

Prosper the Work of Our Hands

How to Make Sustainable Economics a Living Reality



**Congregational Study Guide and Tool Kit for
building worker owned businesses in your community**



California Council of Churches in alliance with
1worker1vote.org
National Union Worker Cooperative Movement
4044 Pasadena Avenue
Sacramento CA 95821
916-488-7300
sholes@calchurches.org

Contemporary Christians within the social justice tradition give great weight to “Sabbath economics”.

We have worked for greater equality for all, for fair practices within our society and within our economy to eradicate want. Yet with all our call for fair treatment of those who labor for us all, inequality is increasing throughout our nation.

In California, we were shocked to learn that by the best measures we can employ, the state had the highest rate of poverty anywhere, outstripping those we think of as poor. (*Sacramento Bee 10/16/2014*) With Silicon Valley in the North and Hollywood in the South plus one of the nation’s most fertile farming regions, with a manufacturing sector second to none, Californians have assumed we are wealthy. That is true of our state. It is not true for vast numbers who live here.

Solutions pour forth – raising the minimum wage;; improve education and training to improve job skills; increasing the social safety net; increase taxes on corporations to enlarge government funding for those programs; increase private charitable work.

All of these are important. None of them addresses the fundamental issues of growing inequality.

- Raising the minimum wage will unquestionably lift the bottom and increase consumption that in turn increases production and the numbers of jobs.
- Improving education and training will prepare those with few skills for better jobs
- Raising taxes on wealthy corporations can finance the social safety net programs that keep people from dire want.
- Charitable work can offer help to those not getting assistance from government or employment.

At the heart of the matter, however, these solutions do not offer, alone or together, what we seek: **sustainable self-sufficiency for all people.**



Charity and Justice; Uncertainty and Reliability

Churches are the fount of **charity**. We operate soup kitchens, homeless shelters, free clinics, clothing closets, and all manner of services to our neighbors in need. Charity, however, is volitional – it ebbs and flows based on the available resources. Every holiday we hear of an insufficient supply of food for Thanksgiving or Christmas dinners. We see food pantries emptied when more and more people are going hungry. We close services when our funding dries up. It's the nature of charity that it relies on goodwill or capacity to operate.

It also serves to help individuals, it is meant for short-term care, and it does not tackle the root causes of the problem.

There was a village on a river that lived in some security and lack of want. One day, however, villagers began seeing people in the river who were in distress. They rushed into the water and pulled the people to safety and cared for them. But the people in the river kept coming and coming, and soon the resources of the village were strained. As the elders gathered to talk about what to do and how to extend the care, one person said, "Why don't we go upriver, see what is happening, and stop it?"

Justice is the "upriver" concern. It finds the root causes of problems and works to solve the crisis or the injustice. This approach deals with whole systems and large populations. It is analytic even within its compassion. It addresses fundamental inequalities and injustice. It engages us within the civic culture as well as within our faith communities.

For Christians, the concept of charity and justice has been characterized as the "Two Feet of a Christian", one foot for charity to bind the immediate wounds, the other foot for justice to eliminate the problem. Both feet are needed to walk in faith.

Making real change

This is where changes in education and training, expansion of the safety net, and tax issues lie. Many congregations already engage in "speaking truth to power" as they educate policy makers and opinion leaders on the need for permanent solutions. We can and must advocate for raising the minimum wage so that full time work does not result in persistent poverty. We can tax corporations more and individuals at the socio-economic bottom less, and we can keep the universal safety net – food stamps, unemployment insurance, CalWORKs for moving families from poverty – but these programs do not tackle the 'upstream problem' that is the center of the inequality:

They do not change who makes decisions about what is produced, where it is produced, how – above the minimum – people are paid for the wealth they create.

In a capitalist society such as ours, those choices are only in the hands of business owners; working people are legally forbidden to even bargain on them. No union may challenge, through a strike or collective bargaining, the decisions of a company to close, to relocate, to lay off workers, to hire immigrants at lower wages, to pay a fraction of what they once did in a new location.

After the slowdown of our economy in the 1970s, corporations looked for cost savings. The first step was turning labor – work – into a commodity to be traded as if it were a disposable good. People as human beings did not come into the calculation, and eliminating unions wherever possible as expressions of worker humanity and rights was a major goal for reducing labor costs. Even today outsourcing to low wage nations or other labor cost cuts is a primary calculation for the 'bottom line' never mind its impact on people, communities, the nation.

Another strategy was finding high-profit investments. Manufacturing and similar endeavors is not historically high return. Thus entire corporations changed their mission. Companies that once made steel now trade securities. Because of tax laws benefiting those going out of business by allowing accelerated depreciation and return of tax free cash, companies shutter plants casting thousands of people adrift so the corporation can take this federal tax credit that pays them millions. This is fine with investors and creditors where a fat bottom line, however flimsy, is the short-term goal. Even when making significant profit, most is

directed to upper management and not to those who actually produced the goods and services generating the wealth.

None of that is open to worker bargaining, to government action, to remedies from any quarter other than within the company's management decision making.

The choices made include 'hollowing' the corporation so it no longer makes much of anything but exists to shuffle stocks, bonds, paper instruments.

When in the 1970s Bethlehem Steel made this type of movement away from steel production to investment trading and to shutting down plants to obtain government cash from the artificial 'depreciation', the entire nature of the business was altered. Tens of thousands of people lost jobs when the still-profitable Lackawanna plant south of Buffalo, NY was closed in 1983. Bethlehem received over \$900,000,000 from the government for the shutdown. The men and women of the plant got unemployment. One former steelworker said of the 1970s transition, "That was when Bethlehem stopped making steel and started making money." He did not mean it finally was profitable but that they no longer were interested in production, only in manipulating the books. They became the ultimate 'hollow corporation' with little core production and lots of paper shuffling while pretending they were making a profit. Killing the goose that had laid a century's worth of golden eggs, the nation's second largest steel producer dissolved as a company in 2003. No one who worked there has a pension or health insurance. They were sacrificed to the short-term bottom line.



As more and more companies move out of the United States or 'hollow' their operations, the opportunity for middle class, living wage jobs decreases. Those entry level, learn-and-earn types of jobs are few in number, and those that replace them are either low wage service jobs or a small number of highly skilled positions that cannot employ everyone. There is little incentive in traditional capitalism for returning basic manufacturing since the returns on investment are lower than in other sectors. These decisions have left the nation importing what we once made, often at lower price, yes – but also at lower quality and without the participation of working people. That in turn reduces consumption, and the economy stagnates.

Even educating lower skill people in the hope they will fill more skilled, high-tech, higher-wage positions is therefore a dubious strategy. We need those jobs and skills, but they will employ far too few people to make a difference overall.

In 2005 the Public Policy Institute of California published its twenty-year projection, *CA2025: It's Your Choice*. Asking the question, "What Kind of California Do You Want?" their research made clear that proceeding as the state now is, there will be a huge disconnect between what kinds of jobs are needed and the populations available to fill them. PPIC wrote:

One of the most threatening trends is the potential mismatch between the education requirements of the new economy and the amount of education its future population is likely to have.

The labor force demand is projected to be for jobs requiring some or much college education or at least advanced technical training, while the labor supply for those positions will not have sufficient education and training.

Clearly this calls for massive investment in the kinds of educational opportunities and workforce development planning that will move undereducated people into improved training and opportunities to fill those positions. Federal programs such as NOVA are already working to make sure that all California youth have access to improvements in skills and opportunities that will give them access to superior jobs. It will be incumbent on citizens as a policy matter to make sure educational opportunities expand and serve this need.

