

115TH CONGRESS
1ST SESSION

S. 1081

To establish an Employee Ownership and Participation Initiative, and for other purposes.

IN THE SENATE OF THE UNITED STATES

MAY 10, 2017

Mr. SANDERS (for himself, Mrs. GILLIBRAND, Mr. LEAHY, Mr. BROWN, Ms. HASSAN, and Ms. WARREN) introduced the following bill; which was read twice and referred to the Committee on Health, Education, Labor, and Pensions

A BILL

To establish an Employee Ownership and Participation Initiative, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Worker Ownership,
5 Readiness, and Knowledge Act” or the “WORK Act”.

6 **SEC. 2. WORKER OWNERSHIP, READINESS, AND KNOWL-**
7 **EDGE.**

8 (a) DEFINITIONS.—In this section:

1 (1) EXISTING PROGRAM.—The term “existing
2 program” means a program, designed to promote
3 employee ownership and employee participation in
4 business decisionmaking, that exists on the date the
5 Secretary is carrying out a responsibility authorized
6 by this section.

7 (2) INITIATIVE.—The term “Initiative” means
8 the Employee Ownership and Participation Initiative
9 established under subsection (b).

10 (3) NEW PROGRAM.—The term “new program”
11 means a program, designed to promote employee
12 ownership and employee participation in business de-
13 cisionmaking, that does not exist on the date the
14 Secretary is carrying out a responsibility authorized
15 by this section.

16 (4) SECRETARY.—The term “Secretary” means
17 the Secretary of Labor, acting through the Assistant
18 Secretary for Employment and Training.

19 (5) STATE.—The term “State” means any of
20 the 50 States within the United States.

21 (b) EMPLOYEE OWNERSHIP AND PARTICIPATION INI-
22 TIATIVE.—

23 (1) ESTABLISHMENT.—The Secretary of Labor
24 shall establish within the Employment and Training
25 Administration of the Department of Labor an Em-

1 ployee Ownership and Participation Initiative to pro-
2 mote employee ownership and employee participation
3 in business decisionmaking.

4 (2) FUNCTIONS.—In carrying out the Initiative,
5 the Secretary shall—

6 (A) support within the States existing pro-
7 grams designed to promote employee ownership
8 and employee participation in business decision-
9 making; and

10 (B) facilitate within the States the forma-
11 tion of new programs designed to promote em-
12 ployee ownership and employee participation in
13 business decisionmaking.

14 (3) DUTIES.—To carry out the functions enu-
15 merated in paragraph (2), the Secretary shall—

16 (A) support new programs and existing
17 programs by—

18 (i) making Federal grants authorized
19 under subsection (d); and

20 (ii)(I) acting as a clearinghouse on
21 techniques employed by new programs and
22 existing programs within the States, and
23 disseminating information relating to those
24 techniques to the programs; or

(II) funding projects for information gathering on those techniques, and dissemination of that information to the programs, by groups outside the Employment and Training Administration; and

(B) facilitate the formation of new programs, in ways that include holding or funding an annual conference of representatives from States with existing programs, representatives from States developing new programs, and representatives from States without existing programs.

(c) PROGRAMS REGARDING EMPLOYEE OWNERSHIP AND PARTICIPATION.—

(1) ESTABLISHMENT OF PROGRAM.—Not later than 180 days after the date of enactment of this Act, the Secretary shall establish a program to encourage new programs and existing programs within the States to foster employee ownership and employee participation in business decisionmaking throughout the United States.

(2) PURPOSE OF PROGRAM.—The purpose of the program established under paragraph (1) is to encourage new programs and existing programs within the States that focus on—

1 (A) providing education and outreach to
2 inform employees and employers about the pos-
3 sibilities and benefits of employee ownership,
4 business ownership succession planning, and
5 employee participation in business decision-
6 making, including providing information about
7 financial education, employee teams, open-book
8 management, and other tools that enable em-
9 ployees to share ideas and information about
10 how their businesses can succeed;

11 (B) providing technical assistance to assist
12 employee efforts to become business owners, to
13 enable employers and employees to explore and
14 assess the feasibility of transferring full or par-
15 tial ownership to employees, and to encourage
16 employees and employers to start new em-
17 ployee-owned businesses;

18 (C) training employees and employers with
19 respect to methods of employee participation in
20 open-book management, work teams, commit-
21 tees, and other approaches for seeking greater
22 employee input; and

23 (D) training other entities to apply for
24 funding under this subsection, to establish new
25 programs, and to carry out program activities.

1 (3) PROGRAM DETAILS.—The Secretary may in-
2 clude, in the program established under paragraph
3 (1), provisions that—

4 (A) in the case of activities described in
5 paragraph (2)(A)—

6 (i) target key groups, such as retiring
7 business owners, senior managers, unions,
8 trade associations, community organiza-
9 tions, and economic development organiza-
10 tions;

11 (ii) encourage cooperation in the orga-
12 nization of workshops and conferences; and

13 (iii) prepare and distribute materials
14 concerning employee ownership and par-
15 ticipation, and business ownership succes-
16 sion planning;

17 (B) in the case of activities described in
18 paragraph (2)(B)—

19 (i) provide preliminary technical as-
20 sistance to employee groups, managers,
21 and retiring owners exploring the possi-
22 bility of employee ownership;

23 (ii) provide for the performance of
24 preliminary feasibility assessments;

1 (iii) assist in the funding of objective
2 third-party feasibility studies and prelimi-
3 nary business valuations, and in selecting
4 and monitoring professionals qualified to
5 conduct such studies; and

6 (iv) provide a data bank to help em-
7 ployees find legal, financial, and technical
8 advice in connection with business owner-
9 ship;

10 (C) in the case of activities described in
11 paragraph (2)(C)—

12 (i) provide for courses on employee
13 participation; and

14 (ii) provide for the development and
15 fostering of networks of employee-owned
16 companies to spread the use of successful
17 participation techniques; and

18 (D) in the case of training described in
19 paragraph (2)(D)—

20 (i) provide for visits to existing pro-
21 grams by staff from new programs receiv-
22 ing funding under this section; and

23 (ii) provide materials to be used for
24 such training.

