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SHIFTING POWER, MEETING THE MOMENT: WORKER OWNERSHIP AS A STRATEGIC TOOL FOR THE LABOR MOVEMENT

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MEETING THE MOMENT

The COVID-19 pandemic has exacted an almost immeasurable toll in lives lost, livelihoods disrupted, and financial and emotional stress within families. As the pandemic deepened last year, the U.S. labor movement and its diverse membership were hit hard by the health crisis and associated economic downturn. Across the country, millions of union members lost their jobs. Many others were thrust into unsafe working conditions that exposed them and their families to the ravages of the novel coronavirus. In many parts of the economy where unions have a foothold, the outlook remains highly uncertain.

Yet the events of the past year have also created openings for the U.S. labor movement to pivot and reinvent itself. Workers have risen up to demand hazard pay and the basic protections they need to stay safe. Millions around the country have raised their voices to demand an end to police killings of Black people in the U.S. and call attention to the structural racism and sexism that are baked into all areas of our society, including our workplaces. Coinciding with billionaires expanding their fortunes during the pandemic period, this grassroots energy creates a unique opportunity to organize and build worker power from the ground up—and to center the struggles of those whose work remains undervalued even while being lauded as “essential.”

In this primer, we focus on one set of tools the labor movement can utilize to build power, expand wealth, and deepen member engagement in the years ahead: worker ownership. In the late 19th century, unions and worker co-ops in the U.S. were part of the same movement constellation, with the Knights of Labor organizing hundreds of worker co-ops, many of which were ahead of their time in being integrated along racial lines.¹ By the mid-20th century and into the post-World War II period, organized labor had mostly relinquished its grander designs on forging full-fledged economic democracy, and the union and co-op movements followed largely separate trajectories.² Starting in the 1970s, a number of unions began engaging strategically around ownership conversions of struggling businesses.³ Only recently, however, have a substantial number of unions across different sectors started pursuing worker ownership as a strategy for building power.

Several converging developments have brought us to this point. The 2008-2009 financial crisis and the Occupy movement generated heightened interest in economic alternatives. The years since then have seen a surge in worker co-op development around the country, including in parts of the economy where workers confront acute social marginalization and structural barriers to building collective power.⁴ Meanwhile, structural changes in the

1 Gourevitch, Alex. “Labor and republican liberty.” *Constellations* 18, no. 3 (2011): 431-454.

2 Lichtenstein, Nelson. *State of the Union: A Century of American Labor-Revised and Expanded Edition*. Princeton University Press, 2013.

3 Labo, Matt. “The Evolutionary Journey of the Steelworkers’ Employee Ownership Policy.” Paper on Employee Ownership. Kent State University Ohio Employee Ownership Center 3 (1995): 1-25.

4 See Brian Van Slyke, “Explosion of Interest in Worker Cooperatives Drives Economic Changes,” *Truthout*, April 23, 2019,

economy and decades of political and employer attacks on organized labor have gutted union density in previous strongholds. This combined with increased difficulties organizing in areas where the economy is growing have led to a growing appetite among some unionists for pursuing alternative strategies.⁵ The health and economic crisis coupled with recent movement organizing have only underscored the need for worker-centered employment models that expand voice and accountability, advance racial justice, distribute wealth as a buffer against uncertainty, and build our social infrastructure in ways that meet basic community needs.

Strategic engagement around worker ownership provides one set of tools for organized labor to reinvent its role and help transform the landscape of workplace democracy in the U.S. This primer documents some of the most promising developments occurring today and sets the stage for what might come.

HOW UNIONS AND WORKER OWNERSHIP WORK TOGETHER

Combining unions and worker ownership may seem counterintuitive. However, union representation and worker ownership can complement one another in important ways, injecting worker voice and accountability at multiple levels. A union gives non-managerial workers collective power to bargain with management and hold them accountable. Worker ownership ensures that workers receive a share of the gains their labor creates and, in the case of cooperatives, expands the democratic control that workers have over the uses to which their labor is put. Union initiatives involving worker ownership take many forms, including supporting the development of start-up cooperatives, negotiating conversions to worker ownership of existing firms with an organized workforce, and innovating new hybrid structures that advance organizing goals. Together, union representation and worker ownership can promote a more asset-rich, benefit-rich, and democratic future for workers, opening up new frontiers in the evolution of workers' empowerment in the United States. As a launching point for further innovation, we discuss below different models, structures, and roles that have emerged to date.

FORMS OF WORKER OWNERSHIP

In the United States, worker-owned companies take multiple forms, each of which differs from traditional ownership structures in one or more of the following ways: (1) workers own

accessed June 22, 2021, <https://truthout.org/articles/explosion-of-interest-in-worker-cooperatives-drives-economic-changes/>.

⁵ Schlachter, Laura Hanson. "Stronger together? The USW-Mondragon Union co-op model." *Labor Studies Journal* 42, no. 2 (2017): 124-147.

a significant percentage of shares and benefit financially from ownership; (2) workers have governance rights; and (3) the purpose of the company is to benefit workers. The forms currently existing in the US are:

Worker cooperatives — A worker co-op is a business owned and democratically governed by its workers. In a worker cooperative, all workers can become owners once they meet minimum eligibility requirements. Worker-owners typically pay for their membership share; each member gets one vote on shareholder issues, including choosing the board of directors; and members are eligible to serve on the board. Worker-owners also receive annual dividends. Other types of co-ops in which the members are sole proprietors or independent contractors have also been used to benefit workers. Many states have general cooperative incorporation statutes and a few states have instituted worker co-op-specific statutes.

Employee stock ownership plans (ESOPs) — An ESOP company is a corporation that has implemented a federally regulated retirement plan—similar to a 401(k)—which holds employer stock in a trust on behalf of employees. All workers who meet minimum eligibility requirements participate in the ESOP, which the company provides at no cost to the individual worker. When someone leaves an ESOP company, their account balance is determined by the most recent annual valuation of the company, and the funds are treated like other forms of retirement income. ESOP participants typically have very limited voting rights. However, there are a handful of examples of ESOPs that also have democratic governance, including some in which unions have negotiated meaningful governance rights.

Stock plans — There are various types of stock plans that can also be used to provide a broad-base of employees with an ownership interest in their company. From stock options made famous by Silicon Valley to employee stock purchase plans typically used by public companies, there are dozens of different equity compensation vehicles available. While most stock plans target higher paid employees, some companies have made ownership opportunities available to workers at every level.

Trusts for the purpose of benefiting workers — A relatively new form of worker-centered ownership in the US, a purpose trust owns company stock in order to ensure the company is managed for the benefit of workers. The trust may or may not confer governance rights to those workers. These employee ownership trusts, which were designed to offer a similar vehicle in the US to the John Lewis Partnership model in the UK, are created as non-charitable perpetual purpose trusts, which are available in a handful of states, including Delaware and South Dakota.

