Pacific Community Ventures

Policy Brief:

An Impact Investing Policy Agenda for Growing Employee Ownership to Support COVID-19 Recovery

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About the Author

Pacific Community Ventures (PCV), a nonprofit social enterprise and community development financial institution (CDFI) based in Oakland, California, envisions a world of thriving communities where everyone has a fair shake. Our mission is to invest in small businesses, create good jobs for working people, and make markets work for social good. We achieve our mission through a "Good Jobs, Good Business" model that combines affordable loans with pro-bono advising; our BusinessAdvising.org platform, impact measurement, evaluation, and research; and tools and small grants to create good-quality jobs that address racial and gender wealth gaps.

This policy brief was developed by PCV's Research and Consulting team, which leads projects intended to foster the growth and increase the efficacy of the impact investing field. PCV's experience in impact investing policy has both inspired and informed this research. Since 2009, PCV has examined the role that public policy has played in supporting the development of impact investing globally. In partnership with the Initiative for Responsible Investment (IRI) at Harvard University, PCV developed a framework for policy design and analysis that was used globally to develop and implement impact investing policies. PCV and IRI also worked together through the Impact Investing Policy Collaborative to engage investors and policymakers to foster a global conversation on the role that policy could play in enabling impact investing's growth – contributing research and knowledge to the G8 Social Impact Investment Taskforce. More recently, PCV and IRI collaborated with Enterprise Community Partners through the Accelerating Impact Investing Initiative (AI3) to support impact investing policy in the U.S. PCV has also examined federal policy as part of our research and work with investors and businesses on job quality to encourage investments in quality job creation, as well as with federal and state policymakers to improve impact investing and community development practices and foster an enabling environment for private capital to be channeled towards public purpose.

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Foreword

The COVID pandemic has been a perfect storm hitting the small and local businesses that make our neighborhoods and cities unique. It's estimated that 200,000 more small businesses than normal shutdown in the last year, and that from February to April 2020, Black, Latinx, and Asian business ownership dropped 41%, 32%, and 26% respectively – all higher than the 17% decline of white-owned businesses. Combine that with Baby Boomer small business owners looking to retire in a coming "silver tsunami" and have no one to sell or hand their business to, an urgency to support economic recovery following the COVID-fueled economic crisis, and there's a golden opportunity to encourage employee ownership of companies.

Broad-based ownership models, including ESOPs, worker cooperatives, and employee ownership trusts give workers a path to building wealth and keep more small businesses open. In addition to being a proven wealth-building tool for workers with higher wages and benefits, worker ownership is also associated with better working conditions and greater worker agency than businesses with sole ownership. There's incentive for companies, too: Businesses with 30% or more employee ownership are more productive, grow faster, have a much easier time with hiring and retention, and are less likely to go out of business than their counterparts.

We see employee ownership not only as a key tool for wealth creation for working people – especially BIPOC workers and their families, rural communities, and economically distressed communities – but also as something that government should actively encourage using all the tools at their disposal, keeping more wealth in local communities. To this end, we support ideas such as the creation of an Office of Employee Ownership within the federal government. We also propose including employee ownership in the agenda for a White House Initiative on Inclusive Economic Growth centering racial, climate, and economic justice. We at PCV have promoted the idea of such a White House initiative alongside the U.S. Impact Investing Alliance, B Lab and a coalition of 50 mission-driven organizations.

The pandemic and its effects have made clear the need for new systems change solutions and increased support at the federal level for struggling local economies. As policymakers, philanthropy, and impact investors seek ways to facilitate a just recovery from the pandemic, employee ownership presents a promising strategy. We invite anyone who wants to advance systemic change towards justice and equity, create good jobs from coast to coast, and make our small businesses and communities stronger, to join us at our policy roundtables, coming this fall.

In solidarity,

Bulbul Gupta (she/her)
President & CEO
Pacific Community Ventures

Executive Summary

While employee-owned businesses have a long history of building worker wealth and weathering economic crises more effectively than businesses with sole ownership, they remain a relatively small part of the overall business landscape in the U.S.

