

A Proposal for Worker Cooperatives in Jersey City

A community-impact, student-led research project in Sociology

Mentored by Dr. Donal Malone

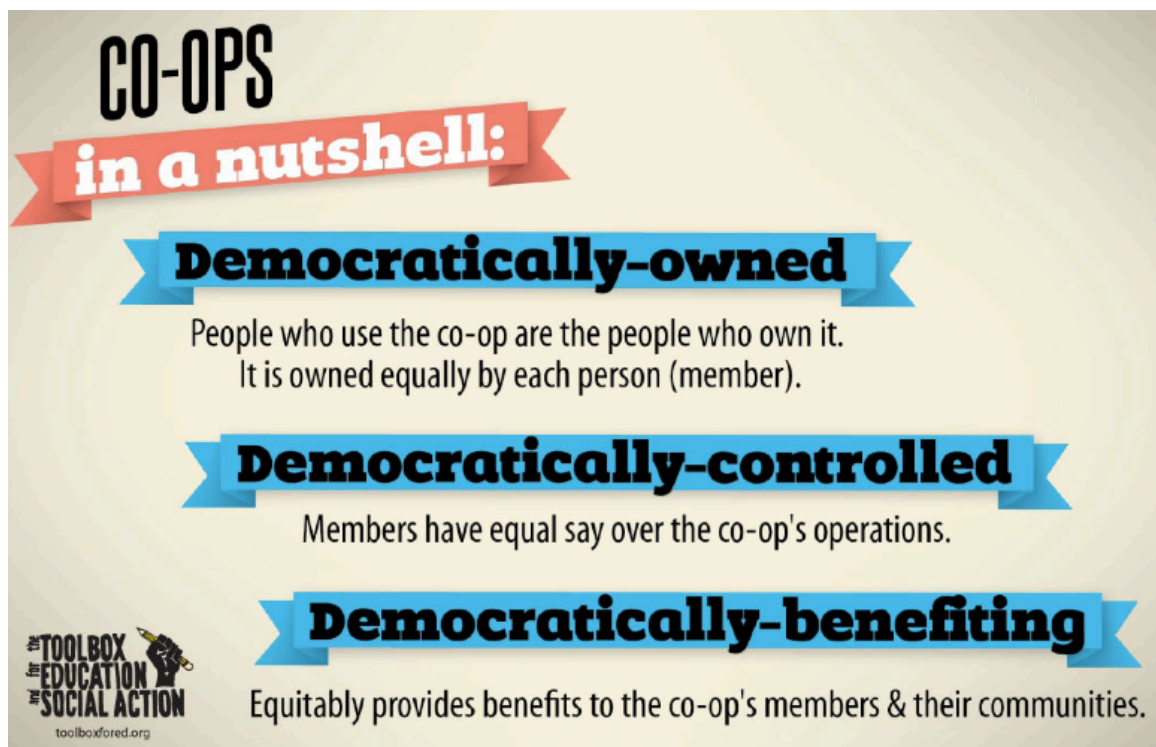


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A Proposal for Worker Cooperatives in Jersey City
from: Saint Peter's University's Sociology Senior Seminar Class (2016)
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Introduction

The sociology senior seminar class is a capstone course at Saint Peter's University in which students are expected to demonstrate the skills they have acquired in studying sociology to address a pressing social issue. Our class focused on the challenges facing families and children in Jersey City today. Based on our survey of 50 residents from all backgrounds and areas of the city, over half said their biggest concern was the struggle to meet their financial obligations. When asked how long they could manage if their family lost its main source of income, 34 percent reported no savings and 40 percent said they could only last a month.

While our survey was too small to be representative of the whole city, it does capture the economic challenges facing many families today reflected in the latest (2014) census figures: a quarter of households earn less than \$25,000 a year while nearly a third earn less than \$35,000; over 40 percent earn less than \$50,000 a year. The struggle to make ends meet can also be seen in the city's poverty rate of nearly 20 percent which has remained constant for over three decades. One fourth of the city's children are growing up in poverty rising to 40 percent in female-headed households. The poverty rate also has an unequal impact on the city's major racial and ethnic groups: whites and Asians 13%; blacks 24%; Latinos 27%. These statistics are based on the Federal government's definition of poverty which defines a family of four having an income less than \$24,300 as poor. Since the cost of living is relatively high in Jersey City, it is easy to see that many families earning above this level could also be considered poor.

At the same time, many families are doing very well in Jersey City. Over 40 percent of households earn at least \$75,000 annually while 30 percent earn at least \$100,000. The top fifth of Jersey City's wage earners receive over half of the city's income while the bottom fifth gets less than 3 percent. As these statistics demonstrate, many have not shared in the city's significant economic growth during the past 30 years

As a class we began to research policies and programs attempting to reduce urban inequality. We discovered that Jersey City has instituted a number of measures to do this such as: increased minimum wage, paid sick leave, project labor agreements along with efforts to create more affordable housing. We would like to suggest another way the city can reduce inequality which is by establishing worker cooperatives.

