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II

119TH CONGRESS
2D SESSION

S. 3846

To amend the Workforce Innovation and Opportunity Act regarding employer-directed skills development, and for other purposes.

IN THE SENATE OF THE UNITED STATES

FEBRUARY 11, 2026

Mr. BUDD (for himself, Mr. CASSIDY, and Mr. HUSTED) introduced the following bill; which was read twice and referred to the Committee on Health, Education, Labor, and Pensions

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A BILL

To amend the Workforce Innovation and Opportunity Act regarding employer-directed skills development, 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 ''Employer-Directed Skills Act''.

SEC. 2. EMPLOYER-DIRECTED SKILLS DEVELOPMENT.

(a) EMPLOYER-DIRECTED SKILLS DEVELOPMENT.—

(1) IN GENERAL.—Section 3 of the Workforce Innovation and Opportunity Act (29 U.S.C. 3102) is amended—

(A) by striking paragraph (14);

(B) by redesignating paragraphs (15) through (18) as paragraphs (14) through (17), respectively; and

(C) by inserting after paragraph (17), the following:

''(18) EMPLOYER-DIRECTED SKILLS DEVELOPMENT.—The term 'employer-directed skills development' means a program—

''(A) that is selected or designed to meet the specific skill demands of an employer (including a group of employers);

''(B) that is conducted pursuant to the terms and conditions provided under an employer-directed skills contract described in section 134(c)(3)(I), including the commitment by the employer to employ an individual upon successful completion of the program; and

''(C) for which the employer pays a portion of the cost of the program that is—

''(i) determined by the local board involved; and

''(ii) not less than—

''(I) 10 percent of the cost, in the case of an employer with 50 or fewer employees;

''(II) 25 percent of the cost, in the case of an employer with more than 50 but fewer than 100 employees; and

''(III) 50 percent of the cost, in the case of an employer with 100 or more employees.''.

(2) CONFORMING AMENDMENT.—Section 108(b)(4)(B) of the Workforce Innovation and Opportunity Act (29 U.S.C. 3123(b)(4)(B)) is amended by striking ''customized training programs'' and inserting ''employer-directed skills development''.

(b) PRIMARY INDICATORS OF PERFORMANCE.—Section 116(b)(2)(A) of the Workforce Innovation and Opportunity Act (29 U.S.C. 3141(b)(2)(A)) is amended—

(1) in clause (i), by striking subclause (VI) and inserting the following:

''(VI) the ratio of—

''(aa) the number of program participants who, before exiting the program during a

program year, completed on-the-job training or employer-directed skills development; to

''(bb) the total number of program participants who received training services and who exited the program during that program year.''; and

(2) by striking clause (iv).

(c) ON THE JOB TRAINING, EMPLOYER-DIRECTED SKILLS DEVELOPMENT, INCUMBENT WORKER TRAINING, AND OTHER TRAINING EXCEPTIONS.—Section 122(h) of the Workforce Innovation and Opportunity Act (29 U.S.C. 3152(h)) is amended—

(1) in the heading, by striking ''CUSTOMIZED TRAINING'' and inserting ''EMPLOYER-DIRECTED SKILLS DEVELOPMENT'';

(2) in paragraph (1), by striking ''customized training'' and inserting ''employer-directed skills development''; and

(3) in paragraph (2), by striking the first sentence and inserting ''A one-stop operator in a local area shall collect the minimum amount of information from providers of on-the-job training, employer-directed skills development, incumbent worker train-

ing, internships, paid or unpaid work experience opportunities, and transitional employment as is necessary to enable the use of State administrative data to generate such performance information as the Governor may require.''.

(d) STATEWIDE EMPLOYMENT AND TRAINING ACTIVITIES.—Section 134(a)(2)(B)(v)(II) of the Workforce Innovation and Opportunity Act (29 U.S.C. 3174(a)(2)(B)(v)(II)) is amended by striking ''customized training'' and inserting ''employer-directed skills development''.

(e) ALLOWABLE STATEWIDE EMPLOYMENT AND TRAINING ACTIVITIES.—Section 134(a)(3)(A)(i) of the Workforce Innovation and Opportunity Act (29 U.S.C. 3174(a)(3)(A)(i)) is amended by striking ''customized training'' and inserting ''employer-directed skills development''.

(f) EMPLOYER REFERRAL.—Section 134(c)(3) of the Workforce Innovation and Opportunity Act (29 U.S.C. 3174(c)(3)) is amended—

(1) in subparagraph (A)—

(A) in clause (i), in the matter preceding subclause (I), by striking ''clause (ii)'' and inserting ''clauses (ii) and (iii)'';

(B) by redesignating clause (iii) as clause (iv); and

(C) by inserting after clause (ii) the following:

"(iii) EMPLOYER REFERRAL.—

"(I) IN GENERAL.—A one-stop operator or one-stop partner shall not be required to conduct an interview, evaluation, or assessment of an individual under clause (i)(I) if such individual—

"(aa) is referred by an employer to receive on-the-job training or employer-directed skills development in connection with that employer; and

"(bb) has been certified by the employer as being in need of training services to obtain unsubsidized employment with such employer and having the skills and qualifications to successfully participate in the selected program of training services.

''(II) PRIORITY.—A one-stop operator or one-stop partner shall follow the priority described in subparagraph (E) to determine whether an individual that meets the requirements of subclause (I) of this clause is eligible to receive training services.'';

(2) in subparagraph (D), by striking clause (xi) and inserting the following:

''(xi) employer-directed skills development.'';

(3) in subparagraph (G)(ii)(II), by striking ''customized training'' and inserting ''employer-directed skills development''; and

(4) by adding at the end the following:

''(I) EMPLOYER-DIRECTED SKILLS DEVELOPMENT.—An employer may receive a contract from a local board to provide employer-directed skills development to a participant if the employer submits to the local board an application that provides—

''(i) the provider of the skills development program, which may be the employer;

''(ii) the length of the skills development program;

''(iii) the recognized postsecondary credential that will be awarded to, or any occupational skill that will be gained by, the program participant;

''(iv) the cost of the skills development program;

''(v) the amount of such cost that will be paid by the employer (as described in section 3(19)(C)); and

''(vi) a commitment by the employer to employ the participating individual upon successful completion of the program.''.

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