

112TH CONGRESS
1ST SESSION

S. _____

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

Mr. WYDEN (for himself, Mr. CARPER, and Mr. CASEY) introduced the following bill; which was read twice and referred to the Committee on

A BILL

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

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Startup Technical As-
5 sistance for Reemployment Training and Unemployment
6 Prevention Act” or the “STARTUP Act”.

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

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

8 “AUTHORITY TO CONDUCT SELF-EMPLOYMENT
9 ASSISTANCE PROGRAMS

10 “SEC. 208. (a)(1) At the option of a State, for any
11 weeks of unemployment beginning after the date of enact-
12 ment of this section, the State agency of the State may
13 establish a self-employment assistance program, as de-
14 scribed in subsection (b), to provide for the payment of
15 extended compensation as self-employment assistance al-
16 lowances to individuals who would otherwise satisfy the
17 eligibility criteria under this title.

18 “(2) Subject to paragraph (3), the self-employment
19 assistance allowance described in paragraph (1) shall be
20 paid to an eligible individual from such individual’s ex-
21 tended compensation account, as described in section
22 202(b), and the amount in such account shall be reduced
23 accordingly.

24 “(3)(A) Subject to subparagraph (B), for purposes
25 of self-employment assistance programs established under
26 this section and section 4001(h) of the Supplemental Ap-

1 appropriations Act, 2008, an individual shall be provided
2 with self-employment assistance allowances under such
3 programs for a total of not greater than 26 weeks (re-
4 ferred to in this section as the ‘combined eligibility limit’).

5 “(B) For purposes of an individual who is partici-
6 pating in a self-employment assistance program estab-
7 lished under this section and has not reached the com-
8 bined eligibility limit as of the date on which such indi-
9 vidual exhausts all rights to extended compensation under
10 this title, the individual shall be eligible to receive self-
11 employment assistance allowances under a self-employ-
12 ment assistance program established under section
13 4001(h) of the Supplemental Appropriations Act, 2008,
14 until such individual has reached the combined eligibility
15 limit, provided that the individual otherwise satisfies the
16 eligibility criteria described under title IV of such Act.

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

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

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

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

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

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

16 “(5) paragraph (5) shall not apply.

17 “(c) In the case of an individual who is eligible to
18 receive extended compensation under this title, such indi-
19 vidual shall not receive self-employment assistance allow-
20 ances under this section unless the State agency has a
21 reasonable expectation that such individual will be entitled
22 to at least 13 times the individual’s average weekly benefit
23 amount of extended compensation and emergency unem-
24 ployment compensation.

1 “(d)(1) An individual who is participating in a self-
2 employment assistance program established under this
3 section may elect to discontinue participation in such pro-
4 gram at any time.

5 “(2) For purposes of an individual whose participa-
6 tion in a self-employment assistance program established
7 under this section is terminated pursuant to subsection
8 (a)(3) or who has discontinued participation in such pro-
9 gram, if the individual continues to satisfy the eligibility
10 requirements for extended compensation under this title,
11 the individual shall receive extended compensation pay-
12 ments with respect to subsequent weeks of unemployment,
13 to the extent that amounts remain in the account estab-
14 lished for such individual under section 202(b).”.

15 (b) AVAILABILITY FOR INDIVIDUALS RECEIVING
16 EMERGENCY UNEMPLOYMENT COMPENSATION.—Section
17 4001 of the Supplemental Appropriations Act, 2008 (Pub-
18 lic Law 110–252; 26 U.S.C. 3304 note) is amended by
19 inserting at the end the following new subsection:

20 “(h) AUTHORITY TO CONDUCT SELF-EMPLOYMENT
21 ASSISTANCE PROGRAM.—

22 “(1) IN GENERAL.—

23 “(A) ESTABLISHMENT.—Any agreement
24 under subsection (a) may provide that the State
25 agency of the State shall establish a self-em-

1 ployment assistance program, as described in
2 paragraph (2), to provide for the payment of
3 emergency unemployment compensation as self-
4 employment assistance allowances to individuals
5 who would otherwise satisfy the eligibility cri-
6 teria specified in subsection (b).

