

City University of New York (CUNY)

## CUNY Academic Works

---

Capstones

Craig Newmark Graduate School of Journalism

---

Fall 12-15-2017

### Too Little Too Late For City Spending On Workers Cooperatives

Alejandra O'Connell-Domenech  
*Cuny Graduate School of Journalism*

[How does access to this work benefit you? Let us know!](#)

More information about this work at: [https://academicworks.cuny.edu/gj\\_etds/226](https://academicworks.cuny.edu/gj_etds/226)

Discover additional works at: <https://academicworks.cuny.edu>

---

This work is made publicly available by the City University of New York (CUNY).  
Contact: [AcademicWorks@cuny.edu](mailto:AcademicWorks@cuny.edu)

## Too Little Too Late for City Spending on Worker Cooperatives

In a small living room in Ridgewood, Queens, Patricia Vesantes, a 50-year-old woman from Cuenca, Ecuador, called her sister, Rosa Vesantes, to sit on her brown couch.

“I have never heard of a worker cooperative,” said Rosa in Spanish. Twelve years ago Rosa immigrated to New York City from Cuenca, Ecuador and works to support herself, husband, and three daughters by selling homemade clothing and party decorations. The Queens apartment is reasonably sized by New York standards and furnished with leather furniture against beige colored walls. A striking contrast to the vibrant hues that decorate the streets of Vesante’s hometown. In the center of the living room is a wooden table with a sewing machine on top. A few strips of red, purple, and pink cloth dangled across the table’s edge. Vesantes’ business is run from her own living room; in an apartment on the floor below her sister’s. Rosa’s youngest daughter, who is 11 years old, lives with her in Ridgewood. But her 14-year-old and 15-year-old daughters still live in Cuenca, due to financial reasons.

“It is hard not having them here,” said Vesantes. Vesantes said that she wishes that her whole family could be together in New York but that most likely that will not happen anytime soon.

“I send money back to my family in Ecuador so that they can get things for my daughters,” said Vesantes. She said that she tries her best to be a part of their lives and she hopes to be able to bring them to New York in time for them to attend college.

Vesantes left her minimum-wage job at a daycare when she received financial help to pursue her home-based entrepreneurial venture. Her niece who worked for Grameen America, a nonprofit microfinance organization based in New York City, told Vesantes that she could qualify for a loan from the organization. Grameen America specifically lends to female immigrant entrepreneurs who live below the poverty line.

In order for Vesantes to receive her loan, she first had to find four other immigrant women interested in starting their own businesses. She found four people within a week. Vesantes then, along with the other recruited women, attended a week-long financial training boot camp and were educated about loans, building credit, and savings. At the end of the week, each woman opened a savings account and was given a \$1,500 loan said Vesantes. After receiving the loan Vesantes has to meet every week with her loan counselor to help her stay on track.

“I wouldn’t be able to have my business without it,” said Vesantes. “I get the loan a couple of times a year.”

New York City spent \$606.7 million this year in Career Pathways, a national workforce development strategy designed to increase education, training, and learning opportunities for the current and emerging workforce of men and women. The city has allotted \$5.7 million of the \$606.7 million for entrepreneurship training, according to the 2016 NYC Career Pathways Update Report.

Of those \$5.7 million, \$2.1 million was distributed to worker cooperatives by the New York City Council to the Worker Cooperative Business Development Initiative and the Small Business Bureau, according to the 2016 report from the SBS on the WCDBI. According to Christian Gonzalez-Rivera, a researcher at the Center for an Urban Future, this is not enough money to help new worker cooperatives to improve and grow. At this rate, worker cooperatives will resort to transforming into more traditional companies to survive and cease to be worker cooperatives.

A worker cooperative is a business entity that is worker-owned and worker-controlled. Usually, workers invest in a buy-in amount when they join the cooperative and then begin working. At the end of each year a worker also referred to as a worker-member, is paid a portion of the business's profit. This money, which in the co-operative world is called a surplus, can be distributed by seniority, hours worked, or other criteria. The first worker cooperative was started in Manchester during the Industrial Revolution as part of the cooperative movement sparked by the Welsh socialist, Robert Owen. During the 19th there was a movement to transform factories and business into worker-cooperatives. But it was largely unsuccessful. A rebirth of interest in worker cooperatives started in 1960's. The benefit of a worker cooperative is the sense of agency and community workers have, but they are difficult to grow past a certain number and the larger the cooperative the more difficult it to sustain.

Worker cooperatives abide by the rule of "one worker, one vote," according to Adria Powell, Executive Vice President and President-Elect of Cooperative Home Care Associates. This Bronx-based cooperative is the largest worker-owned business in the nation with 2,300 worker-owners with 90% being women of color.

