

remain available, the Secretary of Labor shall continue to use such funds to carry out such section, as in effect on such day, until all of such funds are expended.

(f) Assistance for eligible workers

If, as of July 22, 2014, any unobligated funds appropriated to carry out subsections (f) and (g) of section 2918 of this title, as in effect on the day before July 22, 2014, remain available, the Secretary of Labor shall continue to use such funds to carry out such subsections, as in effect on such day, until all of such funds are expended.

(Pub. L. 113-128, title I, §172, July 22, 2014, 128 Stat. 1585.)

Editorial Notes

REFERENCES IN TEXT

Sections 2913 and 2918 of this title, referred to in subsections (e) and (f), were repealed by Pub. L. 113-128, title V, §511(a), July 22, 2014, 128 Stat. 1705, effective July 1, 2015.

Statutory Notes and Related Subsidiaries

EFFECTIVE DATE

Section effective on the first day of the first full program year after July 22, 2014 (July 1, 2015), see section 506 of Pub. L. 113-128, set out as a note under section 3101 of this title.

§ 3228. Worker ownership, readiness, and knowledge

(a) Definitions

In this section:

(1) Existing program

The term “existing program” means a program, designed to promote employee ownership, that exists on the date on which the Secretary is carrying out a responsibility authorized under this section.

(2) Initiative

The term “Initiative” means the Employee Ownership Initiative established under subsection (b).

(3) New program

The term “new program” means a program, designed to promote employee ownership, that does not exist on the date on which the Secretary is carrying out a responsibility authorized under this section.

(4) Secretary

The term “Secretary” means the Secretary of Labor.

(5) State

The term “State” has the meaning given the term under section 3102 of this title.

(b) Employee Ownership Initiative

(1) Establishment

The Secretary shall establish within the Department of Labor an Employee Ownership Initiative to promote employee ownership.

(2) Functions

In carrying out the Initiative, the Secretary shall—

(A) support within the States existing programs designed to promote employee ownership; and

(B) facilitate within the States the formation of new programs designed to promote employee ownership.

(3) Duties

To carry out the functions enumerated in paragraph (2), the Secretary shall support new programs and existing programs by—

(A) making Federal grants authorized under subsection (d); and

(B)(i) acting as a clearinghouse on techniques employed by new programs and existing programs within the States, and disseminating information relating to those 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 Department of Labor.

(4) Consultation with Treasury

The Secretary shall consult with the Secretary of the Treasury, or the Secretary’s delegate, in the case of any employee ownership arrangements or structures the administration and enforcement of which are within the jurisdiction of the Department of the Treasury.

(c) Programs regarding employee ownership

(1) Establishment of program

Not later than 180 days after December 29, 2022, the Secretary shall establish a program to encourage new programs and existing programs within the States to foster employee ownership throughout the United States.

(2) Purpose of program

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

(A) providing education and outreach to inform employees and employers about the possibilities and benefits of employee ownership and business ownership succession planning, including providing information about financial education, employee teams, open-book management, and other tools that enable employees to share ideas and information about how their businesses can succeed;

(B) providing technical assistance to assist employee efforts to become business owners, to enable employers and employees to explore and assess the feasibility of transferring full or partial ownership to employees, and to encourage employees and employers to start new employee-owned businesses;

(C) training employees and employers with respect to methods of employee participation in open-book management, work teams, committees, and other approaches for seeking greater employee input; and

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

(3) Program details

The Secretary may include, in the program established under paragraph (1), provisions that—

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

- (i) target key groups, such as retiring business owners, senior managers, labor organizations, trade associations, community organizations, and economic development organizations;
- (ii) encourage cooperation in the organization of workshops and conferences; and
- (iii) prepare and distribute materials concerning employee ownership, and business ownership succession planning;

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

- (i) provide preliminary technical assistance to employee groups, managers, and retiring owners exploring the possibility of employee ownership;
- (ii) provide for the performance of preliminary feasibility assessments;
- (iii) assist in the funding of objective third-party feasibility studies and preliminary business valuations, and in selecting and monitoring professionals qualified to conduct such studies; and
- (iv) provide a data bank to help employees find legal, financial, and technical advice in connection with business ownership;

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

- (i) provide for courses on employee participation; and
- (ii) provide for the development and fostering of networks of employee-owned companies to spread the use of successful participation techniques; and

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

- (i) provide for visits to existing programs by staff from new programs receiving funding under this section; and
- (ii) provide materials to be used for such training.

(4) Guidance

The Secretary shall issue formal guidance, for—

(A) recipients of grants awarded under subsection (d) and one-stop partners (as defined in section 3102 of this title) affiliated with the workforce development systems (as so defined) of the States, proposing that programs and other activities funded under this section be—

- (i) proactive in encouraging actions and activities that promote employee ownership of businesses; and
- (ii) comprehensive in emphasizing both employee ownership of businesses so as to increase productivity and broaden capital ownership; and

(B) acceptable standards and procedures to establish good faith fair market value for shares of a business to be acquired by an employee stock ownership plan (as defined in section 1107(d)(6) of this title).

The guidance under subparagraph (B) shall be prescribed in consultation with the Secretary of the Treasury.

(d) Grants

(1) In general

In carrying out the program established under subsection (c), the Secretary may make grants for use in connection with new programs and existing programs within a State for any of the following activities:

- (A) Education and outreach as provided in subsection (c)(2)(A).
- (B) Technical assistance as provided in subsection (c)(2)(B).
- (C) Training activities for employees and employers as provided in subsection (c)(2)(C).
- (D) Activities facilitating cooperation among employee-owned firms.