The other part of the coming crisis, however, is that this state, like the nation, has an “hour glass” economy with some well-paid highly skilled jobs at the top, many low-wage, low skill jobs at the bottom, but a vanishing middle. The loss can be attributed to the demise of manufacturing and related positions where unskilled people could earn as they learn, building their skills and income as they worked. Those are the jobs that will remain in short supply. PPIC notes that job growth will largely be in lower wage service sector while manufacturing will continue to decline by an additional 25% by 2025.

Also in 2005 the Bay Area Economic Forum published their own economic forecast, *One Million Jobs at Risk: The Future of Manufacturing In California*. The report focused on the loss of those traditional middle and high-wage manufacturing jobs that had employed millions. This is the same population reflected in *CA2025*, those whose educational achievement was at or below college level. BAEF reinforced the PPIC study showing that manufacturing was departing from California just as those types of jobs had disappeared from the Midwest and Northeast three decades earlier.

Both reports offered the same conclusions about employment:

- The state will need more skilled labor to fill coming high tech demand.
- California can more easily fill the demand with educated and trained people than we can currently find jobs for the majority who will never, no matter how well trained or educated, find jobs equal to that education.
- Wage stagnation, a national problem, is part of the state’s difficulty as well. Economic self sufficiency is less and less possible as median individual wages fail to match productivity growth and profitability strength of the firms. The rational calculation by owners and managers to keep wages low collides with the need for the state to have self sufficient individuals and families.

This trend paves the way for California to have a permanent underclass that will remain at risk in every economic downturn and left out of every economic improvement.

This is a recipe for massive economic dependence, political disillusion, community instability, and family disintegration.

It is past time to find a new strategy that can provide us with sustainable, self-sufficient jobs. We can make a moral and political assessment that cheap goods from elsewhere and low-wage work everywhere is unhealthy for our economy. We can also make a moral and political assessment that stable jobs, stable businesses, and strong communities with self-sufficient families is our primary social good.

The question is – how can we do this?



BUILDING A MORAL ECONOMY

Within Christianity, cooperative principles are a foundational way of organizing. From Old Testament to New, the drive for economic justice directs us to attend to the needs of all people. The laws and directives of life in a secular society are clear – you cannot be for yourself alone. You must consider the well being of all. The economic laws of Deuteronomy were precise: you must leave the ‘first fruits’ of your production for the poor, must allow gleaning and other access to your harvest for others with inadequate resources. You need to practice Jubilee if you are well to do by forgiving debts, and you cannot hoard your wealth keeping others from survival.

This is not charity because it is required of us. It is not up to our choice. It is a mandate. To do what is just.

The rights of working people are set down as well. In *Malachi 3:5* the prophecy is laid for the coming of the messenger who will judge the evil from the good. Judgment will fall against

...those who oppress the hired workers in their wages; the widow and the orphan; against those who thrust aside the alien...

Throughout scripture the value of work and those who perform it are affirmed:

You shall not withhold the wages of poor and needy laborers, whether other Israelites or aliens who reside in one of your towns. You shall pay them their wages daily before sunset, because they are poor and their livelihood depends on them, otherwise they might cry to the Lord against you, and you would incur guilt. (Deuteronomy 24: 14-15)

Let the favor of the Lord our God be upon us and prosper for us the work of our hands – O prosper the work of our hands! (Psalms 90:17)

Woe to him...who builds his house with corruption and his upper chambers with injustice, working his countrymen for nothing, refusing to give them their wages. (Jeremiah 22:13)

Now, to one who works, wages are not reckoned as a gift but as something due. (Romans 4:4)

Remain in the same house, eating and drinking whatever they provide, for the laborer deserves to be paid. Do not move from house to house. (Luke 10:7)

The laborer deserves to be paid. (1Timothy 5:18)

Contemporary corporatism seeking to move from country to country, to lower wages as much as possible, to remove sustenance from neighborhoods and nations, have changed our ideal of the Common Good into one of self interest that disregards others.

Democracy itself posited that one role of the government was preserving the ‘general welfare’. That secular ideal has been ignored in law as the quest for private profits over all other concerns. including the well being of labor, has pushed policies that undermine our national well being as well as working people’s stability.

There is very little likelihood that U.S. investors will ever again be drawn to rebuilding basic manufacturing or sectors that put labor ahead of profits. So we need to find an alternative that can provide sustainable self-sufficiency for the most people while contributing to the ‘general welfare’ in what they do.

Building a Cooperative Society

Government in America does not own businesses. Even if it did, the power of disengaged public corporatism might not make things much more secure. Absentee management can be equally out of touch whether it would be private corporations or large national systems. Political changes would shore up or tear down those units of production based on partisan views, ideological perspectives. They would not be any more stable than are private endeavors. Government works best setting broad goals and objectives for the nation, not in micro-managing day to day operations. If government owns businesses, working men and women could be as easily sacrificed to a shifting set of goals as would occur under private ownership.

We extol the creativity and drive of ownership. The capacity for people to determine their best courses of action lies largely with those who know how to produce and deliver goods and services, who can make rational judgments about what they need to do and how to organize their own work, and how to minimize the impacts of outside forces on the product, process, and environment around them and with which they work.

Are there precedents for us as people of faith to create a cooperative society? Indeed there are.

Life being what it was, inequality within society existed in Biblical times. Jesus challenged the privileges of the elite thus engendering their wrath. His vision, utterly new in his culture, was of a cooperative society in which everyone shared what they had with everyone else. As author Andrew McLeod notes in his excellent book, *Holy Cooperation!* the disciples and early Christians existed within this cooperative mode of economic organization, and they knew no poverty as a result.

The directives for developing a societal cooperative in very early Christian society are laid down in the book of *Acts*. Sharing – not giving up or giving over everything but taking and giving together – became the fundamental mode of their universal sustenance. You thereby benefited from your own work as well as that of others.

The presumption of the rights of owning the benefits of your labor and of cooperation among working people lie in earlier texts as well.

You shall eat the fruit of the labor of your hands, you shall be happy, and it shall go well with you.
(Psalm 128:2)

Iron sharpens iron, and person sharpens another. (Proverbs 27:17)

Contemporary faith principles on the right of working people to come together in their own best interests is affirmed in many denominations and religions. All major Protestant denominations as well as the Roman Catholic Church and the Central Conference of American Rabbis, declare and find that within a democracy working men and women have the right to protect themselves, their income levels, their benefits, and working conditions through collective bargaining on the basis of equality with owners.

Free collective bargaining has proved its value in our free society whenever the parties engaged in collective bargaining have acted in good faith to reach equitable and moral solutions of problems dealing with wages and working conditions...To declare strikes illegal would be to deprive workers of their right to collective action and, even more seriously, would place in the hands of government the power to force workers to remain on the job."

Discipline of the Christian Methodist Episcopal Church, 1982

With these rights of people to come together in exercise of their own well being an affirmation of faith as well as democratic presumptions of equality, there remains, in secular law, the lingering problem of powerlessness over the sustainability of the enterprise for which these laboring people work.

What, then, can we do?

Employee ownership is a time-honored strategy providing the foundational base for working people's self direction and self sufficiency. It has its roots in "mutual societies", in Black community strategies following Emancipation, and in 'intentional communities' such as New Lanark in England that sought a refuge from the 'dark, Satanic mills' of industrializing Britain. It is a concept emerging from both secular societies of guilds to the communal arrangements of the early Christians so well describe in *Acts*.

Employee-owned businesses are among the most stable and profitable that we have in contemporary society. In capitalist business, it is capital itself – making money – that is the reason the entire business operates. Labor is a disposable and moveable commodity bought and sold just as any supply would be.

Worker-owned businesses change that set of values.

