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

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A BILL

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

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

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

SEC. 2. 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 and employee participation in business decisionmaking, that exists on the date the Secretary is carrying out a responsibility authorized by this section.

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

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

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

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

(b) EMPLOYEE OWNERSHIP AND PARTICIPATION INITIATIVE.—

(1) ESTABLISHMENT.—The Secretary of Labor shall establish within the Employment and Training Administration of the Department of Labor an Employee Ownership and Participation Initiative to pro-
mote employee ownership and employee participation in business decisionmaking.

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

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

(B) facilitate within the States the formation of new programs designed to promote employee ownership and employee participation in business decisionmaking.

(3) DUTIES.—To carry out the functions enumerated in paragraph (2), the Secretary shall—

(A) support new programs and existing programs by—

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

(ii)(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 Employment and Training Admin-
istration; and

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

(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 en-
courage new programs and existing programs within
the States to foster employee ownership and em-
ployee 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 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, business ownership succession planning, and employee participation in business decision-making, 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, unions, 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 participation, 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 recipients of grants awarded under subsection (d) and 1-stop partners affiliated with the statewide workforce investment systems described in section 106 of the Workforce Investment Act of 1998 (29 U.S.C. 2881), proposing that programs and other activities funded under this section be—

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

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

(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 (e)(2)(C).

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

(E) Training as provided in subsection (e)(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 2018, $300,000.
(B) For fiscal year 2019, $330,000.

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

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

(E) For fiscal year 2022, $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 the date of enactment of this Act, the Secretary shall prepare and submit to Congress a report—

(1) on progress related to employee ownership and participation 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 2018, $3,850,000.
(B) For fiscal year 2019, $6,050,000.
(C) For fiscal year 2020, $8,800,000.
(D) For fiscal year 2021, $11,550,000.
(E) For fiscal year 2022, $14,850,000.

(2) Administrative Expenses.—There are authorized to be appropriated for the purpose of funding the administrative expenses related to the Initiative, for each of fiscal years 2018 through 2022, an amount not in excess of—

(A) $350,000; or
(B) 5.0 percent of the maximum amount available under paragraph (1) for that fiscal year.