ABOUT THE CENTER FOR COMMUNITY CHANGE

The mission of the Center for Community Change is to develop the power and capacity of low-income people, especially low-income people of color, to have a significant impact in improving their communities and the policies and institutions that affect their lives. The Center operates on the assumption that the growing inequity in the United States – and across the globe – is not inevitable, but the result of programs, policies and systems purposely designed to benefit a privileged few at the cost of many. We seek to help people who are suffering under the status quo find common ground so they can unite to change public policies and attitudes. In the aftermath of the Great Recession, we are working to increase the engagement and capacity of community organizations on economic issues and to identify and promote strategies that can create good jobs at scale. Support for our work and for the development and publication of this guide was generously provided by the Ford Foundation.

ACKNOWLEDGMENTS

We appreciate the generosity and assistance of these individuals who participated in interviews and provided background information included in this guide:

- Alex Armenta, Meche Sensores, and Elena Fairley, WAGES
- Aaron Bartley & Eric Walker, PUSH Buffalo
- Steve Dawson, Paraprofessional Health Institute
- Steve Dubb, Democracy Collaborative
- Janet Filante, Childspace Cooperative Development, Inc.
- Ken Galdston, InterValley Project
- Kim Harman, FACE Hawaii
- Newell Lessell, ICA
- Minsu Longiaru, Restaurant Opportunities Center of Michigan (ROC-MI)
- Teresa Mansell, Childspace Daycare Centers
- Deborah Groban Olson, Center for Community Based Enterprise, Inc. (C2BE)
- Carlos Pérez de Alejo, Cooperation Texas
- Sekou Siby, Restaurant Opportunities Center of New York
- Candida Stamp, Casa Nueva
- Rick Surpin, Independence Care Systems

Special thanks to Sheva Diagne for her assistance in finalizing this report. Any errors of fact or interpretation remain the author’s.
Introduction

In the last few years, persistent, high unemployment has taken over as the headline of the Great Recession, driving an urgent need to create more jobs and get Americans back to work. But when the financial crisis first hit, it prompted a wave of anger and criticism against the corporations and financial institutions that own and direct capital across the globe, and its aftermath has continued to expose longstanding fissures in the U.S. on virtually every measure of economic well-being:

Growing income inequality:

- The share of household income after taxes going to the highest earners has risen dramatically in the last 3 decades. The top-earning 1 percent of households now bring home about 20% of total income, up from less than 10 percent 40 years ago.  
- From 1979-2007, average income after taxes for those in the top 1 percent rose 275 percent, but increased around 40 percent for the middle 60 percent of earners and only 18 percent for the bottom 20%. An analysis of tax data going back to 1913 shows a greater concentration of income among the wealthiest Americans than at any time since 1928, based largely on growth in the past decade.  
- Since the beginning of the recovery in 2009, 93% of real income growth has been captured by the top 1% of earners. Median household income declined again last year, to $50,054, the lowest level since 1996 adjusted for inflation.  

Concentrated Wealth:

- Wealth is even more highly concentrated than income. As of 2007, more than a third of all wealth (34.6%) was held by those in the top 1 percent of the wealth distribution; three-quarters of all wealth was held by those in the top 10 percent.  
- Meanwhile, among the middle class, the debt-income ratio reached its highest level in 24 years.  
- Median U.S. household net worth dropped 38.8% from 2007-2010, as the financial crisis – and the resulting collapse in home values – wiped out 18 years of gains.  

Stagnant Wages:

- Adjusted for inflation, the median hourly wage was lower in 2011 than it was a decade earlier.  
- The real entry-level hourly wage for men who recently graduated from high school fell to $11.68 last year, from $15.64 in 1979 (inflation adjusted) a drop of 25.3%.  
- The percentage of those jobs that offer health insurance has fallen from 63.3 percent in 1979 to only 22.8%.  

Patterns of job growth point to one of the roots of growing inequality: increasing polarization in the labor market. Job losses in the recession were concentrated in mid-wage occupations (construction workers and public sector employees, for example), and the anemic job growth in the recovery has been driven by lower wage occupations, which have grown 2.7 times faster than mid and higher wage jobs.
Cooperatives around the world generally adhere to a core set of values and principles, as adopted by the International Cooperative Alliance in 1995:

1. **Voluntary and Open Membership**
   Cooperatives are voluntary organisations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.

2. **Democratic Member Control**
   Cooperatives are democratic organisations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary co-operatives members have equal voting rights (one member, one vote) and co-operatives at other levels are also organised in a democratic manner.

3. **Member Economic Participation**
   Members contribute equitably to, and democratically control, the capital of their co-operative. At least part of that capital is usually the common property of the cooperative. Members usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing their co-operative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the co-operative; and supporting other activities approved by the membership.

4. **Autonomy and Independence**
   Cooperatives are autonomous, self-help organisations controlled by their members. If they enter into agreements with other organisations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their co-operative autonomy.

5. **Education, Training and Information**
   Cooperatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their co-operatives. They inform the general public - particularly young people and opinion leaders - about the nature and benefits of co-operation.

6. **Cooperation among Cooperatives**
   Cooperatives serve their members most effectively and strengthen the co-operative movement by working together through local, national, regional and international structures.

7. **Concern for Community**
   Cooperatives work for the sustainable development of their communities through policies approved by their members.
ity and health care, those jobs are likely to do little to improve workers’ economic well-being, and will perpetuate – if not exacerbate – gaps in wealth and income between low skill and higher skill workers without concerted strategies to improve job quality.

Against this economic backdrop, organizing and advocacy groups have continued to pursue more traditional policies to improve income and job quality in response to these trends, including campaigns to institute living wages, raise the minimum wage, and enforce wage and hour laws. At the same time, the dynamic that has been exposed through the financial crisis – corporate greed (if not malfeasance), asset erosion, wage stagnation -- and the prospect of persistent growth in low wage work on the horizon have also prompted grassroots interest in mechanisms to broaden or redirect control over economic resources. Initiatives to establish state banks and community land trusts, and “move your money” campaigns, among other things, all reflect a growing desire to harness and democratize wealth to promote economic equity and create a counterweight to the moneyed forces that are corrupting our political system.

In particular, promoting alternative ownership, specifically through worker owned cooperatives, has captured the imagination of community organizers hungry to challenge the existing economy at its heart, and build its replacement in their communities. Worker-owned cooperatives typically share two defining characteristics: they are businesses that (1) are owned and often created by workers who invest in the venture, and (2) are governed by democratic decision-making. While cooperatives are not new, their premise and structure speak to the principles of solidarity and democracy that are at the foundation of community organizing, and are especially resonant in the current economic and political climate. “Increasingly the co-op is seen as a vitally important tool for building community wealth. In addition to the work of the Democracy Collaborative with the Evergreen Cooperatives in Cleveland, we have also worked with groups to investigate the feasibility of co-op development in Atlanta, Amarillo, Pittsburgh and Washington DC. Interest in co-ops is clearly growing. To date, we have had conversations with grassroots organizers about co-op development in more than a dozen additional U.S. cities,” says Steve Dubb, Research Director of the Democracy Collaborative at the University of Maryland. The Mondragon Cooperatives Corporation, one of the most successful worker-owned cooperative businesses in the world, epitomizes the promise that cooperatives hold out for many organizers; with more than 100 cooperatives and an additional 100 subsidiaries, MCC companies employ 83,569 workers internationally, and generated revenues of $14.8 million in 2011.

This paper is intended to respond to the burgeoning grassroots interest in worker ownership – to help guide community organizers’ understanding of the benefits, limitations, and challenges involved in establishing worker owned cooperatives. It is not a toolkit outlining the nuts and bolts involved in creating a worker owned cooperative -- many of those exist, and some good models are included in the resource section at the end of this paper for those who want to pursue the concept further. Rather, it provides a broad, strategic view of the value of worker owned cooperatives as it aligns with the aspirations of grassroots organizing groups, and attempts to detail the efforts required to realize that value through profiles of worker owned cooperatives in four different service occupations that are typically characterized by low wages: home health care, child care, food service, and housecleaning. It then identifies some mechanisms that organizers could undertake to help advance alternative ownership as a share of the economy in these and other sectors.
Why Focus on Cooperative Ownership?