One form is the Employee Stock Option Plans (ESOPs) that in the United States today account for over 12,000 workplaces, small and very large. These function on shares – votes are the same as in conventional stock ownership with the sole difference that it is the employees, not outside investors, that can hold majority control and direct the course of the firm. That changes the short and long-term planning objectives since employees can decide whether or not to persist in operating where a profit-directed absentee investor may not choose that outcome.

Cooperatives operate in similar form but with far greater control by the employees. From the top management to the maintenance staff, it is 'one person, one vote'. Workers are almost always the whole body of owners. They may choose how to organize their own work, workplace, rates of pay, differentials between the top management and the lower levels of operating staff. The crux of the entire operation is making labor the central focus, and capital is only an instrument to the well being of labor. It has no value other than to enhance the work of the people who own the company who are the people who create the value produced there.

The most successful contemporary worker cooperative is the Mondragon Cooperative Corporation based in Arrasate, Spain. Part of the Basque region, Mondragon CC grew out of the economic hardships that plagued the region after the Spanish Civil War of the 1930s. Founded in 1943 by Fr. Jose Marie Arizmendiarieta, today the corporation has 80,000 worker owners with manufacturing, retail, insurance, banking, and even university operations. It maintains a presence in 70 countries and, during the height of Spain's massive recession with 25% or better unemployment, has had a 1% unemployment with those displaced workers kept on 80% of their income as they redeployed to other Mondragon facilities.

The Mondragon Principles include: open admission to all people; democratic organization; the sovereignty of labor; the subordination and instrumental nature of capital; participation in management; wage solidarity; inter-cooperation among coops; social transformation; universality; education. Even their university, now partnering with U.S. universities to create an MBA in cooperative management, is itself cooperatively owned by the students, faculty, and staff. Decisions are not made at the top; innovations and change have to be 'sold' to all concerned, and every worker owner gets to vote on these decisions. It is a full and fair practice.

In March 2012 Mondragon, the United Steelworkers of America, and the Ohio Employee Ownership Center at Kent State signed an historic agreement to develop union cooperatives in the United States. The role of the union would be as part of the Worker Council function that is central to solving disagreements, representing any individual in disputes, bringing networking resources to the support of the union coop including offering access to pension plans and other institutional benefits since all worker owners would also be union members. Unions help obtain required certification such as food handling certificates, licenses, quality control standards, etc.

Worker ownership:

Begins a race to the top

Creates family sustaining jobs

Pathways out of poverty

- o With benefits, education, career advancement

Instills & earns broad-based meaningful equity

- o Jobs stay in the community
- o Profits circulate locally
- o Worker owners build individual & collective wealth

Thriving communities

- o Competitive antidote to command & control developing economies with 10% of U.S. labor costs featuring degraded health & environmental conditions – off-sets global labor arbitraging

An economy that works for all

Individual worker ownership equity is the virtuous capitalism currency of choice

Worker ownership is an American ideal. Fusing ownership and work is an economic practice that eliminates labor as a cost and transforms it into an asset since those who produce the wealth are those that reap the income from it. It makes traditional businesses such as basic and capital good manufacturing viable by eliminating outside absentee shareholders who must be paid dividends. Instead they go to labor that creates the wealth and who can decide democratically to continue operating at a break-even point or even a loss if there are economic downturns.

Worker cooperatives are able to take a long-term perspective since their existence is to support the stability of the worker owners, families, communities, their state and nation.

Non-union worker cooperatives

Smaller cooperatives such as those created by Prospera, formerly known as WAGES, or CCCD, the California Center on Cooperative Development, often are viable without union engagement. Where work is largely the same with little diversification and few people, they can flourish.

Prospera has created several ‘green’ housecleaning coops in the East Bay area of Northern CA. They are adding food service and *paleta* cooperatives. *Paletas* are fruit ice popsicles for which “crowd funding” from individuals was obtained. CCCD has promoted several excellent coops and are working on reviving a café in Richmond with local worker owners.

These cooperatives work on precisely the same workplace democracy strategies as do union cooperatives and may, as work expands and diversifies with greater divisions of labor, become large and differentiated enough to make union affiliation a benefit.

These cooperatives have as few as two or three people to begin but they can be larger, diverse, and very functional.



What is the role of the faith community - and how do we begin?

The role of the faith community can be as a supporter, potentially as a non-profit resource for obtaining grant funding for initial steps, and as part of the ‘Communities of Practice’ that build coalitions, speak to public officials and opinion leaders. Congregations are among the best resources for outreach to diverse populations, bringing together people of faith, low wage workers, communities of color, immigrants and immigrant rights groups, unions, and public officials including community colleges, universities, workforce investment boards, etc.

Case study: The Green Broom Brigade Housecleaning Coop

In Lompoc, CA, Valley of the Flowers United Church of Christ opened its doors and gave support to several immigrant women who were living on the margins of poverty. They created the “Green Broom Coop” housecleaning service in which the women tested and used non-toxic housecleaning products. In less than one year, several of the women moved from poverty to home ownership since rather than working for minimum wage, they owned the business and shared the profits. Valley of the Flowers provided meeting space, support for the endeavor, helped draft feasibility studies, found funding, helped draw up business plans and learned the tax, lending, and business licensing rules. Then several members of the church became the first customers!



Case Study: Cincinnati Union Cooperative Initiative

In Cincinnati, OH the interfaith community was part of the support system for what is now seven operating and developing union cooperatives. Meeting every night from 9 to midnight five days a week, the members of the group were immigrants, faith people, union members – and the results were astonishing and rapid. The Our Harvest union coop with the United Food and Commercial Workers, is a food production, and retail operation has been open and employing several underemployed people with the goal of hiring 200 men and women whose lives have and will be transformed by this model. Other coops include jewelry making engaging currently unemployed homeless women all the way to a railroad repair facility to replace one abandoned by US manufacturers. This would be done in conjunction with both the USW and Mondragon’s location of an operation in Cincinnati.



How to begin is by assessing your community and its resources and its needs.

1. **“Succession Planning.”** This can occur where there are no other plans for inheritance or partner ownership to keep the firm running. These are usually smaller businesses that might otherwise be sold or even torn down putting employees out of work upon the retirement or death of the owner. Succession planning is the transfer of ownership from the existing owner to the employees in some form – ESOP or cooperative. There are significant tax benefits to the existing owner for this specific transfer that can help his or her own future, estate, etc.

2. **Preventing shut-downs.** Planning for a cooperative is not a ‘rapid response’ strategy since it can take upwards of a year to create a successful going concern. One good step prior to any action is to do a ‘windshield survey’ of businesses and factories that appear to be in difficulty.

Contacting local owners or managers to see if they might be interested in transferring the business to the employees is essential. Contact any existing union to introduce the ‘union cooperative’ idea to them as well.

Talk to local officials especially the city council or county supervisor in whose district the ailing business may reside. Determine if the business is in arrears on taxes or other issues. Find out if there are environmental issues future owners may have to tackle. Determine if the business was given tax breaks, incentives, funding and whether they fulfilled the promises made for those benefits.

See if you can determine whether the current owners are taking a tax write down with the federal government. This is not entirely proprietary information since it is a public declaration local officials should help you obtain. Then determine if that sum can be deducted from the businesses’ fair market value to be sold to the employees at the lowest rate. If the business is unwilling, determine if your area is engaging in ‘clawbacks’ – taking back the money that was given to the business for issues not fulfilled. That may also lower the price for sale of the property and business to the employees.

Work with the existing employees to determine if the business will have the necessary resources – customers, suppliers, machinery, skilled workers, etc., to proceed. Read the New Era Story for one amazing shut down success story:

Case Study: New Era Window and Doors - a Union Coop in Chicago, IL

In 2008, the boss decided to close our windows factory on Goose Island and fire everyone. In 2012, we decided to buy the factory for ourselves and fire the boss. We now own the plant together and run it democratically. This is our story.