DIFFERENT PATHS TO EXPANDING WORKER OWNERSHIP

There are three main pathways to expanding worker ownership: starting up new worker-owned enterprises, scaling up existing worker-owned enterprises, or converting enterprises with more conventional ownership structures to worker ownership. Below we briefly consider some of the tradeoffs involved in each of these paths.

Starting new worker-owned enterprises — A core benefit of starting a new enterprise from scratch is that those involved in its development can shape the organizational culture and structure according to their values and commitments. Although worker co-op conversions have increased in the U.S. in recent years, most worker co-ops are developed as start-ups, enabling founding members to create bylaws that apportion ownership and governance and determine other aspects of how the enterprise will function. Starting up new worker co-ops can be particularly beneficial in areas of the economy where there are legal or structural hurdles to building collective power—a factor that helps explain the relatively high number of worker co-ops created by private-pay house cleaners, nannies, and home care providers.⁶ However, funding for a new democratically-run enterprise may be difficult to mobilize,⁷ and, even once that step has been taken, there is the significant risk that it may fail in the early stages (what has been referred to in the academic literature as the “liability of newness”⁸). The existing evidence shows that worker co-ops are no more likely to fail than other enterprises, but it is important to remain mindful of this underlying risk.⁹

Scaling existing worker-owned enterprises — Another path is to scale existing companies. This can occur through the organic growth of an existing worker-owned business; acquisition by a worker-owned business of a traditional business; replication of an existing model, as in the case the case of Philadelphia-based Home Care Associates, which was patterned after Bronx-based Cooperative Home Care Associates;¹⁰ or franchise models such as Brightly, a licensed non-profit franchise of residential and commercial cleaning worker co-ops developed with support from Brooklyn-based Center for Family Life.¹¹ A key benefit of scaling up an established enterprise is that the tricky early stages have already been surmounted. In cases of replication or franchising, a proven template can help to

6 This report discusses domestic worker co-ops in New York City (of which many more have formed since its publication): <https://www.ilo.org/dyn/migpractice/docs/193/NYC.pdf>.

7 Molok, Peter. “The puzzling lack of cooperatives.” *Tul. L. Rev.* 88 (2013): 899.

8 Stinchcombe, Arthur L. *Social structure and organizations*. Emerald Group Publishing Limited, 2000.

9 Olsen, Erik K. “The relative survival of worker cooperatives and barriers to their creation.” In *Sharing ownership, profits, and decision-making in the 21st century*. Emerald Group Publishing Limited, 2013.

10 Inserra, Anne, Maureen Conway, and John Rodat. *Cooperative Home Care Associates: A Case Study of a Sectoral Employment Development Approach. Sectoral Employment Development Learning Project Case Studies Series*. The Aspen Institute, 2002.

11 See Maru Bautista, “Brightly – Scaling up worker cooperatives through the franchise model,” International Labour Organization, December 19, 2019, accessed June 22, 2021, https://www.ilo.org/global/topics/cooperatives/news/WCMS_732825/lang--en/index.htm.

navigate the challenges of running a start-up even if some of the risks that come with launching a business remain. That said, scaling existing worker-owned businesses often requires substantial adaptation, including a tilt towards more representative forms of democratic decision-making (direct democracy may no longer be practical on all matters once a certain size has been reached) and figuring out how to tailor a given template to local conditions.

Conversions to worker ownership — While most worker co-ops are formed as startups, ESOPs are generally created through conversions of existing ownership structures. Given the tax incentives for existing owners and the relatively low risk to workers if implemented in the right way (more on this below in the section on “The good, the bad, and the ugly”), ESOPs offer a commonly used tool for transferring ownership to workers.¹² For those interested in increasing the presence of worker ownership in sectors of the economy that are capital-intensive or have other significant barriers to entry, ESOPs may be a particularly useful vehicle. However, because ESOPs generally do not confer significant voting rights to a broad base of workers, configuring ESOP companies in ways that extend ownership and control requires extra work. Co-op conversion efforts can establish more democratic structures but usually occur in relatively small companies, with ten or fewer workers. Below we discuss some conversions to worker ownership in which unions have managed to bargain meaningful control rights.

HOW UNIONS CAN SUPPORT WORKER OWNERSHIP

Unions can empower and equip workers to form worker-owned enterprises through a variety of paths including start-ups, recuperated workspaces, public campaigns to win a deal with a hostile owner, and cooperative development in sectors where legislation or policy undermines workers’ ability to unionize (e.g., gig workers). Worker ownership can appeal to unions seeking alternative organizational paths when closures or ownership transitions may otherwise result in the loss of union jobs or when seeking an alternative to relentless outsourcing. Union representation combined with worker ownership can deepen member engagement; expand wealth; promote workforce stability; open up new pathways for creating higher-paying jobs; improve overall worklife quality; and promote an employment model that is both accountable to workers and communities and more stable and aligned with organized labor’s values.

Unions considering investment in worker ownership development have had reasonable concerns about how to navigate the boundaries between the union and the worker-owned employer. The legal implications of unions developing start-up cooperatives are largely untested, which may be one reason why more unions have not pursued worker ownership-

¹² Blasi, Joseph R., Richard B. Freeman, and Douglas L. Kruse. *The citizen's share: Putting ownership back into democracy*. Yale University Press, 2013.

related strategies more aggressively. Under labor and employment law dating back to the New Deal era, two of the biggest areas of potential risk have to do with avoiding charges of employer domination and union interference. While general support on workforce strategy and development around a worker-owned enterprise fall clearly outside the bounds of what could legally be deemed unfair labor practices, other roles such as grant-giving for start-up capital or having a union-controlled voting board are less clear-cut and require careful legal analysis.

There are also important considerations having to do with union culture and role expectations. For example, union members and leaders who identify strongly with their union as the voice for workers and the workers' organization may find it difficult conceptually to square their union identity with an approach that, in some ways at least, seeks to transcend the standard labor-management duality. As a consequence, it is helpful to map the different roles in a unionized, worker-owned enterprise and train and educate union leadership and membership around the practical implications of worker ownership.

To date, a number of unions have navigated these issues in ways that offer useful templates and precedent. For instance, in supporting the development of a marketing cooperative for lobstermen to collectively sell their lobster, the IAM was able to help that group of workers navigate different regulatory issues and technical aspects of starting a new business.¹³ SEIU locals representing childcare and healthcare workers have been able to help lay the groundwork for the development of cooperative intermediaries, contributing technical expertise while steering clear of legally risky forms of engagement.

As worker owned employment models intersect with organized labor following a long siloing of the two movements, challenges will inevitably arise. But there are forms of expertise and technical assistance that unions can and do bring to the table in fostering worker ownership: experience in innovative organizing and worker engagement; use of physical spaces/union-owned property; training and education support and funding; access to capital and relationships with financial institutions; and fluency in contract negotiations, to name a few.¹⁴

HOW DECISION-MAKING WORKS IN A UNIONIZED WORKER COOPERATIVE

A unionized worker cooperative, like any worker co-op, is a business governed and owned by its workers. The distinctive features of a union worker co-op are that it uses the collective bargaining process to determine pay, benefits, etc. for its workers, and is connected to the larger union movement.

