

Section-by-section: Ready to Work Act

Section 1: The short title of the bill is Ready to Work Act.

Section 2: The purpose is to provide job opportunities for every long-term unemployed worker in the United States.

Section 3: Definitions. The Workforce Innovation and Opportunity Act (WIOA) defines many of the terms used in this legislation. Other key terms include:

- **Covered area:** Under WIOA, each state is divided into regions in which programs are administered by a local workforce development board. This bill uses the same structure to establish local jobs programs for long-term unemployed workers.
- **Eligible worker:** Eligible workers must be:
 - At least 18 years old.
 - Authorized to work legally.
 - Out of work for at least 27 weeks.
 - Looking for a job for at least 4 weeks. Discouraged workers and others who left the workforce can become eligible by fulfilling this requirement.
- **Participating employer:** Government agencies, nonprofits, employment social enterprises, and businesses may participate in the program.
 - As an alternative to placing workers on the payroll of an employer, a community-based organization may serve as an intermediary to facilitate participation in the program by acting as an employer-of-record.
- **Payroll taxes:** The taxes included are employer taxes under Federal Insurance Contributions Act, the Railroad Retirement Tax Act, the Federal Unemployment Tax Act, the Railroad Unemployment Repayment Tax as well as any similar State or local tax imposed on employers.
- **Pre-apprenticeship:** A pre-apprenticeship is a formal training program that gets people ready for a registered apprenticeship and is linked to at least one official apprenticeship sponsor.
- **Program position:** The jobs created as part of this program are temporary jobs designed to lead to long-term employment with supports and training as needed. This may include, but is not limited to, transitional jobs, apprenticeships, and national service positions.

- **Worker-owned enterprise:** These businesses, which the bill references in several places, can be worker-owned cooperatives or other businesses whose workers own the majority of the voting stock, including through an Employee Stock Ownership Plan (ESOP).

Section 4: Jobs programs for long-term unemployed workers

- (a) Establishes a program at the Department of Labor to reimburse local workforce development boards and community-based organizations for costs associated with providing jobs as well as training, supportive, and career services to long-term unemployed workers.
- (b) Application – Local workforce development boards apply to the Department of Labor to establish a program for their area, and may do so in partnership with community-based organizations.
- (c) Performance accountability – Each program funded by this bill must agree to acceptable levels of performance with the Department of Labor on the following indicators:
 - Employment and earnings after exiting the program (as under WIOA).
 - Participants obtaining or working towards a credential (as under WIOA).
 - Number of long-term unemployed workers served by the program.
 - Increase in income for households with program participants.
 - Percentage of participants who have barriers to employment.

Programs report overall level of performance on these metrics, along with data for workers with barriers to employment disaggregated by race, age, sex, and ethnicity.

- (d) Sanctions for poor performance:
 - Local workforce development boards that do not meet their performance standards must develop a performance improvement plan.
 - Local boards can receive technical assistance from the Department of Labor or their state workforce development board.
 - The Department of Labor can open a competition for community-based organizations to run the program in place of the local workforce development board, if the local board either:
 - Refuses to participate by failing to submit an application for a full year after the deadline originally set by the Department of Labor; or
 - Fails to meet its performance standards for three consecutive years.
- (e) Participating employers:
 - Local workforce development boards select employers to participate in the program, based on the following criteria:

- **Worker feedback:** Feedback from program participants is a factor in whether to renew the selection of an employer.
 - **Labor organizations:** Unions provide input to select employers. Local boards cannot make program placements at workplaces covered by a collective bargaining agreement without the union's consent.
 - **Long-term employment prospects:** Positions should provide experience that help workers secure long-term employment after participating in the program.
 - **Community impact and input:** Local stakeholders develop criteria for work that has a positive impact in their community, which could include education, childcare, economic development, or green energy. Local communities also provide input to select employers.
 - **In-demand industry sector or occupation:** Programs consider whether the employer is offering jobs in fields with strong demand for new workers.
 - **Type of business:** Programs consider whether the employer is a worker-owned enterprise, or a small business that is women-owned, minority-owned, veteran-owned, or in a HUBZone.
 - **Other factors:** Local workforce development boards may add other criteria in addition to those listed above.
- Before applying for a program position, workers are required to report to the Secretary of Labor, to the best of their abilities, information on their most recent employment, the reason it ended, and any use of artificial intelligence in that employment or during their job-seeking process in order to better track trends and changes to the workforce from adoption of artificial intelligence.
 - Participating employers must provide wages, benefits, and advancement opportunities to program participants that are not less than what they provide to their other employees who are in the same jobs, and in accordance with any applicable collective bargaining agreements.
 - No program participant can be paid less than minimum wage or the wage needed for a family of 4 to live above the poverty line (**\$15.87/hour in 2026**).
 - Workers with disabilities must be placed at work sites integrated with workers who do not have disabilities, mirroring existing Competitive Integrated Employment rules.
 - Local workforce development boards use federal funds to reimburse employers for a portion of the wages and compensation provided to program participants.
 - Employers can also receive reimbursement for on-the-job training and customized training that they provide to program participants.
 - This does not preclude other entities from providing training services under the bill.

(f) Nondisplacement:

- The bill has strong safeguards against displacing or infringing on promotion opportunities of existing workers, including striking or laid off workers.

