



THINK OUTSIDE THE BOSS!

In the news...

Pittsburgh Hosts Nation's First Citywide Task Force on Employee Ownership



The task force is co-chaired by Pittsburgh City Council and the Pennsylvania Center for Employee Ownership and hosted by Chatham University <https://ownershippennsylvania.org/taskforcenews/>

PITTSBURGH, PA – Pittsburgh kicked off the nation's first citywide task force by hosting a meeting on employee ownership on Sept. 5 at Chatham University.

"I'm honored to serve as the co-chair of this first-in-the-nation task force. Employee ownership comes in many forms, but all have the potential to save jobs, increase business profits and productivity, strengthen communities, and fight wealth, power and inequality. Along with the Pennsylvania Center for Employee Ownership and our impressive task force members, I look forward to promoting employee ownership models across the City of Pittsburgh." Pittsburgh City Councilmember Erika Strassburger said.

Pittsburgh created the task force on employee ownership to explore the benefits they provide to business owners, employees, communities and the economy overall. The task force is co-chaired by the Pittsburgh City Council and the Pennsylvania Center for Employee Ownership (PaCEO).

“It was our hope that bringing together this unique group of leaders could result in changing Pittsburgh lives for the better. After our first meeting, I can confidently say that ‘hope’ is moving to certainty. There’s much work to be done, but this group is excited and up to the challenge. I believe this can be a model for cities throughout the nation,” Kevin McPhillips, PaCEO executive director said.

The task force includes Strassburger, McPhillips, Lt. Governor John Fetterman, State Rep. Sara Innamorato, Pittsburgh City Council Member Deborah Gross, Chatham University President Dr. David Finegold, Western Pa. Director at Office of the Lieutenant Governor Julie Strickland-Gilliard, CEOs of numerous businesses, including KTA-Tator and TechMet, executive directors of numerous NGOs, including Urban Redevelopment Authority, Pittsburgh Chamber of Cooperatives and Steel Valley Authority, and representatives from the PaCEO.

“I’m honored to be part of the City of Pittsburgh’s task force on Employee Ownership, and Chatham was pleased to host the initial task force meeting. The work of PaCEO and the task force is important to increasing the awareness of the benefits of employee ownership to more businesses in our region.” Dr. Finegold said.

The meeting follows an increase in interest about employee ownership in Pittsburgh. More than 1,900 people attended the Employee Ownership Conference hosted by the National Center for Employee Ownership in April at the David L. Lawrence Convention Center.

“As a group of people in the cooperative business and worker ownership movement in the Pittsburgh region, we at the Pittsburgh Chamber of Cooperatives are glad to join forces with this impressive task force team to advance employee ownership in businesses large and small,” Ron Gaydos, PCOC Manager, said.

Baby boomers currently own nearly half of the privately-held businesses in America and while some will be passed down to family members, many are expected to wind up on the auction block where they will be sold to private equity groups that move the business out of the state or country to consolidate them into existing businesses. Employee ownership offers a solution to the auction block. The most common way, is through employee stock ownership plans (ESOPs).

“Employee ownership has the potential to create strong succession plans for the future and right the wrongs of wealth inequity from the past. I’m excited to see how the newly-established task force can promote democratically-controlled businesses and workplaces and stronger communities,” Rep. Innamorato said.

There are already dozens of companies in and around Pittsburgh that are either partially or fully employee owned. They include Voodoo Brewery, Thermo Twin Industries, Silver Star Meats, Tech Met, and KTA-Tator. There are roughly 300 employee owned companies across the state, and about 6,000 nationwide.

There was a broad agreement at the meeting that employee ownership could have an enormous positive impact on the city.

“I am excited to be a part of this task force,” said Gaydos. “This is a great opportunity for employees to fully engage in capitalism and obtain ownership with a company that they are sufficiently involved in. If employees share the risk, then they should garner the rewards.” Rep. Valerie Gaydos said.

Formalized by Congress in 1974, workers pay nothing to participate—the company takes out a loan to buy the shares from the previous owner or shareholders, then divides the shares among the employees. Profits from the employee-owned portion of the company are tax-free, so the tax savings can be used to pay off the loan. As co-owners of the company, employees vote on major events like mergers and spinoffs, but a management team still handles day-to-day decisions.

“Giving workers more opportunities to grow their earning potential and have options as they retire is a priority for our office. I also believe that exploring these options will help minority owned businesses thrive and keep their doors open,” Strickland-Gilliard said.

The task force agreed to find businesses who would be interested, educate them and create a toolkit of resources to assist those who are interested.

“In my district and across Pittsburgh there are many business owners looking to retire and also many new entrepreneurs looking to start new businesses. There have been several dozen new businesses created in my district in the last several years. I am hoping that the Pittsburgh task force on Employee Ownership can help us keep existing jobs, create new ones, and also boost local wealth,” Councilwoman Gross said.

The task force agreed that its efforts will once again show Pittsburgh to be a vanguard city—a city of forward thinkers investing in creative solutions to the problems facing residents.

“Employee ownership is a proven way to build community wealth and economic equity—and it even begets more productive workers to boot! Mayor Peduto’s administration is proud to be a part of Councilwoman Strassburger’s team to help more Pittsburgh firms learn about this tried and true way to structure all or part of a business to the great benefit of all involved,” said Henry Horn-Pyatt, Small Business & Neighborhood Redevelopment Manager at the Office of Mayor William Peduto.