¹³ Larcom, Megan, Jenny Weissbourd, and Jeremy Avins. "'Lobster 207': How Self-Employed Workers Found their Voice and Improved their Livelihoods through the Maine Lobstering Union" (2018).

¹⁴ See Witherell, Rob. "An emerging solidarity: Worker cooperatives, unions, and the new union cooperative model in the United States." *International Journal of Labour Research* 5, no. 2 (2013): 251; Hanson Schlachter (2017).

Michael Peck, co-founder of 1worker1vote.org, states that an equitable and just unionized cooperative should have three things:¹⁵

Single share equity. All worker-owners receive equal stock in the company. Multiple-class stock can lead to workers being given worse stock and being stuck with debt.

Workplace democracy. Workers are able to have a clear voice in how their workplace is run, and in determining working conditions and other decisions at the firm. Workers in cooperatives are able to express their voice by electing a board of directors and determining day-to-day operations. In a union co-op, workers also express their voice through the election of a union committee.

Collective bargaining agreement. A collective bargaining agreement is crucial to ensuring that workers' rights to negotiate a fair wage and benefits are protected. Often, the negotiation of a CBA can be more collaborative in a union co-op than in a traditional firm, as both the management team and union committee are composed of worker-owners and the parties are more inclined to be aligned.

In a union co-op (as in any worker cooperative), the worker-owners elect the board of directors, and this board of directors appoints a management team. The worker-owners also elect a union committee that negotiates with the management team on issues of wages, hours, working conditions, and benefits to create a collective bargaining agreement. In addition to its negotiating responsibilities, the union committee represents the workers to the larger union with which they are affiliated and helps worker-owners to build solidarity with other workers across the labor movement.¹⁶ Worker-owners in a union co-op can also gain access to better prices for healthcare and retirement plans through their union as well as access to other union benefits such as education, housing, and childcare programs.

HOW WORKER OWNERSHIP CAN BUILD POWER FOR WORKERS AND ORGANIZED LABOR

Unions have leveraged worker ownership in a variety of ways that build worker power and voice, improve job quality, and strengthen the position of unions. Below we sketch some of the important (and overlapping) reasons why unions have embraced and pursued worker ownership, with illustrative examples of existing unionized, worker-owned enterprises and emerging initiatives that are currently being pursued by different union locals.

¹⁵ See Michael Peck, "The New, New Organizing," 1worker1vote, June 1, 2015, accessed June 22, 2021, <http://1worker1vote.org/the-new-new-organizing/>.

¹⁶ Witherell, Rob, Chris Cooper, and Michael Peck. "Sustainable jobs, sustainable communities: The union co-op model." *Ohio Employee Ownership Center* (2012).

EXPANDING WORKER AUTONOMY AND INFLUENCE

Worker co-ops are relatively few within the U.S. economy, and the same is true of ESOP enterprises that are deeply democratic in nature. The U.S. labor movement can leverage its resources and influence to dramatically increase the footprint of broad-based worker ownership and control across the U.S. economy—both through start-ups of new enterprises and by converting existing businesses towards more democratic ownership and control structures. Fluent in leadership development and worker voice advocacy, many unions are well positioned to help extend a commitment to democratic values into the DNA of employer structures.

In late 2008, shortly after the onset of the global financial crisis, the management of Chicago-based Republic Windows and Doors announced that the company would be shutting down operations. What happened next became national news. Drawing inspiration from factory takeovers in Argentina and other countries in Latin America, workers at Republic, members of the [United Electrical, Radio, and Machine Workers of America \(UE\)](#), staged an occupation—a move that drew national attention from media and political leaders. They demanded compensation and an opportunity to keep the factory open under new ownership. This set in motion a years-long process that eventually saw a set of Republic workers establish [New Era Windows Cooperative](#) as a worker co-op unionized with UE in 2012.¹⁷ The UE along with the Working World, a community development financial institution, provided pivotal support and technical assistance at each step along the way.

MBC Ventures, a producer of industrial brushes, was a democratically structured ESOP company with a union partner. In the late 1990s the company's management and a [United Steel Workers](#) local representing the company's workers joined together to initiate an ESOP conversion. The company became a 100% worker-owned firm in which three members of the company's board of directors were appointed by management, three by the union, and one by a district union officer pending approval by the company's President. Stock allocations were distributed based on hours worked rather than income—arguably a more egalitarian structure than at most ESOP firms.¹⁸ However, the MBC Ventures case also shows that firms with more democratic ownership and control structures are not immune from the same pressures as their more conventionally structured counterparts. Facing declining market share amid international price competition, worker owners recently decided to sell the company and it shifted operations to Canada.¹⁹

17 See Laura Flanders, "How Workers Laid Off from a Chicago Factory Took It Over Themselves," *Yes!*, March 6, 2013, accessed June 22, 2021, <https://www.yesmagazine.org/issue/issues-how-cooperatives-are-driving-the-new-economy/2013/03/06/chicago-factory-workers>.

18 Hoffman, Richard C., M. O. Brown Jr, and Frank Shipper. "MBC Ventures, Inc.: An employee stock ownership plan with a union partner" (2013).

19 See Deborah Groban Olson, "MBC Ventures, Inc. & USW (Formerly Maryland Brush Company): Inner-City Baltimore, Unionized, 100% Employee-Owned Company Provided Good Jobs and Self-Determination for 29 Years," Deborah Groban Olson Law, accessed June 22, 2021, <https://www.esoplaw.com/mbc-ventures-inc>.

CREATING AND RETAINING EMPLOYERS THAT ARE ALIGNED WITH UNION VALUES

Unions across different sectors face structural changes that make it increasingly difficult to maintain the foothold they already have, let alone to grow and extend the benefits of union representation to more people. Even in parts of the economy that are more sheltered from deindustrialization and international price competition, privatization, outsourcing, misclassification, and increased employer hostility to unions are undermining existing bargaining relationships and shifting the ground on which the labor movement has built up its power.

In this environment, worker ownership can help to foster a set of shifts that make employers more aligned with union values over the long term. There is strong evidence that the presence of worker ownership decreases the likelihood of workers being laid off, including during economic downturns,²⁰ while also giving workers a financial reason to remain in their jobs over a longer time horizon.²¹ When worker ownership is linked with substantial decision-making rights, the alignment with labor movement values can be even stronger, enabling workers to expand their capacities and exert greater control over their work lives.

