

112TH CONGRESS  
1ST SESSION

# S. 1826

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

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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

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## 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”.

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

9 (a) AVAILABILITY FOR INDIVIDUALS RECEIVING EX-  
10 TENDED COMPENSATION.—Title II of the Federal-State

1 Extended Unemployment Compensation Act of 1970 (26  
2 U.S.C. 3304 note) is amended by inserting at the end the  
3 following new section:

4 “AUTHORITY TO CONDUCT SELF-EMPLOYMENT

5 ASSISTANCE PROGRAMS

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

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

20 “(3)(A) Subject to subparagraph (B), for purposes  
21 of self-employment assistance programs established under  
22 this section and section 4001(h) of the Supplemental Ap-  
23 propriations Act, 2008, an individual shall be provided  
24 with self-employment assistance allowances under such  
25 programs for a total of not greater than 26 weeks (re-  
26 ferred to in this section as the ‘combined eligibility limit’).

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

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

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

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

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

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

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

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

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

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

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

11       (b) AVAILABILITY FOR INDIVIDUALS RECEIVING  
12 EMERGENCY UNEMPLOYMENT COMPENSATION.—Section  
13 4001 of the Supplemental Appropriations Act, 2008 (Pub-  
14 lic Law 110–252; 26 U.S.C. 3304 note) is amended by  
15 inserting at the end the following new subsection:

16       “(h) AUTHORITY TO CONDUCT SELF-EMPLOYMENT  
17 ASSISTANCE PROGRAM.—

18               “(1) IN GENERAL.—

19                       “(A) ESTABLISHMENT.—Any agreement  
20 under subsection (a) may provide that the State  
21 agency of the State shall establish a self-em-  
22 ployment assistance program, as described in  
23 paragraph (2), to provide for the payment of  
24 emergency unemployment compensation as self-  
25 employment assistance allowances to individuals

1           who would otherwise satisfy the eligibility cri-  
2           teria specified in subsection (b).

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

11          “(C) LIMITATION ON SELF-EMPLOYMENT  
12          ASSISTANCE FOR INDIVIDUALS RECEIVING EX-  
13          TENDED COMPENSATION AND EMERGENCY UN-  
14          EMPLOYMENT COMPENSATION.—

15          “(i) COMBINED ELIGIBILITY LIMIT.—  
16          Subject to clause (ii), for purposes of self-  
17          employment assistance programs estab-  
18          lished under this subsection and section  
19          208 of the Federal-State Extended Unem-  
20          ployment Compensation Act of 1970, an  
21          individual shall be provided with self-em-  
22          ployment assistance allowances under such  
23          programs for a total of not greater than 26  
24          weeks (referred to in this subsection as the  
25          ‘combined eligibility limit’).

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

18          “(2) DEFINITION OF ‘SELF-EMPLOYMENT AS-  
19          SISTANCE PROGRAM’.—For the purposes of this sec-  
20          tion, the term ‘self-employment assistance program’  
21          means a program as defined under section 3306(t)  
22          of the Internal Revenue Code of 1986, except as fol-  
23          lows:

24                  “(A) all references to ‘regular unemploy-  
25                  ment compensation under the State law’ shall

1 be deemed to refer instead to ‘emergency unem-  
2 ployment compensation under title IV of the  
3 Supplemental Appropriations Act, 2008’;

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

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

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

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

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

20 “(3) AVAILABILITY OF SELF-EMPLOYMENT AS-  
21 SISTANCE ALLOWANCES.—In the case of an indi-  
22 vidual who is eligible to receive emergency unemploy-  
23 ment compensation payment under this title, such  
24 individual shall not receive self-employment assist-  
25 ance allowances under this subsection unless the



1 State agency has a reasonable expectation that such  
2 individual will be entitled to at least 13 times the in-  
3 dividual's average weekly benefit amount of extended  
4 compensation and emergency unemployment com-  
5 pensation.

6 “(4) PARTICIPANT OPTION TO TERMINATE PAR-  
7 TICIPATION IN SELF-EMPLOYMENT ASSISTANCE PRO-  
8 GRAM.—

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

14 “(B) CONTINUED ELIGIBILITY FOR EMER-  
15 GENCY UNEMPLOYMENT COMPENSATION.—For  
16 purposes of an individual whose participation in  
17 the self-employment assistance program estab-  
18 lished under this subsection is terminated pur-  
19 suant to paragraph (1)(C) or who has discon-  
20 tinued participation in such program, if the in-  
21 dividual continues to satisfy the eligibility re-  
22 quirements for emergency unemployment com-  
23 pensation under this title, the individual shall  
24 receive emergency unemployment compensation  
25 payments with respect to subsequent weeks of

1 unemployment, to the extent that amounts re-  
 2 main in the account established for such indi-  
 3 vidual under section 4002(b) or to the extent  
 4 that such individual commences receiving the  
 5 amounts described in subsections (c), (d), or (e)  
 6 of such section, respectively.”.