From an economic standpoint, the prospect of using cooperative ownership effectively to direct the proceeds from the business back to workers themselves in the form of higher wages and better benefits, rather than being inequitably diverted to executives and shareholders, is an attractive one. This is particularly compelling with respect to growing service occupations where profits are largely derived by constraining labor costs. The worker owned cooperatives explored community organizing and the benefits of cooperative ownership that inspires interest in pursuing its development:

- Most obviously, both grassroots organizing and worker ownership champion community control. Cooperative development effectively expands the principle into the marketplace, crossing the traditional lines between socially driven advocacy and private enterprise, with the potential to retain or redirect capital in the community.

- Both are driven by and dependent upon developing the leadership of member owners in order to be successful. Worker ownership can impart a sense of self-respect, personal value and confidence that along with having a direct stake in the local and broader economy can stimulate civic engagement.

- As for profit entities, worker owned cooperatives can operate as “high road” or “yardstick” models that produce unique benefits in competitive markets, in some cases able to drive improvements in industry standards that can benefit a broader swath of low income workers. They can also serve as a combined moral and economic voice to counter business industry lobbyists on key political and policy issues.

- In addition to economic equity and democratic leadership, cooperatives elevate and advance other values, including environmental sustainability and local vitality.

In this guide, which pay competitive or above market wages and provide benefits beyond industry standards, demonstrate that returning surpluses to worker themselves can be accomplished with a sound business plan and lots of hard work. Notably, they also demonstrate that the cooperative structure can improve job quality in other ways: helping to provide stable employment in occupations that are typically characterized by unpredictable work hours, and providing benefits, flexibility, and opportunities for advancement, while also improving the quality of services offered to clients by providing a consistent and well-trained workforce.

Beyond the potential for economic equity, there is a clear nexus between the goals of community organizing and the benefits of cooperative ownership that inspires interest in pursuing its development:
The Challenges of Worker Ownership

But achieving the ends described above is not at all easy, or ordained. Quite the opposite – the seduction of the concept of worker ownership can bely the challenges that all cooperatives must navigate ... where failure to do so means dissolution. Unlike other enterprise initiatives in the worlds of organizing and advocacy, most cooperatives don’t have the benefit of extended periods to experiment, assess and refine – as businesses operating in competitive markets, they either survive, and hopefully go on to prosper and grow, or they fold. And as evidenced by so many attempts to replicate successful cooperatives (some of which are described below), there are no exact formulas to follow that will guarantee success. It’s not surprising, then, that even most of those who have managed to establish successful cooperatives caution against a romanticized view of worker ownership and its role in our economy (notably, one TA provider describes his role as a “dream killer”). Instead, as echoed across our conversations with cooperative owners and TA providers, there are a set of interrelated challenges that must be negotiated, including:

1 Financing – Given the allure of the human dimensions of worker owned enterprise, it’s all too easy to gloss over the fact that worker owned cooperatives are in fact businesses that must identify and secure a market niche in order to survive. The financing process starts with the formulation and execution of a sound business plan; while the requirements may vary by venture, all worker-owned cooperatives must raise startup capital and secure financing to maintain and manage cash flow as the business gets established. Depending on the service arena, this may mean also dealing with the vagaries of federal financing streams that support service delivery on an ongoing basis. Most importantly, given the ownership structure, this responsibility lies with the worker owners themselves, who in these sectors are likely new to entrepreneurship and the world of finance and will face a steep learning curve to participate actively and effectively in decision-making.

2 Accessing Expertise – Incubating, launching, and operating a worker owned cooperative requires a set of skills that are distinct from those involved in community organizing, including but not limited to issues related to financing. Understanding and assessing the local and perhaps regional economy, handling service delivery and managing customer expectations are all part and parcel of enterprise development.

3 Management – Establishing an overall governance structure and process for decision-making, identifying where different types of decisions fall into that structure, educating and involving new owners in the decision-making process, and training them in open and productive communication strategies are all critical to principled operation of the co-op. But separate and apart from that, each of the co-ops profiled here – and undoubtedly every worker owned coop generally – has had to balance the goal of democratic ownership with the realities entailed in day-to-day management of an active business venture. Deciding how to configure the management structure, and ensuring that those charged with it have both the business acumen to grow the company and the necessary commitment to worker ownership to maintain a balance with democratic decision-making in a
transparent, accountable and empowering way is a challenge that every co-op must navigate on an ongoing basis.

Growth – While no hard data exists, the U.S. Federation of Worker Cooperatives estimates that there are approximately 300 democratic workplaces employing around 3,500 worker-owners across the U.S.¹⁷ As these numbers suggest, most are small businesses (Cooperative Home Care Associates, profiled below, is by far the largest in the country, employing just over 2,000 workers). While worker-owned cooperatives must grow to remain financially viable, their growth is typically limited by constraints on capital and tempered by two concerns: (1) given their organizational structure, they have less inclination and flexibility to deal with economic downturns by cutting back on the labor side, and so tend to be conservative about expanding; and (2) the decision-making process becomes more complicated as additional owners are brought on board. At the macrolevel, the extent to which all of these factors inhibit growth impacts the ability of cooperatives generally to get to scale and effectively mount a real challenge in the marketplace to traditional businesses.

Here’s a look at how these challenges have played out in worker owned cooperatives operating in four growing low wage sectors.

HOME HEALTH CARE: COOPERATIVE HOME CARE ASSOCIATES, SOUTH BRONX, NY

The largest and perhaps best known worker-owned cooperative in the United States is Cooperative Home Care Associates (CHCA), which was formed in the South Bronx in 1985. A home health care agency that provides services to elderly, disabled, and chronically ill clients, CHCA has grown to 2,075 employees, two-thirds of whom are worker-owners. It also trains more than 500 participants a year, consistent with its mission to provide pathways to employment for the residents of the South Bronx.¹⁸

A case study of CHCA by the Aspen Institute¹⁹ chronicles the co-op’s history and particularly the extent of start up and ongoing financing necessary to get it off the ground, its struggles to identify the right manager to guide the organization, and its transition in the market from a subcontractor to major contractor itself through careful negotiation with other industry players. “It’s incredibly resource intensive to create enterprises of any scale,” says Steve Dawson, former president and strategic advisor to the Paraprofessional Health Institute and former consultant to CHCA. “In home health care, you need to get to scale to generate a greater profit margin that can bear the weight of higher labor costs. Cooperatives really need philanthropic support – or some other form of risk capital – for start-up and regular equity, that will help limit the amount of debt financing they have to take on so that that growth is possible.” CHCA had to raise $350,000 in grants and another $100,000 in loans, on top of the in-kind support provided by staff time underwritten by the incubating agency, the nonprofit Community Services Society, in order to maintain its financial viability as it got off the ground.
Big chains in the home care market typically require franchises to put up $50,000 to $100,000 to get started; in a market where labor accounts for 60-80% of business costs, they become profitable by paying their workers very little. The median national wage for home health aides is $9.91 an hour, for personal care aides, $9.49 an hour. The industry is also characterized by part-time work and few benefits: In 2009, 48 percent of direct-care workers worked less than full-time, year-round, and more than a third of workers employed by home care agencies lacked health insurance. As a result, 46 percent of all direct-care workers rely on public benefits, including food stamps, Medicaid, or assistance with housing, child care, or utility costs.

In addition to the $420,000 of capital needed to launch and support CHCA, its long term sustainability has been enabled by a unique partnership with two organizations: Paraprofessional Health Institute, Inc. (PHI) and Independence Care System (ICS). PHI is a national nonprofit and development organization based in New York City with a $6.8 million budget; PHI is also the holding company for ICS, a Medicaid managed care nonprofit in New York City that has 3000 consumer members and provides $150 million in services annually. PHI was originally created to provide technical and fundraising assistance to CHCA in support of its training program, and continues to provide management and supervision training itself to CHCA employees to promote employee retention, in addition to its roles as an expert on and advocate for the direct care workforce. These training costs amount to approximately $1.6 million to $1.7 million, of which CHCA pays 40%. ICS contracts with CHCA for home health aide services; its contract accounts for 40% of CHCA’s home health aide work. “If CHCA didn’t have ICS, it would be half its current size and much more vulnerable to market consolidation over time,” says Surpin.

