
OLR Bill Analysis

sSB 1

AN ACT CONCERNING JOBS AND THE ECONOMY

SUMMARY:

This bill expands existing workforce and small business development programs, creates programs for hiring certain unemployed veterans and promoting the state's economic and cultural assets, and makes it a discriminatory employment practice to advertise job openings in a way that discriminates against unemployed people.

The bill expands the Subsidized Training and Employment Program (STEP) and the Small Business Express Program by opening them to more businesses. Current law limits both programs to businesses with 50 or fewer employees. The bill opens them to businesses with up to 100 employees. It also opens STEP to retailers hiring permanent full-time and part-time employees and authorizes an additional First Five Plus Program preference for businesses relocating overseas jobs to Connecticut.

The bill establishes a subsidized training and employment program for hiring unemployed Iraq and Afghanistan war veterans modeled after STEP and authorizes \$10 million in bonds for the program. It requires the Department of Economic and Community Development (DECD) commissioner to establish programs promoting products made in Connecticut and the state's cultural, educational, and historic attractions (i.e., Connecticut Treasures).

EFFECTIVE DATE: Various, see below.

§§ 2-3 — STEP

Eligible Businesses

The bill makes programmatic and administrative changes to STEP, which subsidizes the costs of training and compensating a new

employee during his or her first six months on the job. The subsidies are different for small manufacturers and other types of small businesses, but the eligibility criteria are mostly the same.

Under current law, both types of businesses qualify for STEP if they employ 50 or fewer people. The bill opens the program to businesses employing up to 100 people and to retailers, which current law explicitly excludes. In opening the program to retailers, the bill specifies that the subsidies are available only for new permanent full-time and part-time employees, not temporary or seasonal employees.

Subsidy Schedule

The bill resets the schedule for making subsidy payments to non manufacturing small businesses. By law, the subsidies cover a portion of the training and compensation cost of each new employee, up to \$20 per hour. Under current law, the portion declines over each new employee's first six calendar months on the job.

The bill changes the subsidy period from calendar months to a 180-day period divided into four periods, but does not change the subsidy levels, which range from 100% to 25%, as Table 1 shows.

Table 1: STEP Subsidy Schedule for Non Manufacturing Small Businesses

<i>Period</i>	<i>Subsidy Level</i>
Days 1-30	100%
Days 31-90	75%
Days 91-150	50%
Days 151-180	20%

(The subsidy for small manufactures, which the bill does not change, is a grant that phases out over six months. The maximum grant ranges from \$2,500 for the first month to \$1,600 for the last.)

Administrative Costs

The bill increases the share of STEP funds that can be used to cover administrative costs. In doing so, it creates two separate set-asides for different entities involved in running the program.

Current law provides one set-aside, which cannot exceed 4% of the allocated funds. The Department of Labor (DOL) can use the set-aside to cover the cost of retaining outside consultants to run the program. The bill allows DOL to also use the set-aside to retain the Workforce Investment Boards to run the program.

The bill creates a separate set-aside for covering STEP's marketing and operations costs. In FY 13, it allows DOL to use up to 4% of STEP's funds for these costs.

Reporting Period

The bill sets deadlines for submitting each biannual report. Under current law, DOL must submit the first report by June 30, 2012 and the subsequent reports every six months from that date. Under the bill, the report for the period covering January to June is due July 15, starting in 2012, and annually thereafter. The report for the period covering July to December is due January 15, starting in 2013 and annually thereafter.

Bonds

The bill extends the period during which the bonds authorized for STEP's small business and manufacturers components are available. The law authorizes \$20 million for STEP, with \$10 million available each in FY 12 and FY 13. Current law divides the annual authorization between the two components, providing \$5 million for each in FY 12 and FY 13. The bill extends the time for both components bonds by one year, to FY 14.

Effective Date: Upon passage

§ 1 — SMALL BUSINESS EXPRESS PROGRAM ELIGIBILITY

The bill opens the Small Business Express Program to more businesses. Under current law, a business qualifies for Express loans and grants if it employs 50 or fewer people during at least half of its

working days during the prior 12 months and meets other specified criteria. The bill raises the employee ceiling to 100 employees.

Effective Date: Upon passage

§ 10 — FIRST FIVE PLUS JOBS RELOCATION PREFERENCE

The bill allows the DECD commissioner to give a preference under the “First Five Plus” program to proposed business projects that will relocate overseas jobs to Connecticut. The program offers loans, tax incentives, and other forms of economic development assistance to businesses committing to create jobs and invest capital within the law's timeframes. Current law allows her to give preferences to:

1. manufacturers from other states or countries relocating to Connecticut,
2. businesses relocating their corporate headquarters here, or
3. business “redevelopment projects” that she believes can create jobs and invest capital sooner than the law requires.

