

WEST VIRGINIA LEGISLATURE

2018 REGULAR SESSION

Committee Substitute

for

Senate Bill 556

BY SENATORS JEFFRIES, BEACH, AND PLYMALE

[Originating in the Committee on the Workforce;

reported on February 26, 2018]

1 A BILL to amend and reenact §31-15-3 of the Code of West Virginia, 1931, as amended, relating
2 to the West Virginia Economic Development Authority; creating a small business and
3 minority populations economic and workforce development taskforce to assist the Director
4 of the Economic Development Authority in developing and implementing a procedure to
5 address employment, labor force participation, and economic development problems of
6 small business and low income and minority populations of West Virginia; and developing
7 a pilot project that can be used as a model to promote the growth and development of
8 small business to increase employment and labor force participation across West Virginia.

Be it enacted by the Legislature of West Virginia:

ARTICLE 15. WEST VIRGINIA ECONOMIC DEVELOPMENT AUTHORITY.

§31-15-3. Purposes of article.

1 (a) The purposes of this article ~~shall be~~ are to provide for the formation of a public
2 economic development authority to promote, assist, encourage and, in conjunction with such
3 banking corporations or institutions, trust companies, savings banks, building and loan
4 associations, insurance companies or related corporations, partnerships, foundations, nonprofit
5 organizations or other institutions, to develop and advance the business prosperity and economic
6 welfare of the State of West Virginia; to encourage and assist in the location of new business and
7 industry; to stimulate and assist in the expansion of all kinds of business activity which will tend
8 to promote the business development and maintain the economic stability of this state, provide
9 maximum opportunities for employment, encourage thrift and improve the standard of living of the
10 citizens of this state; to cooperate and act in conjunction with other organizations, public or private,
11 the objects of which are the promotion and advancement of industrial, commercial, tourist or
12 manufacturing developments in this state; to borrow moneys and to issue its bonds, notes,
13 commercial paper, other debt instruments and security interests as well as creating an insurance
14 fund for credit enhancement purposes; to furnish money and credit or credit enhancement to
15 approved industrial development agencies or enterprises in this state or for the promotion of new

16 projects or to retain existing projects or to financially assist projects by insuring bonds, notes,
17 loans, and other instruments, including, but not limited to, the insuring of financing of working
18 capital or the refinancing of existing debt of an enterprise, thereby establishing a source of credit
19 and credit enhancement not otherwise available; to review state procurement policies and
20 practices to assure that they meet federal and state requirements and that they effectively
21 encourage meaningful participation of African-Americans and other minority persons in the
22 process of competing for and awarding of state contracts for goods and services; to encourage
23 the state to continue to support and expand small business incubator programs, including the
24 program at institutions of higher education in the state; to encourage new and minority small
25 business development; to undertake initiatives to encourage minority business ownership similar
26 to those efforts used to encourage greater rates of business ownership among women; to assist
27 community and economic development corporations to provide effective technical and business
28 advisory services to small and minority-owned and -operated enterprises; to encourage industry,
29 banks, and other private businesses to hire African-Americans and other minority persons; to
30 encourage governmental agencies and bodies and businesses to be more aggressive in
31 establishing diversity-conscious practices as employers and for their operations; to enlist
32 traditional and nontraditional lending institutions to be more creative and favorable to lending in
33 minority communities and to minority persons, especially for business enterprises; to encourage
34 small business start-up and expansion and provide funding to assist minority vendors to meet bid
35 bonding requirements; and to encourage workforce investment boards to be accountable for
36 educating poor and minority persons for jobs better than low-paying service jobs. These purposes
37 are hereby declared to be public purposes for which public money may be spent and are purposes
38 which will promote the health, safety, morals, right to gainful employment, business opportunities,
39 and general welfare of the inhabitants of the state.

40 (b)(1) It is hereby determined and declared, as a matter of legislative finding:

41 The West Virginia Forward Collaborative Report Strategy for Economic Development and

42 Job Growth compiled jointly by West Virginia University, Marshall University and the State of West
43 Virginia, in Section 6.2, Innovation and Business Development contains the following:

44 “Many of the challenges to small business growth in West Virginia are due to the fact that
45 small businesses are not fully aware of the resources at their disposal to grow and succeed. In
46 addition, there is a lack of business support services across different topics, e.g. financial
47 forecasting and literacy resources, affordable technical business operations such as accounting,
48 commerce, and web design, and affordable vetted legal services in general business and
49 intellectual property (IP). Access to resources would help companies plan ahead and adapt to
50 changing business needs.”

51 (2) One of the key actions the report suggests is that West Virginia consider addressing
52 the challenges set forth in §31-15-3(b)(1) of this code is to create a one-stop resource that can
53 map current resources and business needs, direct business to the right entities and identify vacant
54 spaces in support resources.

55 (3) Furthermore, it is hereby determined and declared as a legislative finding that West
56 Virginia has the lowest labor force participation rate in the nation and has had this dubious
57 distinction since 1976. West Virginia’s low labor force participation rate is one of the factors that
58 stymies economic development and growth.

59 (4) Furthermore, the West Virginia Forward Collaborative Report Strategy for Economic
60 Development and Job Growth compiled jointly by West Virginia University, Marshall University,
61 and the State of West Virginia, in Section 8, Human Capital provides the following:

62 (A) West Virginia’s level of educational attainment and particularly the volume of STEM
63 graduates per year is lower than surrounding states.

64 (B) Labor force participation has been declining in West Virginia and less than half of
65 working age people are actively seeking employment in some counties of the state.