Worker cooperatives are businesses owned and operated by the workers in them. Worker cooperatives would create businesses and jobs in neighborhoods where many investors are reluctant to invest. These businesses would be more likely to hire

local residents who would spend their income locally further boosting neighborhood economic growth. According to our research, worker cooperatives are more likely to create good jobs that pay family wages which will reduce the gap between the haves and have-nots in Jersey City.

Here is a brief description of worker cooperatives and how they operate.

What Is A Worker Cooperative?

A worker cooperative is a business owned and controlled by its workers who invest in the business together and share in its profits. They earn a salary for their work and receive a share in the profits of the business at the end of the year. They are mainly small and medium sized businesses ranging from 10 to 50 workers, however, they may be large corporations with 500-50,000 or more employees. Worker cooperatives can be found in all areas of the economy from manufacturing and engineering to retail and other services as well as education and technology. Today, there are 350 cooperative businesses in the U.S. employing 7,000 people with \$367 million annual revenue.

What Kinds of Businesses are Worker Co-ops?

Some examples:

Service - housecleaning, day labor, restaurants, taxis, childcare

Retail - grocery stores, bakeries, bookstores, bike shops

Health care - nursing, home health care, clinics, bodywork

Skilled trades - printing, plumbing, woodworking, contracting

Manufacturing and engineering - machine parts, fabricating

Technology - web hosting, networking, voice and data systems

Education - charter schools, teacher/student/parent-run schools

Media and the arts - designers, galleries, performers, publishers

(Reproduced from: U.S. Federation of Worker Cooperatives)

<https://usworker.coop/worker-coops/>

One specific example of a worker co-op is the Evergreen Commercial Laundry in Cleveland, Ohio. It is an industrial laundry owned by residents in a low-income neighborhood that provides services for a local hospital. It has been cited in Jersey City's Greenville Community Plan as model to follow in Greenville.

How Do They Operate?

A worker cooperative operates like any other business. It sells products and provides services to the public in order to make a profit to support the business and its owners. Small worker cooperatives are directly run by workers while larger ones elect a board of directors to represent all the workers in running the business.

Why Are They Important?

Through the creation of new businesses, worker co-ops produce new jobs and opportunities for workers to develop a variety of skills important in the workplace. Since

worker co-ops are based on principles and values that promote entrepreneurialism, self-help, responsibility, collaboration and cooperation among worker/owners, they not only stimulate local economic growth but also promote greater involvement in the community.

On average, worker co-ops produce higher quality jobs with higher wages and more benefits for workers. And, because worker-co-ops typically hire local residents, they promote a more sustainable economy as these workers spend their income in their communities. Worker co-ops also foster a more viable economy through the creation of diverse businesses leaving the city less vulnerable during economic downturns. One of the challenges facing Jersey City today is that its economy is narrowly concentrated on financial services and allied industries.

Worker cooperatives are important in improving the economic prospects of low-income workers often stuck in jobs with little opportunity to develop more skills and higher income. This is especially true of women who make-up two-thirds of all minimum wage workers in the U.S.. As a result, many of them have formed worker cooperatives to increase their pay and improve their working conditions. For example, *Cooperative Home Care Associates* in the Bronx, America's largest worker owned co-op, has 2,300 workers who earn \$16 an hour including benefits. These worker-owners, of whom 90 percent are minority women, work regular hours, have family health and dental insurance and belong to a union. *Cooperative Home Care Associates* began in 1985 and is one of 40 worker coops in New York City today.

Benefits of Worker Co-ops

- Promote locally based economic development
- Provides locally created quality jobs
- Develops job and entrepreneurial skills
- Keeps profits in and circulating throughout local communities
- Provides jobs for underserved groups, especially minority women and communities
- Reduces income inequality
- Builds community wealth & prosperity
- Provides an alternative form of economic development
- Leads to more sustainable development
- Stimulates civic engagement

How Can Jersey City Support the Development of Worker Co-ops?

It can begin by examining what other cities have done, especially those nearby with similar demographics. In 2014, New York City decided to formally support the development of worker co-ops when the City Council approved the allocation of \$2.1 million to fund the growth of worker co-ops. It created a Worker Cooperative Business Development Initiative to fund 11 organizations to set up 28 new worker co-ops and

create 234 new jobs in these co-ops and supportive agencies. This initiative was the result of a two-year campaign by the Federation of Protestant Welfare Agencies (FPWA), an anti-poverty group of 200 faith-based and other community organizations, who argued that it was one way to combat poverty and growing income inequality.

New York City provides a model Jersey City can draw on to establish its own worker co-op program. Many other cities have also successfully implemented worker co-op programs and have information and resources Jersey City can utilize. In addition, there are numerous organizations around the country dedicated to establishing worker co-ops willing to share their resources. And, like New York City, Jersey City has many community-based organizations that can take the lead in this initiative. However, public funding is needed for such an enterprise to succeed. This funding would be used to examine how this initiative could be successfully implemented and for the technical and support services needed as well as capital start-up costs. That is why we are reaching out to the Mayor and the City Council to consider supporting the development of worker cooperatives in Jersey City.

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U.S. Federation of Worker Cooperatives

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