

By the Committee on Commerce and Economic Opportunities; and
Senators Klein and Crist

310-2316-02

1 A bill to be entitled
2 An act relating to self-employment assistance;
3 providing a short title; amending s. 443.111,
4 F.S.; defining terms; creating a
5 self-employment-assistance program within the
6 Agency for Workforce Innovation; providing
7 eligibility requirements; authorizing payment
8 of self-employment-assistance allowance in lieu
9 of regular unemployment compensation to
10 eligible individuals; requiring participants to
11 attend certain training and counseling
12 programs; requiring participants to engage in
13 activities related to establishing a business
14 and becoming self-employed; exempting
15 participants from certain requirements
16 applicable for regular benefits; providing
17 disqualification requirements; specifying
18 payment and financing of allowances; requiring
19 establishment of an eligibility-assessment
20 system; providing for training and counseling
21 programs; providing participation limits;
22 providing for rules; requiring a report;
23 providing for resolution of conflict with
24 federal requirements; providing for expiration;
25 creating s. 445.053, F.S.; defining terms;
26 requiring the Agency for Workforce Innovation
27 to establish a Self-Employment-Assistance Loan
28 Program; providing for business start-up loans
29 to eligible borrowers; providing for contracts
30 with qualified entities to make loans; limiting
31 the use of loan repayments; providing for

1 extension of certain counseling programs;
2 providing for the selection of qualified
3 entities; providing for expiration; providing
4 an appropriation; providing an effective date.
5

6 Be It Enacted by the Legislature of the State of Florida:
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8 Section 1. This act may be cited as the "Florida
9 Self-Employment and Enterprise Development Act."

10 Section 2. Subsection (8) is added to section 443.111,
11 Florida Statutes, to read:

12 443.111 Payment of benefits.--

13 (8) SELF-EMPLOYMENT-ASSISTANCE PROGRAM.--

14 (a) Definitions.--As used in this subsection, the
15 term:

16 1. "Regular benefits" means benefits payable to an
17 individual under this chapter or under any other state law,
18 including benefits payable to federal civilian employees and
19 to ex-service members under 5 U.S.C. chapter 85, other than
20 extended benefits.

21 2. "Self-employment-assistance allowance" means an
22 allowance payable in lieu of regular benefits under this
23 chapter to an individual participating in the
24 self-employment-assistance program.

25 (b) Authorization and purpose.--There is created
26 within the Agency for Workforce Innovation a
27 self-employment-assistance program. The purpose of the program
28 is to implement authority granted under the Federal
29 Unemployment Tax Act in 26 U.S.C. s. 3306(t) to provide
30 allowances in lieu of regular benefits to unemployed
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1 individuals in order to assist these individuals in
2 establishing new businesses and becoming self-employed.

3 (c) Eligibility.--An unemployed individual is eligible
4 to participate in the self-employment-assistance program, and
5 to receive a self-employment-assistance allowance with respect
6 to any week, if each of the following apply:

7 1. The individual is otherwise eligible to receive
8 regular benefits.

9 2. The individual is determined to be likely to
10 exhaust regular benefits using the eligibility-assessment
11 system established under paragraph (f).

12 3. The individual applies to participate in the
13 self-employment-assistance program within 60 days after the
14 individual first filed a valid claim for regular benefits.

15 4. The individual has, on the date of application, a
16 balance of regular benefits which is at least 18 times the
17 individual's weekly benefit amount and has at least 18 weeks
18 remaining in the individual's benefit year.

19 5. The individual is admitted into the
20 self-employment-assistance program by the Agency for Workforce
21 Innovation.

22 6. The individual is participating in, or has
23 completed, the training and counseling programs provided under
24 paragraph (g).

25 7. The individual is actively engaged full-time in
26 activities approved by the Agency for Workforce Innovation,
27 which may include the training and counseling programs
28 provided under paragraph (g), related to establishing a
29 business and becoming self-employed.

30 8. The individual has made a claim for a
31 self-employment-assistance allowance with respect to such week

1 in accordance with the rules of the Agency for Workforce
2 Innovation.