The relationship between [Cooperative Home Care Associates \(CHCA\)](#), the nation's largest worker cooperative, and [1199SEIU](#), the largest healthcare union in the U.S., is a good example of this dynamic. CHCA serves as a model employer for the union—so much so that a set of union leaders have created a Co-op Exploratory Committee to pursue conversions to worker ownership across the spectrum of long-term care in New York City,²² and a 1199SEIU-affiliated group, [Healthcare Workers Rising](#), has laid out a vision for creating home care, childcare, and driver co-ops in the Buffalo region.²³

20 See Craig, Ben, and John Pencavel. "The behavior of worker cooperatives: The plywood companies of the Pacific Northwest." *The American Economic Review* (1992): 1083-1105; Kurtulus, Fidan Ana, and Douglas L. Kruse. *How Did Employee Ownership Firms Weather the Last Two Recessions?: Employee Ownership, Employment Stability, and Firm Survival: 1999-2011*. WE Upjohn Institute, 2017.

21 For an account of how worker cooperatives in the U.S. have responded to the pandemic, see Brian Van Slyke, "Pandemic Crash Shows Worker Co-ops Are More Resilient Than Traditional Business," Truthout, May 8, 2020, accessed June 22, 2021, <https://truthout.org/articles/pandemic-crash-shows-worker-co-ops-are-more-resilient-than-traditional-business/>.

22 Pinto, Sanjay. "Economic Democracy, Embodied: A Union Co-op Strategy for the Long-Term Care Sector." In *Organizational Imaginaries: Tempering Capitalism and Tending to Communities through Cooperatives and Collectivist Democracy*. Emerald Publishing Limited, 2021.

23 Campbell, Stephen. "Improving Home Care Employment Opportunities: Assessing the Feasibility of Home Care Cooperative Development in the Buffalo Region, New York." PHI, 2001.

During the pandemic, ownership changes in the long-term care sector have accelerated and substantial numbers of union members have been laid off by their employers, providing added impetus for Committee members to pursue the co-op strategy. CHCA and 1199SEIU have partnered closely on recruiting workers back into the workforce and recently brought into the co-op several hundred new workers employed under New York’s growing consumer-directed personal assistance program (CDPAP).

PRESERVING THE GAINS OF THE PUBLIC AUTHORITY MODEL

The public sector has been a bastion of relative strength for the labor movement in the U.S. However, recent developments at the federal and state level including the *Janus v. AFSCME* decision eliminating “fair share” dues requirements for those represented by unions in the public sector are undermining this power. In this context, worker ownership and other models that center worker interests hold potential for preserving union power in the public sector and other areas of the economy supported by public funding.

Washington state’s home care workers had historically been employed by the state for the purpose of collective bargaining and were represented by [SEIU 775](#) when the state decided to outsource the program and shift to a private-sector workforce. In response, SEIU 775 consulted with worker ownership experts to develop an approach that would be worker-centered and preserve bargaining rights, helping to keep in place core elements of the public authority model. The [Trust for Workers](#) is a holding entity that co-owns a joint venture with a labor-friendly employer. In 2019, after three years of research and development, the joint venture applied to administer the state’s \$1B, 40,000-worker consumer-directed home care program in Washington state and won. The Trust builds on the worker-centered home care model of CHCA. Three organizations — CHCA, PHI,²⁴ and the ICA Group²⁵ — collaborated to design and administer the Trust. Each has worked on advancing quality care through quality jobs in the home care industry.²⁶

The Trust for Workers is designed to take an ownership interest in companies that administer large-scale home care programs. Through its ownership stake and resulting governance role, the Trust can embed worker-centered home care practices into programs that CHCA, as a regional actor, could not administer on its own. The joint venture co-

24 PHI, accessed June 22, 2021, <https://phinational.org/>.

25 ICA Group, accessed June 22, 2021, <https://icagroup.org/>.

26 This partnership has yielded a number of benefits for the state’s home care workforce. Workers are covered under a CBA with SEIU 775, have health insurance, retirement, and PTO, access to a robust training program, and enhanced wages. The average hourly wage for a home care worker in the U.S. is \$12.08 while the starting hourly wage for a home care worker in Washington State’s CDE program is \$15.00. In 2019, starting wages increased to \$15 per hour and for experienced caregivers who complete additional training, more than \$18 per hour. The program’s workforce — those who benefit from these high-road practices — is nearly 90% women and disproportionately people of color (34% vs. 17% of the overall population).

owned by the Trust for Workers has also leveraged worker-centered technology developed through a partnership between SEIU 775's benefits group, SEIU 775, and the Washington State Department of Social and Health Services. The [Carina](#) online and app-based platform is currently being used to match home care workers in the trust with consumers needing home care services.²⁷

AGGREGATION IN PARTS OF THE ECONOMY THAT ARE DIFFICULT TO ORGANIZE

In sectors with a disaggregated workforce structure, traditional collective bargaining strategies have proven difficult. Organizing large numbers of small businesses, independent contractors, and sole proprietors, especially when the business owners are struggling to make a living wage themselves, requires immense resources. In the child care arena, for example, employers — who are mostly women and disproportionately women of color— often run small daycares out of their home or a standalone center. The typical child care business operates with thin margins and the owner receives a modest salary. With a significant percentage of revenue coming from underfunded public sources and families who may pay inconsistently, child care businesses often struggle to stay afloat. When child care centers and family child care providers close their doors, an important community resource is lost.

In such an environment, innovative strategies are needed to aggregate workers to fight for better conditions. Public authority and direct join strategies are two of the many models labor unions have deployed, leading to important wins.²⁸ However, with attacks on the public authority model and the difficulty and expense of sustaining alternative worker organization strategies, more experimentation is needed to capture a meaningful percentage of this growing, largely unorganized segment of the US economy. Staffing cooperatives and marketing cooperatives of independent contractors are two strategies currently being explored by locals in various sectors. In child care, [SEIU Healthcare Illinois & Indiana \(HCII\)](#) has been exploring a marketing cooperative for family child care providers called [CoRise Cooperative](#) that is designed to lessen the administrative burden of being a sole proprietor and increase access to new forms of revenue for providers. CoRise membership is set up as a union benefit that can help the union recruit and retain members and complement its public authority and direct join strategies.

Another example of innovative organizing comes from the [International Association of Machinists](#)-affiliated Maine lobstering local, [Lobster 207](#). In 2012, the Machinists union

²⁷ For more on Carina, see Sanjay Pinto and Beth Gutelius, "Platform Power to the People," *Stanford Social Innovation Review*, Winter 2021, accessed June 22, 2021, https://drive.google.com/file/d/12Xbwpj_aGeOUMaR6-UmQI-5tA6VB3pcl.

