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# AlliedUp

## A Worker-Owned Healthcare Staffing Cooperative Transforms Temporary Work

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# AlliedUP: A Worker-Owned Healthcare Staffing Cooperative Transforms Temporary Work

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**Abstract:** Contingent workers make up a large part of today's healthcare workforce, and the healthcare industry is America's most contingent worker-dependent industry. While contingent healthcare workers overall earn low pay with few benefits, contingent work burdens fall most heavily on women of color, due to deep race and gender-based inequalities that have long plagued the healthcare profession. In the face of these challenges, AlliedUP is a new healthcare staffing worker cooperative that was founded in 2021 to provide better working conditions for healthcare professionals with full-time employment opportunities, robust benefits, and democratic decision-making processes. Interestingly, the role of a labor union, Service Employees International Union-United Health Workers West (SEIU-UHW), was critical in launching this cooperative. Not only did SEIU-UHW support from the concept stage, but it also provided support with direct funding to launch the cooperative. This case study demonstrates how a contingent workforce can find stability and democratic voice in a collaboration between a worker cooperative and a labor union.

**Topics:** Management, Organizational Behavior, Labor Studies, cooperatives, labor unions, allied health, job quality, contingent work, staffing

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This is a working paper case study. Additional versions of this case study may appear in print.

## Introduction

When health care providers need temporary medical staff, they often turn to a temporary staffing agency to deliver short-term nurses, lab technicians, or other specialists: 96% of health care facilities hired such temporary workers in 2021.<sup>1</sup> These contingent workers are typically lowly paid, have no vacation or health benefits, and have minimal voice over their working conditions. Unsurprisingly, such contingent healthcare workers report higher anxiety, depression, and financial stress than workers in most other occupations.<sup>2</sup> Turnover among health care workers is high (the industry has an annual quit rate of about 23%), and growing reliance on contingent staff means that the average hospital turned over 90% of its workforce between 2016 and 2021.<sup>3</sup> Although nearly 20% of healthcare workers quit their jobs in the first year of the pandemic (and another 31% said they considered quitting),<sup>4</sup> finding a better healthcare position is difficult, so these demoralized workers often just end up in another contingent healthcare position soon after quitting. The CEO of AlliedUP, a worker-owned healthcare staffing cooperative dedicated to changing these dynamics, calls it a burnout cycle of “wash, rinse, and repeat”<sup>5</sup> that serves neither healthcare workers nor their patients well. “How can you take care of someone else if you’re not healthy?” asks the AlliedUP Facebook page,<sup>6</sup> citing research on how “America isn’t taking care of caregivers.”<sup>7</sup>

Instead of fueling this destructive burnout cycle, healthcare providers have a choice. Instead of the typical, lowly paid contingent labor option, providers can now turn to AlliedUP, America’s only worker-owned health care staffing cooperative, which launched operations in 2021. AlliedUP provides temporary workers to healthcare providers, but only at high wages and robust benefits. The company is also owned by the healthcare workers themselves, who serve as full-time

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<sup>1</sup> Rodriguez, S. 2022. 96% of Healthcare Facilities Hired Temporary Health Professionals. Recycle Intelligence, January 4. Accessed at <https://revcycleintelligence.com/news/96-of-healthcare-facilities-hired-temporary-health-professionals>.

<sup>2</sup> PHI. 2022. PHI Launches Institute to Address Inequities in the Direct Care Workforce. Accessed at <http://www.phinational.org/news/phi-launches-institute-to-address-inequities-in-the-direct-care-workforce/>; Also see, Center for Medicare Advocacy. 2022. Structural Racism in Health Care Workforce: Black Women More Likely to Work in Low-level Health Care Jobs. Accessed at <https://medicareadvocacy.org/structural-racism-in-health-care-workforce-black-women-more-likely-to-work-in-low-level-health-care-jobs/>

<sup>3</sup> ROAR for Good. 2022. The Cost of Nurse Turnover in 2022: How the Great Resignation Impacts Your Organization. Accessed at <https://www.roarforgood.com/blog/cost-of-nurse-turnover?hsLang=en>.

<sup>4</sup>Ibid.

<sup>5</sup> Podcast.2022. E.P. 224-01-Transformational Employment Ecosystem. Interview with Alliedup CEO Carey Carpineta. See <https://www.speaker.com/user/techzone/ep-224-01-transformational-employment-ec>.

