



For Immediate Release

July 14, 2021

TEA Statement of Support for Scott/Shahen “Golden-preneurship Act”

Washington, DC — On behalf of the more than 10.5 million American employee-owners with an ownership interest in an Employee Stock Ownership Plan (ESOP) company, The ESOP Association applauds Senator Tim Scott (R-SC) and Senator Jeanne Shahen (D-NH) for including ESOPs as a core requirement in their bipartisan legislation focused on entrepreneurship among older Americans.

“America is facing the largest transition in business ownership in history as the baby boomer generation begins to transition toward retirement or new entrepreneurial ventures,” said Jim Bonham, President and CEO of The ESOP Association. “Over the next ten years more than 2.9 million businesses owned by baby boomers will face this transition. Many of these business owners may seek to form new businesses or sell their existing businesses to their employees through an Employee Stock Ownership Plan. We applaud Senators Scott and Shahen for recognizing the critical role these older business leaders can play in transitioning privately held businesses to employees through an ESOP and building an ESOP into their succession planning from the very beginning.”

The Scott/Shahen legislation would create a new program at the Small Business Administration targeting and supporting the entrepreneurial efforts of older business leaders. To accomplish their goals, the SBA will be tasked with developing an educational curriculum designed to improve business success. The Senators placed a requirement within the legislation that the core curriculum must include education on ESOP formation for the beneficiary businesses.

Administered through grants made to state Small Business Development Centers (SBDCs), universities, and other non-profit organizations, grantees may partner with subject matter experts with the necessary technical experience. ESOPs will be a required part of the new SBA curriculum and knowledgeable partners will be needed. Therefore, the ESOP provisions of the Golden-preneurship Act offer a real opportunity for ESOP professionals to have a new pathway to provide education and services to a growing number of newly formed businesses.

The ESOP Association has been focused on addressing “the silver tsunami”, which is the retirement of baby boomer business owners from the workforce. Encouraging and promoting a transition in the ownership of these businesses to their employees is a top priority for TEA and

its members. Currently baby boomers own half of all privately held firms in the U.S. – 2.9 million firms, more than 32 million workers, with \$6.5 trillion in revenue. As these “silver tsunami” businesses look at succession plans, employee ownership should be a top option, and the Small Business Administration can help promote it through the curriculum envisioned by this bill.

Employee ownership has been shown to increase worker productivity and engagement, provide retirement security, and address wealth and wage gaps. Over the last 12 years, ESOP companies were 235% better at keeping jobs local when compared to conventionally owned companies.

We urge Congress to consider this legislation, examine other ways to keep businesses strong, local and domestic, and in general to promote employee ownership and its benefits.

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The ESOP Association is the largest organization in the world supporting employee-owned companies, the more than 10 million U.S. employees who participate in an ESOP, and the professionals who provide services to them. Headquartered at the International Employee Ownership Center in Washington, DC and operating as a 501c6 organization with the affiliated Employee Ownership Foundation, The ESOP Association conducts and funds academic research, provides more than 160 annual conferences and events attended by nearly 15,000 individuals, and advocates on behalf of employee owners and their businesses to federal and state lawmakers. You can learn more at www.esopassociation.org.

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