Consistent with its goal to provide “quality care through quality jobs,” CHCA’s model is characterized by intensive training and above market wages and benefits in order to recruit and retain home care workers, and the development of career pathways for them to advance to more senior health care jobs or to transition to employment in management and back office professions. When CHCA initially struggled to raise wages above the market rate, it developed a “Guaranteed Hour Program” to ensure that senior aides could depend on reliable assignments, and thus, a reliable income level. Today, workers earn between $9.00 and $10.50 per hour depending on seniority, and work an average of 36 hours per week – far higher than the industry standard, which typically ranges below 30 hours per week. CHCA also continues to provide training in excess of federal and state mandates.

“The cooperative really had to do training in ownership, leadership, participation, and management,” says Rick Surpin, President of ICS and founder of CHCA. “It became a major element in developing the culture of the organization.” As a result, CHCA’s employment rate for trainees is almost 80%, its one year retention rate is above 50% from enrollment, an exceptionally high retention rate compared to other low income workforce development programs, and the average worker has been at the cooperative for five years, all of which foster stable relationships with clients that promote higher quality, consistent care. The emphasis on training across the cooperative, including management skills, creates “a high degree of engagement and loyalty to the company. The culture of the organization is very different – the workers hold the leadership accountable to investing in the workforce,” says Steve Dawson. “That [willingness to invest in training and staff support] is achievable in a [nonprofit] model, but a worker owned model reinforces it, locks it in.”
While CHCA has demonstrated the viability of worker owned cooperative to get to scale and improve the quality of the home care industry for workers and consumers, the reality of market challenges are starkly evidenced by its attempts to replicate the model in both Boston and Philadelphia; the Boston initiative, along with 26 other health care agencies, failed after six years due to changes in federal Medicare policy, while the Philadelphia cooperative, Home Care Associates, has survived, and now has 160 members. The variability in Medicaid from jurisdiction to jurisdiction makes pinning the market hard, and Surpin emphasizes that there are also tradeoffs between agencies providing private pay services and those participating in Medicaid and Medicare. “It’s just hard,” says Surpin. “Supporting the concept politically just isn’t enough. You need to understand the economics of the market and what’s achievable. There’s a huge difference between a need and a real market.”

CHILD CARE:
CHILDSPACE DAY CARE CENTER AND
CHILDSPACE MANAGEMENT GROUP,
PHILADELPHIA, PA.

An estimated 1.25 million workers in the United States provide child care in formal arrangements, either in center based or family child care home settings; 94.7% of these workers are women.32 Nationally, they earn a median hourly wage of $9.34.33 As in home health care, the need for quality, affordable child care is clear: more than 14.8 million children under the age of 6 in the United States live with two working parents or a single working parent and are potentially in need of child care, 62.3% of all children under 6 in the country.34 But despite the low wages paid to child care workers themselves, the costs of child care are burdensome on family budgets; nearly one third of families with incomes below the poverty line who have children under the age of 5 spend more than 60% of their monthly income on child care, and families at or above that level devote more than a fifth of their income to child care costs.35 Given the limited financial incentives for workers to enter the child care profession, and the relatively high cost to secure care, it’s no surprise that parents struggle to find stable, quality placements for their young children.

This was exactly the situation that two young mothers found themselves in in 1988 as they faced going back to work. When Teresa Mansell and Cindy Coker (who had worked together at the Pennsylvania Association for Cooperative Enterprise) couldn’t find infant care, they decided to start a child care center and wanted it to be a worker-owned cooperative. “We knew that people had to have a quality job in order to provide quality care -- that you needed to have a happy and stable workforce. Turnover really compromised the care parents could find for their children,” says Teresa Mansell. “If people were invested, and had some power – a say in the process and more involvement in decision-making – they’d be more inclined to stay.”

The result was Childspace Day Care Centers (CDCC), which has grown from its original site in the Mt. Airy section of Philadelphia to include locations in Germantown and West Philadelphia. Collectively, the three centers now provide care to 300 children aged 4 months to kindergarten, as well as summer camp and afterschool programs serving children up through the fifth grade.

While initial capital was provided through a loan from the Adrian Dominican Sisters in Michigan, ongoing financing of the venture, particularly training costs, has been sustained by a unique set of arrangements.
First, the child care centers themselves are structured as a nonprofit, which contracts with Childspace Management Group, a worker owned cooperative to staff the centers. This allows for involvement by non-worker stakeholders – including parents, child development experts, and other members of the community – to participate on the Centers’ Board, while maintaining the autonomy of the cooperative, particularly over issues relating to wages and benefits. It also enabled the centers to obtain grants to cover the costs of financial, marketing, and leadership training for the worker co-op, assisted by ICA36 and PHI.

A second, separate nonprofit Childspace Cooperative Development, Inc. was established initially to replicate the CMG model, and now primarily serves as an advocacy and training organization to support the sector more broadly. Eligible for grants from foundations and the public sector, it supports the ongoing training for CMG staff. At times, they have also managed carefully to arrange loan agreements between CCDI and CMG to help manage cash flow.

Finally, the original center was sited in Mt. Airy, a progressive community where parents with an affinity for cooperative principles and who could afford child care at a higher rate without public subsidies were drawn to the center. The revenue from the Mt. Airy facility is used both to cross subsidize the lower income slots in the other two centers (more than 90% of which are publicly subsidized) and to float the centers for cash flow purposes given the lag time involved in subsidy payments by the government.

Collectively, the ChildSpace ventures operate on a combined budget of $2.8 million. From five initial staff, CMG has grown to 50 employees, half of whom are coop members. Workers are eligible to join the cooperative after a year on staff; if they accept, they pay $5 for a share (equal to one vote) and a required capital contribution of $245, made through payroll deductions. Members are required to attend 75% of meetings and must join one of the four committees, starting with the finance committee at the time that they join.

The co-op also decided to offer health care benefits in order to promote retention once the venture was producing some profit.
grew, health care costs increased, and staff took paying child care slots for their own children, they realized the value of different benefits to different workers, and the need to provide fiscally sustainable options. They now offer members a choice of individual health care coverage (with a 20% employee co-pay), child care for one child, or a $1000 cash bonus. All employees also receive 10 days of paid sick leave per year, two weeks of paid vacation and other paid leave, and can participate in an IDA (Individual Development Account) program to match their savings.

While the benefits offered are generous compared to the rest of the industry, wages are not, especially compared to the private pay market. This is a largely a result of the Centers’ commitment to providing care to low income families reliant on subsidies. Nevertheless, the pay scale has not undermined staff retention (a typical problem in the high turnover child care industry), and CCDI, by organizing providers and engaging in systemic advocacy, is working to improve reimbursement rates and the subsidy system. “State subsidies have a real impact on income and business stability,” says Janet Filante, Executive Director of CCDI. One big victory celebrated by CCDI and CMG was the reduction in the payment lag time from 90 to 45 days, easing one of the main cash flow roadblocks for the child care centers. More recently, the organizations have fought to hold the line on state funding for early education in the face of pressure to cut funding, and programs to support the cost of training for child care workers have been decimated.

Like PHI, CCDI both provides training to CMG staff and serves as a resource and advocacy arm for the broader child care provider community. It convenes a Provider Committee that meets every other month to provide continuing education on financial and technical issues and serves as a regular opportunity for providers to share information and strategize about policy developments and how to work collectively on common problems. It also provides training on civic engagement and involves practitioners in advocacy through a leadership development campaign called “Child Care Voices” to amplify the needs of providers in policy debates.

While the expansion in Philadelphia has been successful, efforts to replicate the model elsewhere have not been. “Loss of a director or some other significant challenge that arises 3000 miles away makes it hard to support. You really need to have an accessible support structure,” says Filante. The three Childspace centers have experienced that firsthand; in their case, though, the association of the three facilities has made it possible for staff from the other centers to cover when a director has stepped down, and to accommodate other needs.