<sup>6</sup>AlliedUP Cooperative Inc.Facebook Page: <https://www.facebook.com/AlliedUPcoop/posts/how-can-you-take-care-of-someone-else-if-youre-not-healthythe-challenges-facing-198210048990237/>

<sup>7</sup> Courage, K.H. 2021. America Isn’t Taking Care of Caregivers. Vox, August 4. Accessed at <https://www.vox.com/22442407/care-for-caregivers-mental-health-covid?fbclid=IwAR1X2IeSqy6mDZ2VGMH22DUoFgzDX0E6kSS4QcAR-CIIjawYztMj7F1jA3s>

employees of the cooperative, rather than as contingent/temporary staff of the hospitals where they are dispatched. “We strongly believe that offering higher wages, and paths to career success, helps move the nation towards equality” says Carey Carpineta, AlliedUP’s CEO. “Our flexibility allows workers to manage their lives and realize their aspirations as parents and community members. More than anything our workers are respected.”<sup>8</sup> The fact that health care providers and individual workers have this humane alternative to typical burnout jobs is due to the social vision and entrepreneurial risk-taking of grassroots activists in union and worker cooperative communities who came together to demonstrate just how powerful the united strengths of worker coops and unionized workplaces can be to the cause of worker empowerment.

### **Workers in Crisis: A Dysfunctional Healthcare Industry**

Contingent workers, mostly supplied by temporary staffing agencies, make up a large part of today’s healthcare workforce. In fact, healthcare is America’s most contingent worker-dependent industry, with more than double the rate of contingency in the professional and business services industry.<sup>9</sup> On average, these contingent workers earn much lower pay and rarely receive health care benefits, vacation time, or sick pay. Furthermore, their part-time jobs allow them no voice in their working conditions and dim prospects to transition into a career pipeline. All of these challenges fall most heavily on women of color, due to deep race and gender-based inequalities that have long plagued the healthcare profession. A recent PHI study found that 87% of direct care workers are women, 61% are people of color, 27% are immigrants, and 44 % live in or near poverty.<sup>10</sup> At the same time, women of color hold only about 5% of healthcare leadership positions.<sup>11</sup>

In such an environment, it is little surprise that 2020 surveys by the Centers for Disease Control found that 40% of caregivers reported anxiety and depression, and 10% reported thoughts of suicide<sup>12</sup> (among caregivers with young children of their own, thoughts of suicide reached 50%).<sup>13</sup>

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<sup>8</sup> Herrera, M. 2022. New job opportunities for Hispanic communities in the health sector. Al Dia, May 16. Accessed at <https://aldianews.com/en/leadership/advocacy/job-opportunities-latins>.

<sup>9</sup> Kosanovich, K. 2018. A Look at Contingent Workers. U. S. Bureau of Labor Statistics. Accessed at <https://www.bls.gov/spotlight/2018/contingent-workers/home.htm>

<sup>10</sup> PHI. 2022. PHI Launches Institute to Address Inequities in the Direct Care Workforce. Accessed at <http://www.phinational.org/news/phi-launches-institute-to-address-inequities-in-the-direct-care-workforce/>

<sup>11</sup> Stewart, M. 2021. Women of Color Continue to Be Shut Out of Leadership Positions in Health Care. Insight Into Diversity, April 19. Accessed at <https://www.insightintodiversity.com/women-of-color-continue-to-be-shut-out-of-leadership-positions-in-medicine-and-health-care-but-one-school-is-working-to-change-that/>

<sup>12</sup> Courage, K.H. 2021. America isn’t taking care of caregivers. Vox, August 4. Accessed at <https://www.vox.com/22442407/care-for-caregivers-mental-health-covid?fbclid=IwAR1X2leSqy6mDZ2VGMH22DUoFgzDX0E6kSS4QcAR-CIIjawYztMj7F1jA3s>.

<sup>13</sup> Czeisler, M. et al. 2021. Mental Health Among Parents of Children Aged <18 Years and Unpaid Caregivers of Adults During the COVID-19 Pandemic—United States, December 2020 and February–March 2021. Morbidity and Mortality Weekly Report. Accessed at <https://www.cdc.gov/mmwr/volumes/70/wr/mm7024a3.htm>.

Besides being a crisis for the workers themselves, extraordinary anxiety and depression of healthcare workers undermine the quality of patient care.<sup>14</sup>

Many of these overstressed and underpaid workers are simply dropping out. Between 2020 and 2022, 18% of healthcare workers quit their jobs, while another 31% reported serious consideration of quitting. The U.S. BLS reported a loss of 500,000 healthcare workers over this time, with the result that demand for new workers is substantially outstripping supply.<sup>15</sup> These numbers are especially alarming when considering that an aging U.S. population will only balloon the need for quality healthcare workers in the years ahead,<sup>16</sup> and already 80% of Americans report difficulty in scheduling care without delays due to acute healthcare staffing shortages.<sup>17</sup>

### **Roots of Reform: United Health Workers Think Beyond the Union**

The roots of the AlliedUP alternative to the contingent healthcare burnout model trace back to the offices of SEIU-UHW (Service Employees International Union-United Health Workers West). In the last decade, staff at this union were constantly pondering how to organize increasingly contingent workers spread across multiple healthcare centers, and how to improve their dire working conditions. A traditional union organizing campaign was a challenge among scattered and contingent workers, while union staff also struggled with what AlliedUP Board Chair (Rebecca Miller) calls “so much legal and ideological opposition to the union,” among healthcare providers. Thus, staff at SEIU- UHW started battling around the idea of going beyond the union and building a broader ecosystem of worker empowerment in the community, specifically by supporting a worker-owned cooperative of healthcare workers. A healthcare staffing cooperative owned and managed entirely by workers themselves might be able to attract the support of hospital managers, officials, and even foundation funders, in a way the union could not. “The coop was a way we thought about how we grow the union and have an equitable workplace through a worker organization, even if that organization was not a union,” recalls Miller.

