



Support Ensuring the Employee Ownership Initiative at the DOL is Established Quickly and Properly

BACKGROUND

- The SECURE 2.0 Act (P.L. 117-328) requires the DOL to establish the Employee Ownership Initiative within 6 months to promote employee ownership through education and grants to states and state-level organizations.
- ESOPs were created and are regulated by the federal government.
- ESOPs have been working well for decades and require technical expertise to set up, maintain, and properly administer.
- **Silver Tsunami** - within the next 10 years, more than 2.9 million businesses will face the retirement of their owners. Yet more than 85% of firms have no succession plans in place. Many will close their doors when a company founder or key personnel exit or will be sold and perhaps move from their community.

SUMMARY

- Too often ESOPs are not considered as a business succession option, largely due to lack of understanding or awareness – preventing millions of workers from experiencing the benefits of employee ownership.
- The SECURE 2.0 Act authorizes a five-year, \$50 million grant program to help promote and expand employee ownership centers across the country.
- These grants would help promote ESOPs, which provide real competitive business advantages – better productivity, employee retention and training, and retirement benefits.
- Employee-owned companies also weather recessions and tough economic times better, are less likely to lay off employees, and more likely to contribute to their communities.
- ESOPs could also help address the “silver tsunami” and the millions of businesses, now owned by the Baby Boom generation, which currently lack a succession plan.
- This Initiative is meant to provide education and the promotion of employee ownership to balance the enforcement role of the Employee Benefits Security Administration (EBSA) at DOL -- therefore, the EOI should function at DOL in a properly prepared office that does not conduct enforcement.
- Asking EBSA to run the Employee Ownership Initiative is a clear and direct conflict of interest – the agency tasked with investigating valuations cannot also be tasked with distributing grants to promote feasibility studies and those same valuations.

ASK

- **Support the establishment of the Employee Ownership Initiative at the DOL, as required by law, and locate it within the Office of the Assistant Secretary for Policy (OASP), or another, non-enforcement office within DOL. This initiative SHOULD NOT be located in EBSA, which has oversight responsibilities that could conflict with the promotional intent of the initiative.**