

103^D CONGRESS
2^D SESSION

S. 1870

To provide State programs to encourage employee ownership and participation in business decisionmaking throughout the United States.

IN THE SENATE OF THE UNITED STATES

FEBRUARY 24 (legislative day, FEBRUARY 22), 1994

Mr. BINGAMAN introduced the following bill; which was read twice and referred to the Committee on Labor and Human Resources

A BILL

To provide State programs to encourage employee ownership and participation in business decisionmaking throughout the United States.

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. PROGRAMS REGARDING EMPLOYEE OWNER-**
4 **SHIP AND PARTICIPATION.**

5 (a) ESTABLISHMENT OF PROGRAM.—Not later than
6 180 days after the date of the enactment of this Act, the
7 Secretary of Labor (referred to in this Act as the “Sec-
8 retary”) shall establish a program to facilitate the estab-
9 lishment of State programs to foster increased employee

1 ownership and greater employee participation in business
2 decisionmaking throughout the United States.

3 (b) PURPOSE OF PROGRAM.—The Secretary shall es-
4 tablish the program under subsection (a) to encourage
5 State programs which focus on the following:

6 (1) Activities involving education and outreach
7 to inform individuals about the possibilities and ben-
8 efits of employee ownership, gainsharing, and par-
9 ticipation in business decisionmaking, including fi-
10 nancial education.

11 (2) Activities involving technical assistance to
12 assist employee efforts to become business owners.

13 (3) Training activities for employees and em-
14 ployers with respect to methods of employee partici-
15 pation in business decisionmaking.

16 (4) Activities involving training other organiza-
17 tions to apply for funding under this section.

18 (c) PROGRAM DETAILS.—In focusing on activities re-
19 ferred to in subsection (b), the Secretary may include in
20 the program provisions that would—

21 (1) in the case of activities under subsection

22 (b)(1)—

23 (A) target key groups such as retiring
24 business owners, unions, managers, trade asso-
25 ciations, and community organizations;

1 (B) encourage cooperation in organizing
2 workshops and conferences; and

3 (C) provide for the preparation and dis-
4 tribution of materials concerning employee own-
5 ership and participation;

6 (2) in the case of activities under subsection

7 (b)(2)—

8 (A) provide for the performance of
9 prefeasibility assessments;

10 (B) provide assistance in the funding of
11 objective third party feasibility studies; and

12 (C) provide a data bank to help employees
13 find legal, financial, and technical advice in con-
14 nection with company ownership;

15 (3) in the case of activities under subsection

16 (b)(3)—

17 (A) provide for courses on employee par-
18 ticipation; and

19 (B) provide for the development and fos-
20 tering of networks of employee-owned compa-
21 nies to spread the use of successful participa-
22 tion techniques; and

23 (4) in the case of activities under subsection

24 (b)(4)—

1 (A) provide for visits to existing programs
2 qualified under this Act by staff from new pro-
3 grams receiving funding under this Act; and

4 (B) provide materials to be used by organi-
5 zations qualified under this Act.

6 (d) REGULATIONS.—Regulations issued by the Sec-
7 retary pursuant to this Act shall include provisions assur-
8 ing that any program within the several States established
9 for the purposes of this Act be—

10 (1) proactive in encouraging actions and activi-
11 ties that will promote and encourage employee own-
12 ership of companies and participation in decision-
13 making in such companies; and

14 (2) comprehensive in emphasizing both em-
15 ployee ownership of companies and employee partici-
16 pation in company decisionmaking so as to boost
17 productivity and broaden capital ownership.

18 (e) GRANTS.—Any program established pursuant to
19 subsection (a) shall provide for grants to the program
20 within the several States in accordance with section 4.

21 **SEC. 2. OFFICE OF EMPLOYEE OWNERSHIP AND PARTICI-**
22 **PATION.**

23 (a) ESTABLISHMENT.—The Secretary shall establish,
24 within the Department of Labor, the Office of Employee
25 Ownership and Participation (hereafter referred to as the

1 “Office”) to promote employee ownership, gainsharing,
2 and employee participation in company decisionmaking.

3 (b) FUNCTIONS.—The functions of the Office are
4 to—

5 (1) support programs within the several States
6 approved by the Secretary as being in compliance
7 with the program established pursuant to section 1;
8 and

9 (2) facilitate the formation of new programs
10 within the several States for the purpose of accom-
11 plishing the goals of this Act.

12 (c) DUTIES.—In carrying out its functions under
13 subsection (b), the Office shall—

14 (1) in the case of activities under subsection
15 (b)(1), support those programs within the several
16 States that are designed to achieve the goals and
17 purposes set forth in this Act and to provide such
18 support by—

19 (A) making matching Federal grants under
20 section 4; and

21 (B) acting as a clearinghouse on tech-
22 niques employed by the programs within the
23 several States and disseminating information to
24 such programs, or funding such information

1 gathering and dissemination programs by
2 groups outside the Office; and

3 (2) in the case of activities under subsection
4 (b)(2), facilitate the formation of new programs by
5 encouraging the establishment of such programs in
6 each of the 50 States, including the holding or fund-
7 ing of an annual conference to bring together rep-
8 resentatives from States with existing programs and
9 representatives from States without such existing
10 programs.

