

June 16, 2025

Senator Bill Cassidy, M.D., Chair  
U.S. Senate Committee on Health, Education, Labor and Pensions  
428 Senate Dirksen Office Building  
Washington, D.C. 20510

Dear Chair Cassidy,

HR Policy Association (HRPA) applauds and strongly supports your introduction of S. 1727, *the Employee Ownership Fairness Act*, a timely and necessary update to the Employee Retirement Income Security Act (ERISA). The proposed legislation would remove a long-standing structural barrier that forces employers and employees to choose between Employee Stock Ownership Plan (ESOP) participation and 401(k) matching, paving the way for a more integrated, modern retirement strategy.

HR Policy Association is the leading organization representing chief human resource officers of major employers. Our membership includes nearly 400 of the largest corporations operating in the U.S. and globally, collectively employing more than 11 million U.S. workers—over nine percent of the private sector workforce—and 20 million employees worldwide. Our members are committed to advancing sound public policy and improving workplace outcomes for both employers and employees.

Under current law, contributions to ESOPs count toward the same annual contribution limits as 401(k) plans. For 2025, employee contributions are capped at \$23,500, and employer contributions are also subject to an overall limit. While standard contribution limits would still apply, S. 1727 would ensure that ESOP contributions no longer count toward those limits, enabling participants to maximize both their ESOP and 401(k) contributions. This change would promote greater retirement savings, financial security, and reduce reliance on public benefits in the long term.

Importantly, many ESOP sponsors also offer 401(k) or other defined contribution plans to help employees diversify their retirement portfolios. By allowing full participation in both plans, this legislation would strengthen retirement outcomes and reinforce the value of employee ownership. It would also help employers offer more competitive and comprehensive benefit packages—critical in today's labor market where benefit offerings are a key differentiator in attracting and retaining top talent.

In addition to supporting S. 1727, HR Policy Association strongly advocates for amending the Fair Labor Standards Act (FLSA) to exclude Restricted Stock Units (RSUs) from the “regular rate of pay” for overtime calculations. This policy change would provide clarity and consistency for employers and enable broader access to equity compensation for non-exempt employees.

According to the National Association of Stock Plan Professionals’ 2024 Incentive Plan Design Survey:

- 28% of companies award time-based full value stock awards to their general workforce / non-exempt population.
- Restricted stock awards (RSUs) are the most common type of equity vehicle offered to the broad-based workforce and much more common than stock options.
- High-tech companies are more likely to award RSUs to their full population (59%) versus non-high-tech companies (11%).

Together, these two proposals would create a more inclusive and equitable compensation framework—one that incentivizes employers to award stock to hourly employees, enables lower-wage workers to build wealth through ownership, participate in long-term savings, and feel connected to their company’s success. Given today’s dynamic labor landscape and economic conditions, we believe now is the right time to modernize outdated regulatory constructs and advance legislative proposals that strengthen financial security and support employers in offering modern benefits that reflect the needs of today’s workforce.

HR Policy Association is proud to support S. 1727 and looks forward to working with you as it moves through the legislative process. We also encourage your consideration of a complementary proposal to exclude RSUs from the “regular rate of pay” used in overtime calculations.

Thank you for your consideration and continued commitment to advancing policies that empower employees, support employers, and strengthen the U.S. economy. If you have any questions or wish to discuss further, please contact me at [Cbirbal@HRPolicy.org](mailto:Cbirbal@HRPolicy.org).

Sincerely,



Chatrane Birbal

Vice President, Policy & Government Relations

HR Policy Association

[www.HRPolicy.org](http://www.HRPolicy.org)

CC: Members of the U.S. Senate