subsection (a).

(3) CERTIFICATION.—If the Secretary determines that a State has met the requirements for a grant under subsection (a), the Secretary shall make a certification to that effect to the Secretary of the Treasury, as well as a certification as to the amount of the grant payment to be transferred to the State account in the Unemployment Trust Fund under section 904 of the Social Security Act (42 U.S.C. 1104). The Secretary of the Treasury shall make the appropriate transfer to the State account not later than 7 days after receiving such certification.

(c) ALLOTMENT FACTORS.—For purposes of allotting the funds available under subsection (d) to States that have met the requirements for a grant under this section, the amount of the grant provided to each State shall be determined based upon the percentage of unemployed
individuals in the State relative to the percentage of unem-
ployed individuals in all States.

(d) AUTHORIZATION.—For purposes of carrying out
the grant program under this section, there is authorized
to be appropriated $35,000,000 for each of fiscal years
2012 through 2014.

SEC. 4. ASSISTANCE AND GUIDANCE IN IMPLEMENTING
SELF-EMPLOYMENT ASSISTANCE PROGRAMS.

(a) MODEL LANGUAGE AND GUIDANCE.—For pur-
poses of assisting States in establishing, improving, and
administering self-employment assistance programs, the
Secretary shall—

(1) develop model language that may be used
by States in enacting such programs, as well as peri-
odically review and revise such model language; and

(2) provide technical assistance and guidance in
establishing, improving, and administering such pro-
grams.

(b) REPORTING AND EVALUATION.—

(1) REPORTING.—The Secretary shall establish
reporting requirements for States that have estab-
lished self-employment assistance programs, which
shall include reporting on—

(A) the total number of individuals who re-
ceived unemployment compensation and—
(i) were referred to a self-employment assistance program;

(ii) participated in such program; and

(iii) received an allowance under such program;

(B) the total amount of allowances provided to individuals participating in a self-employment assistance program;

(C) the total income (as determined by survey or other appropriate method) for businesses that have been established by individuals participating in a self-employment assistance program, as well as the total number of individuals employed through such businesses; and

(D) any additional information, as determined appropriate by the Secretary.

(2) EVALUATION.—Not later than 5 years after the date of enactment of this Act, the Secretary shall submit to Congress a report that evaluates the effectiveness of self-employment assistance programs established by States, including—

(A) an analysis of the implementation and operation of self-employment assistance programs by States;
(B) an evaluation of the economic outcomes for individuals who participated in a self-employment assistance program as compared to individuals who received unemployment compensation and did not participate in a self-employment assistance program, including a comparison as to employment status, income, and duration of receipt of unemployment compensation or self-employment assistance allowances; and

(C) an evaluation of the state of the businesses started by individuals who participated in a self-employment assistance program, including information regarding—

(i) the type of businesses established;

(ii) the sustainability of the businesses;

(iii) the total income collected by the businesses;

(iv) the total number of individuals employed through such businesses; and

(v) the estimated Federal and State tax revenue collected from such businesses and their employees.
(c) **Flexibility and Accountability.**—The model language, guidance, and reporting requirements developed by the Secretary under subsections (a) and (b) shall—

1. allow sufficient flexibility for States and participating individuals; and
2. ensure accountability and program integrity.

(d) **Consultation.**—For purposes of developing the model language, guidance, and reporting requirements described under subsections (a) and (b), the Secretary shall consult with employers, labor organizations, State agencies, and other relevant program experts.

(e) **Entrepreneurial Training Programs.**—The Secretary shall utilize resources available through the Department of Labor and coordinate with the Administrator of the Small Business Administration to ensure that adequate funding is reserved and made available for the provision of entrepreneurial training to individuals participating in self-employment assistance programs.

(f) **Self-Employment Assistance Program.**—For purposes of this section, the term “self-employment assistance program” means a program established pursuant to section 3306(t) of the Internal Revenue Code of 1986 (26 U.S.C. 3306(t)), section 208 of the Federal-State Extended Unemployment Compensation Act of
1970, or section 4001(h) of the Supplemental Appropriations Act, 2008, for individuals who are eligible to receive regular unemployment compensation, extended compensation, or emergency unemployment compensation.

SEC. 5. PROGRAMS OF THE SMALL BUSINESS ADMINISTRATION.

(a) Repeal of Authority for the Program for Investment in Microentrepreneurs.—


(2) RULE OF CONSTRUCTION.—Nothing in this subsection shall affect any grant or assistance provided under subtitle C of title I of the Riegle Community Development and Regulatory Improvement Act of 1994 (15 U.S.C. 6901 et seq.) before the date of enactment of this Act, and any such grant or assistance shall be subject to such subtitle C, as in effect on the day before the date of enactment of this Act.

(b) Loan Modernization and Accounting System; Special Purpose Counseling Grants.—

(1) FUNDING.—Of the amounts made available under the Continuing Appropriations Act, 2012, for
the appropriations account appropriated under the heading "SALARIES AND EXPENSES" under the heading "SMALL BUSINESS ADMINISTRATION"—

(A) not more than $7,100,000 may be expended for the Loan Modernization and Accounting System; and

(B) $5,100,000 is rescinded.

(2) TERMINATION OF PROGRAM.—The Administrator of the Small Business Administration shall terminate the Special Purpose Counseling Grant program under section 21 of the Small Business Act (15 U.S.C. 648).

SEC. 6. DEFINITIONS.

In this Act:

(1) SECRETARY.—The term "Secretary" means the Secretary of Labor.

(2) STATE; STATE AGENCY.—The terms "State" and "State agency" have the meanings given such terms under section 205 of the Federal-State Extended Unemployment Compensation Act of 1970 (26 U.S.C. 3304 note).