Lack of awareness of both the opportunity to convert businesses to employee ownership and the steps involved in undertaking conversions prevents many business owners from exploring the option. Additionally, the growth of employee-owned businesses has been hindered by a lack of coordinated capital both for financing conversions and investing once a business is under shared ownership. Many investors view debt and equity investments in worker-owned companies as bespoke, risky, and overly complicated, despite a patchwork of local, state, and federal initiatives passed in recent years to unlock capital for these businesses.

The need to rebuild the economy in the wake of COVID-19 presents an unprecedented opportunity to unlock billions of dollars for scaling this proven wealth- and equity-building form of shared business ownership. Breaking down barriers to employee ownership would help facilitate an economic recovery that does not simply recreate the status quo, but instead shifts power back to workers and communities that have not reaped their fair share of the benefits of economic growth in the U.S. Federal policymakers can work with impact investors and the employee-ownership community to co-invest and extend guarantees that leverage private capital, enact policies that direct capital to enterprises in need, and change or clarify existing regulations that prevent capital providers from investing in employee-owned businesses. Each of these ideas has the potential to expand and strengthen the employee ownership ecosystem and shore up opportunities for impact investors to preserve and grow local small and medium-sized businesses, empower and build wealth for workers of color, and create a fairer, more resilient economy for all Americans.

This policy brief outlines proposals for federal policymakers to leverage private capital for scaling employee ownership in the U.S., addressing inequality, supporting COVID-19 recovery, and building a more resilient, equitable economy. The policy ideas included herein were informed by interviews with employee ownership advocates, investors in worker-owned businesses, impact investing practitioners, public policy experts, academics, researchers, and others. The views expressed here do not necessarily reflect the views of the interviewees. For a full list of experts interviewed as part of this research, see Appendix A.

Introduction

In the wake of a global crisis that has laid bare devastating inequities in the United States, true economic recovery requires democratizing wealth and promoting greater worker agency with an explicit focus on Black, Indigenous, and People of Color (BIPOC) communities.

Over the last few decades, capital ownership has grown increasingly concentrated among a small, elite class — a trend exacerbated by the COVID-19 pandemic. Essential workers on the frontlines faced enormous risks on the job, often without any financial safety net. Profits for corporations soared while millions of Americans lost their jobs. Main street small businesses shuttered or were lost to outside acquisition, stripping communities of jobs and economic activity. Policy measures designed to lessen the fallout have not adequately addressed the outsize impact of the pandemic on communities of color.

Broad-based employee ownership — including worker cooperatives, Employee Stock Ownership Plans (ESOPs), and employee ownership trusts — presents not only an alternative vision to our increasingly extractive economy, but also an avenue for economic recovery and resilience that directly benefits workers and small businesses in the wake of COVID-19. The transformative impact of shared ownership on individual workers, businesses, and communities is well-documented and recognized by policymakers on both sides of the aisle. In addition to being a proven wealth-building tool for workers, broad-based worker ownership is associated with better working conditions and greater worker agency than businesses with sole ownership.[1] Worker-owned enterprises have also proved to be more resilient in times of economic crisis.[2] As policymakers, philanthropy and impact investors seek ways to facilitate an equitable recovery from the pandemic, employee ownership presents a promising strategy.

Background

Collective ownership in the United States is as old as the nation itself, in many cases serving as a mechanism for disempowered people to build shared wealth and tap into resources otherwise denied them. Black Americans have historically pooled land and savings to create cooperative farms, credit unions, insurance companies and mutual aid societies in the face of systematic barriers to basic freedoms.[3]

During the Great Depression and with the support of New Deal economic policies, rural Americans built energy and farming cooperatives to overcome difficulty in accessing capital, build and modernize essential infrastructure, and weather the economic effects of the Great Depression.[4] The first employee stock option plans (ESOPs) emerged in the 1950s for retiring business owners looking to transfer ownership to their workers, and were formally codified in law in 1974 with the passage of the Employee Retirement Income Security Act (ERISA).[5]