7 **SEC. 3. GRANTS FOR SELF-EMPLOYMENT ASSISTANCE PRO-**  
 8 **GRAMS.**

9 (a) IN GENERAL.—

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

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

21 (B) development, implementation, and ad-  
 22 ministration of self-employment assistance pro-  
 23 grams that are established, subsequent to the  
 24 date of enactment of this Act, pursuant to sec-  
 25 tion 3306(t) of the Internal Revenue Code of

1 1986, for individuals who are eligible to receive  
2 regular unemployment compensation; and

3 (C) development, implementation, and ad-  
4 ministration of self-employment assistance pro-  
5 grams that are established pursuant to section  
6 208 of the Federal-State Extended Unemploy-  
7 ment Compensation Act of 1970 or section  
8 4001(h) of the Supplemental Appropriations  
9 Act, 2008, for individuals who are eligible to re-  
10 ceive extended compensation or emergency un-  
11 employment compensation.

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

19 (b) APPLICATION AND DISBURSAL.—

20 (1) APPLICATION.—Any State seeking a grant  
21 under paragraph (1) or (2) of subsection (a) shall  
22 submit an application to the Secretary at such time,  
23 in such manner, and containing such information as  
24 is determined appropriate by the Secretary. In no  
25 case shall the Secretary award a grant under this

1 section with respect to an application that is sub-  
2 mitted after December 31, 2013.

3 (2) NOTICE.—Not later than 30 days after re-  
4 ceiving an application described in paragraph (1)  
5 from a State, the Secretary shall notify the State  
6 agency as to whether a grant has been approved for  
7 such State for the purposes described in subsection  
8 (a).

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

20 (c) ALLOTMENT FACTORS.—For purposes of allot-  
21 ting the funds available under subsection (d) to States  
22 that have met the requirements for a grant under this sec-  
23 tion, the amount of the grant provided to each State shall  
24 be determined based upon the percentage of unemployed

1 individuals in the State relative to the percentage of unem-  
2 ployed individuals in all States.

3 (d) AUTHORIZATION.—For purposes of carrying out  
4 the grant program under this section, there is authorized  
5 to be appropriated \$35,000,000 for each of fiscal years  
6 2012 through 2014.

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

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

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

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

19 (b) REPORTING AND EVALUATION.—

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

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

1 (i) were referred to a self-employment  
2 assistance program;

3 (ii) participated in such program; and

4 (iii) received an allowance under such  
5 program;

6 (B) the total amount of allowances pro-  
7 vided to individuals participating in a self-em-  
8 ployment assistance program;

9 (C) the total income (as determined by  
10 survey or other appropriate method) for busi-  
11 nesses that have been established by individuals  
12 participating in a self-employment assistance  
13 program, as well as the total number of individ-  
14 uals employed through such businesses; and

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

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

22 (A) an analysis of the implementation and  
23 operation of self-employment assistance pro-  
24 grams by States;

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

11           (C) an evaluation of the state of the busi-  
12 nesses started by individuals who participated  
13 in a self-employment assistance program, in-  
14 cluding information regarding—

15                   (i) the type of businesses established;

16                   (ii) the sustainability of the busi-  
17 nesses;

18                   (iii) the total income collected by the  
19 businesses;

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

22                   (v) the estimated Federal and State  
23 tax revenue collected from such businesses  
24 and their employees.

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

4 (1) allow sufficient flexibility for States and  
5 participating individuals; and

6 (2) ensure accountability and program integ-  
7 rity.

8 (d) CONSULTATION.—For purposes of developing the  
9 model language, guidance, and reporting requirements de-  
10 scribed under subsections (a) and (b), the Secretary shall  
11 consult with employers, labor organizations, State agen-  
12 cies, and other relevant program experts.

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

20 (f) SELF-EMPLOYMENT ASSISTANCE PROGRAM.—  
21 For purposes of this section, the term “self-employment  
22 assistance program” means a program established pursu-  
23 ant to section 3306(t) of the Internal Revenue Code of  
24 1986 (26 U.S.C. 3306(t)), section 208 of the Federal-  
25 State Extended Unemployment Compensation Act of



1 1970, or section 4001(h) of the Supplemental Appropria-  
2 tions Act, 2008, for individuals who are eligible to receive  
3 regular unemployment compensation, extended compensa-  
4 tion, or emergency unemployment compensation.

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

7 (a) REPEAL OF AUTHORITY FOR THE PROGRAM FOR  
8 INVESTMENT IN MICROENTREPRENEURS.—

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

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

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

24 (1) FUNDING.—Of the amounts made available  
25 under the Continuing Appropriations Act, 2012, for

1 the appropriations account appropriated under the  
2 heading “SALARIES AND EXPENSES” under the  
3 heading “SMALL BUSINESS ADMINISTRATION”—  
4 TION”—

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

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

9 (2) TERMINATION OF PROGRAM.—The Adminis-  
10 trator of the Small Business Administration shall  
11 terminate the Special Purpose Counseling Grant  
12 program under section 21 of the Small Business Act  
13 (15 U.S.C. 648).

14 **SEC. 6. DEFINITIONS.**

15 In this Act:

16 (1) SECRETARY.—The term “Secretary” means  
17 the Secretary of Labor.

18 (2) STATE; STATE AGENCY.—The terms  
19 “State” and “State agency” have the meanings  
20 given such terms under section 205 of the Federal-  
21 State Extended Unemployment Compensation Act of  
22 1970 (26 U.S.C. 3304 note).

○