7 “(B) PAYMENT OF ALLOWANCES.—Subject
8 to subparagraph (C), the self-employment as-
9 sistance allowance described in subparagraph
10 (A) shall be paid to an eligible individual from
11 such individual’s emergency unemployment
12 compensation account, as described in section
13 4002, and the amount in such account shall be
14 reduced accordingly.

15 “(C) LIMITATION ON SELF-EMPLOYMENT
16 ASSISTANCE FOR INDIVIDUALS RECEIVING EX-
17 TENDED COMPENSATION AND EMERGENCY UN-
18 EMPLOYMENT COMPENSATION.—

19 “(i) COMBINED ELIGIBILITY LIMIT.—
20 Subject to clause (ii), for purposes of self-
21 employment assistance programs estab-
22 lished under this subsection and section
23 208 of the Federal-State Extended Unem-
24 ployment Compensation Act of 1970, an
25 individual shall be provided with self-em-

1 ployment assistance allowances under such
2 programs for a total of not greater than 26
3 weeks (referred to in this subsection as the
4 ‘combined eligibility limit’).

5 “(ii) CARRYOVER RULE.—For pur-
6 poses of an individual who is participating
7 in a self-employment assistance program
8 established under this subsection and has
9 not reached the combined eligibility limit
10 as of the date on which such individual ex-
11 hausts all rights to extended compensation
12 under this title, the individual shall be eli-
13 gible to receive self-employment assistance
14 allowances under a self-employment assist-
15 ance program established under section
16 208 of the Federal-State Extended Unem-
17 ployment Compensation Act of 1970 until
18 such individual has reached the combined
19 eligibility limit, provided that the indi-
20 vidual otherwise satisfies the eligibility cri-
21 teria described under title II of such Act.

22 “(2) DEFINITION OF ‘SELF-EMPLOYMENT AS-
23 SISTANCE PROGRAM’.—For the purposes of this sec-
24 tion, the term ‘self-employment assistance program’
25 means a program as defined under section 3306(t)

1 of the Internal Revenue Code of 1986, except as fol-
2 lows:

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

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

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

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

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

23 “(E) paragraph (5) shall not apply.

24 “(3) AVAILABILITY OF SELF-EMPLOYMENT AS-
25 SISTANCE ALLOWANCES.—In the case of an indi-

1 vidual who is eligible to receive emergency unemploy-
2 ment compensation payment under this title, such
3 individual shall not receive self-employment assist-
4 ance allowances under this subsection unless the
5 State agency has a reasonable expectation that such
6 individual will be entitled to at least 13 times the in-
7 dividual's average weekly benefit amount of extended
8 compensation and emergency unemployment com-
9 pensation.

10 “(4) PARTICIPANT OPTION TO TERMINATE PAR-
11 TICIPATION IN SELF-EMPLOYMENT ASSISTANCE PRO-
12 GRAM.—

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

18 “(B) CONTINUED ELIGIBILITY FOR EMER-
19 GENCY UNEMPLOYMENT COMPENSATION.—For
20 purposes of an individual whose participation in
21 the self-employment assistance program estab-
22 lished under this subsection is terminated pur-
23 suant to paragraph (1)(C) or who has discon-
24 tinued participation in such program, if the in-
25 dividual continues to satisfy the eligibility re-

1 quirements for emergency unemployment com-
2 pensation under this title, the individual shall
3 receive emergency unemployment compensation
4 payments with respect to subsequent weeks of
5 unemployment, to the extent that amounts re-
6 main in the account established for such indi-
7 vidual under section 4002(b) or to the extent
8 that such individual commences receiving the
9 amounts described in subsections (c), (d), or (e)
10 of such section, respectively.”.