²⁸ For an example of direct join strategies, see Mindy Isser, "Campus workers in the right-to-work South are fighting for COVID-19 conditions and beyond," *Scalawag*, September 16, 2020, accessed June 22, 2021, <https://scalawagmagazine.org/2020/09/university-campus-workers-rights/>.

began to meet with Maine lobstermen about the economic hardship they were facing due to decades-low lobster catch prices and the dominant power of global seafood corporations in setting the catch price. Because the lobstermen were categorized as independent contractors, there was no formal employer to negotiate with, and no possibility of winning a collective bargaining agreement. IAM staffers recognized that efforts to improve the economic standing of the lobstermen would not look like a traditional union organizing campaign. At the same time they saw that the problems of the lobstermen were quite similar to those faced by other IAM members: Lobstermen were looking to leverage their collective power to gain agency over their working lives, and to make a living salary for themselves and their families. The Machinists decided to move forward with an innovative cooperative strategy to organize the lobstermen. Over the coming years, they were successful in supporting the creation of an affiliate local of unionized lobstermen, and eventually created a marketing cooperative for the lobstermen to collectively sell their catch, allowing them to increase their income by cutting out the middleman.²⁹

LINKING TRAINING AND WORKFORCE DEVELOPMENT TO GOOD JOBS

Training in general skills as well as industry- or job-specific skills is an important component of preparing people for good jobs—including jobs that have union representation and protections. However, even in many parts of the economy that are unionized, training can only accomplish so much on its own. In personal and direct care services, for example, the impact of training on improvements in care quality is difficult to measure or fully capture. Moreover, the work has been devalued due in part to the fact that it is mostly women and disproportionately people of color who are doing it. In this environment, improvements in pay and other aspects of job quality hinge on being able to directly connect training and workforce development to other organizational and policy shifts that better support and reward workers.

[SEIU-UHW](#), a local representing healthcare workers in California, recently helped develop an organizational ecosystem strengthening the nexus between training and good jobs for allied healthcare workers (e.g., health technicians, paraprofessional assistants, and therapists), who face challenges carving out stable career paths. A key component of the approach was the creation of a new staffing cooperative of allied healthcare workers, [AlliedUP](#). Launched in March 2021, AlliedUP has a mission of providing excellent healthcare to patients, high-quality services to clients, and meaningful employment and ownership to workers. The co-op provides healthcare staffing on a full-time, part-time, and temporary assignment basis, targeting the five largest metropolitan areas in California that are experiencing supply gaps for allied healthcare workers.

²⁹ Larcom, Megan, Jenny Weissbourd, and Jeremy Avins, (2018).

The creation of AlliedUP was set in motion in SEIU-UHW's last round of collective bargaining with Kaiser Permanente, during which \$130 million was raised to fund [Futuro Health](#), an education non-profit that trains workers to help ease the coming shortages of key allied healthcare classifications. Once students complete programs and receive their credentials, Futuro Health channels them to AlliedUP to help them transition into high-demand allied healthcare jobs while providing businesses with a high-quality workforce. The privileged relationship between Futuro Health and AlliedUP is in part an attempt to design a built-in labor supply of highly-trained allied healthcare workers into the co-op.

AlliedUP unionized with SEIU-UHW shortly after its formation. The co-op aims to pay its workers \$3 - \$5 more per hour than the staffing industry average, which is expected to reduce the high turnover characteristic of the industry. In addition to above-market pay and in contrast to workers at most allied health staffing firms, AlliedUP workers-owners also have access to health insurance (including medical, dental, and vision benefits); paid time off; mentoring, opportunities for upskilling, and tuition support through the union training and education fund; and profit sharing. Beyond serving as an employer of record for Futuro Health graduates, AlliedUP will recruit from the general population of licensed healthcare workers in the state and make use of SEIU-UHW's network of tens of thousands of members and supporters who are licensed and certified healthcare workers.

ORGANIZING AND SHAPING EMERGING SECTORS

As the structure of the economy continues to evolve, an important question for the labor movement is whether it will be able to organize and build power in parts of the economy that are expanding. Worker ownership can be a tool enabling unions to more proactively help lead the next phases of development in sectors such as long-term care that have been growing for some time and others such as renewable energy which should see rapid expansion in the coming years.

Launched in 2013 as part of the Cincinnati Union Co-op Initiative (now called [Co-op Cincy](#)),³⁰ which was developed through a partnership between the [United Steel Workers](#) and [Mondragon](#), the world's largest worker co-op enterprise, [Sustainergy](#) promotes energy efficiency. After originally exploring the commercial market, the company now focuses on helping homeowners to improve the energy efficiency of their homes, including through solar technology.³¹ Sustainergy's worker owners are members of the [International Brotherhood of Electrical Workers \(IBEW\) Local 212](#) and [Pipefitters Local 392](#) and enjoy benefits including insurance and support for higher education. Initiatives such as [Climate](#)

30 See Miles Hadfield, "Future of work: Cincinnati experiments with co-op/union hybrid," Co-op News, January 31, 2018, accessed June 22, 2021, <https://www.thenews.coop/125914/sector/worker-coops/future-work-cincinnati-experiments-co-opunion-hybrid/>.

31 Schlachter, L. H. (2017). Stronger together? The USW-Mondragon Union co-op model. *Labor Studies Journal*, 42(2), 124-147.

Jobs NY through which organized labor is investing in the creation of unionized green jobs could create the context for more enterprises like Sustainergy to develop and scale in the future.

Another promising initiative with potential for introducing worker ownership at scale in a high-growth sector is the national Cannabis Workers Rising campaign of the United Food and Commercial Workers. With legalization occurring state by state around the country, cannabis production and distribution are being brought out of the shadows, but questions remain as to who will reap the benefits. Cannabis Workers Rising has already unionized dispensaries and other parts of the supply chain in several states.³² Worker ownership is currently being explored by campaign organizers as a tool for distributing wealth and deepening worker voice in shaping the future of the industry. As noted in a recent report, worker ownership could help ensure that communities most affected by criminalization are able to benefit from the future evolution of the industry.³³

WORKPLACE DEMOCRACY AND PUBLIC INFRASTRUCTURE

Recent discussions among elected leaders suggest that there may be potential for substantial new investments in the nation's weak and outdated infrastructure. Importantly, these discussions have been broader in scope than in the past, including sectors such as childcare and long-term care that are critical to the functioning of the economy and meeting basic community needs. Communities facing marginalization based on race and geography combined with gender and other factors are often affected the most by gaps in infrastructure, whether it is crumbling roads, inadequate care options, or a lack of high-speed Internet access. And many of these problems, including care gaps, have often created particular barriers to the ability of marginalized communities to sustain paid employment—a pattern that has been evident during the pandemic.³⁴ With the prospect of increased infrastructure investments at the federal, state, and municipal levels, the intersection of unions and worker ownership could help to ensure that the next generation of infrastructure is developed in a manner that advances equity.

The Care Agenda is a campaign in California led by the California Domestic Workers Coalition and the United Domestic Workers union, an AFSCME local, in coalition with senior and disability rights organizations. Its goal is to create a statewide universal long

32 Tracy Damon, "Efforts to unionize cannabis workers continue," *The Spokesman-Review*, September 8, 2020, accessed June 22, 2021, <https://www.spokesman.com/stories/2020/sep/08/efforts-to-unionize-cannabis-workers-continue/>.

