

ISSUE HIGHLIGHTS

- Employee ownership is a pro-business, pro-worker policy. Can it be a cure for the divisiveness of U.S. politics? [See page 2 for comments and page 13 for highlights.](#)
- Download documents and checklists you can use to simplify plan administration, corporate governance, and responding to acquisition offers. [A guide is on page 3.](#)
- What happens if ESOP participants want to refuse an outside offer to purchase the company? [Page 4](#) describes why the answer may be less clear than you think.
- If you want to avoid the possibility of an unwelcome sale entirely, the case study of Metis Construction on [page 6](#) outlines one strategy.
- You have been doing lots of things to help employees think and act like owners, but what if you are not really doing what you think you are doing? [Pages 8 and 9](#) have ideas for eliminating the “ownership culture blind spot.”
- What’s the single most common use of money from equity compensation plans? [New research on page 12.](#)
- Courts ruled on cases on issues including stock valuation in private-company ESOPs. [See pages 10 and 11.](#)
- Being employee-owned means your company is not owned by an outsider. [Page 15](#) discusses why that matters.

EMPLOYEE OWNERSHIP REPORT

JANUARY–FEBRUARY 2017
VOLUME XXXVII, NO. 1

NEW RESEARCH

ESOPs Stable in New 2014 Data

According to the latest data available from the Department of Labor, there were 6,717 ESOPs covering close to 14.1 million participants and holding more than \$1.3 trillion in plan assets as of the end of 2014. The count of ESOPs is down slightly from 6,795 as of the end of 2013, but the number of participants was essentially unchanged (a 1% decline).

Among the 6,717 ESOPs, 82% are standalone ESOPs and 18% are KSOPs (ESOPs that also have 401(k) features).

The tables on page 5 look at the new data in several ways. Table 1 separates public companies from privately held ones, and shows that public companies represent 8% of ESOPs, 79% of ESOP participants, and 59% of employer securities. Table 2 shows that most public company ESOPs are KSOPs. Table 3 shows that small privately held ESOPs tend to be nonleveraged, and table 4 breaks out the age of ESOPs by their plan’s effective date as reported in the Form 5500. Older ESOPs as a category hold more than \$1.2 trillion in plan assets. Twenty-one percent of ESOPs have been established since 2008. Among them, 395, or 6%, were newly established in 2014.

The March-April *Employee Ownership Report* will focus on the characteristics of these new ESOPs.

—Continues on [page 5](#)

POLICY CHANGE

USDA Supports Worker Ownership

In a [December 12 blog post](#), the U.S. Department of Agriculture announced a [new program](#) to support the conversion of businesses to worker-cooperatives and ESOPs. As of August, the Business & Industry (B&I) Guaranteed Loan Program can provide financing for a transaction.

The blog post describes a major aspect of this policy change: “Under the previous B&I rules, loans for purchasing businesses with a B&I guarantee required complete ownership transfer so that the selling owner retains no financial or ownership interest. This requirement made it difficult for the employees to take on such large loans and did not permit the selling owners to stay involved for transferring the know-how for running the business.”

—“Ownership News” continues on [page 12](#)



DENVER, CO / APRIL 4-6
PRECONFERENCE APRIL 3

**EMPLOYEE
OWNERSHIP
CONFERENCE 2017**