By law, a business qualifies for First Five assistance if it commits to:

1. create at least 200 jobs within 24 months after the commissioner approves the assistance or
2. invest at least \$ 25 million and create at least 200 new jobs within five years after she approves the assistance.

The bill also reserves \$20 million from an existing FY 13 \$280 million economic development bond authorization for businesses that propose to relocate at least 100 overseas jobs to Connecticut. Any balance remaining in this \$20 million reservation after FY 13 must be used to fund economic development projects.

EFFECTIVE DATE: Upon passage

§§4-5 — UNEMPLOYED ARMED FORCES MEMBER SUBSIDIZED TRAINING AND EMPLOYMENT PROGRAM

Purpose

The bill establishes the Unemployed Armed Forces Member Subsidized Training and Employment Program to provide grants subsidizing businesses' costs of hiring unemployed veterans during their first 180 days (about six months) on the job. It authorizes \$ 10 million in bonds for the program, with \$ 5 million available upon its passage and the balance available in FY 14. The bill requires the labor commissioner to run the program and allows him to adopt implementing regulations.

Eligibility

The program is open to any type of business that is based in Connecticut, has been registered to do business here for at least 12 months, and is in good standing regarding all state and local taxes. The business qualifies for a training and employment grant depending on the new employees' prior employment and veteran status.

Employment Status. Employees (1) must be unemployed before the business hired them, whether or not they received unemployment benefits, and (2) cannot have been employed by a related person in Connecticut at any time during the 12 months before they were hired.

A “related person” includes a corporation, limited liability company (LLC), partnership, association, or trust that controls the eligible business or is under its control. Control is based on ownership of (1) stock in a corporation; (2) capital or profit interest in a partnership, LLC, or association; or (3) a beneficial interest in a trust, all according to federal tax law.

Veteran Status. The business' eligibility for the grant also depends on a new employee's veteran status. The new employee must have been:

1. a member of the armed forces of any state or any reserve component of the U. S. armed forces;
2. called to active service in support of Operation Enduring Freedom or presidentially authorized military operations against Iraq; and

3. honorably discharged after serving at least 90 days in an area the president designated by executive order as a combat zone, or earlier if the employee was separated from service due to a Veterans' Administration-rated service connected disability.

Training and Employment Grants

Businesses may apply to DOL for a grant for each employee meeting the above criteria. In doing so, they must describe the on-the-job training the employee will receive. The DOL commissioner or his designee must review and approve that description as part of the business' grant application.

The grant covers a portion of the cost of compensating the employee, not counting benefits, during the first 180 days on the job, up to a maximum of \$20 per hour. As Table 1 shows, the grant amount phases out during this period.

Table 1: Subsidy Schedule

<i>Period</i>	<i>Grant Amount as Percent of Employee's Wages</i>
Day 1-30	100%
Day 31-90	75%
Day 91-150	50%
Day 151-180	25%

The grant payments immediately end if the employee leaves the business before the end of the six-month period. A business receiving a grant cannot receive (1) a second grant for an employee who remains after this period or (2) a STEP grant.

Administrative Costs

The bill allows a portion of the funds allocated for the program to cover administrative costs. It does so by creating two separate set-asides for different entities involved in running the program. It allows DOL to use up to 4% of the funds to cover the costs of retaining the Workforce Investment Boards or outside consultants to run the

program. In FY 13, the bill also allows DOL to use up to 4% of the funds to cover the program's marketing and operations costs.

Reporting

The labor commissioner must report biannually on the program to the Appropriations; Commerce; Labor; Veterans; and Finance, Revenue and Bonding committees. Each six-month report must include available data on:

1. the number and types of businesses that received training and employment grants and
2. the number of unemployed veterans hired because of these grants.

The biannual report covering the January to June period is due July 15, starting in 2013, and annually thereafter; the report covering the July to December period is due, January 15, starting in 2014, and annually thereafter.

Effective Date: Upon passage

§ 6 — “CONNECTICUT-MADE” MARKETING CAMPAIGN

Purpose

The bill requires the DECD commissioner to encourage the development of the state's manufacturing and production sectors by establishing and administering a program that promotes the marketing of Connecticut-made products. The commissioner must administer the program within available appropriations. She may also adopt implementing regulations.

