



House Education and Labor Committee Passes Retirement Security Package Includes Employee Ownership and Business Succession Provisions

April 5, 2022, Washington, DC – The U.S. House Education and Labor Committee today passed the Protecting America’s Retirement Security Act (HR 7310) containing several significant provisions to promote and expand Employee Stock Ownership Plans (ESOPs) and employee ownership overall. Among other provisions, the legislation will establish within the U.S. Department of Labor a program to provide as much as \$50 million in funding to states or local agencies to provide education and grants, including feasibility studies, over the next five years.

“One of the biggest hurdles for more employee ownership is simply awareness,” said Jim Bonham, President & CEO of The ESOP Association. “The ESOP Association thanks Representatives McBath, Courtney, and Pocan, along with Chairman Bobby Scott, and all of the supportive Education and Labor Committee members for advancing new opportunities for employee ownership education and grants.”

The bill, sponsored by Rep. Lucy McBath (GA-6), includes a section which institutes a federal education and awareness effort for employee ownership at the U.S. Department of Labor and authorizes \$50 million over five years to fund the initiative. That section is based on HR 6024, introduced by Reps. Joe Courtney (CT-2) and Mark Pocan (WI-2). The next legislative step would be passage on the House floor. TEA believes this provision would strengthen and promote employee ownership nationwide.

Reflecting a growing impatience and frustration in Congress surrounding the lack of regulatory guidance provided to ESOPs by EBSA, Rep. Tim Walberg (MI-7) offered an amendment that mandated a review and report by the U.S. Department of Labor’s Advisory Council on Employee Welfare and Pension Benefit Plans (commonly called the ERISA Advisory Council). The report would review the Department’s “employee stock ownership plan stock appraisal enforcement and investigations program and history of the Department’s approach to resolving employee stock ownership plan enforcement and investigations, including whether the conditions the Department has required in its settlement agreements are consistent” with ERISA. While the amendment was not included in the bill, a bipartisan sentiment was shared that this issue merits future consideration and perhaps examination. Last week the House of Representatives passed bipartisan legislation, commonly known as the SECURE Act 2.0 (HR 2954, the Securing a Strong Retirement Act of 2021), that included two provisions to assist Employee Stock Ownership Plans (ESOPs) and business owners seeking to establish them.

“Employee ownership increases employment satisfaction, productivity, and wages in the US, making it good public policy for our nation, communities, and workers. Today’s vote highlights Congress’ continued commitment and support for ESOPs and employee ownership,” concluded Bonham.

To see The ESOP Association’s latest release on the Committee’s provisions [click here](#), to read about the House’s recently-passed Secure 2.0 Act [click here](#).

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