

**JFI and Berggruen Institute Report: Public Bank Could Finance  
Employee-Ownership Transitions for Nearly 1500 LA Workers**

*Innovative financing mechanisms could help employees purchase small businesses from “a silver tsunami” of retiring owners, generating wealth for buyers, sellers, and the city at large*

*Press Release*

New York, NY and Los Angeles, CA — May 18, 2023 — JFI and the [Berggruen Institute](#) have released their fourth publication on [public banking in Los Angeles](#), focused on lending programs to promote financial justice. The [new briefing](#) explores how a municipally-owned financial institution could help build community wealth and repair historical harms to Black, immigrant, and other communities—in part, by helping employees to purchase small businesses from retiring owners who wouldn’t otherwise find buyers from their enterprises.

Noting what some are calling an expected “silver tsunami,” that roughly 360,000 small businesses in California have owners who will be over age 65 by 2030—and almost a third of them in Los Angeles County—the briefing describes the advantage of transitioning these firms to employee ownership, rather than shutting them down, once the owners retire. The [briefing](#) goes on to describe the financial obstacles to these transitions due to government regulations and a lack of access to capital. As the briefing demonstrates, a Los Angeles public bank could finance the transition of nearly 1500 workers to shared business owners within the first ten years, while helping to dramatically increase private deal flow in an underserved lending market.

The briefing makes the case that employee-ownership transition investments could have outsized impacts on wages, job stability, and wealth creation for working people at small businesses across the city and county, and for the communities these businesses serve. It also outlines opportunities for the bank to offer lower-cost student debt and free banking services to Angelenos through partnerships with other institutions.

The briefing further suggests that while many banks and nonprofits seek to promote financial *inclusion* by offering accounts and other services to excluded individuals, this portfolio's programs aim to address what it calls financial *justice*: addressing persistent income and wealth inequality, discriminatory lending practices, and other structural factors underlying consistent financial precarity.

This publication marks the fourth in JFI and the Berggruen Institute's joint series on public banking in Los Angeles initially [announced on April 20, 2023](#). Past publications [introduced](#) the series, examined the impact of public banking on [affordable housing](#), and explored structures for [democratic governance](#). Forthcoming publications will explore how a public bank in Los Angeles could accelerate the green energy transition, and how creative digital tools could enable residents to participate in the construction of the institution's balance sheet.

“Our goal with this portfolio was to find ways the bank could directly contribute to wealth creation across the city, particularly through programs other institutions or financial inclusion programs have not invested in. Employee ownership is a high-impact way to do this, and we think the public bank can be a market maker to turn the ‘silver tsunami’ into a boon for workers,” says Halah Ahmad, co-author and JFI VP for Policy.

“Averting a ‘silver tsunami’ of damaging small business shutdowns and promoting new models of ownership is a matter of simple, low-cost financing programs that only a public bank is likely to undertake,” says Yakov Feygin, associate director of the Future of Capitalism at the Berggruen Institute and co-author of the briefing. “Los Angeles and other cities should seriously explore the potential of public finance to promote more resilient and inclusive economies.”

The publication is co-authored by Halah Ahmad, VP for Policy at JFI; Yakov Feygin, Associate Director of the Future of Capitalism Program at the Berggruen Institute; Jack Landry, Research Associate at JFI; Alison Lingane, Co-founder at Project Equity; Eric Medrano, JFI Research Partner and former Project Equity Financial Analyst; and Stephen Nuñez, former Lead Researcher on Guaranteed Income at JFI.

**About the Jain Family Institute:**

JFI is a 501(c)(3) nonprofit applied research organization founded in 2014 by Bob Jain. Our mission is to address pressing social problems by identifying and building high-impact interventions that translate to real world progress. A platform for research and social entrepreneurship, JFI brings global policy from theory to practice.

**About the Berggruen Institute:**

The Berggruen Institute's mission is to develop foundational ideas and shape political, economic, and social institutions for the 21st century. Providing critical analysis using an outwardly expansive and purposeful network, we bring together some of the best minds and most authoritative voices from across cultural and political boundaries to explore fundamental questions of our time. Our objective is enduring impact on the progress and direction of societies around the world. To date, projects inaugurated at the Berggruen Institute have helped develop a youth jobs plan for Europe, fostered a more open and constructive dialogue between Chinese leadership and the West, strengthened the ballot initiative process in California, and launched Noema, a new publication that brings thought leaders from around the world together to share ideas. In addition, the Berggruen Prize, a \$1 million award, is conferred annually by an independent jury to a thinker whose ideas are shaping human self-understanding to advance humankind.

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