### HOUSEKEEPING: WAGES – OAKLAND, CALIFORNIA

A 2007 participatory research study of 240 domestic workers in the San Francisco Bay area illuminated the precarious position of domestic workers even before the impact of the Great Recession: 93% of those surveyed were unable to pay their basic living expenses (rent, groceries, child care) while 37% had earnings below the poverty line. And they didn’t have other sources of support to rely on; of those surveyed, 54% were the primary breadwinners for their household and 72% also provided financial support to family members in their country of origin. On top of these economic challenges, the workers faced threats to their physical health; nearly two-thirds (63%) considered their jobs hazardous, citing concerns of “concentrated exposure to toxic cleaning chemicals, human contagions, risk of injury from cleaning high or difficult-to-reach places, and heavy lifting,” but ninety-five percent (95%) did not have health
insurance. The problems of poor job quality are enabled and compounded by isolation: many domestic employees work independently, with no connection to a hiring or temporary agency, which makes them vulnerable to exploitation by employers and responsible for securing adequate hours to support their families on their own.

Five green household cleaning cooperatives, the Eco-Friendly Cleaning Co-op Network, incubated in the Bay Area by WAGES, have targeted exactly this population in order to raise workers’ incomes, provide access to benefits, build women’s leadership and business skills, and create access to wealth for the Latina community. The entities’ co-ops’ business plan, keyed to a niche market – the combination of early use of proprietary environmentally-friendly cleaning techniques and the social justice angle invoked by the co-op structure itself – has been a key to their success. 90 women now co-own the five cooperatives, which had sales of $3.3 million in 2011. Hourly wages are generally $13.00 to $16.50 an hour, slightly higher than the median hourly wage of $13.73 per hour for maids and housekeepers in the formal market in the metropolitan area, and well above the median of $9.50 earned by the women who seek co-op membership through WAGES.

The cooperatives are structured “to distribute almost all the profit through bi-weekly payments to members” that are calculated based on their “ownership interest allocation” and their billable hours; approximately 10% of revenues is either distributed as surplus at the end of the year or used to fund the business’ capital reserve account, as determined by the members. The surplus portion distributed to members is paid out in cash, with the reserves and the portion retained in individual equity accounts building each member’s asset share of the business over time. At year-end 2011, members at the three youngest co-ops had median retained earnings of $3,422, a significant sum given that workers’ median wage in their prior jobs was around $12,000 annually.

During the recruitment and orientation period before someone joins as a member, they must take part in an extensive training module provided by WAGES, which covers the roles and responsibilities of members, the co-ops’ governance structure, and all the financial aspects of the business, from how profits are calculated to the business’ tax obligations. “It is critical for potential owners to really understand the responsibilities of ownership,” says WAGES Executive Director Meche Sansores. “Whether the business succeeds depends on them taking an active role in its operation.” Unlike some of the other cooperatives profiled in this guide, one must become an owner of the housecleaning cooperative to remain as a member following a six month provisional period, during which they must pay the required capital contribution, attend a meeting of the Board of Directors, become expert in the co-ops’ cleaning techniques, and take an active role in collectively reaching business growth decisions.

Members of the five cooperatives are generally required to contribute $400 as a capital investment in the venture ($150 before joining and the option to pay the remaining $250 through payroll deduction during the provisional period) before they may become a full member with voting rights and the standing to sit on the Board of Directors. Founding members have also partnered with other organizations, such as the Opportunity Fund, to secure matching grants to members’ capital contributions.

While the coops have relatively small capital start-up costs, it is their relationship to WAGES that has helped to ensure their financial viability until the cooperative reaches maturity. In addition to providing training to founding members and assistance with development of the business plan and legal structure in advance of the launch, WAGES provides ongoing technical assistance, handles screening and orientation and
training for new members (roughly 60 hours of training over 9 days), conducts leadership and vocational training for members (roughly 60 hours of training over 9 days), and funds the management costs of the cooperatives (including the manager’s salary) during the incubation period, which generally lasts for 3 to 4 years. The approximate cost of providing this intensive incubation for a new co-op, from business plan development through graduation to full sustainability, varies widely depending on the market context, but has historically ranged from $300K to $700K. An ongoing consideration for WAGES is how much support to provide for the network of co-ops, have staff dedicated to this purpose (mostly part-time). In the latter case, the part-time staff employed by the co-ops receive a regular salary or hourly wages but do not engage in profit sharing. Over time, the co-ops have also evolved away from member management and democratic decision-making for day-to-day operational issues, and toward delegation of decisions ranging from policymaking to day-to-day operations to a designated manager or managers that answers to a Board of Directors. Similarly, recognizing their member population’s lack of familiarity and expertise regarding strategic business decisions and the immense challenges involved in establishing a new business, the three youngest cooperatives have seated representatives from outside the cooperative on their Boards of Directors along with members elected by their peers. As WAGES contemplates the use of branding and franchising as a method of expansion, the cooperatives may also become more uniform in their operation and governance structures.

The evolution in WAGES’ approach to structuring governance, management, and administration reflects the reality of ensuring that the cooperatives operate effectively and efficiently as sustainable businesses over the long term. “The first priority for the cooperatives, like any business, is to survive and thrive financially. Groups thinking about undertaking a co-op have to understand that leadership development and democratic ownership are valuable goals and essential to the success of any worker-owned cooperative, but are not goals in a vacuum. Making sure that the business can survive and operate in a competitive market is critical. And if the co-op can’t deliver meaningful economic opportunity to workers, not only does it become less attractive to potential members, but it fails to deliver on the full promise of a cooperative model for both financial and personal empowerment,” says WAGES’ Deputy Associate Director Alex Armenta.

Each of the co-ops varies somewhat with respect to how its management and administration functions.

especially after a co-op has matured into a self-sustaining business. Over time, WAGES has found that offering ongoing training programs to all five of its associated cooperatives — even after they reach maturity — ensures strong business operation and governance systems. Given that the co-ops have an understandable temptation to cut back on training in the face of short-term pressures, WAGES’ ongoing support ensures that members continue to have access to training. While the co-op’s first priority is to maximize the number of people working and earning for the business, this arrangement points to the unique inherent and ongoing commitments necessary in order to maintain the structure’s viability over the long term.

Each of the co-ops varies somewhat with respect to how its management and administrative functions; in some, every member is responsible for some aspects of the administration of the business, while the newer cooperatives
HOSPITALITY & FOOD SERVICE: 
CASAA NUEVA RESTAURANT, ATHENS, OH

Constitution as a worker owned coop can be especially tricky in the business of food service: restaurants involve a highly varied set of jobs that require very different skills and command markedly different wages; the custom of compensation based on tipping conflicts directly with the equity principles behind the cooperative structure and presents a challenge to retention of waitstaff given the potential for higher wages elsewhere. Nevertheless, Casa Nueva Restaurant in Athens, Ohio has managed to thrive for more than two decades. A Mexican restaurant situated in a college town, Casa Nueva was established in 1985 in a scenario all too familiar in today’s economy: the owner of an existing restaurant fell behind on his taxes and the restaurant dissolved. The newly unemployed workers had never run a business before but decided to reconstitute as a worker owned coop, and with the assistance of the Appalachian Center for Economic Networks (ACEnet), launched Casa Nueva.

From the eight original worker owners, the restaurant has grown to 29 member-owners, along with 41 non-owner employees, called “associates”; the restaurant does not follow an “up or out” policy – some staff remain as associates during their tenure at the restaurant. The path to ownership follows an extensive process, including informal vetting that leads to an indication of interest by an associate, interviews by the membership, a trial membership period, and then vote by the owners. While associates are provided with a simple training on how the business works at the time of their hire and some training in cooperative communication principles, in depth training begins during the trial membership period, covering all aspects of the business’ finances, cooperative principles, and the structure and process of management and decision-making. Some ongoing training, particularly regarding financial issues, is occasionally included at member meetings.

Once a member is accepted as an owner, s/he makes a capital investment in the business of $1800.00, typically done through payroll deductions of $37.50 twice a month. Currently, there is no cap on the number of owners, but whether one should be instituted is likely to be brought up for discussion in the near future, based on two factors: (1) the ability to get to consensus (the decisionmaking standard adopted by Casa Nueva) with an increasing number of members; and (2) the possibility of returning a larger share of profits to member-owners.