The "one worker, one vote" mentality means that decisions within the worker cooperative are made democratically by voting. Any business can theoretically become a worker cooperative and there are cooperatives in a number of different sectors, such as service, retail, healthcare, skilled trade, manufacturing, technology, education, media, and arts. JustSeeds is a street art worker cooperative based in Pittsburgh, Tech Co-op Network is a North American tech-worker cooperative, and the 3B Brooklyn is a bed and breakfast that is also a worker cooperative.

According to the report and Nick Benson, the press secretary of the New York City Department of Small Business Service, a group that helps business in the city start, grow and operate, 27 worker cooperatives were started in 2016 compared to a handful of worker cooperatives in years past. The initiative worked on outreach to small business across the city and spread information about the worker cooperative model by having people visit business and provide educational pamphlets about worker cooperatives. It claims that 2164 entrepreneurs have been reached in 2016. A slight increase in the number reached in 2015. This number is the sum of individuals who engaged with worker cooperatives through in-person activities like lectures, group training, conferences, and one-on-one assistance.

The WCBDI highlights its efforts in business incubation, stating that its "Business incubation services are hands-on and customized to meet the needs of each unique set of entrepreneurs." Its partner organizations try to equip potential worker cooperatives with the knowledge of how to run a worker cooperative. They also provide them with basic skills need to launch and grow a business. The WCBDI did not list those skills.

The WCBDI also provides financing assistance, legal assistance, and business development. Business development services fall into 8 categories: business plan development, marketing and market research, governance and internal manuals assistance, strategic planning, translation services, bookkeeping, financial planning, and succession planning.

But having initiative volunteers go door-to-door to deliver pamphlets and give a quick summary of the worker-cooperative model was not very effective in converting more businesses to worker-cooperatives. None of the women that joined Damayan, a migrant

workers association, within the last year were educated by the initiative about worker cooperatives.

New York City hosts the largest number of women-owned businesses in the country. According to a report from the Center for an Urban Future, the city was home to 413,899 women-owned business in 2012.

The number of women deciding to become entrepreneurs is barely increasing and the start-up gap between the genders is still large. The Kauffman Foundation states that the number of male entrepreneurs in 2016 was 0.42 % compared to the number of females which is 0.26%. Immigrants are more likely than native-born to be entrepreneurs but they face a list of challenges that the native-born do not.

According to a study conducted by the Ewing Marion Kauffman Foundation, a nonprofit that focuses on giving grants to young entrepreneurs, 2016 has seen the largest increase in the number of female entrepreneurs in last 20 years. The rate of new female entrepreneurs has gone up from 0.22 % to 0.26 %. This means that out of 100,000 all women 260 become entrepreneurs in a given month in 2016.

Immigrant entrepreneurs now makeup 27.5 % of all entrepreneurs in the United States, male and female, and are more likely than native-born Americans to become entrepreneurs. Out of 100,000 immigrants, 530 will become entrepreneurs a large difference from the 290 out of 100,000 native-born that will become entrepreneurs in a given month (for the year 2016) according to the same report.

Daniella De Santos came to New York on a work visa in 2001. In her home state of Bahia in Brazil she had met an American woman that was interested in opening a salon in New York City. But she needed someone who could bring something new and exotic to her business. De Santos' specialty was Brazilian bikini waxing. "Nobody knew how to do it in the United States at the time," said De Santos. The American woman hired De Santos on the spot. De Santos worked for her at Sony Skin Care for six years before opening her own business.

"I did my business plan, found a place to rent, and bought my equipment," said Daniella de Santos, owner of Ipanema Spa, Ms. De Santos opened her business in March of 2007.

De Santo's business, Ipanema Spa, sits above a Manhattan pizzeria. The inside is decorated with short dark colored candles around piles of white towels.

"Coming from a third world country you know things are not easy, so I knew it was not going to be easy," said De Santos in reference to starting Ipanema Spa. She had fears that the clientele she had acquired working at Sony Skin Care might not follow her to her new location. "No matter what it would be a challenge."

Ms. De Santos is proud that her spa has stayed in business for nine years. In recent years she has faced hardship due to a lack of well competent employees who want to commit to working at Ipanema for a long period of time.

De Santos said that it was difficult going out on her own to start her business and wished that she would have had help like a network of some kind of other immigrant women that started their own businesses.

As female immigrants, Rosa Vesantes and Daniella de Santos said they would benefit from being part of worker cooperatives.

