

## **Section by Section**

### **The Emergency Economic Adjustment Assistance and Workforce System Resiliency Act**

**Rep. Adam Smith (WA-09)**

#### **Section 1: Short Title – “The Emergency Economic and Workforce System Resiliency Act”**

#### **Section 2: Definitions**

Defines terms throughout the bill in congruence with WIOA definitions. Defines terms such as Employee Ownership Trust, Employee Stock Ownership Trust, and Worker Cooperative.

#### **Title I – Supplemental Formula Grants**

##### **Sec. 101 – Formula Grants**

- Authorizes a one-time five year supplemental formula grant program at the Department of Labor that can be awarded to states in order to carry out certain activities related to reducing and preventing unemployment in the wake of economic, pandemic-related, or other forces that cause downward shifts in the labor market.
- Funds are funneled through the WIOA formula, with a set aside for local areas within states.

##### **Sec. 102 – State Application Process**

- In order to receive funds, states must submit a “state plan” that is reviewed and approved by the Secretary. The state plan must outline the activities that will be funded with the grant and the goals of those activities.

##### **Sec. 103 – Use of Formula Funds**

- States and local areas that receive funding under this grant can use funds for:
  - Training and education opportunities
  - Adult basic education
  - Dislocated worker training
  - On-the-job training
  - Job seeking assistance
  - Layoff aversion in advance of WARN notifications, which may include activities such as assisting employers with product diversification, market expansion, and improving productivity.
  - Entrepreneurial development and coaching, including microloans to help start up new businesses or preserve a firm in distress
  - Developing career pathways (including through industry or sector partnerships)

- Related instruction for pre-apprenticeship, registered apprenticeship, or other work-based training in an occupational pathway
- Funding employee ownership resource centers
- Capital for revolving loan funds to assist with employee ownership transitions
- While some of the eligible uses of funds include activities already allowed under WIOA, this grant program is designed to provide a more flexible stream of funds that can be used by state workforce boards to better collaborate with existing employers to create new jobs and avert layoffs. Although there are restrictions (and caps on how much funding can be used for certain purposes) under WIOA, these supplemental funds could be used at the state's discretion in accordance with the state plan.
- Some of the uses of funds around employee ownership and firm interventions are not allowable uses of funds under WIOA. For example, these supplemental funds could be used for more innovative interventions that may involve helping employers diversify their products, expand their markets, or improve their productivity for the purposes of job creation or layoff aversion.

#### **Sec. 104 – Reporting Requirements and a National Repository**

- States must submit annual reports to the Secretary, as well as a performance evaluation with respect to indicators of performance under WIOA.
- The Secretary will make these reports available to Congress and will work with the Interagency Task Force (Title IV) to establish a publicly accessible website with a national repository of data-driven promising practices that emerge as a result of these grants, and recommendations for replicating and scaling such practices.

#### **Sec. 105 – Authorization of Appropriations for Title I**

- Authorizes \$250,000,000 per year for five years.

### **Title II – Competitive Grant Program**

#### **Sec. 201 – Competitive Grant Program Authorization**

- Authorizes a new five-year competitive grant program under the Department of Labor. Grants will be awarded in two phases to allow planning grantees in phase one to apply for a full implementation grant in phase two.
- Planning grants are no longer than 18 months long, and implementation grants awarded in phase one will be five years. Implementation grants awarded in phase two will be for the period remaining in the five year period of the grant authorization.
- Planning grants will be between \$75,000 and \$350,000
- Planning grants can be used to research, develop a proof of concept, or pilot layoff aversion and job creation strategies, or to help support the modification or removal of State administrative policy barriers to implementation of job creation and layoff aversion interventions.
- Implementation grants will be between \$5 million and \$20 million

- An additional \$5 million will be awarded to states who choose to pilot one of the following concepts:
  - Establishing a State or local public holding company that invests and acquires ownership in distressed businesses to allow them to continue operating or reopen later.<sup>1</sup>
  - Piloting a model that seeks to improve individual economic security through every stage of career life, particularly for workers left out of traditional unemployment insurance, benefits, or other worker training and retraining programs such as independent contractors, gig-workers, business owners, and individuals caring for dependents or otherwise not working outside of the home.
  - Establishing sector-based or labor-management governance boards with shared oversight over a worker support fund. Worker support funds may be used to provide ongoing training and retraining opportunities, income support during unemployment, health insurance or other health and wellness benefits, flexible time or compensation during alternative or flexible work schedules, paid sick leave or paid family leave, or other benefits as determined by the joint sector-based or worker management governing body.<sup>2</sup>
- Grantees must submit annual performance reports to the Secretary, and the Secretary must submit an annual report to Congress with a summary of the reports. At the conclusion of the five years, the Secretary shall submit results of a rigorous independent evaluation of the grants awarded in this Title.
- There are authorized to be appropriated \$250,000,000 for this Title

### **Title III – State Grantee Advisory Council**

States who receive grants under either Title I and/or Title II must establish an advisory council made up of members that represent relevant state agencies (workforce system, unemployment compensation agency, state higher education system), chambers of commerce, employer organizations, labor or joint labor-management organizations, community-based organizations, employee ownership centers (if applicable), and other members of the state’s choosing.

The role of the advisory council is to work in conjunction with the state workforce board to develop the state plan and coordinate activities to be funded under the grant.

### **Title IV – Federal Interagency Task Force**

- The Secretaries of Commerce and Labor shall jointly assemble a task force comprised of various federal agency experts to identify the challenges that grantees face, and to

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<sup>1</sup> This concept, dubbed “Local Economy Preservation Funds” is outlined in this article - <https://nextcity.org/daily/entry/local-economy-preservation-funds-plan-local-businesses-create-prosperity>

<sup>2</sup> This concept, known as the “Ghent Model” is described here - <https://www.americanprogress.org/issues/economy/reports/2019/09/18/474690/american-ghent/>

disseminate best practices, and develop and recommend policies at the Federal level to support ongoing efforts to limit the impact of market disruptions on workers, employers, and industry sectors or occupations, particularly with regards to individuals who face barriers to employment.

- The task force is also responsible for coming up with frameworks for measuring employer satisfaction with regards to activities funded under the act, and for establishing minimum standards of job quality that employers who receive funds/assistance under this legislation must meet.
- At the conclusion of the grants funded under this Act, the task force must generate a report to Congress detailing recommendations for a Federally funded program based on the promising practices carried out using funds under Title I and Title II.