11 **SEC. 3. ORGANIZATION OF THE OFFICE.**

12 (a) DIRECTOR.—There shall be at the head of the
13 Office a Director of Employee Ownership and Participa-
14 tion (hereafter referred to as the “Director”) who shall
15 be appointed by the Secretary.

16 (b) EMPLOYEES.—In carrying out the functions of
17 the Office, the Director may select, appoint, employ, and
18 fix the compensation of such employees as shall be nec-
19 essary to carry out the functions of the Office.

20 **SEC. 4. GRANTS.**

21 (a) IN GENERAL.—For the purpose of making grants
22 authorized under the program established pursuant to sec-
23 tion 1, the Office is authorized to make grants for use
24 in connection with programs within the several States for
25 any of the following activities:

1 (1) Education and outreach.

2 (2) Participation training.

3 (3) Technical studies, including prefeasibility
4 and feasibility studies.

5 (4) Activities facilitating cooperation among
6 employee ownership firms.

7 (5) Training for newly formed organizations to
8 be provided by existing organizations qualified under
9 this Act, except that such funding shall not exceed
10 10 percent of the total grants under this Act.

11 (b) MATCHING.—

12 (1) IN GENERAL.—Except as provided in para-
13 graph (2), grants under this section shall be made
14 by the Office on a matching basis, \$1 of Federal
15 money for every 50 cents of non-Federal money.

16 (2) GRANTS FOR CERTAIN TRAINING.—Grants
17 for activities described in subsection (a)(5) shall not
18 require non-Federal matching contributions.

19 (c) APPLICATIONS.—The Office shall prescribe the
20 form and information necessary for applications for grants
21 under this section.

22 (d) AMOUNTS AND CONDITIONS.—The Office shall
23 determine the amounts and the conditions for grants made
24 under this section.

25 (e) GRANTS ON BEHALF OF OTHER ENTITIES.—

1 (1) STATE APPLICATIONS.—Each of the several
2 States may sponsor and submit applications on be-
3 half of units of State or local governments, State-
4 supported institutions of higher education, and non-
5 profit organization programs meeting the require-
6 ments of this Act, but in no case shall the aggregate
7 amounts of these grants made to any unit of State
8 or local government, State-supported institutions of
9 higher education, or nonprofit organization pro-
10 grams exceed the amount set forth in subsection (g).

11 (2) APPLICATIONS BY ENTITIES.—In any case
12 in which a State fails to establish a program pursu-
13 ant to this Act during any fiscal year, the Secretary
14 shall allow in the subsequent fiscal year entities de-
15 scribed in paragraph (1) to make applications for
16 grants on their own initiative. States may submit
17 applications to the program in subsequent years but
18 may not screen applications by such entities before
19 submission to the program.

20 (f) ANNUAL REPORT.—Each grant recipient shall
21 submit an annual report to the Office setting forth how
22 all moneys from grants pursuant to this Act were ex-
23 pended during the 12-month period preceding the date of
24 the submission of the report.

1 (g) LIMITATIONS.—Grants to each of the recipients
2 shall be limited for each fiscal year as follows:

3 (1) Fiscal year 1995, not to exceed, in the ag-
4 gregate \$200,000.

5 (2) Fiscal year 1996, not to exceed, in the ag-
6 gregate \$220,000.

7 (3) Fiscal year 1997, not to exceed, in the ag-
8 gregate \$242,000.

9 (4) Fiscal year 1998, not to exceed, in the ag-
10 gregate \$266,200.

11 (5) Fiscal year 1999, not to exceed, in the ag-
12 gregate \$292,000.

13 **SEC. 5. AUTHORIZATIONS.**

14 (a) IN GENERAL.—For the purpose of making grants
15 pursuant to section 4, there are authorized to be appro-
16 priated the following:

17 (1) For fiscal year 1995, \$2,500,000.

18 (2) For fiscal year 1996, \$4,250,000.

19 (3) For fiscal year 1997, \$6,000,000.

20 (4) For fiscal year 1998, \$7,750,000.

21 (5) For fiscal year 1999, \$9,500,000.

22 (b) ADMINISTRATIVE EXPENSES.—For the purpose
23 of funding the Office, there is authorized to be appro-
24 priated for each of the fiscal years 1995 through 1999
25 an amount not in excess of the lesser of—

- 1 (1) \$250,000, or
- 2 (2) 7.5 percent of the maximum amount avail-
- 3 able under subsection (a).

4 **SEC. 6. OFFICE REPORTING.**

5 Not later than the expiration of the 36-month period
6 following the date of enactment of this Act, the Director
7 shall report to the Congress on the progress of employee
8 ownership and participation in businesses in the United
9 States. The report shall include a critical cost and benefit
10 analysis of program activities.

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