In 2008, after many decades of operation, Republic Windows and Doors went bankrupt and was shut down. This seemed odd as the windows business appeared profitable. Meanwhile, members of the family business opened new windows factories in Chicago, hiring workers through temp agencies. They were also investigated by authorities over irregularities in their bankruptcy and were sued by banks over outstanding debts. It seemed the reason workers were losing their jobs might not be because they weren’t doing profitable work.

When the announcement to close the plant was made, the workers were told that their jobs would be terminated immediately, and that they would not be given their contractually obligated backpay or severance. While workers were being fired, banks were being bailed out for having taken on too much risk in the pursuit of profits. The workers decided to occupy the factory in protest, and the community came out in extraordinary numbers to support them.



[See the Michael Moore Short about it.](#)

The workers and the community won enough of this struggle to get the money that was owed to them. A new green construction company, Serious Energy, took control of the factory and partially reopened it. Things seemed to have turned around.

Unfortunately, Serious Energy's business plan, which only involved the windows factory in a tertiary role, never functioned, and the company had to severely cut back on its operations, including closing the factory. Once again, the workers, despite their profitable work, found themselves being sacrificed in a financial game they did not control.

Everyone decided enough was enough. If we want to keep quality manufacturing jobs in our communities, perhaps we should put in charge those who have the most at stake in keeping those jobs — the workers. The plan to start a new worker owned cooperative business began.

The workers called in help in the form of the [United Electrical Workers Union](#), whom had been with them since the beginning, [The Working World](#), which had worked with dozens of worker controlled factories in Latin America, and the [Center for Workplace Democracy](#), a new organization in Chicago dedicated to supporting worker control.

[With tremendous support from the community, The Working World raised the investment needed for the workers to buy their factory.](#) Unfortunately, the workers weren't being given a place at the negotiating table, and even that right had to be fought for as workers marched in front of investment banks and signatures poured in to support the workers. Finally, the workers were allowed in, and a deal was struck to allow the workers to buy what they needed to run their own factory.

Today, we are putting that new cooperative business together, and we have decided to call it New Era, as we hope it will be an inspiration for how future jobs can be created in America. Everyone can participate in building the economy we all want, and no one should be treated as temporary or just raw material for someone else's business.

3. Mobilizing workers who need a job. Maybe it is the long-term unemployed in communities of color or of those people who are immigrants. Maybe it's veterans lacking work. Maybe it's people successfully through rehab for addiction issues who need a turn around to keep their families together. What job skills are needed can often be obtained by training through unions, colleges, skill centers, etc. What is important is a commitment among the future worker owners to the business and its production. Then the support from the community an especially from congregations as the backbone of enthusiasm, logistic, meeting space, and technical know-how is essential.

4. Fulfilling a community need. Perhaps your community lacks an essential service. Finding people who can provide that service such as solar installation, commercial laundries, etc. and starting a worker cooperative can offer both the working people and the community a way to provide what they currently lack. It can also be the springboard for diverse opportunities in education, community development, organization of resources, and responsiveness to changing economics in the area.

Cleveland, OH, Pittsburgh, PA and others, using 'anchor institutions' such as large hospitals, replaced the lost industrial laundry service for those institutions. In Pittsburgh, working with the USW, the 'Clean and Green' initiative plans to add laundry equipment manufacturing back into the product line. More cost effective than traditional ownership since there are no outside shareholders to draw off profit, union coops and other worker owned businesses can restore domestic manufacturing that would otherwise not be of interest to traditional investors.



Case Study: Pittsburgh Clean and Green

The Pittsburgh Clean and Green Initiative is working with the drivers of the [Cleveland Evergreen Cooperatives](#) program to replicate that remarkable effort in Pittsburgh, the Mon Valley and Western PA. The Evergreen co-op model is based on the Mondragon industrial cooperatives of Spain, an economic powerhouse with tens of thousands of worker-owners. This model simply is a better way of doing business.

It would be our intent to create worker ownership initiatives across the Pittsburgh region and examine the potential for expanding this initiative state and region-wide, and over time, explore opportunities for national replication. In order to accomplish this, the SVA is exploring the development of a dedicated center that provides technical assistance, a revolving loan fund that provides early stage capital for new co-op businesses, and a training program that provides specialized training for company leadership are required.

***Our Vision:** “Green” worker-owned cooperatives occupy and thrive in the economic corridor from western Pennsylvania through Eastern Ohio (Pittsburgh to Cleveland) such that they provide a significant impact on local economies, much as the Mondragon Cooperatives dominate the economy of the Basque region of Spain. Wealth is created for the individuals, their neighborhoods, their cities, and the region, not only through wages but also through the wealth created from ownership. The companies are self-sustaining and raise living standards for all involved. The region serves as a model for other regions of the country that have suffered through economic hardship.*

Project Goals:

Establish a technical assistance center and a revolving loan fund that would enable worker groups across the region (and potentially beyond the region) that are interested in applying the Mondragon business development model to their businesses to be successful.

Build a hybrid co-op/union enterprise model for existing and new regional businesses

Create green job opportunities by creating fully competitive green enterprises in the renewable energy, advanced manufacturing, efficient transportation, green construction, and other clean economy sectors

Provide a viable alternative for business owners that are considering selling or closing down operations

Create job opportunities for historically disadvantaged individuals, and provide an opportunity to create family wealth through business ownership and equity

Structure or restructure business operations in participating companies to be as environmentally friendly (“green”) as makes good economic sense.

Establish a “university” that trains individuals to take on leadership roles in worker owned co-op

Faith visions, Democracy at work.

In sum, the creation of sustainable self-sufficient jobs – the very definition of economic justice – is partly in our own hands.

Congregations that help organize and support employee owned businesses - union coops, cooperatives, and ESOPs – are fulfilling the directive to assure that people have the resources by which they may support themselves, their families, and their surrounding communities. **O prosper the work of our hands** is a call for us to be engaged in helping others to help themselves. It is a challenge to take the second step – that step beyond charity to justice – but it is essential that we do this. In a world that has growing inequality, these are the essential changes we can help bring about in our own world but that have global impact as we promote justice, inclusiveness, equity, democracy as the core values in the kind of world we wish to see made.

Study Guide and Tool Kit- DRAFT
California Council of Churches, Sacramento, CA

How to Begin a Worker-Owned Business

What events would lead you to start an employee-owned business in your community?

-An existing business owner, individual or family, is considering retirement but has no one lined up to take over. Closure or sale may mean loss of jobs. Employee succession can keep those jobs while offering significant tax benefits to the original owner.

-People with common skills may want to form a business and realize that everyone concerned should have an equal stake in that new endeavor.

-Low-wage people are being exploited and could benefit from having their own business to give them access to the wealth they help to create. They come together to start their own company to offer goods or services they produce at fair wages and profits they have earned.

-Surveys of industries in your area show “at risk” plants and businesses that will impact huge parts of your community’s well being if it closes to move to cheaper wage countries or shuts its facility completely. No one will buy it within the conventional capital world – but if owned by the employees whose skills keep it running now, it will have a much lower profit pressure and be more sustainable for them and the community in which it operates.

How do you begin?

Before you take on a specific case, take the time to build familiarity with your community and its resources. Determine what businesses including services and manufacturing you have around you. Find out what kinds of suppliers and markets they need and serve. Get to know your local union people and whom they serve. Speak to the Central Labor Council in your area. Become familiar with who comprises your low-wage workforce. Are they immigrants? People of color? Are there skilled but unemployed among them?