Base wages for everyone at the restaurant start at $4.50/hour, with a raise of $.15 for every 1000 hours worked; owners get an additional $1.00 increase in the base wage, and coordinators earn a base wage of $11.20/hour and an additional $.25 for every 1000 hours worked. On top of the base wage, all workers used to pool and split tips, with tip wages generally adding approximately $5.00/hour to the base wage. Accordingly, the total starting wage was at least $9.50 an hour, 8% higher than the median hourly wage for food prep and servers in Southern Ohio. In order to comply with the prohibition on tip sharing in the Fair Labor Standards Act, the restaurant recently decided to no longer accept tips; instead, it has raised its prices in order to support a revenue sharing wage, funded with 20% of income, and designed to preserve worker incentives to maximize sales and track the business’ cash flow. Owners are always accorded priority in requesting shifts, but all workers typically are able to work as many or as few hours as they want, providing flexibility for workers to balance family, school, and other obligations. Because earnings vary with tenure, owners working 35 hours per week earn from $20,000 to $36,000 annually before
profit sharing; associates generally work around 25-30 hours per week and with high tenure may make around $17,000 to $19,000 per year, and with low tenure may make around $12,000 to $15,000 per year.\textsuperscript{48} In comparison, the median household income in Athens for 2006-2010 was $21,735, and the average annual salary for food prep and serving related workers in the region was $19,650.

Unlike the restaurant industry as a whole, where surveys contend that that almost 9 out of 10 restaurant workers lack paid sick days and health insurance from their employers,\textsuperscript{49} both owners and associates who work an average of at least 25 hours per week in a quarter receive health care benefits, with the restaurant paying 60% of the premium at the beginning of eligibility, up to 98% as tenure at the restaurant increases. After a 90 day probationary work period, everyone is also eligible for a matching contribution of up to 3% of the gross wages for retirement, which is done through a simple IRA. While everyone is entitled to unpaid family leave, owners can accrue paid time off based on their work hours, and are also eligible for a sabbatical.

At the end of the year, the restaurant’s accountant calculates the business’ profit, and 40% of is funneled back into the business. The remaining 60% is computed as an hourly profit share, and owners receive a total profit share based on the number of hours they worked; each owner will earn an estimated $1,000 for 2011.\textsuperscript{50} 20% of this profit share is paid out the year following its accrual in order to ensure that owners can cover their tax obligations, and the remaining 80% is paid out in 3 years, a system meant to ensure adequate cash flow. The restaurant hasn’t had an owner leave in more than 3 years, but when they do, their capital contribution is returned in five equal installments, one at the time of departure and the others over four years, with the last payment including 5% compounded interest if the full capital investment had been paid in. The restaurant also created an option for owners to have 50% returned to them at the time of departure if they donate the remaining 50% back to the business, which some owners have done.

Management of the cooperative is handled through ten committees and a hiring team, each of which is headed by a Coordinator, a Coordinator Team, and a Board of Directors.\textsuperscript{51} Both associates and owners may participate on the committees, which are responsible for generating proposals and considering ideas raised by workers. The proposals are submitted to the Board, which will either send it back to the committee to be developed further, or recommend the proposal for a vote by the owners. Proxy voting is only permitted in Board elections; all other decisions are now made by consensus.

The coordinator system is the locus of management for the cooperative, and accordingly requires the most attention to ensure that operations run smoothly and responsively. “Most people have the spirit of the coop, so if someone is having trouble managing, we try to help them improve rather than suggest that they be replaced, but that can lead to problems with nonperformance,” says Human Resources Coordinator Candida Stamp. “And all of the coordinators have different personalities and styles, people work changing schedules, and associates aren’t required to participate like members, so making sure that there is good communication between coordinators, and between coordinators and associates is a big challenge.” The cooperative is starting a newsletter as another avenue to share important developments, but “having everyone as a member participating actively in the governance might be more helpful to better, more universal communication,” says Stamp.
The Role of Organizing in Supporting Cooperative Development

Considering the challenges involved and the “all-in” nature of the commitment required, it’s reasonable that many grassroots organizing groups will decide that cooperative development isn’t right for them – that it would necessarily divert too much of their attention and resources to the enterprise, crowding out or subsuming their organizing mission. Yet in order to present a legitimate challenge to the existing economy, we need to get worker owned coops to scale. How can grassroots organizations support worker cooperatives in ways that are consistent with and even feed their organizing work? Are there strategies that can help cooperatives beat the odds – to get a foothold in the market and compete successfully?

1 Support Policy Initiatives to Encourage Employee Ownership at the Federal, State, and Local Levels:

Public Funding for Capital Investment and Technical Assistance

Government support can help build the infrastructure necessary to advance the worker ownership movement, lessening the barriers to cooperative development posed by the needs for capital and technical expertise. At the federal level, the National Cooperative Development Act,52 (H.R. 3677) would create a national program within the Department of Housing and Urban Development which would provide funds through a competitive process to a community-based organization to serve as a National Cooperative Development Center. The Center would offer loans and start up capital to new cooperatives, provide grants and training to organizations to provide technical assistance, and serve as a clearinghouse on cooperatives around the country. The legislation would authorize appropriations of $25 million a year for five years to support the program. It is being promoted by the Campaign for Cooperation, an initiative of Cooperation Works!, a network of cooperative business development centers and practitioners throughout the United States. In the Senate, the United States Employee Ownership Bank Act (S.3419) would establish a bank within the Treasury Department to make loans to employees to purchase a company through an employee stock ownership plan or to establish, maintain, or expand an eligible worker-owned cooperative. A second bill, the Work Act, (S. 3421) would create a program in the Department of Labor to promote employee ownership and employee participation in business decisionmaking by providing grants for outreach, technical assistance, and training to support new and existing state programs.

Cooperative Care, a worker-owned home care cooperative in rural Washura County, Wisconsin, was developed in 1999 as an initiative of the Department of Human Services, which received seed capital from the state to establish the cooperative as a replacement for its procurement of services from individual home care workers for elderly and disabled clients through an intermediary. In addition to its contract with the County, Cooperative Care serves private pay clients and receives subcontracts from other home care agencies.
ally, two policies that have attracted renewed interest since the financial crisis, state banks and state pension funds, can be explored as vehicles to help generate capital and improve access to financing for cooperative ventures.

Priority for Cooperative Developments in Competitions for Public Funding
Legislation could also be initiated at the state and local level to establish a preference, set-aside, or goals for cooperatives in government contracting and procurement, similar to the priority that has been established in many states and localities for minority, small and disadvantaged business enterprises in order to increase their participation. Community benefits policies – think of targeted hiring, living wage, and child care or affordable housing investments – can serve as another model for initiatives to support investments in and incubation of cooperatives by helping to carve out potential markets. This could also take the form of public campaigns to direct business to existing cooperatives as part of discrete public projects, similar to exactions produced through Community Benefit Agreements negotiated between developers and the community on public projects.

**LEVERAGE THE RESOURCES AND PURCHASING POWER OF ANCHOR INSTITUTIONS**

Like governments at every level, private and quasi-public institutions – think of hospitals and universities – spend billions of dollars annually for goods and services. Harnessing that purchasing power and directing it to cooperative enterprises can retain capital in local communities, and create employment opportunity.

The best known model of this approach is the Evergreen Cooperatives in Cleveland, Ohio, which include three green enterprises – a laundary, solar panel design and installation service, and greenhouse – to serve the needs of a group of investing institutions, including the Cleveland Clinic, University Hospitals, Case Western Reserve University, and the local government, and to create jobs in six low income neighborhoods surrounding the university, using an investment of $6 million in seed capital from the Cleveland Foundation and anchor institutions. “It’s a way to think about economic development dollars differently,” says Steve Dubb. “Instead of giving away millions in tax abatements, we want to shift the thinking of local governments and institutions to invest in local business development that is anchored in underserved communi-

The Restaurant Opportunities Center of Michigan (ROC-MI) has founded the COLORS Co-Op Academy, an initiative designed to cultivate new worker-owned “good food” businesses. Based in downtown Detroit, COLORS Restaurant and Training Center is a nonprofit, locally sourced restaurant/event space that is also the home of a hospitality-sector specific workforce development and training program. A licensed proprietary school, COLORS provides graduates with certification and coursework credit in hospitality and food service programs, and places 100-150 Detroit residents in living wage jobs each year. The Co-Op Academy, to be launched in Spring 2013, will enroll teams of 3 or more participants in a 3 month program in cooperative ownership and management, followed by a semester long business course to fully develop, vet and market their good food business plan. In the last phase of the venture, COLORS will help the teams secure financing, legal and marketing assistance, and provide ongoing technical assistance.
ties.” Again, as in the Community Benefits arena, grassroots organizing groups have extensive experience pressuring developers and other market actors to create jobs, establish training and career pathways, and invest in low income communities. Campaigns to direct the resources of anchor institutions to worker owned cooperatives would be a natural extension of this work.