33 See Anh-Thu Nguyen, "Ensuring Cannabis Equity Through Shared Ownership," *Democracy at Work Institute*, March 12, 2021, accessed June 22, 2021, <https://institute.coop/resources/cannabis-equity-shared-ownership>.

34 See Sanjay Pinto, Patricia Campos-Medina, Rakeen Mabud & KC Wagner, "Seizing the Moment to Make Our Care Systems More Equitable," *University of Minnesota - The Gender Policy Report*, May 27, 2021, accessed June 22, 2021, <https://genderpolicyreport.umn.edu/seizing-the-moment-to-make-our-care-systems-more-equitable/>.

term care benefit following the principles of social insurance while creating good jobs for direct care workers, who are mostly women of color in the state. Addressing both the rising demand for long-term care and workforce shortage in California, the campaign seeks increased investment that will expand access to affordable care and create sustainable direct care jobs marked by higher wages, training, and meaningful opportunities for advancement. Drawing inspiration from domestic worker co-ops that have already been created by groups in the California Domestic Workers Coalition, co-ops and other forms of worker ownership are part of the strategy to improve care delivery in tandem with workers' economic security.

Another initiative with implications for what the next generation of infrastructure development could look like is found in New York City, where a group of unionized laborers have created an Internet Service Provider (ISP) devoted to expanding broadband access across the city, including in underserved communities. [IBEW Local 3](#) members at Charter/Spectrum are currently engaged in the longest-running strike in the U.S., and a group of these workers recently launched an ISP structured as a cooperative, [People's Choice](#). The co-op also gives customers an ownership stake in the networks within their buildings.³⁵ People's Choice has completed installations in several buildings in the Bronx, where a large percentage of people do not have home-based broadband access. In 2020, a municipal proposal to expand broadband access was announced.³⁶ Members of the People's Choice cooperative hope the platform they have built could potentially expand at scale in the future with municipal support.³⁷

THE GOOD, THE BAD, AND THE UGLY: OVERCOMING CHALLENGES

Despite the affinities and potential complementarities between unions and worker ownership, there are challenges and reasons for caution. Worker ownership may sometimes be posed as a substitute for union representation, it may expose workers to undue risk, and there may be misunderstanding around roles when union representation and worker ownership come into contact. We discuss these challenges and ways of addressing them below.

35 See Ryan Deffenbaugh, "Striking Spectrum Workers Build ISP Whose Customers are Part Owners," Crain's New York Business, April 21, 2021, accessed June 22, 2021, <https://www.craigslist.com/technology/striking-spectrum-workers-build-isp-whose-customers-are-part-owners>.

36 See NYC Mayor's Office of the Chief Technology Officer - The New York City Internet Master Plan, January 2020, accessed June 22, 2021, https://www1.nyc.gov/assets/cto/downloads/internet-master-plan/NYC_IMP_1.7.20_FINAL-2.pdf.

37 See Karl Bode, "Striking Telecom Workers Are Building a Community-Owned ISP," Vice, April 15, 2021, accessed June 22, 2021, <https://www.vice.com/en/article/m7eq88/striking-telecom-workers-are-building-a-community-owned-isp>.

UNION AVOIDANCE

While union representation frequently coexists with different forms of worker ownership including ESOPs, ESOPs and unions have a complex history. In the 1970s, legislation was passed creating the basis for ESOPs.³⁸ In the decades that followed, broad based employee ownership through ESOPs grew at the same time that union density declined. Though union members today are actually more likely to hold stocks in their employers than their non-union counterparts, the original ideological framing of employee ownership plans was overtly hostile to the labor movement. Indeed, Louis Kelso, the intellectual architect of ESOPs, saw them as a tool for negating the distinction between capital and labor, such that unions would no longer be necessary (though he did indicate how ESOPs might work in the presence of unions). And there are examples of this orientation playing itself out in a very practical sense, with ESOPs being used by employers as a tool for union avoidance.

Some of the most celebrated ESOP companies, including grocery store chain Publix Super Markets, are also known for their anti-union stance. Publix is the largest majority employee-owned business in the US. During an unsuccessful organizing campaign in 2003 by the United Food and Commercial Workers, a Publix spokesperson said, “Never in our history has it been necessary for our associates to pay union dues in order to enjoy good working benefits.”³⁹ The company cites its reputation as a “great place to work,” a title which Fortune has regularly given Publix, relying heavily on the employee ownership plan.⁴⁰ In the 2003 organizing drive, UFCW alleged that Publix engaged in a campaign of “intimidation, harassment and coercion” to stop the union, and filed numerous unfair labor practices against the company with the NLRB.

On the other hand, there are also notable examples of unionized ESOPs building worker power in creative ways. In the Fall of 2011, the management of Homeland Food Stores of Oklahoma City, secured the support of United Food and Commercial Workers Local 100 to become 100% employee-owned using an ESOP structure. The Homeland ESOP purchased the business from Associated Wholesale Grocers (AWG), a supply cooperative based in Kansas City, which had acquired the Homeland chain out of a bankruptcy proceeding in 2002 and restored it to viability. Facing the possible loss of independence likely in a strategic sale, Homeland management reached out and successfully secured UFCW support for the employee buy-out alternative. The newly employee-owned company included seventy-two Homeland grocery stores that employed 3,200 workers. The UFCW agreed to certain contract concessions to make the sale possible but retained the UFCW pension rights and secured two seats on the corporate Board of Directors. As of 2021,

38 Blasi, Joseph. “Employee ownership: Revolution or ripoff Cambridge.” MA: Ballinger Publishing Company (1988).

39 See “Publix Facing Possible Warehouse Unionization,” Morning Newsbeat, accessed June 22, 2021, <https://morningnewsbeat.com/2003/06/06/publix-facing-possible-warehouse-unionization/>.

40 See “Publix Ranks Among Fortune’s 100 Best Companies and Best Big Companies to Work For,” Publix, April 13, 2021, accessed June 22, 2021, <http://corporate.publix.com/about-publix/newsroom/news-releases/publix-ranks-among-fortunes-100-best-companies-and-best-big-companies-to-work-for>.

Homeland now employs close to 4,000 workers in over ninety stores. At the time of the transaction, UFCW Local 1000 President Ricky Burris said, "UFCW members are excited to own a majority of HAC stock and are eager to work with management to achieve continued success for the company. We take seriously the responsibilities that come with ownership, representation on the board of directors, and a voice in major corporate decisions."⁴¹

RISK EXPOSURE FOR WORKERS

Worker ownership can expose workers to substantial risk. In start-up situations, there is often significant "sweat equity" (i.e., unpaid labor) in the early stages of launching a new enterprise coupled with the possibility that it may not end up succeeding (as noted above, worker co-ops are no more likely to fail than other businesses, but failure rates are high in general for new enterprises).⁴² In conversions to worker ownership or scenarios where workers are coming into an enterprise that is already worker owned, they may find that much of their retirement security is tied to how well that enterprise performs over time.