From these community resources create a solid and committed working group that is willing to invest a minimum of two years – probably more – to this work. Build trust among the group, understand where differences lie and how to overcome them. You will become VERY close during this period and need to share common core values with one another. Keep the group flexible enough to admit new people as well.

Share experiences while you talk – food, fellowship, music, humor, and exploration of ideas build common bonds you may not have had at the beginning. This is not the time for creating formal rules and guidelines but exploring the reasons you have come together. Discuss and deal with your stereotypes of people you don’t know yet. Use tested methods for conflict resolution – they abound – and methods of reconciliation as inevitable differences arise.



PART II TOOL KIT

Find your shared principles and processes and create agreements to abide by them.
Once you contemplate a buy out or start up, follow the steps offered by experts including:

CA Center on Cooperative Development – <http://cccd.coop> Takes you through the steps you need to consider about what type of cooperative is best fit for your project.

-Ohio Employee Ownership Center: <http://www.oeockent.org/resources-events/selling-to-your-employees/steps-in-a-buyout/>

WAGES: Women’s Action to Gain Economic Security. <http://wagescooperatives.org>
they have an online guide to the steps you can take to build especially a ‘green’ business that is owned by the workers.

Basic Steps

-Bring together as diverse a group with shared interests as possible. If this is to create economic opportunity for immigrants, be sure they are equally included. Unions? They must be at the table.

Determine if you will buy out an existing business or begin something new. Will the new business be ground up or will you recruit another business to expand as a cooperative? Know your business and its supply chain and market. Make sure it can survive as a business – these are not non-profits.

Master the principles of cooperative business ownership.

Meet to determine feasibility and plan to raise funds for a feasibility study. This is critical.

-To secure funding, develop a non-profit or enlist an existing one to receive grants for the feasibility study and creation of a business plan.

If the feasibility study is solid, expand outreach to community resources in the local government, financial institutions, education and training if necessary, foundations, suppliers, wholesalers, etc.

Secure funds for comprehensive business plan and draft a plan

Create by-laws for your cooperative that build out the cooperative principles.

Meet regularly with all stakeholders including union allies, community and faith organizations, government, education, and financial resources people.



Choosing the form your projected business will take.

Union Cooperative – a worker owned business that is also unionized. By employing structures and functions that make labor central and capital an instrument that sustains work, people, and communities but that does not take precedence. Workplace democracy requires that all worker owners must have equal say over their own work and the course of the firm’s planning and processes.

Cooperatives must employ the rule of “one worker, one vote” to protect both the rights of worker owners and the survival of the firm from outside predators who might otherwise influence decisions by colluding with those worker owners having larger numbers of shares.

This does not mean everyone’s work is the same. There can be a board of directors and management elected by the members. Worker members will choose how to direct their own work, will elect representatives to the work councils if they choose them to help make firm-level decisions, and will elect and oversee from the bottom up the work of management and the Board. This is exactly the opposite of traditional business organization. In cooperatives, management and the Board are accountable to worker owners.

Union coops may be large or small businesses where there is a division of labor, where work rules and safety concerns exist, where the individual may have a grievance. That is where the union role is essential. Union cooperatives are no more perfect societies than any other, and the unions exist to help with conflicts at any level, support for the survival of the business itself, and providing oversight of agreements, benefits, etc. Unions and cooperatives have a natural fit as organizations that work toward the common good in solidarity with one another. Both have elected leaders and are subject to the will of the members.

Non-union Coop – a worker owned business employing the same principles of one worker one vote but that is not unionized. Tend to have worker owners of same status such as the green housecleaning cooperatives. With very little difference in jobs and relatively small numbers of worker owners, unions may not be essential if the worker owners don’t choose them. The operations still require by-laws based on cooperative principles and forms of operation in distribution of economic benefits by agreement.

ESOP (Employee Stock Option Plans) - worker ownership delegated by “shares” of equity. Voting decisions can be unequal. Engagement in management decisions about what to produce, where to sell, whether to stay open or shut down may not include everyone working in the firm. Owners may obtain economic shares without decision making choices. Some ESOPs are 100% owned by the employees. Others also construct worker-owner management participation and spell out the arenas where that exists. Southwest Air Lines is a case in point

All worker owned businesses will require the same planning steps whether they are union cooperatives, non-union cooperatives, Employee Stock Option Plans (ESOPs).

Steps in a Buyout

Educate the supporters of the buyout.

If this is an acquisition of an existing business, supporters may include all of the hourly and salaried employees as well as local management. Frequently, in situations involving an organized workforce, those employees protected by a union contract are the initial proponents. Local management and salaried employees should be brought into the group as soon as they are able to do so without their jobs being put in jeopardy.

If this is the creation of a new business, potential owners must be recruited. This may well involve people from a union related to the business plan whose knowledge of the manufacturing, service, fabricating, sales, or any other factors involved in the business is technically strong.

Meeting 1

The initial education usually takes place in two meetings. The first is with the original buyout leadership and includes:

An explanation of the steps involved in doing a buyout and how Employee Stock Ownership Plans work and are used to finance a buyout.

A detailed discussion of the key factors which should be considered before employees attempt a buyout as these factors pertain to specific circumstances of the plant in questions.

A decision as to whether there are any obvious reasons not to pursue the buyout any further.

A plan for the next steps and a meeting with the rest of the employees.

Meeting 2

The second meeting is a presentation to all of the employees who are willing to attend. This meeting includes:

An explanation of steps to a buyout, creation of a coop, or use of ESOPs.

A presentation of the key factors which are important for a successful business and the leadership's preliminary assessment of these key factors.

A commitment on the part of a significant majority of those present to encourage the leadership to continue exploring the buyout or business creation.

If too few are interested, then it is unwise to proceed any further.

Establish a buyout or coop association.

Membership in the association is usually open to all the potential future employee owners. A leadership is usually selected to put the buyout or coop creation together on behalf of the future worker owners. Through its leadership, the association:

- Raises funds from members and solicits matching funds from government and other potential contributors.

- Explores working with Rapid Response funding if this involves saving an existing business or employing workers with few other opportunities.

- Explores other sources of funding for the experts hired for the feasibility study and business plan.

- Contracts with and oversees the work of legal and financial consultants.

- Develops a management team.

Do a pre-feasibility assessment. This will require some possible funding.

This assessment is a quick study by the legal and financial consultants of the key factors needed for the buyout to succeed. It should include:

- Clarification of the issue of the owner's willingness to sell.

- An evaluation of the company's historical financial performance.

- Identification of potential lenders and investors.

- Identification of the management team.

- A judgment about the industry and the company's future market.

The same assessments must be made concerning a new business and its probability of succeeding.

- Determination of how many people will participate as worker owners with the commitment and skills needed

- An estimate of market demand for this business's product

- Identification of potential lenders and investors

- Identification of how management will be handled, who will do what tasks

- Identification of how earnings will be used – distribution v investment in the business

- Identification of 'incubator' resources outside the new business that can provide help such as bookkeeping, accounting, advertising, etc.

Identification of any obstacles which are likely to cause the buyout or cooperative to fall. If such obstacles exist, and the professional opinion is that they cannot be overcome, then the buyout association should not continue to invest money, time and hope any further.

If it's a real co-op, owned by its workers, then why is a union needed?

You wouldn't think that workers would need a union when everything is "one worker one vote." However, Mondragon's experience was that when their co-ops grew in size there began to be an increasing disconnect between people on the shop floor and people in management. Even though people on the shop floor could vote to remove a manager or vote for new board members at the yearly general congress, there weren't enough mechanisms built in, there wasn't a defined space and process to handle the conflicts that inevitably arise, a space where shop floor workers can get their input into the day-to-day operations. So, Mondragon developed a social council to fulfill this need and all Mondragon co-ops of 50 or more people have social councils. It allows for democracy, participation, and transparency to exist even as co-ops grow to larger and larger sizes. As we translate Mondragon's successful experience to the U.S., the union committee fulfills the role. Worker owners are also union members, so there is no distinction between the functions, only greater resources available for problem solving.