The concept grew that if a worker-owned healthcare staffing cooperative could be established, it could become the employer of record. The cooperative would hire and train all its healthcare workers, take care of human resource (HR) matters like workers’ compensation, taxes and payroll, and could deploy its full-time, well-paid workers to hospitals and medical centers when needed on a contractual basis. This staffing cooperative would be owned by healthcare workers

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<sup>14</sup>Hall, Johnson, Watt, Tsipa, O’Connor. 2016. Healthcare Staff Wellbeing, Burnout, and Patient Safety: A Systematic Review. NIH.11(7): e0159015. Accessed at <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC4938539/>;

<sup>15</sup> Herrera, M. 2022. New job opportunities for Hispanic communities in the health sector. Al Dia, May 16. Accessed at <https://aldianews.com/en/leadership/advocacy/job-opportunities-latins>.

<sup>16</sup> Urban. 2022. Project: The US Population Is Aging. Accessed at <https://www.urban.org/policy-centers/cross-center-initiatives/program-retirement-policy/projects/data-warehouse/what-future-holds/us-population-aging>

<sup>17</sup> Advisory Board. 2022. How health care's labor shortage is affecting patients. Accessed at <https://www.advisory.com/daily-briefing/2022/03/14/health-care-shortage>

themselves and would be value-aligned with the SEIU- UHW mission of quality jobs, so it would also be a natural fit for a partnership with the Union. A pro-worker ecosystem would begin to emerge, anchored by both the worker-owned cooperative business and a possible onsite healthcare union representing its workers. “We sort of married the two ideas,” uniting the idea of a worker cooperative with a growing union, Rebecca Miller recalls.

A key staffer during this conceptualization phase was SEIU-UHW’s Deputy Director of Research, Ra Criscitiello, who remembers how she “did a lot of research, wrote a white paper, and presented the concept” to executive SEIU-UHW staff. Long before AlliedUP launched operations in 2022, there were many meetings among union staff and member leaders about the idea. “We looked at it like a whole ecosystem,” Criscitiello notes. “We thought that this was a perfect way to help health care workers, through a workers cooperative that was aligned with the union...And it would also be a growth strategy for the Union as well as advancing equity where workers could democratically govern their own business...This coop was something unions don’t do, but it was a very exciting idea.”

Supporting a coop launch was a risky step for SEIU-UHW because the idea of mobilizing resources, educating workers, getting legal affairs in order, and launching a worker-owned business would take serious time and resources, even before any of these (potential) coop owners were union members. Months, even years, of SEIU-UHW staff time would have to precede a serious coop launch. Consultations with securities attorneys, coop developer consultants, and tax experts would all cost substantial resources, running into the hundreds of thousands of dollars. It all came with inevitable risk and had to be deemed “worth the union’s time and resources,” Criscitiello recalls.

In the end, SEIU-UHW executive staff shared a vision of building an ecosystem of worker power, even beyond the union itself, so they agreed to a trial run by incubating and launching a small, licensed vocational nurses’ cooperative in 2017 called NursesCan. As Criscitiello describes it, the NursesCan cooperative “was sort of a proof of concept, both internally to socialize union leadership to the idea, and also to make sure it was viable.” The worker-owned vocational nurses cooperative partnered with a federally qualified health clinic to provide services, and several healthcare quality indicators at that facility began to improve.<sup>18</sup> Although this cooperative did not last for a long time due to the lack of hospital clients, this pilot project led SEIU-UHW to believe that something bigger was possible.

Another critical factor supporting the AlliedUP launch in 2021 was that SEIU- UHW had recently completed successful contract bargaining between Kaiser Permanente and tens of thousands of unionized Kaiser workers. As part of the negotiations, the Union managed to negotiate a sizable pot of money to support worker education and training for good healthcare career pathways, even for workers who were not part of the union. “This was very unusual,”

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<sup>18</sup> Coca, N. 2017. Nurses Join Forces With Labor Union to Launch Healthcare Platform Cooperative. Accessed at <https://www.shareable.net/nurses-join-forces-with-labor-union-to-launch-healthcare-platform-cooperative/>.

