



Employee Ownership Deepens and Adds Durability to U.S. Competitiveness

Bipartisan Sanders/Moran WORK Amendment Should be Included in S. 1260

May 19, Washington, D.C.—The ESOP Association encourages Congress to strengthen The Endless Frontier Act (S. 1260) by supplementing it with the bipartisan Sanders/Moran WORK Act Amendment, which provides critical resources to educate business owners about the benefits of employee ownership and the economic and competitive stability that flows from it. Business longevity and succession planning for the millions of current American businesses facing the retirement of their owners is an essential element to any long-term American competitive strategy.

The WORK Act amendment, sponsored by Senators Sanders (I-VT) and Moran (R-KS) would create an Employee Ownership and Participation Initiative within the U.S. Department of Labor, which would be authorized to award grants for employee ownership programs nationwide. These grants would fund several initiatives, including outreach about employee ownership and business succession; technical assistance to those seeking to start new employee-owned businesses; and training to support employee participation. Grants would be awarded to states or units of local government, as allowed by the legislation. Reports about the effectiveness of these grants would follow from both the grantees to the U.S. Department of Labor and from the U.S. Department of Labor to Congress.

“As Congress seeks to improve America’s competitive position, we must take steps to ensure the long-term durability and succession plans for existing U.S. businesses. By combining the objectives of the Endless Frontier Act with the power of employee ownership through the WORK Act, Congress can create a powerful pathway to ensure the investments made today will be retained in our economy for the long haul,” said James Bonham, President and CEO of The ESOP Association. “Our competitive strategy must address the looming retirement of more than 2.34 million baby boomer business owners who will be retiring in the next decade. Most of these businesses have no current succession plan. Many will be sold to overseas investors or competitors for the value of their Intellectual Property, specialized knowledge, or simply to put them out of business and lower the competition. Employee Ownership stops that tactic cold while benefitting the employees at these millions of companies.”

“Being employee-owned is a huge competitive advantage for us,” said Peter Ney, the chair of The ESOP Association’s Public Policy Council and the Executive Vice President and Treasurer of EA Engineering, Science, and Technology, Inc., PBC, in Hunt Valley, MD. “Because our employees own the business, they take ownership of challenges and solutions too. The level of commitment and dedication in employee-owned companies typically surpasses that of other firms. It shows up in our team’s day-to-day work, their long-term commitment to EA, and the ongoing success of our clients.

“Research shows that employee-owned businesses excel at employee training and development, and that employees are more likely to stay at these firms. That combination leads to a powerful, stable brain trust that can keep America competitive well into the next century,” said Ney.

The International Employee Ownership Center

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The ESOP Association

The ESOP Association (TEA) represents the interests of ESOP companies in the United States, including small and large employee owned companies in every sector and in all 50 states. In total, ESOP companies employ more than 10.6 million people and contribute \$1.377 trillion to the U.S. economy annually. The ESOP Association is the powerful voice of the ESOP community and the leading advocate for a policy agenda that helps employee owned companies compete, grows employee ownership here and abroad, and creates jobs across the United States. For more information about TEA or to follow us on social media, please visit www.esopassociation.org.

Employee Stock Ownership Plans

[What is an ESOP?](#) An Employee Stock Ownership Plan (ESOP) is a tax-qualified retirement plan authorized and encouraged by federal tax and pension laws. When companies launch an ESOP, they form a trust that purchases some or all the company's shares and holds these shares in retirement accounts for employees. When the stock value increases or decreases, so does the value of employees' accounts. Unlike 401(k)s, most ESOPs require no out-of-pocket contribution from employees. For some employees, an ESOP might be the only retirement plan in which they can afford to participate.

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