Conduct a feasibility study. This will require some likely funding.

A professionally done feasibility study provides an in-depth analysis of the economic viability of the plant as an employee-owned company. This generally requires five years of company financial data on the performance of the existing plant in question, ascertaining the approximate value of plant and equipment, estimating the size of liabilities that come with the plant, and market research. Forward projections on these factors will be needed for new businesses.

Feasibility studies can be done by local management (especially in small projects), business analysts, investment bankers, and other outside consultants. Such studies typically cost between \$15,000 and \$50,000, depending on the size of the project.

If the feasibility study shows that there is no feasible way for an employee-owned succeed, then the buyout association should cease pursuing the buyout or cooperative

If there are any feasible ways for an employee-owned company to succeed, they should be identified in the feasibility study. The association should select the most acceptable alternative. At this point the association has most of the information it needs to complete the following steps.

Develop a Business Plan. This will require funding.

If the buyout or coop association proceeds beyond the feasibility study, it is because the study has explained how an employee-owned company can succeed. This explanation with a little packaging thrown in is the business plan which the buyout association will take to potential lenders and investors. The business plan explains how the new company will generate the money to repay the bank and reward the investors.

Negotiate the purchase or find the business base (office location at least) and create the structure for the new employee-owned company.

The feasibility study should provide the association with a reasonable estimate of the company's value as well as how much debt the new company will be able to support. Negotiating the purchase may be very time consuming and expensive. Typical legal costs vary dramatically depending on the complexity of the deal.

If the buyout is a sale of stock, then the company creates an ESOP to purchase the stock. If the buyout is a sale of assets, then a new company must be incorporated with an ESOP. The ESOP purchases stock in the new company and the company uses the proceeds to purchase the assets from the original company.

If the cooperative form is to exist, determine how worker owners will contribute capital – how much, how long to what level. Determine whether there will be outside non owners or other owners with non controlling voting power. (See the USW-Mondragon-OEOC principles at <http://1worker1vote.org/union-co-ops/resources-2/>)

The association develops a governance structure for the employee-owned company which will encourage all of the employee owners to contribute constructively and cooperatively to their company's future success. Create by-laws

governing the internal operation of a cooperative. (See

If this is an ESOP, the buyout association designs the Employee Stock Ownership Plan. A lawyer must be hired to write the ESOP document but the cost will be less if the buyout association already knows what it wants in the document.

Arrange financing.

A feasibility study should identify the capital expenditures and working capital needs of the company and these should be taken into account when arranging financing in a addition to the agreed upon purchase price. The financing may include equity or subordinate debt, senior debt, and working capital financing. Generally this requires professional assistance by your lawyer, business analyst or outside financial consultant. This can often be done on a contingency basis.

Close the deal with the seller. This will require an attorney.



RESOURCES - How to Begin.

Provide guidance and strategic resources to help guide community and union groups toward sustainable business plans and operation of cooperative organizations

Worker Cooperatives

ICA Group – Brookline, MA Feasibility and market studies, technical assistance.

www.ica-group.org

Ohio Employee Ownership Center - Kent State University, OH www.oeockent.org This is one of the best sources for learning steps and resources to creating a cooperative.

Northeast Center for Cooperative Business (online resources; they develop in only the NE.)

www.cdi.coop

CA Center for Cooperative Development -Davis, CA www.cccd.coop

US Federation of Worker Cooperatives (USFWC) www.usworker.coop

American Worker Cooperative <http://American.coop>

WAGES – Oakland, CA <http://wagescooperatives.org>

University of Wisconsin Center for Cooperatives – Worker Cooperatives.(Online resources)

www.uwcc.wisc.edu

National Cooperative Business Association www.ncba.coop

Union Cooperatives

1Worker 1 Vote –network of union cooperatives. www.1worker1vote.org

OEOC

Cincinnati Union Cooperative Initiative (CUCI) – <http://cincinnatiunioncoop.org>

USFWC - Union coop working group: <http://unioncoops.wikispaces.com/>

USW-Mondragon Union Cooperative Principles:

News story <http://www.usw.org/news/media-center/releases/2012/worker-ownership-for-the-99>

Statement of principles: <http://1worker1vote.org/union-co-ops/resources-2/>

1:1 Foundation (in development)

ESOPs

ICA Group

OEOC

National Center for Employee Ownership – Oakland. www.nceo.org

FUNDING

Grants for feasibility studies, business plans, etc. You will need a 501(c)(3) to apply and receive these grants. Churches that are incorporated as non-profits are eligible.

Adrian Dominican Sisters Adrian, MI 517-266-3521

Annie E. Casey Foundation

Ben and Jerry's Foundation

CHS Foundation

Co-op Charitable Trust Somerville, MA 617-629-0678

Co-op Development Foundation www.cdf.coop / www.cooperativedevelopment.coop

Economic Development Administration Revolving Loan Funds www.nado.org

Employee Ownership Foundation <http://www.employeeownershipfoundation.org/>

Enterprise Community Partners www.enterprisecommunity.org

Equal Exchange <http://www.equalexchange.coop/equal-exchange-fundraising>

Social Entrepreneurship Fund www.ncoa.org

Kagawa Fund for Student Co-ops www.cdf.coop

Linking Economic Development and Child Care Technical Assistance Project www.earlychildhoodfinance.org

Mutual Service Foundation www.countryfinancial.com

Nationwide Foundation www.nationwide.com

North Coast Cooperative Community Fund <http://community.coop/ccf/participate.php?id=25>

Twin Pines Cooperative Foundation <http://community.coop/ccf/>

(Source – USFW union cooperative wiki site.)

Start up and operating funding

FEDERAL RESOURCES

Department of Labor (DOL) “Rapid Response” funds for systems studies of community resources:
Workforce Investment Act funding for business transition and expansion.

Gathering systemic data on economic fluxes, trends, communities, employers. Regional mapping of service providers, community, faith, educational organizations, foundations.

Conducting pre-feasibility or company valuation studies to determine possibilities of employee buyouts. Includes sustainability, retooling, new markets. Skill upgrades. Support displaced workers in transition period.

Use Trade Adjustment Assistance (TAA) funds for firms to help employers negatively impacted by imports.

ETA’S Rapid Response Web Site: <http://www.coleta.gov/layoff/rapid.cfm>

These are long term as well as short term tasks of assessing failing businesses and averting job loss.

Ingrid Nyberg, Region 6 Rapid Response Coordinator (2013) US DOL ETA, San Francisco, CA Nyberg.ingrid@dol.gov.

Federal Reserve Bank. The Federal Reserve both funds and helps coordinate funding for community reinvestment programs. While innovative ownership strategies are not yet high on their radar, they are open to community based organizations doing revitalization. The FRB branch in SF is very engaged in these issues. www.frbsf.org They have a community development blog. www.frbsf.org/community-development

Small Business Administration Has pilot loan programs for minority and women, microloans, international trade, small loans (\$35,000) for startup small businesses. While consumer coops are NOT considered small businesses, worker owned businesses are and qualify for these programs. www.sba.gov. Look for local offices.

Economic Development Administration (EDA). Focus on sustainable job growth and durable economies through innovation and regional collaboration. www.eda.gov

USDA Cooperative Development Division Washington, DC 202-690-2434 Provides grants for various services related to food and agricultural worker owned cooperatives. Amounts and availability vary year to year. Local Congress Rep. is a good help with these.

