

ISSUE HIGHLIGHTS

- ESOPs are making a big difference in the economic resilience of distressed communities, new NCEO research shows. See story at right.
- What is the difference between a fairness opinion and a valuation report? And when do you need a fairness opinion? See [page 3](#) for an explanation.
- Interest in employee ownership is growing in both parties. See [page 4](#) for some of the next steps legislators could take.
- Employee ownership companies are again dramatically overrepresented on *Fortune* magazine's list of best medium- and small-sized companies. See [page 6](#).
- Aligning leadership and work-level committees is a critical task in high-engagement management. Get tips on how to do it well on [page 8](#).
- Oliver's Markets is a new ESOP in the wine country of California. It played an especially inspiring role in helping recovery from the 2018 wildfires. See [page 9](#).
- Deborah Krant, the NCEO's conference director for over 20 years, is retiring. See [page 11](#).
- New legal cases again show how difficult it has been for plaintiffs to win "stock-drop" cases in public companies. Summaries are on [page 12](#).
- The owners page reflects on why employee ownership is one way in a divisive time that we can pull together. See [page 15](#).

EMPLOYEE OWNERSHIP REPORT

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LOCAL ECONOMIES

New Research Highlights the Impact of ESOPs in Distressed Communities

With the American economy in its longest expansion since the 1990s, it's easy to forget that despite the prosperity of favored boom regions in the Northeast, West, and Sun Belt, the impacts of the recession still linger in many communities. What's happening in the areas left behind by the recovery, and is employee ownership helping ease their pain?

We explored the role of ESOPs in stricken local economies using data from the Economic Innovation Group, a D.C.-based policy organization that advocates for bipartisan methods to increase economic dynamism and entrepreneurship. EIG's Distressed Communities Index, or DCI, is a comparative geographic measure of communities' economic health; it classifies community ZIP codes on a scale from "prosperous" to "distressed" based on several factors.

To create the DCI, EIG used U.S. Census data to create a single scale from a combination of seven metrics, weighted equally: poverty rate, housing vacancy rate, median household income as a percentage of the statewide median, change in employment rate, change in the number of businesses, percentage of prime-age adults not working, and percentage of adults without a high school diploma.

A ZIP code is classified as "distressed" if its average ranking across these seven indicators falls in the bottom fifth of ZIP codes nationwide.

EIG identified 5,177 distressed ZIP codes, with a combined population of 50 million. According to EIG's 2018 report "From Great Recession to Great Reshuffling: Charting a Decade of Change Across American Communities," these ZIP codes are disproportionately rural, nonwhite, and concentrated in the South and East of the U.S.; they were also hit hardest by the recession that began in 2007, losing a net of 1.4 million jobs between 2007 and 2016.

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EMPLOYEE
OWNERSHIP
CONFERENCE

2019

Tuesday–Thursday
April 9–11, 2019
PITTSBURGH, PA
Preconference on
Monday, April 8

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THE NCEO is a self-sustaining nonprofit membership organization that provides practical resources and objective, reliable information on employee stock ownership plans (ESOPs), equity compensation plans, and ownership culture. Our publications, meetings, webinars, and research are designed with you in mind.

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