Criscitiello notes. “I don’t know of any other union that has a non-incumbent Education Fund.” Through this 501(c)3 education and training fund (which became Futuro Health), SEIU-UHW was able to establish training programs for medical assisting CNAs, respiratory technicians, phlebotomists, pharmacy technicians and related health care workers. Though the people entering those programs did not have to belong to the union, they naturally learned of the benefits of union-negotiated training programs like this. In addition, SEIU-UHW was able to use what Criscitiello calls “the organizing engine of the Union” to recruit union-friendly workers into these training programs. “We could have our union members go out to their friends and family and say, you know, ‘you’re fresh out of college...would you be interested in this education program that will get you a credential that will get you a good job.’” In this way, the training program became part of the broader worker empowerment ecosystem that SEIU-UHW was aiming for: it became a pathway for funneling credentialed workers into the new AlliedUP staffing agency, and these workers would be highly qualified, ready to work, and friendly to the message of worker control and unionization.

A final component breathing life into this worker empowerment ecosystem was the support of community leaders and philanthropic foundations. For example, the Irvine Foundation awarded AlliedUP \$750,000 over two years to help pay for services from supportive organizations. Several other foundations also stepped up with low-interest loans or outright multi-million-dollar grants to help sustain AlliedUP in its critical early stages. With this kind of support, AlliedUP was able to launch and sustain operations throughout 2021.

### **First Steps: Value-Aligned Leadership**

Confronting an industry largely made up of poorly paid and long-exploited women of color, AlliedUP says a core goal is “overcoming workforce inequalities across race, gender, age and sexual orientation.”<sup>19</sup> Similarly, one industry report summarized the aspirational goals of the coop: “through its combination of quality jobs, ongoing training opportunities, and cooperative ownership structure, AlliedUP expects to increase worker retention, improve patient outcomes, and raise living standards for thousands of women of color, including single parents, who dominate this workforce.”<sup>20</sup>

Ultimately, the success of the AlliedUP experiment depended on operating a revenue-generating business that could support good wages with benefits and growth opportunities for worker-owners. The union organizers helping to launch the coop realized that noble values would not be enough—the coop would also need hard-headed business skills. “And so we hired a CEO from the staffing industry,” SEIU-UHW’s Criscitiello noted, but one whose values aligned with the social equity mission of AlliedUP.

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<sup>19</sup> See Alliedup Website, <https://alliedup.com/about.html>.

<sup>20</sup> Alternative Staffing Alliance. 2021. AlliedUP combines quality staffing jobs with worker-ownership. Accessed at <https://www.altstaffing.org/news/alliedup-combines-quality-staffing-jobs-with-worker-ownership>.

Carey Carpineta, AlliedUP's CEO, was a skilled and experienced manager who came from the business world, but who was increasingly alienated from common practices of worker exploitation. She was an 18-year veteran of the staffing industry, where she won several industry awards as a top performer in client services, sales and operations growth. Carpineta also had leadership experience in the technology industry and with start-up organizations, raising seed capital and assisting with company public offerings.<sup>21</sup> Though a successful business manager, Carpineta noticed a common practice of employee exploitation so common in the temporary staffing industry. "I just wasn't satisfied with the level of pushback I was getting on equal pay for equal jobs," she remembers. "I was witnessing what amounted to a lack of equitable treatment in terms of pay, responsibilities, and promotions, specifically for Hispanic females who are giving their heart and soul to the business."

When AlliedUP recruited Carpineta for the CEO role, Carpineta immediately began a new initiative to create a new set of working values that support worker-owner culture.

One of my first initiatives was to create a set of core values and operating principles that supported a worker-first culture. AlliedUP's core values of Inclusivity Integrity, Empowerment, Accountability and Value (for all) sets the culture from the very first interview. Our Leadership team authored AlliedUP Operating Principles, which include

1) Do what you say you will do, 2) Treat everyone with courtesy, dignity and respect, and 3) Embrace and Incorporate radical honesty.

### **Putting Values Into Practice: Building a Cooperative Business**

From the start, AlliedUP set high goals for itself. The coop intended for all its healthcare jobs to pay above industry average and come with health care, vacation, and sick-pay benefits. AlliedUP also sought to offer free or low-cost training and education programs to all workers, so that they could build their healthcare credentials and climb career ladders. As entry-level workers became owners of the business over time, the hope was that they would also receive an equity stake in the business, so that they could earn annual dividends and build wealth in their patronage account.

Achieving such high-minded goals depends above all on robust business revenues, which ultimately depend on the ability of AlliedUP to break into the industry and win contracts from healthcare providers who are willing to partner with a staffing agency providing good wages and benefits to their employees. There are many larger and well-established staffing agencies, the AlliedUP Board Chair Rebecca Miller admits, "and we're a small company." In the end, Miller

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<sup>21</sup> Podcast.2022. E.P. 224-01-Transformational Employment Ecosystem. Interview with Alliedup CEO Carey Carpineta. See <https://www.spreaker.com/user/techzone/ep-224-01-transformational-employment-ec>.



says, our core challenge is can we win contracts and “can we stand up as a business? Can we really break through and have a real business here?”