(E) Training as provided in subsection (c)(2)(D) for new programs provided by participants in existing programs dedicated to the objectives of this section, except that, for each fiscal year, the amount of the grants made for such training shall not exceed 10 percent of the total amount of the grants made under this section.

(2) Amounts and conditions

The Secretary shall determine the amount and any conditions for a grant made under this subsection. The amount of the grant shall be subject to paragraph (6), and shall reflect the capacity of the applicant for the grant.

(3) Applications

Each entity desiring a grant under this subsection shall submit an application to the Secretary at such time, in such manner, and accompanied by such information as the Secretary may reasonably require.

(4) State applications

Each State may sponsor and submit an application under paragraph (3) on behalf of any local entity consisting of a unit of State or local government, State-supported institution of higher education, or nonprofit organization, meeting the requirements of this section.

(5) Applications by entities

(A) Entity applications

If a State fails to support or establish a program pursuant to this section during any fiscal year, the Secretary shall, in the subsequent fiscal years, allow local entities described in paragraph (4) from that State to make applications for grants under paragraph (3) on their own initiative.

(B) Application screening

Any State failing to support or establish a program pursuant to this section during any fiscal year may submit applications under paragraph (3) in the subsequent fiscal years but may not screen applications by local entities described in paragraph (4) before submitting the applications to the Secretary.

(6) Limitations

A recipient of a grant made under this subsection shall not receive, during a fiscal year, in the aggregate, more than the following amounts:

- (A) For fiscal year 2025, \$300,000.
- (B) For fiscal year 2026, \$330,000.

- (C) For fiscal year 2027, \$363,000.
- (D) For fiscal year 2028, \$399,300.
- (E) For fiscal year 2029, \$439,200.

(7) Annual report

For each year, each recipient of a grant under this subsection shall submit to the Secretary a report describing how grant funds allocated pursuant to this subsection were expended during the 12-month period preceding the date of the submission of the report.

(e) Evaluations

The Secretary is authorized to reserve not more than 10 percent of the funds appropriated for a fiscal year to carry out this section, for the purposes of conducting evaluations of the grant programs identified in subsection (d) and to provide related technical assistance.

(f) Reporting

Not later than the expiration of the 36-month period following December 29, 2022, the Secretary shall prepare and submit to Congress a report—

- (1) on progress related to employee ownership in businesses in the United States; and
- (2) containing an analysis of critical costs and benefits of activities carried out under this section.

(g) Authorizations of appropriations

(1) In general

There are authorized to be appropriated for the purpose of making grants pursuant to subsection (d) the following:

- (A) For fiscal year 2025, \$4,000,000.
- (B) For fiscal year 2026, \$7,000,000.
- (C) For fiscal year 2027, \$10,000,000.
- (D) For fiscal year 2028, \$13,000,000.
- (E) For fiscal year 2029, \$16,000,000.

(2) Administrative expenses

There are authorized to be appropriated for the purpose of funding the administrative expenses related to the Initiative—

- (A) for fiscal year 2024, \$200,000, and
- (B) for each of fiscal years 2025 through 2029, an amount not in excess of the lesser of—
 - (i) \$350,000; or
 - (ii) 5.0 percent of the maximum amount available under paragraph (1) for that fiscal year.

(Pub. L. 117-328, div. T, title III, §346, Dec. 29, 2022, 136 Stat. 5381.)

Editorial Notes

CODIFICATION

Section was enacted as part of the SECURE 2.0 Act of 2022, and also as part of the Consolidated Appropriations Act, 2023, and not as part of title I of the Workforce Innovation and Opportunity Act which comprises this subchapter.

PART E—ADMINISTRATION

Statutory Notes and Related Subsidiaries

DEFINITION OF “SECRETARY”

In this part, “Secretary” means the Secretary of Labor, see section 3151(b)(1)(C)(ii)(II) of this title.

§ 3241. Requirements and restrictions

(a) Benefits

(1) Wages

(A) In general

Individuals in on-the-job training or individuals employed in activities under this subchapter shall be compensated at the same rates, including periodic increases, as trainees or employees who are similarly situated in similar occupations by the same employer and who have similar training, experience, and skills, and such rates shall be in accordance with applicable law, but in no event less than the higher of the rate specified in section 206(a)(1) of this title or the applicable State or local minimum wage law.

(B) Rule of construction

The reference in subparagraph (A) to section 206(a)(1) of this title shall not be applicable for individuals in territorial jurisdictions in which section 206(a)(1) of this title does not apply.

(2) Treatment of allowances, earnings, and payments

Allowances, earnings, and payments to individuals participating in programs under this subchapter shall not be considered as income for the purposes of determining eligibility for and the amount of income transfer and in-kind aid furnished under any Federal or federally assisted program based on need, other than as provided under the Social Security Act (42 U.S.C. 301 et seq.).

(b) Labor standards

(1) Limitations on activities that impact wages of employees

No funds provided under this subchapter shall be used to pay the wages of incumbent employees during their participation in economic development activities provided through a statewide workforce development system.

(2) Displacement

(A) Prohibition

A participant in a program or activity authorized under this subchapter (referred to in this section as a “specified activity”) shall not displace (including a partial displacement, such as a reduction in the hours of nonovertime work, wages, or employment benefits) any currently employed employee (as of the date of the participation).

(B) Prohibition on impairment of contracts

A specified activity shall not impair an existing contract for services or collective bargaining agreement, and no such activity that would be inconsistent with the terms of a collective bargaining agreement shall be undertaken without the written concurrence of the labor organization and employer concerned.

(3) Other prohibitions

A participant in a specified activity shall not be employed in a job if—