Immigrant entrepreneurs are frequently less likely than native-born entrepreneurs to have access to capital due to being and are less financially literate. These are due to a lack of established credit history in the U.S and in the case of some immigrant communities a lack of access to basic banking and financial services, payday loans, non-risky mortgages. Immigrants are also more likely to fall prey to poor financial

products. Immigrant entrepreneurs will often not have the necessary collateral to secure a loan. According to the Brookings Institute and the Federal Reserve Bank of Chicago, only 63% of immigrant head of households have a checking account, compared with 76% of native-born head of households have a checking account at a brick and mortar bank.

Immigrant entrepreneurs may also have a hard time navigating the business world's regulatory environment. According to the New York City government website, In New York City alone there are more than 6,000 business-related rules and regulations. There are 250 licenses and permit requirements for business. Navigating the complex process can be made even more difficult due to language barriers and cultural differences.

Within some immigrant communities there is also a level of distrust of the government. A city policy organization called The Center for an Urban Future lies within a building with a warmly lit lobby. After passing through security and ascending in the elevator, mid-way up the building is home to the actual offices, which are austere and dim.

At the end of The Center for an Urban Future's main hallway is where Mr. Christian González-Rivera's office resides. "Right now we think small but we need to think big," said González. Mr. González-Rivera said that worker cooperatives are effective because they give more agency to individuals that might not have had as much power in a more traditional work environment. He said worker cooperatives are particularly beneficial to immigrant women that

His major concern is the lack of business incubation and business development efforts. Worker cooperatives lack a mentoring culture and are difficult to grow past a few dozen worker-members. "We need to be able to teach worker-owners who are part of worker cooperative how to be in a worker cooperative," said González-Rivera. According to Gonzalez-Rivera, there is poor communication in worker cooperatives and the problem only gets worse the larger the worker cooperative. There needs to be a larger scale education on the worker-cooperative model because since the idea is foreign in the United States said Gonzalez-Rivera. If communication within smaller worker cooperatives is perfected than it can be improved in larger cooperatives. The key to preventing a worker cooperative from being a traditional business is communication and having all worker-members be heard said Gonzalez-Rivera.

Adria Powell remembers how she used to spend time with her mother at Cooperative Home Care Associates. She filed and worked as a receptionist and when she came home from college in 1993. "I started working for the summer as the operation manager," said Adria Powell. "At the end of the summer she asked me if I wanted to stay on whole time."

Ms. Powell has always loved her work since she believes that the populations being served by a worker cooperative, meaning the worker-owners, have faced social injustice. "Worker cooperatives provide a type of work environment that promotes equality, inclusion, and agency," she said.

According to Adria Powell what made CHCA special was the close-knit community. Everyone felt as if they were part of a large family. Now it has over 2,000 worker-members.

According to Ms. Powell, who will be starting at the helm of the organization in January, CHCA will continue to grow.

This is the largest challenge of having a worker cooperative the size of CHCA. Powell admits that it is a struggle to have effective communication between so many people due

to the difficulties of actually reaching out to so many individuals and inevitable miscommunications.

Everyone at Cooperative Home Care Associates had a say in the decision-making. But worker-member numbers started to creep over 400 in 2003 the organization became unionized but is still technically a worker cooperative. Powell recalled that when decisions had to be made a large box was passed around the company to collect paper ballots from members.

The cooperative would vote on wage increases, health benefits, such as if they wanted to add vision or dental to their health coverage. It would vote on the distribution of profits if the company should start a contract or end a contract if it would have distribution on 401k plan, said Powell.

“But almost all was taken out of our hands when we were unionized,” she said. Now CHCA worker-members vote to elect eight individuals positions in a collective bargaining unit that then makes decisions. According to Powell there is an open door policy and may come and go as they please in the organization as long as they pay dues and vote.

“There is no money that we would be getting from that pool,” said Powell.

The money allotted by the city of New York to help worker cooperatives \$2.1 million but CHCA does not receive any benefit from it. It is too large of an entity and the city council’s money is meant for smaller worker cooperatives that perhaps have not been unionized.

Cooperative Home Care Associates has provided thousands of jobs to women and female immigrants in the Bronx but it is straddling the line of a true cooperative and traditional cooperation. It too needs help staying true to its cooperative roots but is not getting the help it needs.

“I would love to see more money invested in worker cooperatives in the model because it is beneficial to people that are marginalized. but I don’t know if that is a reality,” said Powell. She too realizes that there is a large number of untouched talent that have never heard of worker cooperatives. Women like Rosa Vesantes and Daniella De Santos who did not hear about worker cooperatives in time to make their lives easier. “So we start small educating various constituents about the worker cooperative, so it doesn’t hurt us to have new coops started but there needs to be a strategy for sharing resources.” Rosa Vesantes leaned back on the brown sofa and looked at her sister Patricia. “That sounds good,” she said in reference to worker cooperatives. “ If it really is something that helps it’s workers get better pay and have better jobs I would have liked to learn more.”