Executive Summary

THE CHALLENGE.
The United States economy has not been serving its citizens well. The experience of most Americans has been little to no economic cushion—and that was before COVID-19. Opportunities for good jobs and advancement have steadily declined alongside real incomes, particularly for the two-thirds of the adult population without a college degree. Increasingly, Americans’ sons and daughters will fare no better economically than their parents. The pandemic has only compounded an already precarious economic foundation for millions of Americans.

THE SOLUTION.
Find ways to broaden and deepen employee ownership. When employees own a significant stake in the companies they work for, policies that promote corporate growth also promote economic fairness.

Employee ownership is now firmly established in the US economy and has a proven track record of performance. Companies with significant employee ownership:

- Offer better pay and benefits
- Grow faster, innovate more, and enjoy higher productivity
- Survive longer, and are less likely to lay people off in a downturn
- Provide greater opportunity for young workers
- Provide an ownership stake that significantly supplements other retirement income

Since the first enabling legislation in 1974, employee ownership has grown steadily to include 9% of the private-sector workforce. As our recovery from the pandemic continues, the opportunity now is to expand the reach of employee ownership to a much larger segment of the workforce—20%, 30%, or more.

HOW TO GET THERE.
Employee ownership is a big idea, capable of transforming the US economy. Since 1974, Congress has passed many provisions to encourage it, all with widespread bipartisan support. Today’s leaders have an opportunity to broaden and deepen that support through education, advocacy, and new policies. For example, Congress could:

- **Level the playing field** for corporate divestitures and sales of companies by private equity firms, so that many more employees have an opportunity to buy the company they work for through an employee stock ownership plan (ESOP).
  - **Employee Equity Investment Companies**, modeled after the Small Business Investment Company (SBIC) program, could help provide capital for sales to an ESOP through a mix of private investment and federal loan guarantees with minimal to no budgetary impact.
  - **Tax incentives** would encourage corporate and private-equity sales to an ESOP.
  - **Opportunity-zone regulations** can ensure that employee-owned companies are eligible for the full benefit of recent Opportunity Zone legislation.

- **Encourage publicly traded companies to offer stock to employees at a discount.**
- **Require companies that receive various forms of special treatment from the government to establish employee stock-ownership plans or broad-based equity sharing programs.**

The private sector, too, can continue to launch initiatives aimed at spreading employee ownership. One innovative move would be to establish a **revolving fund** that buys healthy companies and sells them over time to an ESOP, using the proceeds to buy more companies, and so on.

All such measures would go far toward revitalizing the middle class and assuring good jobs and opportunity for millions of American working people.