

RESOLUTION RECOGNIZING AND PROMOTING EMPLOYEE OWNERSHIP AS A STRATEGY TO MAXIMIZE ECONOMIC SUSTAINABILITY AND EQUITY IN THE CITY OF CHICAGO

WHEREAS, Chicago faces a "Silver Tsunami" crisis in which thousands of businesses owned by baby boomers are at risk of closure due to a lack of adequate ownership transition planning, potentially leading to a significant loss of jobs and economic disruption--[Currently, 24% of Chicago businesses with at least 10 employees are over 20 years old. These 5,750 businesses employ 241,600 workers and generate \$159 billion in revenue]; and

WHEREAS, Many of the ownership transition strategies available to baby-boomer owned businesses can result in the removal of wealth and employment from local Chicago communities; and

WHEREAS, Employee ownership is an ownership transition alternative that keeps wealth and jobs in the community and provides employees of a company with a significant stake in the ownership of the business, creating wealth for the employees and aligning the interests of workers and the company; and

WHEREAS, The main forms of employee ownership include Employee Stock Ownership Plans (ESOPs), in which employees are granted shares of stock over time contributing to their financial security and future wealth without any employee financial investment; Worker Cooperatives, which allow employees to buy stock and participate in democratic management of the business; and Employee Ownership Trusts, where a trust holds company shares on behalf of employees; and

WHEREAS, Employee ownership has a proven track record of offering quality jobs and comprehensive benefits to employees, leading to greater job satisfaction, higher productivity, and substantial retirement savings. Employees, between the ages of 28-34, of ESOP owned companies have a household net worth that is 92% higher, median job tenure that is 53% longer and median wage income that is 33% higher; and

WHEREAS, Employee ownership likewise can and does serve as a viable solution to the Silver Tsunami crisis, not only by retaining businesses within their communities but also by building worker wealth and closing the wealth gap for Black, Latino, and women workers through sustainable, equitable economic participation; and

WHEREAS, The significant ownership transition brought on by the Silver Tsunami crisis, provides the opportunity to train, invest and educate Black, Latino and women workers who have been historically excluded from business ownership; and

WHEREAS, Employee-owned companies do have a substantial presence and economic impact in Chicago. Currently, 41 privately held companies are owned by an ESOP and are headquartered in Chicago. These companies employ over 11,400 employee-owners and have distributed over \$6.6 billion in wealth to their employees through their ESOP plans, contributing to the economic vitality of our city; and

WHEREAS, The City of Chicago has previously acknowledged, through its Community Wealth Building Initiative, the value of employee ownership in the form of worker cooperatives in the formation of new businesses; and

WHEREAS, The Illinois Center for Employee Ownership (ILCEO), as a non-profit hub, is working to address the Silver Tsunami crisis by promoting and fostering the growth of employee ownership in all its forms across the state, believing that the creation of more worker-owners can help solve wealth inequality, deepen employee participation, retain jobs, increase living standards, and stabilize communities. The Chicago City Council commends the ILCEO for its indispensable work in promoting the value and benefits of employee ownership; now, therefore:

BE IT RESOLVED, That we, the members of the City Council, call upon the Committee on Economic, Capital and Technology Development to hold a subject matter hearing to discuss employee ownership as a valuable mechanism for supporting continued economic vitality in the City of Chicago; and

BE IT FURTHER RESOLVED, That we call upon the Commissioner of Planning and Development and the Deputy Mayor of Business and Neighborhood Development to attend such hearing to opine about employee ownership as an innovative and inclusive economic development strategy that prioritizes the retention of jobs, equitable economic opportunity and long-term prosperity in our city.



GILBERT VILLEGAS
Alderman, 36th Ward