Numerous forms of employee ownership exist today, including ESOPs, worker cooperatives, employee equity grants or employee stock purchase plans, and employee ownership trusts.[6] According to a recent analysis conducted at the School of Management and Labor Relations at Rutgers University, nearly 23 million employees participated in some type of employee ownership as of 2018. Over a third of employees in the U.S. participate in a profit-sharing plan, and more than half of all workers in companies with stock participate in a profit-sharing or stock option plan.[7] Broad-based ownership models, including ESOPs, worker cooperatives, and employee ownership trusts, distribute ownership widely across employees and are thus prioritized by employee ownership advocates seeking to combat growing wealth inequality, particularly for BIPOC workers.[8] Over 6,000 ESOPs and 465 worker cooperatives operate in the U.S. today.[9]

Shifting demographic and economic realities in the U.S. have made the value of employee ownership all the more apparent. In addition to gaping wealth inequality, the U.S. is facing a "silver tsunami" as many Baby Boomer business owners reach retirement age. Around 10 thousand Baby Boomers — who own an estimated 2.34 million businesses that collectively employ 25 million people — retired every day in 2020. Only about 15% of retiring business owners give their companies to their children, while most report not having a succession plan.[10] Many Baby Boomer business owners have reported struggling to find buyers, while larger companies or non-local firms have bought others out, often resulting in loss of local jobs and community wealth.[11,12]

Worker ownership offers a viable and more equitable alternative to the short-term-oriented system by which many private enterprises change hands today, but several barriers prevent business owners from considering transitions to worker-owned models. In addition to a widespread lack of awareness, the growth of worker ownership is hindered by barriers to capital access. As they have long been formally recognized under federal policy, ESOPs are more mainstream than co-ops, and members of an ESOP can more readily access capital from banks and the Small Business Administration (SBA). Worker cooperatives, on the other hand, face challenges because of their structure. One of the most significant barriers for co-ops is the "personal guarantee" required by most lenders, wherein a single individual must personally put up collateral and take on all the risk of a loan. This traditional underwriting practice prevents co-ops and would-be co-ops, whose employees intend to share risk and often do not have enough individual wealth to back a loan, from borrowing.

Impact investors, as individuals and institutions actively committed to creating positive social and economic outcomes alongside financial return, are a natural partner for employee-owned companies and those looking to convert. While employee ownership is not a widespread focus among impact investors, some investors have recognized the financial and social benefits of worker-owned enterprises. These investors have included CDFIs investing in cooperatives — for example, Capital Impact Partners, Cooperative Fund of New England, Local Enterprise Assistance Fund (LEAF), Mission Driven Finance — as well as investors engaging in private equity like KKR.

Missing from the current investment landscape, however, is a more widespread understanding of the benefits of employee ownership for reducing wealth inequality and improving job quality; more investment infrastructure for impact investors of different sizes and asset classes; and patient capital at the scale required both to build a pipeline of conversion opportunities and to support existing worker-owned businesses. While policy cannot directly address the market infrastructure gap — impact investors and employee ownership experts have offered suggestions on how to make investments in employee ownership more feasible through mechanisms like investment notes and CDFI loan syndication[13] — the federal government can invest directly or provide guarantees that attract private investment, create incentives that direct that capital to investable opportunities, and help stimulate demand for capital, as described below.

I. THE NEED FOR FEDERAL POLICY ACTION

Federal policy shaping employee ownership has evolved unevenly. ERISA legislation in 1974 formally created ESOPs, in which ownership of the company is pooled in a trust that functions as a retirement account for employees. Tax incentives exist for certain types of ESOPs, but not all. No federal tax incentives exist for co-op transitions, in which workers directly own shares of a company and have some say in its management. A patchwork of state- and local-level policies designed to break down barriers to employee ownership has emerged across the country in recent years as political leaders increasingly recognize the benefits of collective ownership.[14] However, the lack of policy standardization and strong federal backing inhibits the growth of employee ownership at scale. Also missing is the large-scale investment capital and institutional capacity among lenders and investors.

In 2018, Senator Kristen Gillibrand (D-NY) and Rep. Nydia Velazquez (D-NY) introduced and helped pass the Main Street Employee Ownership Act (MSEOA) to address many of the challenges outlined above.[15] The MSEOA streamlined the use of SBA 7(a) loans to finance employee ownership conversions for small enterprises and mandated that the SBA's Small Business Development Centers provide education and outreach to raise awareness of employee ownership. While the law was designed to support both ESOPs and cooperatives, SBA rulemaking on cooperative lending has since inhibited the realization of the intended benefits for cooperatives.[16] Absent federal financing, strong mechanisms for enforcement, and internal alignment within the SBA, the MSEOA has gone unrealized.