To meet this challenge, AlliedUP has to focus on client development, which requires hiring professional staff and sales development teams dedicated to winning contracts from healthcare providers. To this end, AlliedUP has hired numerous administrative staff, such as a Vice-President of sales, who vigorously advertises AlliedUP opportunities both to potential workers and to healthcare hiring authorities, using traditional in-person outreach as well as developing a robust presence on social media like LinkedIn and Facebook. “We have to break into the business,” Rebecca Miller says, “so we just go to clients all the time. We go to hospitals, to their sales or workforce department, their recruiting department, and we say ‘Hey, use us right here.’ We always make the case that we are a high-road employer,” Miller notes. “We have great workers and pay them benefits....so you should hire us because we don’t exploit workers.”

By promising qualified, well-trained and highly engaged workers who are more likely to stay on due to the high wages and good benefits paid by AlliedUP, the coop is increasingly gaining employer clients. “They like our mission,” says Carpineta. “They love the benefits of retention that we’re experiencing with our workers...[Our workers] are staying on, whereas turnover in the traditional staffing business can easily reach 50%, monthly. But we’re experiencing just 10.7%, annually.” Through robust advertising, strategic marketing of their high-road employment model, and a record of dependable, quality employees, AlliedUP is placing more workers. In its first year of operations (2021-2022), the coop placed about 1,000 new workers, and it aims to hit 3,000 placements in the 2022-2023 cycle.<sup>22</sup>

AlliedUP also hopes that some of the seriously big employers like Kaiser will ultimately come to rely on their high-road staffing model, which is proven to produce better patient results. “I can tell you our competitors are paying attention” Carpineta maintains. “We get calls from some of their employees, asking about what it would take to come over to you and not work here, saying that ‘we think what you are doing is great.’” As a sign of their growth, the AlliedUP Facebook feed is constantly filled with ads for registered nurses (RNs), medical lab technicians, licensed vocational nurses (LVNs), and more. Ads promise “competitive, above-market wages,” “100% paid medical, dental and vision,” “Vacation, Sickness and Personal Time Off,” “Free or Low-Cost Upskilling Opportunities,” and “Company ownership with annual profit dividend payments.” With these kinds of good jobs, Carpineta describes how more of AlliedUP workers “are giving referrals to other workers themselves....And then we also have a larger community of graduates, referring people they know to enter our workforce.”

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<sup>22</sup> Political Cortadito. 2022. New Approach To Growing Healthcare Worker Crisis Offers Opportunities For Hispanic And Blacks Workers In California & Nationwide. Accessed at <https://www.politicalcortadito.com/noticias-newswire/?l=alliedup-opportunities-for-latin-workers>.

## Developing a Culture of Worker Ownership

AlliedUP has a dual mission to serve not only as a profitable, revenue-generating business with good wages, but also as an enduring agent of worker empowerment, providing democratic decision-making to its worker-owners and an organizational structure that will protect workers' rights over the long run. To achieve this worker empowerment goal, a key element of AlliedUP's success has been the role of an organized union, which has been involved from the very start of AlliedUP's work.

Ensuring worker advocacy and ownership was embedded in AlliedUP from the start, SEIU-UHW organizers played a key role in establishing a "workers' culture" committee as part of the organization's early governance structure, even before a unionization campaign started at AlliedUP. The point of the committee was to develop a better understanding of cooperative principles, worker leadership skills, and a better understanding of the possible role of unions in the workplace. "Some people who have never been in the Union don't understand the benefits immediately," Carpineta notes. "Some people who have never been in a coop don't even know what a coop is. So we're really starting the very entry-level conversation on both of those things...Helping them understand the benefit of being a worker-owner, helping them understand how they are eligible for a union."

Other discussions in this workers' culture committee focus on issues like anti-racism, and how AlliedUP can develop an anti-oppression culture across the organization. These discussions directly inform how the coop conducts targeted outreach and affirmatively markets its job training and worker management opportunities to Latina and Black communities that are so dominant in the industry.<sup>23</sup> "How do we make sure that our workers of all races feel like they have a safe voice or a safe place at the table where their voice can be heard?" Carpineta asks. A regular workers' culture committee helps make that happen and lays the groundwork for inclusive worker governance. Carpineta describes her excitement that AlliedUP workers who have benefitted from that committee, especially women of color, "are thrilled to actually be making decisions and will soon be serving as the majority of the Board of Directors."<sup>24</sup>

As Carpineta describes it, the workers' culture committee was important to develop basic worker-ownership skills, "but really I think it's so much more than that. It's about what are the roles and responsibilities of worker-owners? What does democratic governance look like? What does a voice at the table look like? And what are good ways that you can grow confidence to express your voice?" This kind of worker education and leadership development has helped prepare workers for full worker-ownership and majority control of the Board of Directors as

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<sup>23</sup> Herrera, M. 2022. New job opportunities for Hispanic communities in the health sector. *Al Dia*, May 16. Accessed at <https://aldianews.com/en/leadership/advocacy/job-opportunities-latins>.