CALIFORNIA STATE FUNDING RESOURCES

State of California Business Investment Guide (PDF)

<https://www.google.com/#q=state+of+california+business+investment+guide>

(Click on link on Google)

CA state bond reserves – grants and loans for community economic development from
Microbusiness to export-oriented major companies

Examples:

Business, Transportation and Housing Agency: \$27.7 million

Small Business Expansion Fund (loan and bond guarantees)

California Economic Development Partnership

CA Small Business Loan Guarantee Program

Department of Housing and Community Development

Building Equity and Growth in Neighborhoods (BEGIN)

Community Development Block Grants – many different opportunities
but available to cities not organizations.

Sustainable Communities Grant (overly focused on housing but still on
jobs, economic growth)

Governor's Office of Business & Economic Development (Go-Biz)

Small Business Loan Program

CA Capital Access Program (CalCAP- with Treasurer's Office)

California Industrial Development Financing Advisory Commission (Treasurer's Office)

Manufacturing related assembly, fabricating, manufacturing, processing business

California Enterprise Development Authority

Bond resources for development and expansion, business and non-profit groups

California Infrastructure and Economic Development Bank (I-Bank)

Small business loans (matching funds with private on a 1:10 ratio)

CalPERS – loans to target investment in emerging domestic markets and clean tech.

California Commission on Industrial Innovation – coordinates loans from other resources
for manufacturing and non profit organizations.

Recycling grants – CalRecycle grants for greenhouse gas mitigation in compostable reductions. Grant RFPs open
March 2014. Maximum grant = \$3 million. Recycling workers are current focus of possible union coop work.

<http://www.calrecycle.ca.gov/grants/>

City-County based loan funds

Almost every city and/or county has some kind of loan fund for business. Each has different standards about what they
finance, terms, conditions.

NON-GOVERNMENTAL RESOURCES

Community Based Loan Funds

Richmond Worker Cooperative Revolving Loan Fund www.richmondcooploans.net
Karuk Community Loan Fund (Yreka and Happy Camp)
Arroyo Seco Timebank Member Loan Fund (LA area for that neighborhood only)
Slow Money Northern CA www.slowmoney.org
Mission Asset Fund www.lendingcircles.org
Research your own community possibilities

Credit Unions

Some but not all credit unions provide financing for businesses through lines of credit, term loans, etc. Amounts are usually smaller than at commercial banks. They may also provide business services such as overdraft protection, business credit cards, etc. These are generally lower interest rates than at commercial banks, but availability and terms are all different. To qualify, a business would likely need all its banking operations located at the credit union as well, but that may be impractical in larger businesses. There is legislation being proffered to lift caps on credit union lending which is generating outrage from banks. Currently there are caps of 12.25% of the credit union's assets with the proposal to lift that to more than 25%.

Three *credit unions* with business lending include:

California Credit Union (ties to educational institutions) – Southern CA.
www.californiacu.org

SAFE Credit Union – Sacramento North Highlands, CA – lends in service area West Sacramento to Auburn, CA
www.safecu.org

Santa Cruz Community Credit Union – Santa Cruz, CA: lends in service area. www.scccu.org

Community Development Financial Institutions (CDFIs) Note: not all CDFIs are familiar with or supportive of cooperative forms of business ownership. Some education will need to be done or other sources found.

3CORE – Chico, CA
www.3coreedc.org
Businesses, microenterprise help with financing, mentoring, advice

Accion USA – Based in New York, NY, lend to CA
www.accionusa.org
Non-profit lending microloans and financial services to low income entrepreneurs

Arcata Economic Development Corporation – Arcata, CA
www.aedc1.org
Loan fund for microenterprises on North Coast

California Coastal Rural Development Corp. – Salinas, CA; lend to Central Coast of CA
www.calcoastal.org
Offer small business direct loans and loan guarantees with state, federal, and Small Business Administration financing.

Citizen Potawatomi CDC – Shawnee, OK; lend nationally

www.potawatomi.org

Provides capital to Native American businesses, communities, microenterprise

Clearinghouse CDFI – Lake Forest, CA; lends in Southern CA

www.clearinghousecdfi.com

Credit needs in Southern CA for small business.

Community Reinvestment Fund USA – Minneapolis, MN; lend nationally

www.crfusa.com

Intermediary between under-developed communities' businesses and loan sources
Including SBA, CDFIs, etc. when business cannot qualify for conventional loans.

Cooperative Center Federal Credit Union – Berkeley, CA Lend to CA.

www.coopfcu.org

Business, Microenterprise.

Cutting Edge Capital – Oakland, CA

www.cuttingedgecapital.com **Committed to helping cooperatives**

First Nations Oweesta Corporation – Longmont, CO; lend nationally as an intermediary

www.oweesta.org

Fresno CDFI – Fresno, CA; lend in CA

www.fresnocdfi.org

Business, Microenterprise lending in underserved areas.

Grow America Fund – New York, NY; lend nationally

www.nationaldevelopmentcouncil.org

Have their mission to expand jobs. Also handle SBA programs and provide technical assistance.

Local Enterprise Assistance Fund (LEAF) – Brookline, MA; lend in CA

www.leaffund.org

Thirty year old loan fund specifically **focused on worker cooperatives** and other employee owned businesses. Affiliated with ICA Group (above) that offers technical assistance to cooperatives in development

Local Initiatives Support Corporation - New York, NY; works nationally.

www.liscnet.org

Provides loans, grants, equity investment from federal, corporate, and philanthropic sources.

Los Angeles LDC, Inc. – Los Angeles, CA; lends in Los Angeles County, CA.

www.losangelesldc.com

Uses innovative strategies of matching capital in traditional and non-traditional debt or equity structures. **Caution – equity in cooperatives is a very important issue in terms of voting control and preservation of worker dominance.**

NCB Capital Impact – Arlington, VA; lend nationally

www.ncbcapitalimpact.org

Uses cooperative approach and diverse financial resources to generate investments in communities for their revitalization including business development.

PART II TOOL KIT

Nehemiah Community Reinvestment Fund, Inc.- Sacramento, CA; lend nationally

www.ncrfund.org

Leverages investments in its revolving loan fund with its own capital to make below-market rate loans to community- and faith-based nonprofits (e.g. local coop incubators) to generate economic development projects.

Northcountry Cooperative Development Fund – Minneapolis MN; lend nationally

www.ncdf.coop

Cooperatively owned, NCDF has a loan fund that has fostered many cooperative businesses, mostly in the Midwest and central Great Plains. They focus on **worker cooperatives** as well as consumer. With concentration on underserved, economically challenged communities.

Northern CA Community Loan Fund – San Francisco, CA; lends in 46 northern CA counties

www.ncclf.org

Particularly focused on low-income neighborhoods by financing non-profits (can include cooperative incubators.) They provide financing as well as technical assistance up to and including acquisition of space.

Oakland Business Development Center – Oakland, CA; lend in CA (nine Bay Area counties).

www.obdc.com

Mission is to finance economic activity in Oakland and Bay Area. Specializes in assisting those businesses that would have difficulty obtaining financing from banks.

Opportunity Fund – San Jose, CA; lend in CA

www.opportunityfund.org

Provide microloans to small businesses and community real estate financing.

Pacific Community Ventures, San Francisco – lends in CA.

www.pacificcommunityventures.org

Venture capital fund including advising for those businesses serving low income Communities. Affiliated with three socially responsible equity growth funds.

Venture capital does require an equity stake in the business.

Partners for the Common Good – Washington, DC- lends nationally

www.pcgloanfund.org

One of the oldest CDFIs, they host CapNexus, an online database matching money with partners to community development finance opportunities. Mission is to advance economic justice in low-income areas.