3 EXPAND THE AVAILABILITY OF TECHNICAL ASSISTANCE

As the profiles of worker owned cooperatives illustrate, groups thinking about establishing a cooperative rely extensively on a cadre of experienced, technical experts to help move from idea to enterprise. While no amount of technical assistance can convert a bad idea into a good one, and some terrific TA organizations already exist (many of which are listed in the Resources section of this guide), in order to build the field of worker owned cooperatives, we’ll need to expand the resources available to work with community groups to identify feasible market opportunities, target and recruit potential entrepreneurs, establish and promote viable businesses, and provide ongoing training and management advice to member-owners. In some cases, this might mean generating more funding to support existing TA providers; in other places where on-the-ground infrastructure is weak or non-existent, it might make sense to establish a new provider, perhaps drawing on the resources of anchor institutions like universities or business schools to house these initiatives.

4 DEVELOP PARTNERSHIPS WITH TECHNICAL ASSISTANCE PROVIDERS AND EMERGING COOPERATIVES TO PROVIDE TRAINING AND SUPPORT ON LEADERSHIP DEVELOPMENT

More resources for technical assistance to worker owned cooperatives are critical, and one talent of grassroots organizing groups is developing the leadership capacity of low income and other disadvantaged workers. Yet collaboration between community groups and cooperative entrepreneurs seems largely missing from the current landscape of cooperative development. Organizers’ sharing of their skills with cooperatives, perhaps by assisting in the development of a training curriculum, conducting one-on-one and group training with

Relationships with grassroots groups may create ways to develop, elevate and leverage the cooperatives' political activism, with minimal investment of time and resources.

members, or providing guidance to managers, could serve as a valuable in-kind contribution to cooperatives’ success. It may also help address one of the as yet mostly unrealized goals of worker ownership: harnessing their role in the market to wield political power. While a larger, more established cooperative like CHCA has engaged member-owners on a policy committee that works closely with PHI and direct care coalitions in systemic advocacy, the reality is that many worker-owned cooperatives are consumed with running their day-to-day business. Relationships with grassroots groups may create ways to develop, elevate and leverage the cooperatives’ political activism, with minimal investment of time and resources.

5 STEER BUSINESS TO COOPERATIVE ENTERPRISES

The last recommendation is the most simple, direct, and practical: progressive organizations should realize their obligation to seek
out and support worker-owned cooperatives, in the same way they decide to support union hotels or print shops, to increase the collective economic footprint of cooperatively-owned entities. Every organization that hires cleaners to maintain their office space or caterers to serve their events, for example, is a market actor that can exercise its purchasing power to support worker ownership and local development.

There are now over 1.5 million registered tax-exempt public charity nonprofits that reported over $1.5 trillion in total revenues, $1.45 trillion in total expenditures, and $2.71 trillion in total assets in 2010\textsuperscript{54} according to the National Center for Charitable Statistics (NCCS), making the nonprofit sector another potential anchor for expansion of worker-owned cooperatives.
RESOURCES

There are lots of resources available to equip readers with a basic understanding of worker-owned cooperatives, the process for starting and managing a worker-owned cooperative, and potential sources of technical assistance. Below, we’ve organized a selection of the best resources to explore to learn more -- key organizations in the cooperative field, written guides and toolkits, and technical assistance providers (compiled by region).

Key Organizations
Several key intermediary organizations conduct research, outreach, and education on worker-owned cooperatives and workplace democracy. These leaders in the field provide valuable information and, in many cases, direct services.

Democracy Collaborative at the University of Maryland
http://community-wealth.org/index.html
The mission of the Democracy Collaborative is to advance a new understanding of democracy and innovations in community development that enhance democratic life. Through their Community Wealth Building Initiative, the Collaborative sustains a wide range of projects involving research, training, policy development, and community-focused work. The Initiative website, Community-Wealth.org, serves as a clearinghouse for information on community wealth strategies, policies, models, and innovations, which provide practitioners, policy makers, academics and the media with cross-cutting information that can help them understand these institutions.

US Federation of Worker Cooperatives
http://usworker.coop
The US Federation of Worker Cooperatives (USFWC) is a national membership organization based out of San Francisco, CA. Its membership is comprised of worker-owned cooperatives, other democratically-run workplaces, and “organizations that support the continued growth and development of worker-owned cooperatives,” with over 13000 individual members in total. The USFWC website features a library of resources for cooperatives, including many practical tools and models.

University of Wisconsin Center for Cooperatives
http://www.uwcc.wisc.edu/
The University of Wisconsin Center for Cooperatives is a research, educational, and outreach institution dedicated to the study of cooperatives across many sectors. Among its many research and historical resources, the Center also provides practical guides for cooperative members on starting, managing, and governing cooperatives.

Cooperation Works
http://www.cooperationworks.coop/
Cooperation Works! is a national network of cooperative development centers with collective expertise in the areas of feasibility analysis, business plan development, training and education. Cooperation Works! offers professional development services, including a cooperative business development training program for practitioners and networking opportunities for members. The network also provides assistance in establishing multi-state joint ventures and information about potential funding sources.

WAGES
http://www.wagescooperatives.org/
WAGES is a nonprofit organization that conducts incubation for and continued support to eco-friendly home cleaning cooperatives for Latina immigrants in the San Francisco Bay Area. WAGES also provides technical assistance and consulting to other organizations seeking to apply the WAGES model of cooperative development to low-income communities. Cooperative developers and members can also learn about the WAGES model through their published toolkit.

Financing Sources
The following financial institutions provide financing and credit to traditionally underserved communities, including start-up and established worker-owned cooperatives.

Cooperative Fund of New England
http://www.coopcapital.coop/node
Local Enterprise Assistance Fund
http://leaffund.org/
LEAF works in close partnership with ICA Group, a non-profit consulting organization to worker cooperatives, providing clients with access to business assistance in addition to financing.

National Cooperative Bank
http://ncb.coop/

ACEnet Venture Loan Fund
http://www.acenetworks.org/loans/

Northcountry Community Development Fund
http://www.ncdf.coop/

Guides and Toolkits
The following collection includes resources on the cooperative movement, the start-up process, and ongoing management.

Start-Up and Management

http://www.northcountryfoundation.org/DOCS/Worker_Co-op_Toolbox.pdf
This guide was developed by the Northcountry Cooperative Foundation, an affiliate of the Northcountry Cooperative Development Fund, to assist co-op members with the planning and organization of existing and new employee-owned cooperatives. Topics covered include the basics of cooperatives, member democracy, business management, and governance.

This directory includes a listing of worker-owned cooperatives by state and by industry, cooperative federations, support organizations, technical assistance providers, finance organizations, and academic resources. It is most helpful for groups looking to connect with established cooperatives in their area and those seeking independent consultants who support cooperative development.

“Co-Op 101: A guide to Starting a Cooperative,” The Cooperative Development Institute
This guide from the Cooperative Development Institute presents readers with the basic steps to launching a cooperative, planning tools, as well as pragmatic questions to consider when starting a cooperative.

This guide provides rural residents with information about cooperative development feasibility studies. It defines the feasibility study and discusses their necessity and limitations.

About the Cooperative Movement

American Worker Cooperative
http://american.coop/
This website hosts an up-to-date collection of scholarly articles, curricula, news, and videos relating to cooperatives. The site also features directories and maps of cooperative businesses throughout the United States.