11 **SEC. 3. GRANTS FOR SELF-EMPLOYMENT ASSISTANCE PRO-**
12 **GRAMS.**

13 (a) IN GENERAL.—

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

18 (A) improved administration of self-em-
19 ployment assistance programs that have been
20 established, prior to the date of enactment of
21 this Act, pursuant to section 3306(t) of the In-
22 ternal Revenue Code of 1986 (26 U.S.C.
23 3306(t)), for individuals who are eligible to re-
24 ceive regular unemployment compensation;

1 (B) development, implementation, and ad-
2 ministration of self-employment assistance pro-
3 grams that are established, subsequent to the
4 date of enactment of this Act, pursuant to sec-
5 tion 3306(t) of the Internal Revenue Code of
6 1986, for individuals who are eligible to receive
7 regular unemployment compensation; and

8 (C) development, implementation, and ad-
9 ministration of self-employment assistance pro-
10 grams that are established pursuant to section
11 208 of the Federal-State Extended Unemploy-
12 ment Compensation Act of 1970 or section
13 4001(h) of the Supplemental Appropriations
14 Act, 2008, for individuals who are eligible to re-
15 ceive extended compensation or emergency un-
16 employment compensation.

17 (2) PROMOTION AND ENROLLMENT.—Subject
18 to the requirements established under subsection (b),
19 the Secretary shall award additional grants to States
20 that submit approved applications for a grant under
21 paragraph (1) for such States to promote self-em-
22 ployment assistance programs and enroll unem-
23 ployed individuals in such programs.

24 (b) APPLICATION AND DISBURSAL.—

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

9 (2) NOTICE.—Not later than 30 days after re-
10 ceiving an application described in paragraph (1)
11 from a State, the Secretary shall notify the State
12 agency as to whether a grant has been approved for
13 such State for the purposes described in subsection
14 (a).

15 (3) CERTIFICATION.—If the Secretary deter-
16 mines that a State has met the requirements for a
17 grant under subsection (a), the Secretary shall make
18 a certification to that effect to the Secretary of the
19 Treasury, as well as a certification as to the amount
20 of the grant payment to be transferred to the State
21 account in the Unemployment Trust Fund under
22 section 904 of the Social Security Act (42 U.S.C.
23 1104). The Secretary of the Treasury shall make the
24 appropriate transfer to the State account not later
25 than 7 days after receiving such certification.

1 (c) ALLOTMENT FACTORS.—For purposes of allot-
2 ting the funds available under subsection (d) to States
3 that have met the requirements for a grant under this sec-
4 tion, the amount of the grant provided to each State shall
5 be determined based upon the percentage of unemployed
6 individuals in the State relative to the percentage of unem-
7 ployed individuals in all States.

8 (d) AUTHORIZATION.—For purposes of carrying out
9 the grant program under this section, there is authorized
10 to be appropriated \$35,000,000 for each of fiscal years
11 2012 through 2014.

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

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

18 (1) develop model language that may be used
19 by States in enacting such programs, as well as peri-
20 odically review and revise such model language; and
21 (2) provide technical assistance and guidance in
22 establishing, improving, and administering such pro-
23 grams.

24 (b) REPORTING AND EVALUATION.—

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

5 (A) the total number of individuals who re-
6 ceived unemployment compensation and—

7 (i) were referred to a self-employment
8 assistance program;

9 (ii) participated in such program; and

10 (iii) received an allowance under such
11 program;

12 (B) the total amount of allowances pro-
13 vided to individuals participating in a self-em-
14 ployment assistance program;

15 (C) the total income (as determined by
16 survey or other appropriate method) for busi-
17 nesses that have been established by individuals
18 participating in a self-employment assistance
19 program, as well as the total number of individ-
20 uals employed through such businesses; and

21 (D) any additional information, as deter-
22 mined appropriate by the Secretary.

23 (2) EVALUATION.—Not later than 5 years after
24 the date of enactment of this Act, the Secretary
25 shall submit to Congress a report that evaluates the

1 effectiveness of self-employment assistance programs
2 established by States, including—

3 (A) an analysis of the implementation and
4 operation of self-employment assistance pro-
5 grams by States;

6 (B) an evaluation of the economic out-
7 comes for individuals who participated in a self-
8 employment assistance program as compared to
9 individuals who received unemployment com-
10 pensation and did not participate in a self-em-
11 ployment assistance program, including a com-
12 parison as to employment status, income, and
13 duration of receipt of unemployment compensa-
14 tion or self-employment assistance allowances;
15 and

16 (C) an evaluation of the state of the busi-
17 nesses started by individuals who participated
18 in a self-employment assistance program, in-
19 cluding information regarding—

20 (i) the type of businesses established;

21 (ii) the sustainability of the busi-
22 nesses;

23 (iii) the total income collected by the
24 businesses;

- 1 (iv) the total number of individuals
2 employed through such businesses; and
3 (v) the estimated Federal and State
4 tax revenue collected from such businesses
5 and their employees.