United Airlines provides a cautionary tale in this regard. In the 1980s, unionized pilots and machinists made large wage and benefit concessions in return for company shares, with the Air Line Pilots Association and International Association of Machinists negotiating the purchase of a majority of company shares through an ESOP structure. In the early 2000s, when the company went into bankruptcy following 9/11, United pilots and machinists experienced substantial retirement losses.⁴³ Observers have noted that the United employee stock ownership plan was implemented as a way to inoculate the company against restructuring rather than to integrate workers into decision-making processes and a broader ownership culture.⁴⁴ Flight attendants decided not to become part of the employee stock ownership plan and there were significant fissures among pilots and machinists, such that worker ownership was a source of discord rather than a basis for solidarity and common purpose.⁴⁵

The United Airlines case also highlights the problem of undiversified risk, or what is often referred to colloquially as "putting all your eggs in one basket." Some degree of risk can

41 See Deborah Groban Olson, "United Food and Commercial Workers (UFCW)," Deborah Groban Olson Law, accessed June 22, 2021, <https://www.esoplw.com/blog-posts/esops/united-food-and-commercial-workers-ufcw>.

42 Olsen, E. K. (2013). The relative survival of worker cooperatives and barriers to their creation. In *Sharing ownership, profits, and decision-making in the 21st century*. Emerald Group Publishing Limited.

43 See Bill Fotsch & John Case, "United's Troubles Could Have Been Avoided," *Forbes*, April 17, 2017, accessed June 22, 2021, <https://www.forbes.com/sites/fotschcase/2017/04/17/uniteds-troubles-could-have-been-avoided/?sh=2147b8b4c062>.

44 See Deb Ossi, "United We Fall: An Analysis of ESOP Work Culture," *California Management Review*, June 2, 2018, accessed June 22, 2021, <https://cmr.berkeley.edu/2018/06/united-we-fall/>.

45 See Michelle Quintus, "How airline workers' savings were hijacked by ESOPs," *Workers World*, May 3, 2007, accessed June 22, 2021, <https://www.workers.org/2007/us/airline-workers-0510/>.

be tolerable, of course, particularly when it is linked to workers being afforded a greater role in decision-making within an enterprise. However, it is important for workers to be fully aware of the risks, and a general rule of thumb is that worker ownership should not substitute to too great an extent for wages or other sources of retirement security. Data on employee stock ownership plans in the U.S. shows that this form of worker ownership does not generally substitute for wages and that most of the risk people take on is in relation to retirement wealth they would not have had, all else being equal, if the ESOP was not in place.⁴⁶

MISUNDERSTANDING OF ROLES

When union representation and worker ownership collide, there is substantial room for misunderstanding. Unions, for their part, may not fully grasp the worker-driven nature of democratically owned and controlled enterprises despite a representational role that advances workplace democracy in important ways. As many observers have noted, unions are not immune from the tendency of organizations to become more hierarchical as they grow in size and their relationships with other organizations become more institutionalized.⁴⁷ Given this tendency, even unions that are pursuing worker ownership as a strategy need to be mindful of the role they play in particular cases of enterprise development and in relation to the broader landscape of worker co-ops and other worker-owned entities. In a practical sense, this means being in active dialogue with those building worker ownership and control at a grassroots level.

Cooperators and co-op developers must also remain mindful of the representational role of unions. As an example, in the spring of 2017, workers at Gimme! Coffee's four locations in Ithaca and Trumansburg, New York became the first baristas in the U.S. to unionize when they joined Workers United of Upstate New York.⁴⁸ In early 2020, as part of his retirement planning, Gimme! Coffee's owner began looking into the possibility of an employee ownership conversion and hired a co-op development firm to perform a feasibility study. During the time that the co-op feasibility study was being pursued, the company made significant layoffs and there was an active union decertification effort. The layoffs directly affected the decertification results since union activist bargaining unit members were excluded from voting in the decertification election, leading to NLRB charges being filed.

In discussions that one of the authors of this primer had with a group of Gimme! Coffee

46 See Robert Buchele, Douglas L. Kruse, Loren Rodgers & Adria Scharf, "Show Me the Money - Does Shared Capitalism Share the Wealth?" National Bureau of Economic Research, April 2010, accessed June 22, 2021, <https://www.nber.org/system/files/chapters/c8096/c8096.pdf>.

47 Edelstein, David J., and Malcolm Warner. "Comparative Union Democracy: Organisation and Opposition in British and American Unions." *New Brunswick* 247 (1979): 31.

48 See "Gimme Coffee Baristas Unanimously Ratify First Union Contract," Tompkins County Workers' Center, February 7, 2018, accessed June 22, 2021, <https://www.tcworkerscenter.org/2018/02/gimme-coffee-baristas-unanimously-ratify-first-union-contract/>.

workers, she learned that many were under the impression that the company was proposing the co-op as an alternative to the union, and that the company was using the potential cooperative conversion to entice workers to vote for a decertification. However, the co-op developers involved deny that this was their intention or the intention of the owner. Regardless of intention, union organizers representing Gimme! Coffee workers expressed major concerns with the way the cooperative conversion process was carried out: that the conversion it pursued came amidst deep labor unrest, and that worker-leaders and staff of Workers United were not consulted about the possibility of a transition to worker ownership. The co-op transition at Gimme! Coffee was temporarily put on pause as a consequence of community pushback in upstate New York and among union and co-op activists around the country. But the co-op transition had resumed as of December 2021.

Among other lessons, what happened at Gimme! Coffee revealed the lack of experience of many co-op developers with organized labor given their focus on small businesses with relatively few employees, which are rarely unionized. Another important dynamic highlighted by this case was the question of who cooperative developers are representing in transitions to a worker cooperative, and how they should navigate a transaction where the interests of workers and selling owners are not aligned. The Gimme! Coffee case makes clear the need for worker-empowering practices that are aligned with organized labor in the cooperative development field.

LOOKING AHEAD: BUILDING AT SCALE

Structural changes and political shifts leading to declining unionization account for a significant portion of rising economic inequality over the past 40 years.⁴⁹ Even as the pandemic underscored the critical importance of unions in providing a voice for working people, the pandemic-induced recession led to significant member attrition for unions across many sectors—and many are still far from recovering. At the same time, there has been powerful worker mobilization inside the labor movement and in the vast terrain where workers do not enjoy the benefits of a union. There is also strong evidence that a large share of non-union workers would join a union if they could, and that this interest is strongest among workers experiencing some of the greatest workplace challenges during the pandemic.⁵⁰

The cases and approaches discussed in this primer suggest that the convergence of union representation and worker ownership could provide fertile ground for the labor movement in the coming period, helping unions to protect existing territory and move into new areas while deepening workplace democracy across different parts of the economy. Notably, many of the most promising recent developments are in high-growth economic sectors

49 See “Unions help reduce disparities and strengthen our democracy,” Economic Policy Institute, April 23, 2021, accessed June 22, 2021, <https://files.epi.org/uploads/226030.pdf>.

