

CONFIDENTIAL
LEGISLATIVE BILL REVIEW FORM: 2013

Bill Number: H.57 **Name of Bill:** Labor; unemployment compensation; self-employment assistance program

Agency/ Dept: Vermont Department of Labor **Author of Bill Review:** Erika Wolffing

Date of Bill Review: March 22, 2013

Status of Bill: (check one):

☐ Upon Introduction ☒ As passed by 1st body ☐ As passed by both bodies ☐ Fiscal

Recommended Position:

☒ Support ☐ Oppose ☐ Remain Neutral ☐ Support with modifications identified in #8 below

Analysis of Bill

1. Summary of bill and issue it addresses.

H.57 establishes a self-employment assistance program through unemployment insurance as permitted by the USDOL. Regular UI claimants profiled as 'likely to exhaust' benefits can apply to participate in this program. Under SEA a qualifying claimant can establish their own business and become self-employed while receiving unemployment benefits. As currently drafted, the program allows for 35 participants at any time.

2. Is there a need for this bill?

This bill was introduced and guided through the House Commerce committee by Representative Cross. While the Department did not introduce a provision for this program this session, it did include the SEA program in last year's omnibus bill that did not pass. The program is optional according to USDOL but could be a means of stimulating economic development in Vermont. Maine ran a similar program that was recently terminated due to staffing changes.

3. What are likely to be the fiscal and programmatic implications of this bill for this Department?

The committee attempted to include language that would charge the cost of the program to the entire trust fund spreading the cost of the program across all employers. The USDOL has advised the department that such charging would create a compliance issue and that the separating employer must be charged even for SEA participants in accordance with 21 V.S.A. §1325. There is also a cost associated with the department partnering with SBA to provide training to SEA claimants on how to start a business. The department is in discussions with the Vermont Small Business Development Center to potentially contract the training piece of the program should this bill pass.

4. What might be the fiscal and programmatic implications of this bill for other departments in state government, and what is likely to be their perspective on it?

N/A

5. What might be the fiscal and programmatic implications of this bill for others, and what is likely to be their perspective on it?

Separating employers might be concerned that former employees could draw benefits and therefore increase the experience rating while trying to set up a competing business.

6. Other Stakeholders:

6.1 Who else is likely to support the proposal and why?

The Agency of Commerce and the Chamber of Commerce would likely support H.57 because the SEA program is intended to promote business development in the state.

6.2 Who else is likely to oppose the proposal and why?

7. Rationale for recommendation:

Because the Department proposed this program in prior sessions, and due to the limited amount of participants the department believes it can administer this program.

8. Specific modifications that would be needed to recommend support of this bill:

Modifications have already been made to the introduced version of H.57. Most notably the department advocated limiting the number of participants to preserve the trust fund balance and make sure staffing levels could facilitate the increase in workload to implement the program. The bill initially allowed for 2% of all regular UI claimants to participate and that number has since been reduced to 35 participants per year.

Secretary/Commissioner has reviewed this document: _____ **Date:** _____