

119TH CONGRESS
2D SESSION

S. 3846

To amend the Workforce Innovation and Opportunity Act regarding employer-directed skills development, and for other purposes.

IN THE SENATE OF THE UNITED STATES

FEBRUARY 11, 2026

Mr. BUDD (for himself, Mr. CASSIDY, and Mr. HUSTED) introduced the following bill; which was read twice and referred to the Committee on Health, Education, Labor, and Pensions

A BILL

To amend the Workforce Innovation and Opportunity Act regarding employer-directed skills development, 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 “Employer-Directed
5 Skills Act”.

6 **SEC. 2. EMPLOYER-DIRECTED SKILLS DEVELOPMENT.**

7 (a) EMPLOYER-DIRECTED SKILLS DEVELOPMENT.—

1 (1) IN GENERAL.—Section 3 of the Workforce
2 Innovation and Opportunity Act (29 U.S.C. 3102) is
3 amended—

4 (A) by striking paragraph (14);

5 (B) by redesignating paragraphs (15)
6 through (18) as paragraphs (14) through (17),
7 respectively; and

8 (C) by inserting after paragraph (17), the
9 following:

10 “(18) EMPLOYER-DIRECTED SKILLS DEVELOP-
11 MENT.—The term ‘employer-directed skills develop-
12 ment’ means a program—

13 “(A) that is selected or designed to meet
14 the specific skill demands of an employer (in-
15 cluding a group of employers);

16 “(B) that is conducted pursuant to the
17 terms and conditions provided under an em-
18 ployer-directed skills contract described in sec-
19 tion 134(c)(3)(I), including the commitment by
20 the employer to employ an individual upon suc-
21 cessful completion of the program; and

22 “(C) for which the employer pays a portion
23 of the cost of the program that is—

24 “(i) determined by the local board in-
25 volved; and

1 “(ii) not less than—

2 “(I) 10 percent of the cost, in the
3 case of an employer with 50 or fewer
4 employees;

5 “(II) 25 percent of the cost, in
6 the case of an employer with more
7 than 50 but fewer than 100 employ-
8 ees; and

9 “(III) 50 percent of the cost, in
10 the case of an employer with 100 or
11 more employees.”.

12 (2) CONFORMING AMENDMENT.—Section
13 108(b)(4)(B) of the Workforce Innovation and Op-
14 portunity Act (29 U.S.C. 3123(b)(4)(B)) is amended
15 by striking “customized training programs” and in-
16 serting “employer-directed skills development”.

17 (b) PRIMARY INDICATORS OF PERFORMANCE.—Sec-
18 tion 116(b)(2)(A) of the Workforce Innovation and Oppor-
19 tunity Act (29 U.S.C. 3141(b)(2)(A)) is amended—

20 (1) in clause (i), by striking subclause (VI) and
21 inserting the following:

22 “(VI) the ratio of—

23 “(aa) the number of pro-
24 gram participants who, before
25 exiting the program during a

1 program year, completed on-the-
 2 job training or employer-directed
 3 skills development; to

4 “(bb) the total number of
 5 program participants who re-
 6 ceived training services and who
 7 exited the program during that
 8 program year.”; and

9 (2) by striking clause (iv).

10 (c) ON THE JOB TRAINING, EMPLOYER-DIRECTED
 11 SKILLS DEVELOPMENT, INCUMBENT WORKER TRAINING,
 12 AND OTHER TRAINING EXCEPTIONS.—Section 122(h) of
 13 the Workforce Innovation and Opportunity Act (29 U.S.C.
 14 3152(h)) is amended—

15 (1) in the heading, by striking “CUSTOMIZED
 16 TRAINING” and inserting “EMPLOYER-DIRECTED
 17 SKILLS DEVELOPMENT”;

18 (2) in paragraph (1), by striking “customized
 19 training” and inserting “employer-directed skills de-
 20 velopment”; and

21 (3) in paragraph (2), by striking the first sen-
 22 tence and inserting “A one-stop operator in a local
 23 area shall collect the minimum amount of informa-
 24 tion from providers of on-the-job training, employer-
 25 directed skills development, incumbent worker train-

1 ing, internships, paid or unpaid work experience op-
2 portunities, and transitional employment as is nec-
3 essary to enable the use of State administrative data
4 to generate such performance information as the
5 Governor may require.”.

6 (d) STATEWIDE EMPLOYMENT AND TRAINING AC-
7 TIVITIES.—Section 134(a)(2)(B)(v)(II) of the Workforce
8 Innovation and Opportunity Act (29 U.S.C.
9 3174(a)(2)(B)(v)(II)) is amended by striking “customized
10 training” and inserting “employer-directed skills develop-
11 ment”.

12 (e) ALLOWABLE STATEWIDE EMPLOYMENT AND
13 TRAINING ACTIVITIES.—Section 134(a)(3)(A)(i) of the
14 Workforce Innovation and Opportunity Act (29 U.S.C.
15 3174(a)(3)(A)(i)) is amended by striking “customized
16 training” and inserting “employer-directed skills develop-
17 ment”.

18 (f) EMPLOYER REFERRAL.—Section 134(c)(3) of the
19 Workforce Innovation and Opportunity Act (29 U.S.C.
20 3174(c)(3)) is amended—

21 (1) in subparagraph (A)—

22 (A) in clause (i), in the matter preceding
23 subclause (I), by striking “clause (ii)” and in-
24 serting “clauses (ii) and (iii)”;

1 (B) by redesignating clause (iii) as clause
2 (iv); and

3 (C) by inserting after clause (ii) the fol-
4 lowing:

5 “(iii) EMPLOYER REFERRAL.—

6 “(I) IN GENERAL.—A one-stop
7 operator or one-stop partner shall not
8 be required to conduct an interview,
9 evaluation, or assessment of an indi-
10 vidual under clause (i)(I) if such indi-
11 vidual—

12 “(aa) is referred by an em-
13 ployer to receive on-the-job train-
14 ing or employer-directed skills de-
15 velopment in connection with
16 that employer; and

17 “(bb) has been certified by
18 the employer as being in need of
19 training services to obtain unsub-
20 sidized employment with such
21 employer and having the skills
22 and qualifications to successfully
23 participate in the selected pro-
24 gram of training services.

1 “(II) PRIORITY.—A one-stop op-
2 erator or one-stop partner shall follow
3 the priority described in subparagraph
4 (E) to determine whether an indi-
5 vidual that meets the requirements of
6 subclause (I) of this clause is eligible
7 to receive training services.”;

8 (2) in subparagraph (D), by striking clause (xi)
9 and inserting the following:

10 “(xi) employer-directed skills develop-
11 ment.”;

12 (3) in subparagraph (G)(ii)(II), by striking
13 “customized training” and inserting “employer-di-
14 rected skills development”; and

15 (4) by adding at the end the following:

16 “(I) EMPLOYER-DIRECTED SKILLS DEVEL-
17 OPMENT.—An employer may receive a contract
18 from a local board to provide employer-directed
19 skills development to a participant if the em-
20 ployer submits to the local board an application
21 that provides—

22 “(i) the provider of the skills develop-
23 ment program, which may be the employer;

24 “(ii) the length of the skills develop-
25 ment program;

1 “(iii) the recognized postsecondary
2 credential that will be awarded to, or any
3 occupational skill that will be gained by,
4 the program participant;

5 “(iv) the cost of the skills development
6 program;

7 “(v) the amount of such cost that will
8 be paid by the employer (as described in
9 section 3(19)(C)); and

10 “(vi) a commitment by the employer
11 to employ the participating individual upon
12 successful completion of the program.”.

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