- Employers cannot repeatedly use the program’s temporary jobs as a substitute for permanent hiring, unless the employer is promoting program participants to different positions after the temporary job ends or providing training leading to a credential.
 - Government agencies cannot use the program to replace civil service positions, and other employers cannot use program positions to carry out governmental functions.
 - A single employer cannot have more than **100 program positions** funded by this bill, and program positions cannot constitute more than **10%** of an employer’s workforce.
 - Employers with less than 10 employees can still have one program position.
 - Local workforce development boards can waive these limitations for worker-owned enterprises, for union employers (only with the consent of the union), or when the unemployment rate in their area is at least 8%.
- (g) Grievance procedure – The bill includes a grievance and arbitration procedure to ensure compliance with the terms of the program, including protections against displacement. National service programs, such as AmeriCorps, use the same procedure. This bill does not interfere with existing grievance processes laid out in collective bargaining agreements.
- (h) Eligible Costs:
- **Wages:** The federal government reimburses employers for a portion of the wages paid to program participants, up to the required wage threshold (federal/state/local minimum wage, or wage for family of 4 to live above poverty line).
 - **Non-wage compensation:** The federal government also reimburses employers for a portion of non-wage compensation.
 - This includes employer payroll taxes, employee benefits, and overhead.
 - Non-wage compensation eligible for federal reimbursement is limited to **20%** of the amount paid to the participant in wages up to the required wage threshold.
 - Employers are fully responsible for the costs of wages and non-wage compensation above these thresholds, which the bill may require to match what the employer provides to other employees in the same jobs.
 - Wages and compensation are eligible for federal reimbursement for up to **12 months**, or **24 months** for positions with training leading to a credential.
 - **Supportive, career, and training services:** For each local jobs program, costs eligible for federal reimbursement are limited to **20%** of the amount paid to program participants in wages (up to the required wage threshold).
 - This limitation applies on a program-wide basis, not a per-worker basis.

- **Administrative costs:** For each local jobs program, costs eligible for federal reimbursement are limited to **10%** of the amount paid to program participants in wages (up to the required wage threshold).
 - The Department of Labor can reserve up to 1% for federal administrative costs, leaving 9% for local workforce development boards.
 - Local workforce development boards may enter into agreements with their State workforce development board to allow the State board to reserve a portion of federal funding for administrative costs.
- (i) Employer share for wages and compensation:
- When the unemployment rate in a covered area is 5% or less, the employer pays **33%** of the reimbursement-eligible costs for wages and compensation (meaning the federal government pays 67% of these costs).
 - The employer share decreases from **33% to 0%** as the area's unemployment rate increases from 5% to 10%, with the federal contribution increasing commensurately.
 - The employer share is always **50%** for the second year of positions leading to a credential, to smooth the path to unsubsidized employment as participants gain skills and experience.
 - The employer share is recalculated every quarter, based on the unemployment rate.
 - The calendar quarter with the highest unemployment rate out of the most recent four calendar quarters is used for this calculation, which ensures that federal support is not withdrawn too suddenly as economic conditions improve.
- (j) Requirements for the Secretary of Labor – The Secretary oversees the jobs programs to ensure compliance, disburses federal funding, evaluates the performance of jobs programs, establishes a clearinghouse to disseminate best practices, consults and coordinates with other federal agencies, conducts outreach to maximize participation, and provides technical assistance to state and local workforce development boards.
- (k) Role of state boards – State workforce development boards may provide technical assistance, align jobs programs with the WIOA state plan, work with their local boards to develop statewide strategies, and facilitate coordination with other state programs.
- (l) Payment – The Department of Labor may provide advance funding to local workforce development boards for their expected costs, with retrospective adjustments to match actual costs. Alternatively, the Department of Labor may reimburse local workforce development boards for their actual costs, instead of providing advance funding.
- (m) Mandatory funding – The bill provides mandatory funding to implement the program.

Section 5: Competitive grants for underserved areas

- (a) Definitions: – These terms determine priority for grants under this section:
- **High-poverty area:** An area with a poverty rate of at least 20% for 3 years.
 - **Prime working-age employment-to-population ratio:** The share of individuals ages 25-54 who are employed.
- (b) Establishment – This section provides competitive grants to cover the added costs related to modifying certain standards for the jobs programs created by this bill, to meet the particular needs of hard-hit areas.
- (c) Application – Local workforce development boards and community-based organizations operating programs under this bill include the following elements in their applications to receive funding under this section:
- How federal support for proposed modifications will improve their program's performance, and how they will sustain that improvement.
 - How they are engaging major economic stakeholders in their area, such as universities, hospitals, and other major employers.
 - How local residents will have a role in the operation of the program, and how they will benefit from its results. This could include plans to support worker-owned enterprises, local small businesses, or start-ups owned by local residents.
- (d) Priority – These competitive grants are targeted at high-poverty areas and areas with low prime working-age employment-to-population ratios.
- (e) Modifications of certain standards – Grants provided under this section can cover the added costs of modifying the following standards:
- Allowing individuals with shorter durations of joblessness or shorter durations of job searching to be eligible for the program.
 - Waiving or modifying the limitations on the number of program participants who could work at a single host site employer.
 - Increasing the length of time that a job can be supported by the program.
 - Increasing the amount of training, career, and supportive services eligible for federal funding.
 - Increasing the amount of administrative expenses eligible for federal funding.

- Reducing the employer's share of wage and compensation expenses.
- (f) Evaluations – The Department of Labor evaluates the programs receiving these grants and disseminates best practices.
- (g) Authorization of appropriations – The competitive grants are funded by discretionary appropriations.