

To the office of U.S. Senator Christopher A. Coons

Re: S 5010 (119th Congress), NO BOSS Act • Latest action (2026-07-16): Read twice and referred to the Committee on Finance.

VFA SI Solution #179 • published 2026-07-18 • <https://www.valuesforamerica.com/solutions/179>

Office of record (Congress.gov): 218 Russell Senate Office Building Washington, DC 20510, Washington, DC • (202) 224-5042

Self-Employment Assistance State Flexibility Act of 2025

The measure, as described from the official record: To encourage states to offer self-employment assistance programs (SEAPs) to unemployed individuals, allowing them to start businesses while receiving unemployment benefits, by modifying federal tax rules that govern state administration of such programs.

THE PROPOSAL

This Act establishes a voluntary federal grant program to support states that choose to implement or expand self-employment assistance programs (SEAPs) for unemployed individuals. The Secretary of Labor shall award grants to states that submit a plan demonstrating how SEAP funds will be used to provide entrepreneurial training, business startup allowances, and ongoing support to eligible unemployed individuals. States retain full discretion over program design, eligibility criteria, and benefit levels, provided that the program does not discriminate on the basis of race, color, national origin, sex, or disability. The federal grant may cover up to 50% of state program costs, with a maximum annual grant of \$50 million per state. States must report annually on program outcomes, including participant business survival rates and reemployment outcomes. The program is funded from general revenues, with a total authorization of \$500 million per fiscal year for five years. The Act sunsets on September 30, 2030. The Secretary of Labor shall oversee compliance and may recoup funds from states that fail to meet reporting requirements or that use funds for purposes inconsistent with their approved plan. This Act does not preempt state law or require any state to participate.

OPERATIVE PROVISIONS (VFA PROPOSAL)

Funding Source	General revenues of the United States Treasury
Funding Amount	\$500 million per fiscal year for five years (total \$2.5 billion)
Sunset Years	5 years
Oversight Body	Secretary of Labor, through the Employment and Training Administration
Enforcement Mechanism	Recoupment of grant funds from states that fail to comply with reporting requirements or use funds outside approved plans; civil penalties for intentional misuse
Effective Date	October 1, 2025

CONSTITUTIONAL BASIS

- Article I, Section 8, Clause 1 (Congress shall have Power to lay and collect Taxes, Duties, Imposts and Excises, to pay the Debts and provide for the common Defence and general Welfare of the United States)
- Tenth Amendment (The powers not delegated to the United States by the Constitution, nor prohibited by it to the States, are reserved to the States respectively, or to the people)

Concerns with the measure as written:

- The original bill uses the Internal Revenue Code to impose federal conditions on state administration of unemployment programs, potentially infringing on state sovereignty under the Tenth Amendment.
- The bill may exceed Congress's enumerated powers by directly regulating state unemployment insurance administration rather than using conditional spending under Article I, Section 8, Clause 1.

WHY BOTH SIDES CAN BACK IT (VFA'S ASSESSMENT)

Democratic priorities honored: supports entrepreneurship, reduces unemployment, provides federal funding for state workforce innovation. Republican priorities honored: preserves state flexibility, no federal mandates, voluntary participation, limited federal oversight, sunset provision to prevent permanent expansion.

Values for America is a nonpartisan, constitution-first SI think tank. This brief is informational. It is a policy proposal, not law, and it does not support or oppose any candidate or party. Full analysis and sources: <https://www.valuesforamerica.com/solutions/179> · Methodology: <https://www.valuesforamerica.com/methodology>