3 9. The individual provides the information required by
4 the Agency for Workforce Innovation, including a log of the
5 individual's participation in the programs described in
6 subparagraph 6. and the activities described in subparagraph
7 7.

8 10. The individual has not participated in the
9 self-employment-assistance program during a preceding benefit
10 year.

11 (d) Disqualification.--An individual who fails to
12 participate in the training and counseling programs provided
13 under paragraph (g) or who fails to actively engage full-time
14 in activities related to establishing a business and becoming
15 self-employed is disqualified for the week the failure occurs.
16 If an individual is disqualified under this paragraph for 2
17 consecutive weeks or for any 3 weeks while participating in
18 the self-employment-assistance program, the individual shall
19 be removed from the program. An individual who is removed or
20 voluntarily withdraws from the program may receive, if
21 otherwise eligible, regular benefits with respect to the
22 individual's benefit year if the sum of the
23 self-employment-assistance allowances paid to the individual
24 under this subsection and the regular benefits paid to that
25 individual under this section during the benefit year do not
26 exceed the total amount of benefits allowed in subsection (5).

27 (e) Payment and financing of allowances.--

28 1. A self-employment-assistance allowance is payable
29 to an individual at the same intervals, on the same terms, and
30 subject to the same conditions as regular benefits, except
31 that:

1 a. The requirements in s. 443.091(1)(b), relating to
2 registering for work, do not apply to the individual.

3 b. The requirements in s. 443.091(1)(c), relating to
4 ability to work and availability for work, do not apply to the
5 individual.

6 c. The disqualifications in s. 443.101(2), relating to
7 failing to apply for or accept suitable work, do not apply to
8 the individual.

9 d. Remuneration paid to the individual derived from
10 self-employment is not earned income under s. 443.036(16), and
11 the provisions of this chapter relating to the reduction of
12 the amount of regular benefits due to receipt of disqualifying
13 income do not apply to earned income derived from
14 self-employment by an individual participating in the
15 self-employment-assistance program and do not affect the
16 amount of the individual's self-employment-assistance
17 allowance.

18 2. An individual participating in the
19 self-employment-assistance program is considered to be totally
20 unemployed under s. 443.036(39).

21 3. An individual's weekly self-employment-assistance
22 allowance payable under this subsection is equal to the weekly
23 benefit amount the individual would have otherwise received
24 for regular benefits under subsection (3) if the individual
25 had not participated in the self-employment-assistance
26 program. The sum of the self-employment-assistance allowances
27 paid to an individual under this subsection and the regular
28 benefits paid to that individual under this section during any
29 benefit year may not exceed the total amount of benefits
30 allowed in subsection (5).

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1 4. For an employer from whom the individual received
2 wage credits in the individual's base period, which employer
3 is liable for contributions under the contributory system of
4 financing unemployment compensation benefits, a
5 self-employment-assistance allowance paid under this
6 subsection shall not be charged to the account of the
7 employer. For a reimbursable employer from whom the individual
8 received wage credits in the individual's base period, an
9 allowance paid under this subsection shall be charged to the
10 account of the employer in the same manner provided in s.
11 443.131 for regular benefits.

12 (f) Eligibility-assessment system.--The Agency for
13 Workforce Innovation shall establish an eligibility-assessment
14 system to identify individuals likely to exhaust regular
15 benefits. This eligibility-assessment system may be, but is
16 not required to be, the same as the profiling system used to
17 identify participants in reemployment services under s.
18 443.091(1)(d).

19 (g) Training and counseling programs.--The Agency for
20 Workforce Innovation, in conjunction with Workforce Florida,
21 Inc., shall approve programs that provide entrepreneurial
22 training, business counseling, and technical assistance for
23 participants in the self-employment-assistance program.
24 Workforce Florida, Inc., shall adopt minimum standards for the
25 training and counseling programs, including the basic elements
26 of the program curriculum. The Agency for Workforce
27 Innovation, in conjunction with Workforce Florida, Inc., shall
28 define the criteria for an individual's completion of the
29 training and counseling programs. It is the intent of the
30 Legislature that the training and counseling programs be
31 provided through contracts with existing providers, such as

1 Small Business Development Centers, school districts,
2 community colleges, state universities and colleges, or
3 independent college and universities. Workforce Florida, Inc.,
4 shall allocate funds for these training and counseling
5 programs from funds provided to the workforce system,
6 including, but not limited to, the federal Workforce
7 Investment Act block grant and the federal Temporary
8 Assistance for Needy Families block grant.