Recent Policy Developments: SSBCI & Capital for Cooperatives

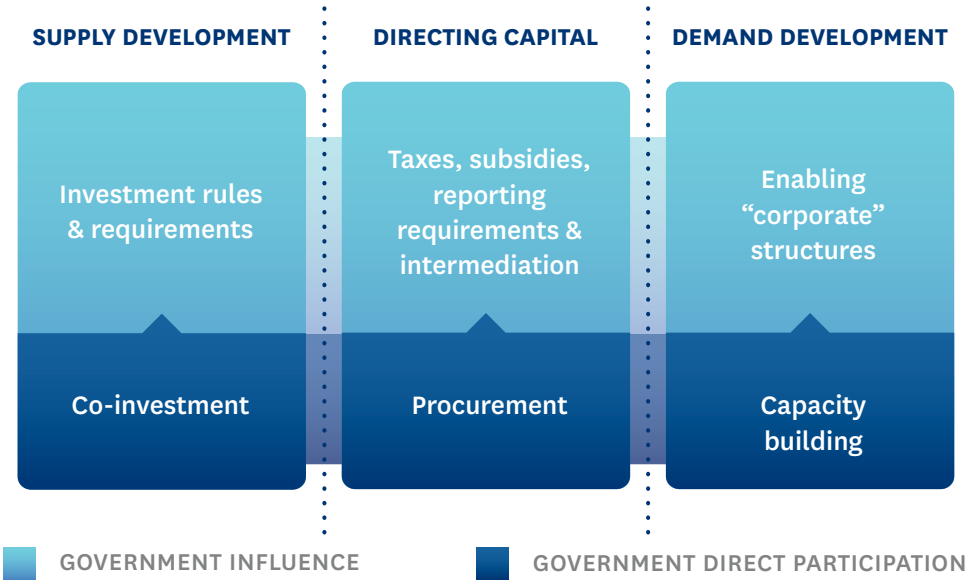
The passage of the American Rescue Plan Act in March 2021 reauthorized and allocated $10 billion to the State Small Business Credit Initiative (SSBCI). This capital will be dispersed to state and Tribal governments to support small business recovery initiatives at the governments' discretion. At the time of writing, the U.S. Department of the Treasury was finalizing regulations for SSBCI and exploring ways to ensure a portion of the funds is disbursed to state and local institutions providing technical assistance and financing to worker-owned businesses and conversions. Treasury has an opportunity to provide much-needed patient capital to be used as equity or equity-like financing for employee ownership conversions, grants for feasibility studies and technical assistance, and funding for outreach and awareness-building at scale. If adopted, employee ownership centers and capital providers will need ample support to build a pipeline of investable opportunities and prepare worker-owned and would-be worker-owned businesses to receive investment.

In May 2021, Senator John Hickenlooper (D-CO) introduced the Capital for Cooperatives Act. If passed, the bill would require the SBA to identify an alternative to the personal guarantee required for SBA loans, thereby opening the door for cooperatives currently locked out of SBA's low-cost financing. It would also require the SBA to work with the U.S. Department of Agriculture's Interagency Working Group on Cooperative Development to increase its support of cooperative businesses and share progress with Congress. While the MSEOA required the SBA to identify alternatives to the personal guarantee, the policy has gone largely ignored. Capital for Cooperatives could ensure that the SBA takes action on removing barriers to co-ops, significantly improving their chances of surviving and building wealth, particularly in low-income communities who have historically lacked access to capital and wealth-building opportunities.

