

112TH CONGRESS
2D SESSION

S. 3421

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

IN THE SENATE OF THE UNITED STATES

JULY 23, 2012

Mr. SANDERS (for himself, Mr. LEAHY, Mr. BROWN of Ohio, Mr. BLUMENTHAL, and Mr. AKAKA) 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 of America.

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

1 (II) funding projects for information
2 gathering on those techniques, and dis-
3 semination of that information to the pro-
4 grams, by groups outside the Employment
5 and Training Administration; and

6 (B) facilitate the formation of new pro-
7 grams, in ways that include holding or funding
8 an annual conference of representatives from
9 States with existing programs, representatives
10 from States developing new programs, and rep-
11 resentatives from States without existing pro-
12 grams.

13 (c) PROGRAMS REGARDING EMPLOYEE OWNERSHIP
14 AND PARTICIPATION.—

15 (1) ESTABLISHMENT OF PROGRAM.—Not later
16 than 180 days after the date of enactment of this
17 Act, the Secretary shall establish a program to en-
18 courage new and existing programs within the
19 States, designed to foster employee ownership and
20 employee participation in business decisionmaking
21 throughout the United States.

22 (2) PURPOSE OF PROGRAM.—The purpose of
23 the program established under paragraph (1) is to
24 encourage new and existing programs within the
25 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 under para-
5 graph (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 under para-
18 graph (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 under para-
11 graph (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 under para-
19 graph (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 one-stop partners affiliated with
4 the statewide workforce investment systems de-
5 scribed in section 106 of the Workforce Investment
6 Act of 1998 (29 U.S.C. 2881), 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 employees as provided in subsection (e)(2)(C).

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

5 (E) Training as provided in subsection
6 (e)(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, State-supported insti-
3 tution of higher education, or nonprofit organization,
4 meeting 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 2013, \$300,000.

1 (B) For fiscal year 2014, \$330,000.

2 (C) For fiscal year 2015, \$363,000.

3 (D) For fiscal year 2016, \$399,300.

4 (E) For fiscal year 2017, \$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 to provide 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 2013, \$3,850,000.

6 (B) For fiscal year 2014, \$6,050,000.

7 (C) For fiscal year 2015, \$8,800,000.

8 (D) For fiscal year 2016, \$11,550,000.

9 (E) For fiscal year 2017, \$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 2013 through
14 2017, 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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