The Mondragon Cooperatives Corporation
Founded in 1956 by a Basque Catholic Priest, Father Don Jose Arizmendi, the Mondragón Cooperatives Corporation is considered one of the most successful worker-owned cooperative businesses in the world. With more than 100 cooperatives and an additional 100 subsidiaries, MCC companies employ 83,569 workers internationally, with total revenue of $14.8 million in 2011. For more information on Mondragon as a model cooperative, see the following piece by the MIT Community Innovators Lab: http://web.mit.edu/colab/pdf/papers/Sustainable_Economic_Democracy.pdf.
**National Organizations**

**National Cooperative Business Association**
The National Cooperative Business Association (NCBA) is the nation’s oldest and largest national membership association, representing cooperatives of all types and in all industries. NCBA represents the interests of cooperatives on Capitol Hill and works with lawmakers to enact cooperative-friendly legislation. NCBA also provides a variety of services and programs to strengthen cooperative businesses and foster partnerships, including: Board governance training and co-operative development support.

http://www.ncba.coop/ncba/home

**Cooperation Works**
Cooperation Works! is a national network of cooperative development centers with collective expertise in the areas of feasibility analysis, business plan development, training and education. Cooperation Works! offers professional development services, including a cooperative business development training program for practitioners and networking opportunities for members. The network also provides assistance in establishing multi-state joint ventures and information about potential funding sources.

http://www.cooperationworks.coop/

**The ICA Group**
The ICA Group is a national nonprofit organization that helps communities create jobs through worker-owned cooperatives. ICA’s clients are highly motivated worker-owners who seek to transform strong business ideas into successful community-based ventures. ICA works with these groups by performing feasibility analysis, market studies, and business planning services. In some cases, ICA Group will work with a company and its employees to convert it from a single-proprietorship to a democratic Employee Stock Option Plan.

http://ica-group.org/

**Democracy at Work Network**
The Democracy at Work Network (DAWN) is a national network of peer advisors that provides technical assistance in cooperative financing, governance, operations and member democracy. The goal of the network is to provide quality business services to cooperatives and to build technical assistance capacity from within the cooperative movement. Through a year-long certification program, DAWN trains experienced cooperative members to become certified peer advisors in their network.

http://dawn.coop/

**Center for Cooperative Forest Enterprises**
The Center for Cooperative Forest Enterprises (CCFE) is a cooperative development center which delivers a variety of technical assistance, networking, education, and policy programs to groups of entrepreneurs in the forest sector nationwide.

http://www.nnfp.org/CCFE/index.html

**North**

**Cooperative Development Services (CDS Consulting Group)**
CDS is a cooperative development organization providing business services and guidance to groups seeking to start or expand worker-owned cooperatives in all sectors. CDS has specialty knowledge in the fields of agriculture, environmental stewardship, and community development.

http://www.cdsus.coop/

State(s): Minnesota

**Montana Cooperative Development Center**
The Montana Cooperative Development Center (MCDC) is a statewide resource that works with new and existing co-ops to evaluate co-op business models and strategies to meet their objectives. MCDC provides co-op business model examples, project planning, group facilitation, legal document assistance, funding source identification, operating or capitalization strategy, grant writing assistance, professional referrals, and board training. MCDC works with groups across Montana to develop innovative cooperatives in retail, fitness, manufacturing, agriculture, and other industries.

http://www.mcdc.coop/index.html

State(s): Montana

**Cooperative Network**
Cooperative Network is a membership organization committed to building Wisconsin’s and Minnesota’s cooperative businesses. Cooperative Network serves more than 600 member-cooperatives, by providing government relations, education, marketing, and technical services for a wide variety of cooperatives including farm supply, health, dairy marketing, consumer, financial, livestock marketing, telecommunications, electric, housing, insurance, worker-owned cooperatives, and more.

http://www.cooperativenetwork.coop/index.html

State(s): Minnesota, Wisconsin

**Common Enterprise Development Center**
Common Enterprise Development Corporation is a North Dakota nonprofit organization created to assist individuals and entities in the startup, expansion, and operational improvement of rural businesses, especially those that are cooperatively-owned. CEDC serves cooperatives in the following sectors: health care, rural and reservation housing, education, community and rural development, renewable energy, and local foods. CEDC supports these groups with strategic planning, fiscal sponsorship, grant writing, equity drive services, lending applications, board training, project management, and development planning.

http://www.cedc.coop/#!home/mainPage

State(s): North Dakota
Understanding Worker-owned Cooperatives

North-East/Mid-Atlantic

Cooperative Development Institute
Cooperative Development Institute (CDI) provides business education, training and technical assistance to cooperative enterprises and networks in diverse communities in Massachusetts, New Hampshire, Vermont, Connecticut, Maine, Rhode Island and New York. CDI serves existing and start-up cooperatively-structured enterprises in all business sectors: food, housing, energy, agriculture, arts, health, forestry, fisheries, retail, service and others.
http://www.cdi.coop/
State(s): Connecticut, Maine, Massachusetts, New Hampshire, New York, Rhode Island, Vermont

Valley Alliance of Worker Cooperatives
The Valley Alliance of Worker Cooperatives (VAWC) is a membership organization dedicated to the growth and development of worker cooperatives in Western Massachusetts and Southern Vermont. The group supports members by providing technical assistance, joint marketing and promotional services, facilitating access to financial resources, strengthening the cooperative community and establishing ties with the broader labor community. The VAWC develops new worker cooperatives, through mentorship and skill sharing, and promotes cooperative ownership throughout the region.
http://valleyworker.org/
State(s): Massachusetts, Vermont

Green Worker Cooperatives
Green Worker Cooperatives is a South-Bronx based organization dedicated to incubating local worker-owned green businesses. The Co-op Academy is their signature program and provides cooperatives with training, mentorship, legal advice, web design, logo design, and networking.
http://www.greenworker.coop/
State(s): New York

South

Federation of Southern Cooperatives
The Federation of Southern Cooperatives (FSC) is a cooperative advocacy organization dedicated to the economic development of rural communities, particularly through the protection and expansion of Black agricultural land holdings in the South. The FSC and its member organizations support farmers through cooperative marketing of goods and limited training and technical assistance.
http://www.federationsoutherncoop.com/index.html
State(s): Alabama, Georgia, Mississippi, South Carolina

Arkansas Rural Enterprise Center
The Arkansas Rural Enterprise Center is a fully established cooperative development center primarily funded by United States Department of Agriculture. The Arkansas Rural Enterprise Center is focused on providing assistance to minority and socially-disadvantaged groups on agricultural cooperative development projects.
http://winrockusprograms.org/Arkansas-agricultural-development/
State(s): Arkansas

The Georgia Cooperative Development Center
The Georgia Cooperative Development Center was established by the Georgia Resource Conservation and Development Council, in cooperation with the University of Georgia’s Center for Agribusiness and Economic Development, through a Rural Cooperative Development Grant from the United States Department of Agriculture. This Center is committed to helping groups in rural Georgia find ways to increase their profits from current and new activities by working together in cooperatives to add value to their products and services. The Center provides technical assistance, incorporation consulting, by-law creation consulting, feasibility studies, market identification, business planning, impact analysis, board training, survey design and execution, and management consulting.
http://butting.ces.uga.edu/gacoop/aboutus.htm
State(s): Georgia

Mississippi Association of Cooperatives
A member of the Federation of Southern Cooperatives, the Mississippi Association of Cooperatives serves cooperative businesses, family farmers, and rural people, with the goal of enhancing the quality of life for rural residents. Services include: technical assistance, business plans, feasibility analyses, marketing studies, strategic plans, cooperative organizational development, legal assistance, board of directors training, land assistance, financial planning for cooperatives, and crop and livestock production assistance.
http://www.mississippiassociation.coop/index.html
State(s): Mississippi

South West

Cooperative Development Center of New Mexico
The Cooperative Development Center of New Mexico seeks to create and support sustainable lifestyles for Nuevo Mexicanos through organic agriculture, cultural tourism and affordable housing. The Center supports the development of organic agricultural cooperatives by identifying and organizing farming co-ops across northern New Mexico, implementing comprehensive planting and marketing plans, providing up to 25 days of on-site learning, supplying cold frames to each co-op for startup, and facilitating food distribution networks and farmers’ markets.
http://cooperativedevelopmentcenter.org/index.php
State(s): New Mexico