66 (5) That report identifies four likely drivers that explain the trends identified in §31-15-
67 3(b)(4) of this code:

68 (A) Among neighboring states, West Virginia has the highest percentage of its population
69 with a disability (22 percent);

70 (B) West Virginia has the lowest percentage of women participating in the labor force (51
71 percent) across the Unites States;

72 (C) There is a mismatch between labor supply and demand according to employers;

73 (D) The opioid crisis has affected the ability of large portions of the population to participate
74 in the job market; and

75 (E) Large waves of out-migration over the past three years have further contributed to a
76 shrinking population and cohort pool.

77 (6) That report makes the following observations:

78 (A) Ongoing efforts exist to address those challenges across the state, specifically in
79 relation to increasing workforce participation.

80 (B) There may be an opportunity to consolidate these efforts under one umbrella that
81 channels resources into a human capital priority for the state in a more coordinated manner.

82 (C) A taskforce could bring together the education providers, major employers, and
83 existing institutions working within the human capital space across West Virginia to identify and
84 launch an integrated effort that addresses existing challenges to the labor force.

85 (7) Furthermore, it is hereby determined and declared as a legislative finding that the 2014
86 Federal Workforce Innovation and Opportunity Act, and the companion 2016 West Virginia State
87 Workforce Innovation and Opportunity Act require the creation on the Legislative Joint
88 Commission on Workforce Investment for Economic Development, the State Workforce
89 Investment Board, the Workforce Interagency Collaborative Team, and local workforce
90 development board and that require that up to 51 percent of the state and local workforce
91 development board membership be from private employers, government agencies, and nonprofit
92 organizations to provide the framework and structure for a comprehensive, seamless, integrated
93 workforce investment and development system to support small business growth and

94 development, increase labor force participation and address employment challenges of low
95 income and minority populations.

96 (c) In order to more effectively address the purposes of this article, there is hereby created
97 and established the Small Business and Minority Populations Economic and Workforce Taskforce
98 to assist the Director of the Economic Development Authority to develop and implement a
99 procedure to address employment, labor force participation, and economic development
100 problems of small businesses, disadvantaged and minority populations of West Virginia and to
101 increase small business growth and development and to improve labor force participation as
102 recommended in the West Virginia Forward Collaborative Report. The Small Business and
103 Minority Populations Economic and Workforce Development Taskforce consists of the following:

104 (1) The Executive Director of the West Virginia Economic Development Authority, or his
105 or her designee;

106 (2) The Executive Director of the West Virginia Governor's Workforce Investment Division,
107 or his or her designee;

108 (3) The Executive Director of the West Virginia Development Office, or his or her designee;

109 (4) The Executive Director of the West Virginia Small Business Development Office, or his
110 or her designee;

111 (5) The Executive Director of the West Virginia Housing Development Fund;

112 (6) The Director of the Herbert Henderson Office of Minority Affairs, or his or her designee;

113 (7) The President of West Virginia University, or his or her designee;

114 (8) The President of Marshall University, or his or her designee;

115 (9) The President of a local community and technical college, or his or her designee;

116 (10) Two small business owners, one of which is a minority business owner; and

117 (11) The Executive Director of the West Virginia Chamber of Commerce, or his or her
118 designee.

119 (d) The taskforce shall:

120 (1) Provide technical assistance, consultation, and support that may be requested by the
121 Executive Director of the West Virginia Economic Development Authority;

122 (2) Provide consultation, technical assistance, and support to local communities in the
123 development of their small business and minority economic and workforce development plans;

124 (3) Provide technical assistance, consultation, and support to local communities in the
125 execution of their plans;

126 (4) Provide support to local communities in identifying resources to support their plans;

127 (5) Work with state executives to ensure that existing legislation targeting vulnerable
128 communities is effectively executed;

129 (6) Create a one stop that maps current resources and business needs, direct businesses
130 to the right entities and identify vacant space in support resources;

131 (7) Bring together education providers, major employees, and existing institutions working
132 within the human capital space across West Virginia to identify and launch an integrated effort
133 that addresses existing challenges to the labor force that will increase labor force participation;
134 and

135 (8) Develop a model project that can be used as a model to promote small business growth
136 and development to address employment, labor force participation, and economic development
137 challenges of low income and minority population across West Virginia.

138 (e) Members of the Small and Minority Economic Workforce Development Taskforce are
139 not entitled to compensation for service on the advisory team, but may be reimbursed by the West
140 Virginia Economic Development Authority for all reasonable and necessary expenses actually
141 incurred in the performance of their duties in a manner consistent with guidelines of the travel
142 management office of the Department of Administration or its successor.

143 (f) The Small and Minority Economic Workforce Development Taskforce shall be divided
144 into work groups as needed and the work group will solicit input from appropriate individuals from
145 state government, education, private sectors, and community representatives. The workgroups

146 will include:

147 (1) Small Business and Minority Business Work Group;

148 (2) Workforce Development System Improvement Work Group; and

149 (3) Labor Force Participation Improvement Work Group.

150 (g) The Small and Minority Economic Workforce Development Taskforce effectiveness will

151 be measured by the following metrics:

152 (1) The number of small businesses that expand;

153 (2) The reduction in small business failures;

154 (3) The number of new small business and minority business start-ups;

155 (4) The overall increase in labor force participation; and

156 (5) The increase in labor force participation among youth, African-Americans and women.

157 (h) The Minority Economic Development Taskforce shall meet at least once each quarter

158 and conduct all meetings in accordance with the open governmental meetings proceedings act

159 pursuant to §6-9A-1 et seq. of this code.

NOTE: The purpose of this bill is to create a Small Business and Minority Populations Economic and Workforce Development Taskforce to assist the Director of the Economic Development Authority in developing and implementing a procedure to address employment and economic development problems of small business, low income and minority populations of West Virginia.