50 See <https://www.nelp.org/publication/foundations-for-a-just-and-inclusive-recovery/>.

and ones that have received particular attention of late in relation to discussions around infrastructure and provision of collective goods. Worker ownership could be a tool for the labor movement and other progressive allies to help lead the next phases of development in key sectors and shape the post-pandemic recovery in ways that benefit workers and a range of other stakeholders.

Below are some intersecting areas for consideration for those seeking to build models combining union representation and worker ownership at scale.

Leveraging public funding streams — The outcome of current discussions around federal investments in infrastructure remain uncertain due to the narrowly divided Senate. Nonetheless the coming period could bring increased opportunities for leveraging increased public investment in care, transportation, and other areas, mobilizing broad coalitions to support models such as unionized, worker-owned enterprises that link job quality with access to higher quality goods and services. Within the care sector, federal funding is largely administered at the state level. Cooperative Home Care Associates and the Trust for Workers are two existing models that have tapped into public funding streams, and the Care Agenda in California is aiming to link expanded statewide funding for long-term care to the development of co-ops and other models that are better for workers and communities. Models such as these could both strengthen the power and reach of unions and worker-owned enterprises and deepen democracy and accountability within our public infrastructure.

Innovating supportive policy — There are a broad range of policies and legislation that unions can support to help expand worker ownership. Organized labor can throw political muscle behind existing legislation such as the federal Capital for Cooperatives Act, which aims to level the playing field for co-ops to access Small Business Administration financing.⁵¹ Unions may consider engaging their policy and research shops to explore state and local innovations that advance unionized worker ownership. For example, SEIU-UHW developed the [Cooperative Economy Act \(AB 1319\)](#), which would create a private, nonprofit mutual benefit corporation, the Association of Cooperative Labor Contractors, to serve as a membership organization for worker co-ops who wish to join.⁵² And there are some policies that could potentially be legislated or negotiated into collective bargaining agreements—e.g., “right of first refusal” providing opportunities for worker ownership conversions in cases where ownership changes are in motion. Supporting funding paths for technical assistance at the state and local level can also help to ensure that workers and unions are well-positioned to seize on such opportunities when they arise.

51 See “Call For Support Of The Capital For Cooperatives Act,” U.S. Federation of Worker Cooperatives, May 21, 2021, accessed June 22, 2021, <https://www.usworker.coop/blog/call-for-support-of-the-capital-for-cooperatives-act/>.

52 The union was interested in creating a large-scale model for private sector/organizable cooperatives as employers of record for gig and other misclassified or casual workers, as a vehicle for extending meaningful benefits, career growth opportunities, and a share in profits.

Mobilizing philanthropic and impact investment capital — Foundations and socially driven investors have taken an increasing interest in worker ownership. For example, the Kendeda Fund⁵³ recently made a \$24 million dollar investment to expand worker-ownership.⁵⁴ Family offices and investment advisors with a social mission have also embraced worker ownership, including the Candide Group,⁵⁵ which manages more than \$120 million in assets. In addition to philanthropic funding, union pension funds have been discussed as another potential source of patient capital for initiatives combining union representation and worker ownership. And there are signals that a willingness to support mission-driven models may be growing among some more traditional investors as well. As one example, 95 investors managing \$3.34 trillion assets recently signed onto an initiative organized by UNI Global Union seeking to “drive up working conditions and quality of care in nursing homes.”⁵⁶

Bolstering local ecosystems — Local ecosystems, including organizations providing technical assistance and “anchor institutions” that help to ensure stable demand for goods and services, can play an important role in helping to cultivate worker co-ops and other worked-owned enterprises.⁵⁷ Recent municipal initiatives in Chicago, New York City and the San Francisco Bay Area have helped to support these ecosystems. In New York City, several unions have been able to engage technical assistance for their worker co-op development efforts with city funding support. There are also notable examples of union-related initiatives that seek to promote the development of unionized, worker owned enterprises, including [Co-op Cincy](#) (formerly the Cincinnati Union Co-op Initiative) and the [Los Angeles Union Co-op Initiative](#) (LUCI). Co-op Cincy has supported the development of several unionized worker co-ops that are currently in business, including Apple Street Market, Our Harvest, and Sustainergy. Mobilizing the buying power of unions and their members is another tactic with unrealized potential for expanding the footprint of worker-owned enterprises within local communities.

Deepening ties with other movements — Worker ownership provides a set of tools for the labor movement to directly confront structural racism and sexism and exclusions based on citizenship and other factors, while deepening ties with movements organizing around these issues. For example, 1199SEIU’s co-op explorations build on the union’s storied history working at the intersection of economic and racial justice, with worker ownership seen in part as a tool for keeping good jobs and critical services in underserved

53 See The Kendeda Fund, accessed June 22, 2021, <https://kendedafund.org/>.

54 Karen Khan, “Kendeda Fund Announces Plan to Invest over \$24 Million in Expanding Employee Ownership,” Fifty By Fifty, August 27, 2019, accessed June 22, 2021, <https://www.fiftybyfifty.org/2019/08/kendeda-fund-announces-plan-to-invest-over-24-million-in-expanding-employee-ownership/>.

55 See Candide Group, accessed June 22, 2021, <https://candidegroup.com/>.

56 See “Global investors —with US\$3.34 trillion in AUM—launch initiative to raise labour standards and quality of care in nursing homes,” UNI Global Union, March 31, 2021, accessed June 22, 2021, <https://www.uniglobalunion.org/Care-Investor-Statement>.

57 See Hilary Abell, “Worker Cooperatives: Pathways to Scale,” The Democracy Collaborative, June 2014, accessed June 22, 2021, <https://democracycollaborative.org/sites/default/files/downloads/WorkerCoops-PathwaysToScale.pdf>.

communities that sorely need them. The partnership between the United Domestic Workers Union and groups in the California Domestic Workers Coalition is looking at publicly funded worker co-ops as a means of extending good jobs to those within immigrant communities and communities of color who have often remained on the margins of the formal economy. And, with many unions looking for ways to address the impact of structural racism in criminal justice systems on employment within communities of color, worker ownership could be part of the strategy. There are currently a number of staffing and worker co-ops that focus on providing good jobs to individuals reentering society from the carceral system, and engagement by organized labor could potentially help such initiatives to grow.

Embracing new organizing models — As unionists interested in building worker ownership models seek to leverage ties with policymakers, funders, and allies in other movements, building internal momentum within individual unions and the labor movement as a whole will also require significant organizing and education. Many of the structural changes that have destabilized the position of unions and put workers on the defensive have only accelerated during the pandemic. Helping unions move from defense to offense, worker ownership could be a tool for worker-centered succession planning within existing “dinosaur” employers and creating high-road employment structures in the new economic landscape where organized labor is looking to extend its reach. Building at a greater scale will require generating buy-in and embracing a spirit of experimentation at different leadership levels within organized labor—and building new kinds of relationships between unions and their members.

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