9 (h) Participation limit.--The aggregate number of
10 individuals receiving a self-employment-assistance allowance
11 under this subsection during any week may not exceed 1 percent
12 of the number of individuals receiving regular benefits. To
13 enforce this paragraph, the Agency for Workforce Innovation
14 may limit admission into the self-employment-assistance
15 program. The Agency for Workforce Innovation may further limit
16 admission based on the availability of the training and
17 counseling programs provided under paragraph (g) or funding
18 for those programs.

19 (i) Rules.--The Agency for Workforce Innovation shall
20 adopt rules under ss. 120.536(1) and 120.54 for the
21 administration of this subsection.

22 (j) Evaluations and recommendations.--The Agency for
23 Workforce Innovation, in conjunction with Workforce Florida,
24 Inc., and the regional workforce boards shall conduct a
25 comprehensive evaluation of the effectiveness of the
26 self-employment-assistance program operated under this
27 subsection. By January 1, 2007, the Agency for Workforce
28 Innovation shall submit a report on such evaluation to the
29 Governor, the President of the Senate, the Speaker of the
30 House of Representatives, and the majority and minority
31 leaders of the Senate and the House of Representatives. The

1 report must include, at a minimum, the number of individuals
2 participating in the program and the number of businesses
3 developed under the program, business survival data, the cost
4 of operating the program, compliance with program
5 requirements, data related to business income, the number of
6 employees and amount of wages paid in the new businesses, the
7 incidence and duration of unemployment after business startup,
8 and an evaluation of the Self-Employment-Assistance Loan
9 Program created under s. 445.053. The report may also include
10 recommendations as to whether the self-employment-assistance
11 program should be continued or revised to enhance its
12 administration or effectiveness.

13 (k) Conflicts.--If there is a conflict between this
14 subsection and federal requirements and regulations, the
15 federal requirements and regulations control.

16 (l) Expiration.--This subsection expires July 1, 2007.

17 Section 3. Section 445.053, Florida Statutes, is
18 created to read:

19 445.053 Self-Employment-Assistance Loan Program.--

20 (1) The Legislature finds that small enterprises are
21 vital to the success of the state's economy. The Legislature
22 further finds that a major barrier to the creation of small
23 enterprises is restricted access to capital. It is, therefore,
24 the intent of the Legislature to facilitate access to such
25 capital in order to spur economic development in the state.

26 (2) As used in this section, the term:

27 (a) "Eligible borrower" means:

28 1. A person who applies for a loan under this section
29 within 1 year after completing the required training and
30 counseling programs; or

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1 2. A person who applies for a loan under this section
2 within 3 years after completing the required training and
3 counseling programs, who has previously received a loan under
4 this section, and whose loans under this section total less
5 than \$10,000.

6 (b) "Qualified entity" means:

7 1. A financial institution, as defined in s. 655.005;

8 2. A nonprofit organization, including, but not
9 limited to, a microenterprise development organization or a
10 loan fund, which holds a current exemption from taxation under
11 s. 501(c)(3) of the Internal Revenue Code of 1986, as amended,
12 and which has demonstrated fiduciary integrity; or

13 3. A state or local government agency acting in
14 cooperation with an organization described in subparagraph 2.

15 (c) "Required training and counseling programs" means
16 the training and counseling programs provided under the
17 self-employment-assistance program in s. 443.111(8)(g).

18 (3)(a) The agency, in conjunction with Workforce
19 Florida, Inc., shall establish a Self-Employment-Assistance
20 Loan Program for the purpose of assisting eligible borrowers
21 with the capitalization of their businesses.

