

United States Senate

WASHINGTON, DC 20510

May 26, 2017

The Honorable Shelley Moore Capito
Chairman
Financial Services and General
Government Appropriations
Washington, D.C. 20510

The Honorable Chris Coons
Ranking Member
Financial Services and General
Government Appropriations
Washington, D.C. 20510

Dear Chairman Capito and Ranking Member Coons,

We are writing to request that as you craft the FY2018 Financial Services and General Government Appropriations bill that you include report language directing the Small Business Administration (SBA) to support employee-ownership and profit-sharing business structures and report to the Committee about the usage of the section 7(a)(15) ESOP loan guarantee program, including volume and number of lenders across the country that have made 7(a)(15) loans, as well as identify any challenges employee-owned businesses may face accessing this source of financing.

Employee-owned companies can have a variety of different structures; regardless of the structure, the benefits of employee ownership flow to the company, employees, and the community. Employee-owned businesses give employees new opportunities to build retirement savings, are able to weather economic turbulence better than other small businesses, and are often anchor businesses in their communities.

Despite the benefits of employee-ownership, many businesses that want to pursue a profit-sharing structure or convert to an employee-owned structure face difficulties in finding financing and technical expertise to assist with the financing. This is why the Small Business Administration should work with other federal agencies, including the Department of Labor and the Department of Commerce, to find ways to support employee-ownership through their technical assistance, entrepreneurship education, and financing programs.

Therefore, we respectfully request that you include the following report language in the accompanying report of its FY2018 Fiscal Year FSGG Appropriations bill:

“Employee-Ownership: The Committee recognizes that employee-owned businesses are uniquely structured and provide wide-ranging economic benefits. In order to encourage new and assist existing employee-owned businesses, the Committee directs the Small Business Administration (SBA) to report to the Committee about the usage of the section 7(a)(15) ESOP loan guarantee program, including volume and number of lenders across the country that have made 7(a)(15) loans, as well as identify any challenges employee-owned businesses may face accessing this source of financing. Further, the Committee directs the SBA to work with the Department of Agriculture, Department of Labor, and the Department of Commerce to provide education and outreach to businesses, employees, and financial institutions about employee-ownership, including the different business structures, such as cooperatives and ESOPs, technical assistance to transition ownership to employees, and assist in accessing capital sources.”

Employee-owned businesses play a critical role in creating and supporting jobs and strengthening local communities' economies. The SBA should seek to promote sustainable business models like these where workers, companies, and communities thrive.

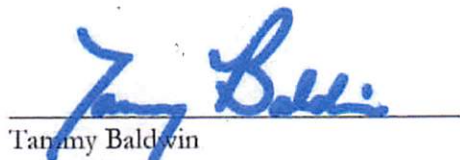
Sincerely,



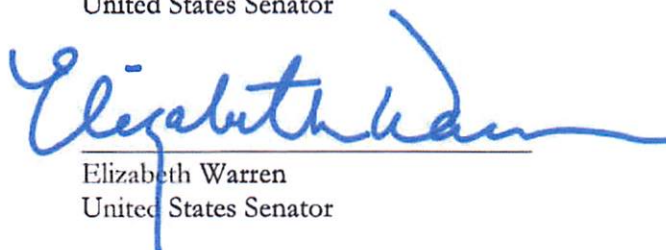
Kirsten Gillibrand
United States Senator



Margaret Wood Hassan
United States Senator



Tammy Baldwin
United States Senator



Elizabeth Warren
United States Senator