<sup>24</sup> Podcast.2022. E.P. 224-01-Transformational Employment Ecosystem. Interview with Alliedup CEO Carey Carpineta. See <https://www.spreaker.com/user/techzone/ep-224-01-transformational-employment-ec>.

AlliedUP matures, and helps workers stay focused on a mission of workplace equity and inclusivity, even as workers become revenue-seeking business owners.

In addition to supporting the coop's workers' culture committee, SEIU-UHW offers its own regular trainings to workers, focusing on leadership development, healthcare skills training, or the nature of workplace rights like collective bargaining. AlliedUP's first Board Chair, Rebecca Miller, described how these union "training pods" are popular with workers who might be between jobs, as they can access a "career ladder" to improve their healthcare training and credentials. "Like we have one worker who is a medical assistant and now through the union, she's going to school to become a Licensed Practical Nurse," Miller explains.

All of this training and education helps prepare workers to become full owners of their AlliedUP coop, including serving as a majority of the Board of Directors, which is required in coop bylaws. Another step towards becoming a full worker-owner is that any worker has to work 350 hours in a year, in their healthcare job classification, to become eligible to join AlliedUP as a full worker-owner. The equity buy-in required of such a candidate is set at a low level of \$250, but even this amount can be waived for struggling workers, or paid in five installments. To ensure candidates know what they are getting into, cooperative staff and existing worker-owners organize intake meetings. "We set up a call with the potential worker-owners and have discussions about what it means to be worker owners," Carpineta notes. "They're provided with a membership agreement and if they're interested, they need to sign it... We want to make this as inclusive as possible, but we [also] want to stabilize all worker-owners [by making sure new owners really are committed to staying]."

Taking this step and becoming a worker-owner expands possibilities for long-term wealth-building as every worker-owner gains a patronage account into which annual dividends (when available) can be paid from the profits of the business. But because organizational profits and possible annual dividends will expectedly be thin in AlliedUP's early years, the real benefit of worker-ownership at this point is less financial and more about acting upon one's ideological commitment to the worker-owner concept, as well as gaining a voice in worker governance. "There's no equity right now," Board Chair Miller admits. "It's just so early. But they will get to vote on the Board, and have access to budget documents, [so] there are benefits."

AlliedUP has been in operation for just more than a year and the number of active worker-owners has fluctuated between 40 and 60. The initial Board was set up by AlliedUP's founding principals and included union retirees and an appointed Chair with a long labor movement history. But as AlliedUP workers have met the requirements to become worker-owners, the Board will be converting to elected membership, with the first election scheduled for November 2023 (this newly elected worker-majority board will be installed in January 2024). This elected Board will then be responsible for hiring and overseeing the work of coop managers, such as the company CEO and all her administrative staff.

## **Worker-Owned and Union-Friendly**

AlliedUP is not only worker-owned, and soon to be wholly worker-governed (through its elected board), but it is also a union shop, operating under a collective bargaining agreement negotiated between AlliedUP's hired management and workers' representatives with the SEIU-UHW Union. AlliedUP couldn't be unionized from the very start, partly because the Union cannot legally act as a key business incubator while at the same time seeking to be the union representative of workers at the new business. As AlliedUP began to launch, therefore, the union had to step back from management and hiring processes and give the new business room to grow. Also, there simply were no workers to unionize until AlliedUP stabilized and had a regular workforce. But once the coop had a stable set of regular workers, SEIU-UHW was allowed to engage these workers with a unionization campaign, and to hold a union election.

"After the workers dropped cards and unionized, they were recognized by the coop as being in a union," Criscitiello notes. "After that, it was like a regular collective bargaining process." The management team of AlliedUP was represented by their hospital division director, who hired a labor attorney to help negotiate. On the union side, there were staff from SEIU-UHW and also a bargaining committee of workers, just like standard union negotiations. There were about five bargaining sessions held over Zoom, with drafts of proposals sent back and forth between workers and management. There were difficult discussions regarding exactly how much the coop could afford (e.g., could it afford full family health coverage for dependents? Could there be a pay bonus for bilingual workers?), but because management was on board with the idea of union representation, Criscitiello remembers that things weren't contentious, everything was very transparent, and "it was very collaborative."

In the infancy of AlliedUP, this first collective bargaining agreement was fairly basic. The contract was kept short (18 months) and focused on the fundamentals: job security, good wages, health care benefits and establishing a labor-management partnership to handle future workplace relations. The key issue of wages was resolved by benchmarking Allied wages to Kaiser Permanente wages in Southern California, which is the second highest paying health care provider in the state, and pays far above the national average. As an example of how meaningful this wage benchmarking can be in improving workers' income, Carpineta shares the example of one medical assistant who had originally come to AlliedUP to earn \$20 an hour instead of the \$17.50 she was earning from other staffing agencies. But after successful union negotiations, this AlliedUP worker immediately found her Kaiser-benchmarked pay increased to \$33 an hour: "a 64% increase just by entering into the collective bargaining agreement." The agreement also established robust health, vision, and dental care benefits for all employees. However, these first-year labor negotiations were unable to secure full health care benefits for family members of employees, or win a wage differential for bilingual speakers, or establish a retirement plan for employees. AlliedUP is a new business with limited resources, and such goals became financially out of reach for the time being.