1 (4) GUIDANCE.—The Secretary shall issue for-
 2 mal guidance, for recipients of grants awarded under
 3 subsection (d) and 1-stop partners affiliated with the
 4 statewide workforce investment systems described in
 5 section 2(6) of the Workforce Innovation and Oppor-
 6 tunity Act (29 U.S.C. 3101(6)), proposing that pro-
 7 grams and other activities funded under this section
 8 be—

9 (A) proactive in encouraging actions and
 10 activities that promote employee ownership of,
 11 and participation in, businesses; and

12 (B) comprehensive in emphasizing both
 13 employee ownership of, and participation in,
 14 businesses so as to increase productivity and
 15 broaden capital ownership.

16 (d) GRANTS.—

17 (1) IN GENERAL.—In carrying out the program
 18 established under subsection (c), the Secretary may
 19 make grants for use in connection with new pro-
 20 grams and existing programs within a State for any
 21 of the following activities:

22 (A) Education and outreach as provided in
 23 subsection (c)(2)(A).

24 (B) Technical assistance as provided in
 25 subsection (c)(2)(B).

1 (C) Training activities for employees and
2 employers as provided in subsection (c)(2)(C).

3 (D) Activities facilitating cooperation
4 among employee-owned firms.

5 (E) Training as provided in subsection
6 (c)(2)(D) for new programs provided by partici-
7 pants in existing programs dedicated to the ob-
8 jectives of this section, except that, for each fis-
9 cal year, the amount of the grants made for
10 such training shall not exceed 10 percent of the
11 total amount of the grants made under this sec-
12 tion.

13 (2) AMOUNTS AND CONDITIONS.—The Sec-
14 retary shall determine the amount and any condi-
15 tions for a grant made under this subsection. The
16 amount of the grant shall be subject to paragraph
17 (6), and shall reflect the capacity of the applicant
18 for the grant.

19 (3) APPLICATIONS.—Each entity desiring a
20 grant under this subsection shall submit an applica-
21 tion to the Secretary at such time, in such manner,
22 and accompanied by such information as the Sec-
23 retary may reasonably require.

24 (4) STATE APPLICATIONS.—Each State may
25 sponsor and submit an application under paragraph

1 (3) on behalf of any local entity consisting of a unit
2 of State or local government, a State-supported in-
3 stitution of higher education, or a nonprofit organi-
4 zation that meets the requirements of this section.

5 (5) APPLICATIONS BY ENTITIES.—

6 (A) ENTITY APPLICATIONS.—If a State
7 fails to support or establish a program pursu-
8 ant to this section during any fiscal year, the
9 Secretary shall, in the subsequent fiscal years,
10 allow local entities described in paragraph (4)
11 from that State to make applications for grants
12 under paragraph (3) on their own initiative.

13 (B) APPLICATION SCREENING.—Any State
14 failing to support or establish a program pursu-
15 ant to this section during any fiscal year may
16 submit applications under paragraph (3) in the
17 subsequent fiscal years but may not screen ap-
18 plications by local entities described in para-
19 graph (4) before submitting the applications to
20 the Secretary.

21 (6) LIMITATIONS.—A recipient of a grant made
22 under this subsection shall not receive, during a fis-
23 cal year, in the aggregate, more than the following
24 amounts:

25 (A) For fiscal year 2018, \$300,000.

1 (B) For fiscal year 2019, \$330,000.

2 (C) For fiscal year 2020, \$363,000.

3 (D) For fiscal year 2021, \$399,300.

4 (E) For fiscal year 2022, \$439,200.

5 (7) ANNUAL REPORT.—For each year, each re-
6 cipient of a grant under this subsection shall submit
7 to the Secretary a report describing how grant funds
8 allocated pursuant to this subsection were expended
9 during the 12-month period preceding the date of
10 the submission of the report.

11 (e) EVALUATIONS.—The Secretary is authorized to
12 reserve not more than 10 percent of the funds appro-
13 priated for a fiscal year to carry out this section for the
14 purposes of conducting evaluations of the grant programs
15 identified in subsection (d) and providing related technical
16 assistance.

17 (f) REPORTING.—Not later than the expiration of the
18 36-month period following the date of enactment of this
19 Act, the Secretary shall prepare and submit to Congress
20 a report—

21 (1) on progress related to employee ownership
22 and participation in businesses in the United States;
23 and

24 (2) containing an analysis of critical costs and
25 benefits of activities carried out under this section.

1 (g) AUTHORIZATIONS OF APPROPRIATIONS.—

2 (1) IN GENERAL.—There are authorized to be
 3 appropriated for the purpose of making grants pur-
 4 suant to subsection (d) the following:

5 (A) For fiscal year 2018, \$3,850,000.

6 (B) For fiscal year 2019, \$6,050,000.

7 (C) For fiscal year 2020, \$8,800,000.

8 (D) For fiscal year 2021, \$11,550,000.

9 (E) For fiscal year 2022, \$14,850,000.

10 (2) ADMINISTRATIVE EXPENSES.—There are
 11 authorized to be appropriated for the purpose of
 12 funding the administrative expenses related to the
 13 Initiative, for each of fiscal years 2018 through
 14 2022, an amount not in excess of—

15 (A) \$350,000; or

16 (B) 5.0 percent of the maximum amount
 17 available under paragraph (1) for that fiscal
 18 year.

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