6 (c) FLEXIBILITY AND ACCOUNTABILITY.—The model
7 language, guidance, and reporting requirements developed
8 by the Secretary under subsections (a) and (b) shall—

- 9 (1) allow sufficient flexibility for States and
10 participating individuals; and
11 (2) ensure accountability and program integ-
12 rity.

13 (d) CONSULTATION.—For purposes of developing the
14 model language, guidance, and reporting requirements de-
15 scribed under subsections (a) and (b), the Secretary shall
16 consult with employers, labor organizations, State agen-
17 cies, and other relevant program experts.

18 (e) ENTREPRENEURIAL TRAINING PROGRAMS.—The
19 Secretary shall utilize resources available through the De-
20 partment of Labor and coordinate with the Administrator
21 of the Small Business Administration to ensure that ade-
22 quate funding is reserved and made available for the provi-
23 sion of entrepreneurial training to individuals partici-
24 pating in self-employment assistance programs.

1 (f) SELF-EMPLOYMENT ASSISTANCE PROGRAM.—For
2 purposes of this section, the term “self-employment assist-
3 ance program” means a program established pursuant to
4 section 3306(t) of the Internal Revenue Code of 1986 (26
5 U.S.C. 3306(t)), section 208 of the Federal-State Ex-
6 tended Unemployment Compensation Act of 1970, or sec-
7 tion 4001(h) of the Supplemental Appropriations Act,
8 2008, for individuals who are eligible to receive regular
9 unemployment compensation, extended compensation, or
10 emergency unemployment compensation.

11 **SEC. 5. PROGRAMS OF THE SMALL BUSINESS ADMINISTRA-**
12 **TION.**

13 (a) REPEAL OF AUTHORITY FOR THE PROGRAM FOR
14 INVESTMENT IN MICROENTREPRENEURS.—

15 (1) REPEAL.—Subtitle C of title I of the Riegle
16 Community Development and Regulatory Improve-
17 ment Act of 1994 (15 U.S.C. 6901 et seq.) is re-
18 pealed.

19 (2) RULE OF CONSTRUCTION.—Nothing in this
20 subsection shall affect any grant or assistance pro-
21 vided under subtitle C of title I of the Riegle Com-
22 munity Development and Regulatory Improvement
23 Act of 1994 (15 U.S.C. 6901 et seq.) before the
24 date of enactment of this Act, and any such grant
25 or assistance shall be subject to such subtitle C, as

1 in effect on the day before the date of enactment of
2 this Act.

3 (b) LOAN MODERNIZATION AND ACCOUNTING SYS-
4 TEM; SPECIAL PURPOSE COUNSELING GRANTS.—

5 (1) FUNDING.—Of the amounts made available
6 under the Continuing Appropriations Act, 2012, for
7 the appropriations account appropriated under the
8 heading “SALARIES AND EXPENSES” under the
9 heading “SMALL BUSINESS ADMINISTRA-
10 TION”—

11 (A) not more than \$7,100,000 may be ex-
12 pended for the Loan Modernization and Ac-
13 counting System; and

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

15 (2) TERMINATION OF PROGRAM.—The Adminis-
16 trator of the Small Business Administration shall
17 terminate the Special Purpose Counseling Grant
18 program under section 21 of the Small Business Act
19 (15 U.S.C. 648).

20 **SEC. 6. DEFINITIONS.**

21 In this Act:

22 (1) SECRETARY.—The term “Secretary” means
23 the Secretary of Labor.

24 (2) STATE; STATE AGENCY.—The terms
25 “State” and “State agency” have the meanings

1 given such terms under section 205 of the Federal-
2 State Extended Unemployment Compensation Act of
3 1970 (26 U.S.C. 3304 note).