Even though workers themselves are the owners of their coop, and value-aligned staff is hired to manage it, the existence of a collective bargaining agreement provides a structured way to keep AlliedUP true to its worker empowerment commitments, even when facing standard business challenges. AlliedUP's CEO Carpineta admits that sometimes the coop faces business challenges when clients don't want to pay high wages. She describes how managers can be "100% on board with union scale wages, right up until the clients push back and say 'but we're not going to give you the business if we have to pay those sort of bill rates.'" In that moment, the pressure can be great to accept a lower wage in order to help the business thrive. But "because we have a collective bargaining agreement in place, there's no need to [even consider] lower wages. So when we bump up against the agreement, we know we are still doing the right thing because it's always there to remind us."

If a client argues that they won't pay that bill rate, the collective bargaining agreement makes it clear that the only choice for AlliedUP management is either to turn down the client, or to take the lower billing rate in the interest of generating business revenue and jobs. But in that case, AlliedUP must still pay the worker the full benchmarked wage, paying the difference between that wage and the client's bill rate out of company operating expenses or profits. Paying the wage differential out of other business accounts could be a reasonable business decision for the coop, but by a collective agreement, the hit can not come out of an individual worker's wages. In this way, the collective bargaining agreement protects workers' interests and helps keep even a worker-owned business true to its high-minded values.

As with standard collective bargaining agreements, AlliedUP's agreement also establishes a Labor-Management Committee, which Criscitiello says provides workers and their hired managers with a "structured venue for routine meetings, making sure things like worker safety or other concerns are getting raised properly and heard." This committee has equal representatives from coop management and from workers, who are selected by their peers to represent labor on the committee. This labor-management partnership allows workers a regular, structured voice in ongoing business concerns, and also helps workers to learn the day-to-day challenges of managing a business.

## **Lessons Learned**

One key lesson of the AlliedUP story regards the role of visionary risk-taking by SEIU-UHW. Launching a worker cooperative of this scale is a heavy lift in terms of financial and staff investment. It is a tricky challenge for union leaders to support non-unionized workers taking on a risky enterprise, and it requires what Criscitiello calls "a specific mindset and a risk tolerance to be able to take on a new organization like this...the executive board of the union has to say 'yeah, this is a priority, so let's invest in it and allocate some of our organizing money or whatever resources towards this.'"

A second lesson is that when unions take on this kind of risky leadership, it has the potential to revitalize a struggling labor movement. Union density continues to shrink, but there is growing interest in building a broader community ecosystem that can support worker empowerment

through innovative partnerships between worker cooperatives, local foundations, educators, officials, unions and large employers like healthcare centers. SEIU-UHW recognized this interest in broader “social unionism” or worker-friendly ecosystems and maximized the opportunity by launching the AlliedUP project. “We have to be smart and innovative because the traditional organizing situation is not working,” Criscitiello argues. “It hasn’t been working for twenty years. We’re shrinking....So, we need to have partnerships with employers and figure it out. I think the coop is a very innovative way to think about how to grow unions and also take away the pressure from the employer to have to fight the union.”

A third lesson is that these union-coop relationships can work, and workers can gain deep fulfillment in becoming hard-headed business owners while still standing up for high-road employment practices. Workers at AlliedUP earn industry-leading wages and benefits, and enjoy career ladders and workplace democracy, even as the business grows and remains profitable. Providing worker-owners with multiple opportunities to engage and manage a business in labor-friendly ways (e.g., through collective bargaining, the Board of Directors, the Workers’ Culture Committee, and the Labor-Management Committee) can help develop what Carpineta calls “pride and ownership in the idea of a coop.” Carpineta describes how “we have workers who have been offered full-time positions with our clients where they are working on an assignment, but because they have amazing pay with us, and full medical...and are involved in the decision-making process, they are declining positions that in the past would have meant everything to them, in order to keep a position through us that offers better than what they were being offered.”

Yvette Romero, a medical assistant with a LA health center is one of those workers. “I love working with AlliedUP,” Romero says. “In fact, I have had other opportunities to leave my current job but have stayed. Basically, the private practices do not provide the same opportunities as I have now. It’s very flexible and has a lot of opportunities to learn a lot more so I can make a better living. There are also benefits in this job, which I would not have at the private practice.”<sup>25</sup> David Ngo, a registered nurse, agrees. “I am so grateful to be on the AlliedUP team. It’s a refreshing, new approach to working in healthcare, and the caring culture really sold me. Because of the union-scale pay, full benefits, education, and an online support community, I have referred several of my travel-nurse friends who are joining the team too.”<sup>26</sup>

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<sup>25</sup> Political Cortadito. 2022. New Approach To Growing Healthcare Worker Crisis Offers Opportunities For Hispanic And Blacks Workers In California & Nationwide. Accessed at

<https://www.politicalcortadito.com/noticias-newswire/?l=alliedup-opportunities-for-latin-workers>.