II. IMPACT INVESTING POLICY AGENDA FOR EMPLOYEE OWNERSHIP

Creating and safeguarding good jobs, building wealth for low-income workers, keeping wealth in local communities, and making companies more resilient in economic downturns requires dramatically expanding employee ownership opportunities. The policies presented here offer a multifaceted agenda for strengthening and expanding all sides of the employee ownership ecosystem. Federal policy can, directly and indirectly, shape market conditions for impact investors to bring new capital to the space. The employee ownership policy ideas outlined below are organized according to PCV and IRI's Impact Investing Policy Framework (2011), which describes three main categories of policy intervention in the capital markets: Supply Development, Directing Capital, and Demand Development.[17]

Policy Framework



While policymakers should seek to strengthen the entire ecosystem of employee ownership, the policies explored in the greatest depth here are those focused on Supply Development, as these are most directly relevant to impact investors. However, conversations with employee ownership experts surfaced other important policy ideas that merit inclusion under Directing Capital and Demand Development to strengthen the employee ownership ecosystem and enhance the pipeline of investable opportunities for impact investors. The sources listed at the end of this brief contains more information about these policy ideas.

Supply Development

- Issue formal guidance to CDFIs that lending to employee-owned businesses/financing employee ownership conversions counts toward their mandate under the CDFI Fund.
- Capitalize Local Economy Preservation Funds (LEPFs).
- Pass the Employee Equity Loan Act to create up to $100B in loan guarantees to scale ESOP transitions.

Directing Capital

- Fully animate the Main Street Employee Ownership Act allowing the use of SBA 7(a) loans for employee ownership conversions. Remove the Personal Guarantee requirement for SBA loans.
- Create an Office of Employee Ownership within a federal agency to increase coordination across federal and state and local agencies.

Demand Development

- Provide federal funding to states for state-level outreach and technical assistance on broad-based employee ownership.
- Alter MBE certification to include employee-owned businesses.
- Provide federal subsidies for employee ownership feasibility studies.

Supply Development

1. ***Issue formal guidance to CDFIs that lending to employee-owned businesses/financing employee ownership conversions counts toward their mandate under the CDFI Fund.***

   While a few notable CDFIs have long, successful track records of supporting cooperative businesses, many CDFIs lack experience lending to employee-owned businesses and are wary of lending to businesses that fall outside the standard, single-owner model. Beyond lack of experience, some CDFIs face concerns about meeting their mandate to target their lending activities to low- and moderate-income individuals or other populations in their respective investment areas and target markets; in a transaction involving several or many employee-owners, there can be uncertainty as to whether the transactions will qualify under CDFI Fund eligibility criteria.

   The CDFI Fund could issue new guidance to the industry that lending to employee-owned businesses or helping to finance the conversion of businesses to employee ownership both qualify as economic development activities under lenders' mandate to meet the capital and credit needs of their target markets. The CDFI Fund could add language to reporting requirements for CDFIs around tracking the employee-owned businesses supported through their lending and TA activities. The CDFI Fund could further offer a dedicated pool of new grant funding — similar to the Healthy Food Financing Initiative-Financial Assistance Awards — as a supplemental program to encourage CDFIs to invest in growing worker ownership. Finally, the CDFI Fund could encourage and guide CDFIs on partnering with local, state, and/or national nonprofit employee ownership centers, many of which currently work with CDFIs to provide TA to small businesses converting to or operating under employee ownership.

2. ***Capitalize Local Economy Preservation Funds (LEPFs).***

   First proposed by Democracy Collaborative and the Council of Development Finance Agencies in the wake of the COVID-19 pandemic, LEPFs would pool public and private funding at the state and local levels to acquire cash-positive businesses threatened by economic downturns and at risk of capture by non-local firms. Any necessary ownership transitions could then be facilitated with local buyers, including conversion to worker-owned structures. The federal government would seed these vehicles, working through state and local economic development channels.

   State and local governments have an opportunity to actualize LEPFs with the reauthorization of the State Small Business Credit Initiative (SSBCI) passed in March 2021. At the time of writing, the U.S. Department of the Treasury was finalizing regulations for SSBCI. Recommendations from employee ownership advocates to the Treasury have included building in incentives, such as access to additional tranches of funding, for states that demonstrate success in converting white-owned firms to broad-based employee ownership among BIPOC workers. Once regulations are published, state and local governments could apply for federal funding through SSBCI with a carve-out for creating and managing LEPFs. State and municipal LEPFs would be required to attract additional, private capital. This private funding could include commitments from impact investors dedicated to small business development, quality job creation, and advancing a more equitable COVID-19 recovery.