San Diego Bankers Small Business CDC – San Diego; lend in CA

www.cdclloans.com

Provides access to capital to minority and women owned small businesses in low to moderate income areas.

Self-Help & Affiliates – Durham, NC; lends through Self-Help Credit Union in CA

www.self-help.org

Through its “Community Trust” alliance of credit unions it serves the Bay Area and Central Valley.

www.self-helpfcu.org

Serve low-income communities with personal and business financing. Note – business offerings are very difficult to find on the web site. Contact a branch for information.

SJF Ventures – Durham, NC; lend nationally

www.sjfund.com

Venture capital funding for businesses

TELACU – Los Angeles, CA; lend to service area of greater East Los Angeles
www.telacu.com

Valley Economic Development Center, Inc. – Van Nuys, CA ; lend in CA
www.vedc.org
 Loan Fund.

Working World – New York, NY; USA, Nicaragua, Argentina.
www.theworkingworld.org
 Has venture capital for worker owned businesses as well as significant technical assistance.

BANKS

National Cooperative Development Bank - Washington, DC. National
www.ncb.coop
 Recently created and alliance with Laboral Kuxta, the Mondragon Cooperative Corporation's own credit union to expand funding for union cooperative initiatives.

One Pacific Coast Bank – Oakland, CA; lend in CA
 This is a bank and CDFI with a focus on worker cooperatives with loans, lines of credit.
 The bank is owned by billionaire Tom Steyer and his wife Kat Taylor who both focus on environmentally beneficial production and work.
www.onepacificcoastbank.com

Bank of Whittier – Whittier, CA. Fund nationally. This is a Muslim bank operating on Shari'aa principles meaning they charge no interest. If they like the project and think the business worthy, they charge a flat fee. Riba – interest – is forbidden in Shari'aa financial transactions.
www.bankofwhittier.com

PRIVATE EQUITY RESOURCES

These have been chosen for their fit with cooperative principles

Fresh Works. A public-private initiative supporting grocery store development and provision of other fresh food retail. Partners range from CA Endowment to Citibank. www.cafreshworks.com

Heartland Capital Strategies – Braddock, PA Lend nationally
www.heartlandnetwork.org
 Have used AFL-CIO pension funding for socially responsible projects.

LARIBA American Finance House – Muslim owned, it provides capital financing on the same interest-free terms as the Bank of Whittier. Lend nationally and support sustainable community-based businesses.
www.lariba.com

LEGISLATION AND PUBLIC POLICY

EPIC (End Poverty in California) Caucus formed January 2014 as joint effort of Senate and Assembly. Includes anti-poverty advocates, academics, coop development organizations.

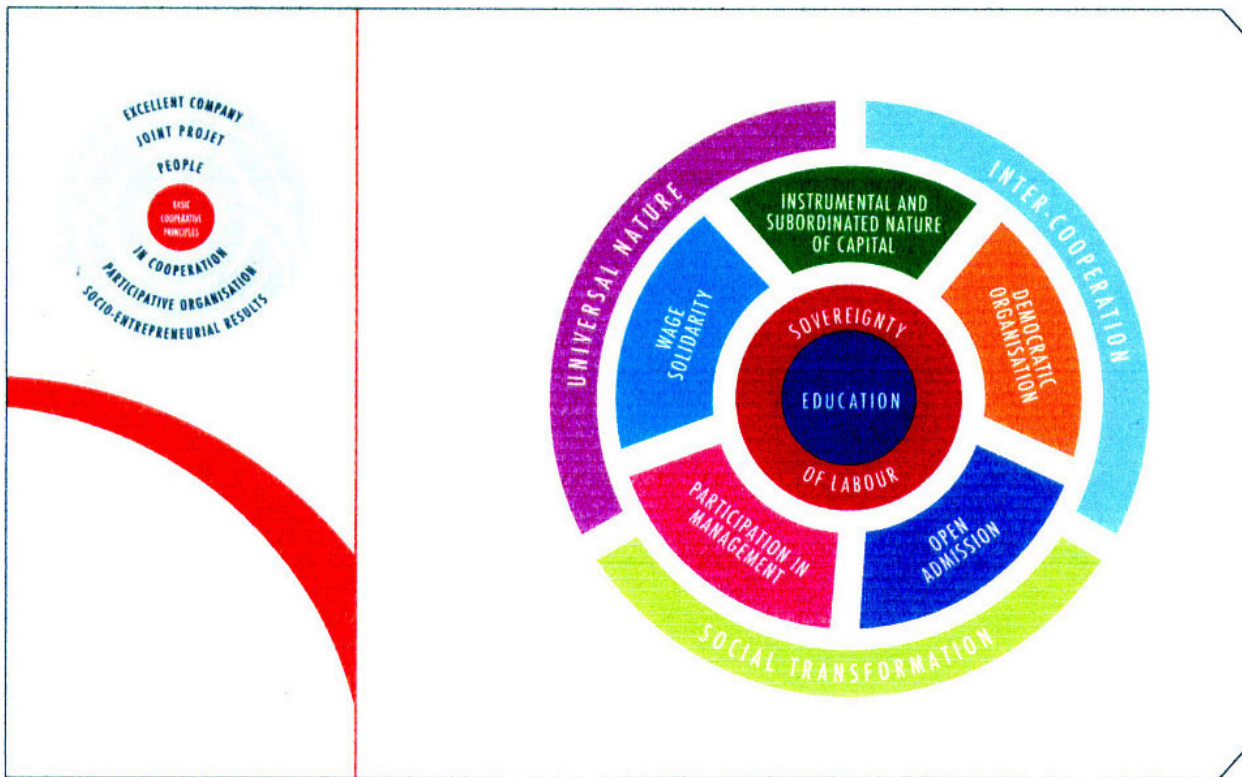
AB 495 (Campos, Dickinson) – “CA Community Investment Program” Legislation now in Senate to create an investment program within the Governor’s Office of Business and Economic development governed by 14 member council with 6 citizen members appointed by Governor, 4 by Legislature, Treasurer, Controller, Secretary of Business, Consumer Services, and Housing, and Director of Governor’s Office of B&ED. Will create data base of low income neighborhoods, compile inventory of CA public sector funding sources, coordinate those resources to assist low income communities to become investment ready. Develop criteria for “triple bottom line’ investment funds (those committed to people, profit, planet) and establish triple bottom line goals. Will require significant private investment capital to invest in low income neighborhoods on triple bottom line bases.

AB 2525 (Bonta, Levine) Limited Liability Worker Cooperative Act. Introduced 2-21-14, this bill is the framework for specifically worker owned cooperatives, predominantly less diversified, non-union ones. It fixes a portion of California’s corporation laws that omit operating direction for worker owned businesses.





Basic Cooperative Principles



The illustration features the 10 Basic Cooperative Principles currently in force. The depiction makes no attempt to apply a criterion of priority, but rather sets out to establish some form of inter-relation between them:

The core is occupied by **EDUCATION** as the basic mainstream principle that feeds and feeds off all the others, and the **SOVEREIGNTY OF LABOUR**, which is shielded by the other five principles of an internal nature in each individual Cooperative: **INSTRUMENTAL AND SUBORDINATED NATURE OF CAPITAL, DEMOCRATIC ORGANISATION, OPEN ADMISSION, PARTICIPATION IN MANAGEMENT AND WAGE SOLIDARITY.**

The outer ring features the three principles that are related to the Cooperatives external projection: **INTER-COOPERATION, SOCIAL TRANSFORMATION AND UNIVERSAL NATURE.**



California Council of Churches in alliance with
1worker1vote.org
National Union Worker Cooperative Movement
4044 Pasadena Avenue
Sacramento CA 95821
916-488-7300
sholes@calchurches.org