<sup>26</sup> PRNewswire. 2022. Alliedup Offers New Approach to Growing Healthcare Worker Crisis in California & Nationwide. Accessed at <https://www.prnewswire.com/news-releases/alliedup-offers-new-approach-to-growing-healthcare-worker-crisis-in-california--nationwide-301512862.html>.

AlliedUP is taking the high road to build the right kind of healthcare business that can take care of its workers. And as AlliedUP's Board Chair Rebecca Miller rightly reminds us, taking care of caregivers is ultimately taking care of ourselves.

How do you provide good quality patient care? I think the core of that is having worker empowerment around their job and [society] taking care of health care workers. Really take care of people. The stronger they are economically and the stronger they are with their ability to control their work, the better health care they will provide. And I think the coop and the union offer us a way to get there.

<b>AlliedUP: Portrait of a Worker-Owned Healthcare Staffing Cooperative</b>			
<b>Description</b>	<b>Timeline</b>	<b>Vital Statistics (approx)</b>	<b>Path to Worker-Owner</b>
<p>AlliedUP is a worker cooperative that provides healthcare professionals to hospitals and healthcare systems.</p> <p>AlliedUP’s healthcare workers are employed by the coop itself, and receive with good wages, robust worker benefits, and opportunities to become worker-owners with an equity stake in the coop.</p> <p>Healthcare providers partner with AlliedUP when they need temporary medical staff, paying a ticket to AlliedUP, which then pays the wages of dispatched healthcare workers, who remain employees of AlliedUP.</p>	<p>Several years of planning and development work preceded 2021 launch</p> <p>United Health Workers West (UHW) Union played a key early role, conducting research and arranging consultants, attorneys, CPAs, etc. to develop the concept.</p> <p>In 2017, UHW helped launch NursesCan, a small cooperative of licensed vocational nurses, to test whether a larger healthcare staffing coop was viable.</p> <p>In 2021, AlliedUP launched as a for-profit worker-owned coop under California law</p>	<p>40-60 active worker worker-owners (2022)</p> <p>1000 job placements in 2021-22, the goal of 3000 placements in 2022-23</p> <p>20 full-time admin. staff (CEO, director of hospital division, VP of sales, etc.)</p> <p>Operating Budget approx. \$2.2 million (2022), on revenues of \$10 million</p> <p>Key early support: \$750,000 from Irvine Foundation &amp; several million in grants and low-interest loans from other foundation funders</p>	<p>Become an employee of AlliedUP, who dispatches workers to healthcare providers</p> <p>After 350 hours in one’s job classification (e.g., as RN or lab tech), receive a “welcome letter” as a candidate for worker-owner; Participate in interviews &amp; education to learn about coop over a 90-day candidacy period</p> <p>Contribute \$250 in equity to become full worker-owner</p> <p>Retain status with 100 hours of work a year in job classification.</p>



<b>Benefits of Worker-Owner</b>	<b>Coop Governance</b>	<b>CBA</b>	<b>Education /Training</b>
<p>Able to participate in general governance of the coop</p> <p>Able to vote for members of the Board of Directors (and serve on the Board)</p> <p>Right to receive and review organizational information (e.g., the budget documents)</p> <p>Gain a patronage account and equity stake in the coop. Annual profits are distributed into individual worker-owner patronage accounts.</p>	<p>Registered as for-profit coop under CA law</p> <p>Initially, an appointed Board of Directors. Worker-owners have first vote for Board members in Nov. 2023; Bylaws stipulate a majority of board must be worker-owners; Board oversees admin. staff, such as CEO and division directors.</p> <p>Unionized workplace, represented by UHW and with a Collective Bargaining Agreement</p> <p>Labor-Management Committee is a venue for joint discussion of issues/ opportunities.</p>	<p>A Collective Bargaining Agreement (CBA) was negotiated with United Health Workers Union.</p> <p>The first CBA is for 18 months.</p> <p>CBA benchmarks wages to Kaiser Permanente union-negotiated wages in Southern California, which are the second highest health care provider wages in the state, far above the national average.</p> <p>CBA provides robust employee benefits, including health, dental and vision care, paid vacation/sick time.</p> <p>Labor-Management committee established</p>	<p>Coop partners for regular worker education &amp; training through partnership with Futuro Health, which provides free or low-cost training and credentials to healthcare workers.</p> <p>UHW union partnership makes leadership development, political education, and other union training programs available.</p> <p>“Workers Culture” committee within coop meets regularly to allow workers to explore coop and union principles, business management skills, etc.</p>