   LEPFs could be managed by government bodies or CDFIs, investing patient equity or quasi-equity into viable businesses vulnerable to outside acquisition. These funds could become permanent investment vehicles — created through the recirculation of capital as it is repaid and managed with local community oversight — ready to deploy capital to and sustain small businesses during the next economic crisis.[18] When paired with funding to support outreach and awareness-building among small, local businesses, LEPFs could help provide a pipeline of investable opportunities and attract co-investment from impact investors committed to place-based investing, small business preservation, quality job creation, and wealth-building for BIPOC workers.

3. ***Pass the Employee Equity Loan Act to create up to $100B in loan guarantees to scale ESOP transitions.***

While ESOPs enjoy tax benefits and fewer barriers to financing than worker cooperatives, disincentives still exist for converting a business into an ESOP. Namely, owners selling their business to their employees through an ESOP conversion must be willing to forgo an immediate payout for the full value of their business. A sale to an ESOP will typically proceed in stages — often over five to ten years through a series of outside loans or leverage. A gradual sale of this kind introduces risk for the seller as the sale process will take additional time. The opportunity for an immediate, full, upfront payout in the form of an initial public offering, acquisition by a private equity firm or strategic buyer, or sale to family members, can be difficult for a business owner to pass up — even with the tax incentives offered by an ESOP sale.[19]

To level the playing field, the federal government can enact a policy idea proposed by Richard C. May, Robert C. Hockett and Christopher Mackin (2019): the Employee Equity Loan Act (EELA). As proposed, EELA would create a $100 billion loan guarantee program. An Employee Equity Loan Program would create a secondary market for loans to finance ESOP conversions, similar to federal home loan programs. The program, which the authors propose housing under the U.S. Department of the Treasury or the Economic Development Administration of the U.S. Department of Commerce, would provide "structured equity" to compete with private equity investors. If EELA is adopted, May and Mackin estimate that the number of employee-owners could double over ten years, and that each would generate retirement savings averaging $240,000 per owner.[20]

As described in a 2020 publication by Democracy Collaborative, "To unlock broader capital for employee ownership, more intermediaries that can demonstrate results, both financial and social, will need to emerge."[21] Like SBA loans, the EELP loan guarantee program could leverage impact capital, attracting greater investment to finance ESOP conversions at scale. The guarantees would create a new market for institutional investors, foundations, and individuals to provide debt to "middle market" companies that collectively employ over 24 million people nationwide. EELA could foster the creation of a broader network of impact-oriented firms — both existing and new — dedicated to democratizing business ownership, building wealth for workers, and keeping wealth and jobs in the communities where they are created. Given the nation's challenges in the wake of COVID-19, large-scale, market-shaping efforts like EELA are important for an equitable recovery.

Directing Capital

1. ***Fully animate the Main Street Employee Ownership Act allowing the use of SBA 7(a) loans for employee ownership conversions. Remove the Personal Guarantee requirement for SBA loans.***

While new legislation, the Capital for Cooperatives Act, was introduced in May 2021 that would require the SBA to design pathways for cooperatives in securing SBA-guaranteed loans, the SBA is still bound by existing legislation to serve cooperatives and ESOPs. The SBA should reopen its internal review of the MSEOA and take back up the requirement to identify alternatives to the personal guarantee. The SBA could study examples of local government innovation in removing the personal guarantee, including the City of Berkeley's changes to its revolving loan fund for small businesses in 2019.[22] Fully realizing this policy would not involve allocation of additional public financing, but would instead unlock existing capital channels for employee-owned businesses.

2. ***Create an Office of Employee Ownership within a federal agency to increase coordination across federal and state and local agencies.***

   Given the variation across state and local policies surrounding employee ownership, a central, federal-level Office of Employee Ownership could increase coordination across localities and states, centralizing and supporting the production of research on the economic impact of employee ownership, facilitate the sharing of resources and best practices across the employee ownership ecosystem, and ensure policy standardization across agencies and federal policy initiatives. Especially in the wake of legislation passed to combat the fallout from COVID-19, such an office could track efforts to make shared ownership business models more mainstream across all federal programs supporting business development and access to capital. Such an office could be housed within the Economic Development Administration of the U.S. Department of Commerce or the SBA.

