

# United States Senate

WASHINGTON, DC 20510

November 20, 2009

## **PROMOTE EMPLOYEE OWNERSHIP AND PARTICIPATION TO SAVE JOBS AND SUPPORT WORKERS!**

*Please Co-sponsor the WORK Act and the U.S. Employee Ownership Bank Act*

Dear Colleague:

We are in the midst of the worst economic and financial crisis since the Great Depression. Since December 2007, employment has fallen by 8.2 million, and the unemployment rate has more than doubled to 10.2%. Although many jobs have been lost to deteriorating domestic economic conditions, many others have been shipped offshore. One way to reverse these economic trends is to provide employees with the tools they need to own their own businesses through employee stock ownership plans (ESOPs) or eligible worker owned cooperatives. Employee ownership is often the necessary component that will keep a hard-pressed business from either shutting down, or shipping its jobs overseas.

Therefore, **we invite you to become an original co-sponsor of two bills that we will be introducing to expand employee ownership** by giving employees the resources they need to take control of their own livelihoods and improve their local communities.

The first bill, the Worker Ownership, Readiness and Knowledge (WORK) Act would create an Office of Employee Ownership and Participation within the Department of Labor. This Office would promote employee ownership and employee participation in company decision making by providing education and outreach, training, grants, and technical support for local programs dedicated to the promotion of employee ownership and participation.

The second bill, the U.S. Employee Ownership Bank Act, would provide loans and loan guarantees to employees to purchase a business through an ESOP or a worker owned cooperative. The federal government currently provides a wide variety of federal loans, loan guarantees and other technical assistance to American companies as a way to increase U.S. jobs through exports. Providing federal loans and loan guarantees for the expansion of employee ownership would increase and retain jobs in the U.S. and strengthen the U.S. economy.

### **Who benefits from employee ownership?**

- **The Economy**, in which many businesses which otherwise would close down or ship jobs overseas stay open and keep their American employees
- **Retiring Small Business Owners**, who find buyers for their business and compensation for their years of hard work;

- **Employees**, who retain their jobs, share in future profits, and have greater control over their own vocation;
- **Company Performance**, which often is improved through increases in productivity due to employee ownership and participation; and
- **The Community**, in which the company is now more deeply rooted.

The facts back these benefits up. Numerous studies have shown that workers in employee owned companies receive higher wages, better benefits, and are less likely to have their jobs sent off-shore. Employee owned companies pay 5% to 12% higher wages than comparable traditionally owned companies. They also contribute 10% of pay to retirement accounts, while comparable traditionally owned companies contribute only 3%. In addition, 47% of employee owned companies send fewer jobs off shore than their traditionally owned competitors. And, according to a study by the Employee Ownership Foundation, 92.4% of companies that have created an employee ownership structure believe that doing so was "a good decision that has helped the company."

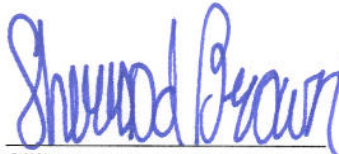
By expanding employee ownership and participation, these bills would create stronger American companies, prevent job loss, and improve working conditions for struggling employees.

If you would like to co-sponsor this legislation, please contact Warren Gunnels in the Office of Senator Bernard Sanders at 8-6358.

Sincerely,



BERNARD SANDERS  
United States Senator



SHERROD BROWN  
United States Senator



PATRICK LEAHY  
United States Senator