22 (b) Subject to specific legislative appropriation, the
23 agency shall contract with the qualified entities selected by
24 Workforce Florida, Inc., to make loans to eligible borrowers
25 for costs related to the establishment or operation of their
26 businesses. Repayments of principal and interest may be used
27 by a qualified entity only to make loans to other eligible
28 borrowers or to otherwise implement the
29 Self-Employment-Assistance Loan Program as specified under the
30 terms and conditions of the contract between the agency and
31 the qualified entity.

1 (c) Workforce Florida, Inc., shall select one or more
2 qualified entities and negotiate the terms and conditions of
3 the contracts with the qualified entities. When selecting a
4 qualified entity, Workforce Florida, Inc., shall optimize the
5 use of legislative appropriations by considering the amount of
6 nonstate funds that will be leveraged and by minimizing the
7 number of qualified entities selected in order to reduce the
8 administrative costs of making loans through economies of
9 scale. These terms and conditions must require a qualified
10 entity to use loan repayments, upon the expiration or repeal
11 of this section, for similar loans to assist small enterprises
12 in this state.

13 (4) For an individual who completes the required
14 training and counseling programs and receives a loan under
15 this section, to the maximum extent practicable, the agency,
16 in conjunction with Workforce Florida, Inc., shall extend the
17 business counseling and technical assistance provided under s.
18 443.111(8)(g) during the first year after the individual
19 receives the loan, while the individual establishes a business
20 and becomes self-employed.

21 (5) This section expires 3 years after the expiration
22 or repeal of the self-employment-assistance program in s.
23 443.111(8).

24 Section 4. The sum of \$1 million is appropriated from
25 the General Revenue Fund to the Agency for Workforce
26 Innovation for the purpose of implementing the
27 Self-Employment-Assistance Loan Program under section 445.053,
28 Florida Statutes, during the 2002-2003 fiscal year.

29 Section 5. This act shall take effect October 1, 2002.
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1 STATEMENT OF SUBSTANTIAL CHANGES CONTAINED IN
2 COMMITTEE SUBSTITUTE FOR
3 Senate Bill 2290

4 The committee substitute:

5 1) Removes requirements in the original bill that the
6 Workforce Estimating Conference must include certain
7 employment demand estimates in its routine forecasts and that
8 specified activities in the self-employment-assistance program
9 must be linked to those estimates;

10 2) Clarifies that self-employment-assistance allowances paid
11 to an individual are not charged to the account of each
12 contributory employer in the individual's base period, but are
13 charged to each reimbursable employer in the base period;

14 3) Redesignates the "profiling system" used to identify
15 individuals likely to exhaust benefits as the
16 "eligibility-assessment system";

17 4) Removes a requirement in the original bill that the Agency
18 for Workforce Innovation must develop training and counseling
19 programs, but requires Workforce Florida, Inc., to adopt
20 minimum standards for such programs. The committee substitute
21 replaces a provision in the original bill establishing that
22 funding for these programs is subject to specific legislative
23 appropriation with a provision directing Workforce Florida,
24 Inc., to allocate funds from the state's workforce system for
25 these programs;

26 5) Reduces the number of individuals authorized to
27 participate in the self-employment-assistance program from 5
28 percent to 1 percent of those receiving regular benefits;

29 6) Removes a requirement in the original bill that the
30 self-employment-assistance program may not result in costs to
31 the Unemployment Compensation Trust Fund that exceed the costs
that otherwise would have been incurred;

7) Replaces responsibility for administering the
Self-Employment-Assistance Loan Program from Enterprise
Florida, Inc., to the Agency for Workforce Innovation, in
conjunction with Workforce Florida, Inc.;

8) Eliminates loan eligibility requirements in the original
bill and authorizes the Agency for Workforce Innovation to
contract with qualified entities (financial institutions,
certain nonprofit organizations, or certain government
agencies) selected by Workforce Florida, Inc., to make the
loans; and

9) Removes provisions in the original bill: a) establishing a
Self-Employment-Assistance Program Loan Account; b) requiring
oversight of the loan program by the Office of Tourism, Trade,
and Economic Development; and c) requiring annual
program-status reports to the Governor and the Legislature.