Program Components

The bill specifies the components the commissioner must include in the program. She must:

1. provide for the design, planning, and implementation of a multiyear, state-wide marketing and advertising plan that includes television and radio advertisements showcasing

Connecticut-made products and the advantages they offer;

2. establish and continuously update an associated website that lists Connecticut manufacturers, the products they make, and the retailers that sell them;
3. help Connecticut manufacturers and producers needing assistance access the appropriate economic development organizations; and
4. foster contacts and relationships between businesses making or producing Connecticut products and retailers, marketers, chambers of commerce, regional tourism districts, and other potential institutional customers (i. e., program stakeholders).

The last component includes providing a feature on the website linking Connecticut manufacturers and producers with potential buyers and staging statewide or regional promotional events where these groups can participate.

In addition to these required components, the bill allows the commissioner to make grants, within available appropriations, to individuals and businesses that promote and market Connecticut-made products. Grant recipients must clearly incorporate the phrases, "CONNECTICUT-MADE" or "CT-Made" in their promotional and marketing activities.

Business Participation

The bill requires the commissioner to engage the program's stakeholders in its activities. She must make her best efforts to solicit their cooperation and participation in advertising Connecticut products, developing the website, and planning events, including soliciting private funds to match state funds.

Annual Reports

Beginning January 1, 2013, the bill requires the commissioner to submit annual status reports to the Commerce Committee. The report must describe the program's activities and the amount of private

matching funds DECD received and spent.

EFFECTIVE DATE: October 1, 2012

§§ 8-9 — CONNECTICUT TREASURES

The bill provides a method to identify and promote Connecticut's "cultural treasures" and educate children about them. It requires the DECD commissioner to consult with the Tourism Advisory Committee about designating culturally, educationally, and historically significant locations and develop a plan to promote them. She must also outline how existing DECD programs can promote these locations.

The bill also requires the education commissioner to consult with the DECD commissioner on developing a curriculum local and regional school boards can use with respect to the designated Connecticut Treasures. The curriculum may incorporate student visits to these locations. The education commissioner must develop the curriculum within available appropriations.

EFFECTIVE DATE: Upon passage, except for the requirement regarding the curriculum, which takes effect October 1, 2012.

§ 7 — DISCRIMINATORY HIRING PRACTICES

This bill makes it a discriminatory employment practice to advertise employment opportunities in a way that discriminates against anyone because he or she is unemployed, unless there is a bona fide occupational qualification or need. The bill applies to people, employers, employment agencies, and labor organizations advertising such opportunities.

Under existing law, it is a discriminatory employment practice for these groups to advertise employment opportunities in a way that discriminates against people because of their characteristics or disabilities, unless there is a bona fide occupational qualification or need. These characteristics and disabilities are race; color; religious creed; age; sex; gender identity or expression; marital status; national origin; ancestry; and present or past history of mental, intellectual, learning, or physical disability, including blindness.

By law, the Commission on Human Rights and Opportunities (CHRO) may investigate complaints and order people who engage in discriminatory employment practices to, among other things, (1) cease and desist such practices, (2) take steps to prohibit them, (3) pay back pay, and (4) hire or reinstate the employees. If CHRO fails to act within 180 days after a complaint is filed, the complainant may get a release and take the case to court, which can order appropriate legal and equitable relief, including injunctive relief, attorney's fees, and court costs.

EFFECTIVE DATE: October 1, 2012

BACKGROUND

Related Bills

sSB 77 (File 46) creates an unemployed armed forces member subsidized training and employment program nearly identical to the bill's.

sSB 81 (File 118) allows more small manufacturers businesses to qualify for STEP by raising the employee ceiling from 50 to 100 and allowing the DOL commissioner to waive some of the eligibility criteria for new employees hired by non manufacturing businesses.

It also opens the Small Business Express Program to more businesses and makes other programmatic and administrative changes, including:

1. raising the employee ceiling for manufacturers from 50 to 100 employees,
2. extending assistance to businesses based in other states and without operations here,
3. resetting the time period during which a business is subject to the statutory penalty for relocating out of state, and
4. increasing the maximum loan amount and terms under two of the program's components.

sSB 79 (File 29) also makes it a discriminatory employment practice to advertise employment opportunities in a way that discriminates against anyone because he or she is unemployed unless there is a bona fide occupational qualification or need.

sSB 221 (File 35) allows the DECD commissioner to give a First Five Plus preference to businesses proposing to relocate overseas jobs to Connecticut.

SB 75's (File 24) provisions authorizing a "Connecticut-Made" Marketing campaign are identical to the bill's provisions.

COMMITTEE ACTION

Commerce Committee

Joint Favorable Substitute Change of Reference
Yea 17 Nay 0 (03/15/2012)

Education Committee

Joint Favorable
Yea 30 Nay 1 (03/23/2012)