Cooperation Texas
Cooperation Texas is a cooperative development organization based out of Austin, Texas. Working with low-income communities, communities of color, and others, Cooperation Texas helps develop, support, and promote worker cooperative enterprises primarily in the Austin area. Their
marquee program, the Cooperative Business Institute (CBI), equips groups with the skills necessary to manage and establish worker-owned cooperatives. As part of the CBI, a 13-module certification program is available for groups looking to start a new cooperative. Cooperation Texas also provides technical assistance and consultation to existing worker cooperatives, with a strong emphasis on helping groups clarify their vision, set realistic goals, and adequately assess risks. Cooperation Texas takes a bottom-up, grassroots approach to technical assistance and does not promote a particular organizational structure. Rather, it empowers groups to decide which models work best for them.

http://cooperationtexas.coop/

State(s): Texas

West

The University of Alaska, Alaska Cooperative Development Program

The Alaska Cooperative Development Program (ACDP), funded by the US Department of Agriculture, was founded to foster the development and patronage of cooperative businesses in rural Alaska. The ACDP offers a wide array of services, from situational analysis, to determine if a cooperative is an appropriate business model for a group of consumers or producers, to technical assistance aimed at more narrow issues including: business planning and board training.

http://ced.uaa.alaska.edu/akcoops.html

State(s): Alaska

California Center for Cooperative Development

The mission of the California Center for Cooperative Development (CCCD) is to promote cooperatives as a vibrant business model to address the economic and social needs of our communities. CCCD fulfills this mission by educating the public, promoting successful cooperative models, and providing technical assistance for cooperative development. CCCD serves cooperatives in the following sectors: agricultural, artisan, business, consumer, energy, housing, preschool/childcare, worker and other cooperatives. CCCD also hosts an annual California Co-op Conference and Agricultural Cooperative Directors and Managers Training. CCCD collects, analyzes and disseminates data, technical knowledge, best practices and other information relevant to cooperatives.

http://www.cccd.coop/

State(s): California

Network of Bay Area Worker Cooperatives

The Network of Bay Area Worker Cooperatives (NoBAWC) is a network of cooperatives and democratic workplaces committed to building democratic workplaces in the Bay Area and beyond. NoBAWC hosts peer resource groups and an online resource library of materials related to workplace democracy. The Library is available to No-BAWC members and those doing research on democratic workplaces and consists of organizational materials from NoBAWC workplaces, publications, and videos related to workplace democracy, as well as bylaws and policies from democratic workplaces.

http://www.nobawc.org/index.php

State(s): California

Mid-West

WAGES

WAGES is a nonprofit organization that conducts incubation for and continued support to eco-friendly home cleaning cooperatives for Latina immigrants in the San Francisco Bay Area. WAGES also provides technical assistance and consulting to other organizations seeking to apply the WAGES model of cooperative development to low-income communities. Cooperative developers and members can also learn about the WAGES model through their published toolkit.

http://www.wagescooperatives.org/

State(s): California

Rocky Mountain Farmers Union Co-operative and Economic Development Center

The RMFU Co-operative and Economic Development Center exists to advance the cooperative model for fostering sustainable economic development in the Rocky Mountain West. The Co-op Center focuses its cooperative development activities in three key areas: organization and development of cooperatives to assist agricultural producers and other rural residents, technical assistance and training for startup and existing cooperatives, and education and outreach to rural residents and communities to foster cooperative principles, techniques, and structure.

http://www.rmfu.org/co-op/co-op-mission/

State(s): Colorado

Kentucky Center for Agricultural and Rural Development

The Kentucky Center for Agriculture and Rural Development (KCARD) is a nonprofit organization established to facilitate agricultural and rural business development for businesses that are mutually owned by producers. KCARD provides hands-on technical assistance to new and existing agriculture and rural businesses and by providing relevant educational opportunities addressing agribusiness challenges and issues; facilitates new economic opportunities for Kentucky’s agricultural and rural businesses through business development and assistance with the expansion and stabilization of existing rural businesses; and develops support networks among providers and resources both within and outside the state.

http://www.kcard.info/

State(s): Kentucky
Nebraska Cooperative Development Center
The Nebraska Cooperative Development Center, housed at the University of Nebraska-Lincoln, provides education, training, and technical assistance to cooperatively owned businesses. NCDC supports cooperatives through business planning, financial assistance, feasibility studies, and marketing planning, as well as webinars and training on starting a cooperative, social media, and Boards of Directors. NCDC’s areas of focus include value-added agriculture, business succession, community-owned retail, local food systems and general cooperative development.
http://ncdc.unl.edu/
State(s): Nebraska

Cooperative Development Center, Kent State University
The Cooperative Development Center at Kent State University, founded with a seed grant from the US Department of Agriculture in 2009, leads a variety of initiatives focused on the development of new and established cooperatives in a variety of sectors. These programs include: technical assistance, advisory services, feasibility studies, seminars, webinars, and special events. Also, for those looking to convert an existing business into a cooperative, The Center provides a manual on the conversion process.
http://www.oeockent.org/coopdev/coopabout
State(s): Ohio
ENDNOTES


4 Id.


7 Id.


10 Id.

11 Id.


13 Id. The lower-wage occupations that grew the most during the recovery (with their median wage in parentheses) include retail salespersons ($10.97), food preparation workers ($9.04), laborers and freight workers ($11.44), waiters and waitresses ($7.69), and personal and home care aides ($10.18).


16 Id.


18 Paraprofessional Health Institute. (2012). PHI and Cooperative Home Care Associates (CHCA): Creating Employment Opportunities in the South Bronx [Fact Sheet]. Author. 67% of CHCA trainees from 2008 to 2011 were unemployed. All of them were low income, earning less than $20,000 a year; almost 60% reported an annual income of less than $5,000.


Understanding Worker-owned Cooperatives

A study of more than 200 family child care providers

The four committees are finance, personnel, governance and bylaws, and ad hoc.


The ICA Group is a national nonprofit organization that works with groups that want to create worker-owned cooperatives, providing feasibility analysis, market studies, and business planning services. See http://ica-group.org/

Consensus is one standard that co-ops may adopt for making decisions; others include a majority, or other voting proportions, for example.

The ten committees are Marketing, Tech, Culinary Development, Evaluation, Accountable, Front of the House, Finance and Governance. Seven owners, each elected for a one-year term at the yearly member meeting (there are no term limits), comprise the Board. Election to the Board is the only vote executed by secret ballot, and a nominee must receive votes from at least 51% of the members to be eligible for election.

The ICA Group is a national nonprofit organization that works with groups that want to create worker-owned cooperatives, providing feasibility analysis, market studies, and business planning services. See http://ica-group.org/

In Pennsylvania, child care subsidies are paid on the 20th day of the month following the provision of services, at the earliest.

The four committees are finance, personnel, governance and bylaws, and ad hoc.


Paraprofessional Health Institute, Inc. "PHI’s Affiliated New York City Home Care System." Fact Sheet, Summer 2012.

Supra, note 18 (Dawson).


U.S. Census Bureau, American Community Survey 2005-2009 5-Year Estimates, Table B23008: “Number of Children Under 6 Potentially Needing Child Care.”


The ICA Group is a national nonprofit organization that works with groups that want to create worker-owned cooperatives, providing feasibility analysis, market studies, and business planning services. See http://ica-group.org/

In Pennsylvania, child care subsidies are paid on the 20th day of the month following the provision of services, at the earliest.

The four committees are finance, personnel, governance and bylaws, and ad hoc.


Paraprofessional Health Institute, Inc. “PHI’s Affiliated New York City Home Care System.” Fact Sheet, Summer 2012.

Supra, note 18 (Dawson).


U.S. Census Bureau, American Community Survey 2005-2009 5-Year Estimates, Table B23008: “Number of Children Under 6 Potentially Needing Child Care.”


The ICA Group is a national nonprofit organization that works with groups that want to create worker-owned cooperatives, providing feasibility analysis, market studies, and business planning services. See http://ica-group.org/

In Pennsylvania, child care subsidies are paid on the 20th day of the month following the provision of services, at the earliest.

The four committees are finance, personnel, governance and bylaws, and ad hoc.

cfm. This number includes 966,711 public charities, 98,671 private foundations, and 496,398 other types of nonprofit organizations, including chambers of commerce, fraternal organizations and civic leagues.