



The ESOP Association



September 12, 2018

The Honorable Linda McMahon
Administrator
U.S. Small Business Administration
409 3rd Street, SW
Washington, D.C. 20416

Dear Administrator McMahon:

The undersigned organizations write to express our support to you and stand ready to assist the Small Business Administration with implementing regulations for the recently passed Main Street Employee Ownership Act, which was incorporated into Section 862 of the John S. McCain National Defense Authorization Act for Fiscal Year 2019.

This Act comes at a pivotal moment as a generation of Baby Boomer small business owners prepare for retirement and are seeking viable options that preserve the culture of their family businesses and ensure that their employees continue to have decent jobs; succession options that employee ownership can help provide. As a group, Baby Boomers own close to half of the nation's privately-held businesses, employing one in six workers nationwide.

Supporting local economic development through employee ownership is important to all of us and this Act amends longstanding inequities in how the Small Business Administration administers loans to Employee Stock Ownership Plans (ESOPs) and worker cooperatives. Beyond improving this lending landscape, the Main Street Employee Ownership Act expands technical assistance nationwide; directing SBA to work with the nation's network of Small Business Development Centers (SBDC's) to provide transition-related technical training, executive education, and one-on-one consulting.

Through the new Small Business Employee Ownership and Cooperatives Promotion Program, SBDC's will engage in a public-private partnership by coordinating across government, working with other federal agencies, as well as coordinating with stakeholder organizations such as us to ensure the best effective strategies are in place.

We look forward to having further conversations with you in key stages as your Administration implements this Act. Employee-owned businesses have a strong track record of better pay and

retirement benefits for workers and a commitment to creating and sustaining local jobs. We hope that we can become partners with you in this pursuit and again stand ready to help you in any way possible.

Sincerely,

National Cooperative Business Association CLUSA International
Capital Impact Partners
National Cooperative Bank
ESOP Association
CooperationWorks!
Democracy at Work Institute
U.S. Federation of Worker Cooperatives
National Center for Employee Ownership

Cc: U.S. House of Representatives Small Business Committee
U.S. Senate Small Business and Entrepreneurship Committee