Demand Development

1. ***Provide federal funding to states for state-level outreach and technical assistance on broad-based employee ownership.***

   In addition to capital barriers, the growth of employee ownership is limited by a lack of available technical assistance providers. CDFIs and other small business lenders often lack the technical know-how to advise businesses on converting to worker-owned models or managing a business under a broad-based ownership structure. Federal funding to state-level economic development agencies and/or to CDFIs and the SBA could help grow the capacity and network of technical assistance providers. Creating a robust support network for fostering employee ownership would help grow the number of employee-owned businesses and create a new pipeline of investable opportunities for impact investors.

2. ***Alter MBE certification to include employee-owned businesses.***

   Some certified minority business owners who might consider selling their companies to their employees are wary of losing the Minority Business Enterprise (MBE) or Women-Owned Small Business (WOSB) designations that grant them priority access to certain government contracting opportunities and SBA loans, among other benefits. The way MBE certification is currently issued makes it difficult for businesses with multiple owners to obtain the designation. The federal government should add clarity to the MBE certification process, or else expand the designation to include businesses founded and partially owned by individuals under its list of "presumed groups" or majority-owned by individuals in these groups.[23] In short, minority-business certification should be broadened to benefit, rather than exclude, businesses that expand ownership opportunities to their employees, especially when those employees are also members of disadvantaged groups.

3. ***Provide federal subsidies for employee ownership feasibility studies.***

   A large barrier facing individual business owners considering employee ownership transitions is the high cost of conducting a feasibility study — a key step in ensuring the conversion plan and business model are viable. To shore up the pipeline of employee-owned businesses and conversion opportunities, the federal government should subsidize the cost of undertaking feasibility studies, particularly for small businesses in low- and moderate-income communities and/or those for which worker ownership could generate meaningful benefits to BIPOC workers and support COVID-19 recovery efforts.

Conclusion

Changes to federal policy can help usher in new sources of capital from impact investors for fostering employee ownership while enabling infrastructure development to grow the sector.

Taking action to strengthen and expand the employee ownership ecosystem, as outlined in this brief policy agenda, can usher in a more equitable, stable economy as the country recovers from the COVID-19 crisis.

Sound federal policy change can clear the path of real and perceived barriers to investing in employee-owned businesses, while increasing coordination among state and local employee ownership stakeholders and growing the pipeline for impact investors. Investing in broad-based employee ownership offers the opportunity to expand capital ownership and improve job quality for millions of workers, especially in underinvested communities and communities of color.

The impact of COVID-19 on frontline workers and small businesses has shown that enacting policies that simply restore the status quo will only continue to undermine the long-term sustainability of the American economy, exacerbate inequality, and leave workers and businesses vulnerable in future downturns. The time is ripe for impact investors and policymakers to direct energy and resources toward growing broad-based employee ownership across the country.

Appendices

Appendix A:

Experts Consulted

Name	Role	Organization
Alison Powers	Manager, Cooperative and Community Initiatives	Capital Impact Partners
Anne Claire Broughton	Founder & Board Vice Chair	North Carolina Employee Ownership Center
Christopher Mackin	President	Ownership Associates, Inc
Corey Rosen	Founder	National Center for Employee Ownership
David Lynn	Co-Founder & CEO	Mission Driven Finance
Hilary Abell	Co-Founder	Project Equity
Ian Weisner	Director of Business Development	Capital Impact Partners
Jack Moriarty	Founder	Ownership Associates, LLC
Jeff Kraft	Director, Business Funding and Incentives	Colorado Office of Economic Development and International Trade
Joseph Blasi	J. Robert Beyster Distinguished Professor; Director, Fellowship Program on Employee Ownership and Profit Sharing	Rutgers School of Management and Labor Relations
Marjorie Kelly	Senior Fellow and Executive Vice President	The Democracy Collaborative
Melissa Hoover	Founding Executive Director	Democracy at Work Institute
Micha Josephy	Executive Director	Cooperative Fund of New England
Nikki Maloney	Employee Ownership Grant & Operations Manager	Colorado Office of Economic Development and International Trade
Richard May	Partner	American Working Capital, LLC
Valerie Piper	Strategic Advisor and Project Manager	Independent Consultant

Appendix B:

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