



# Cooperative Enterprise Development Program

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# Worker Cooperatives

*There are many different ways to be a worker cooperative...but the basics include...*

- Businesses owned by the employees
- Values driven businesses
- Worker owners participate in:
  - the profits
  - the oversight
  - the management
  - the use of democratic practices in decision making

*And the benefits include....*

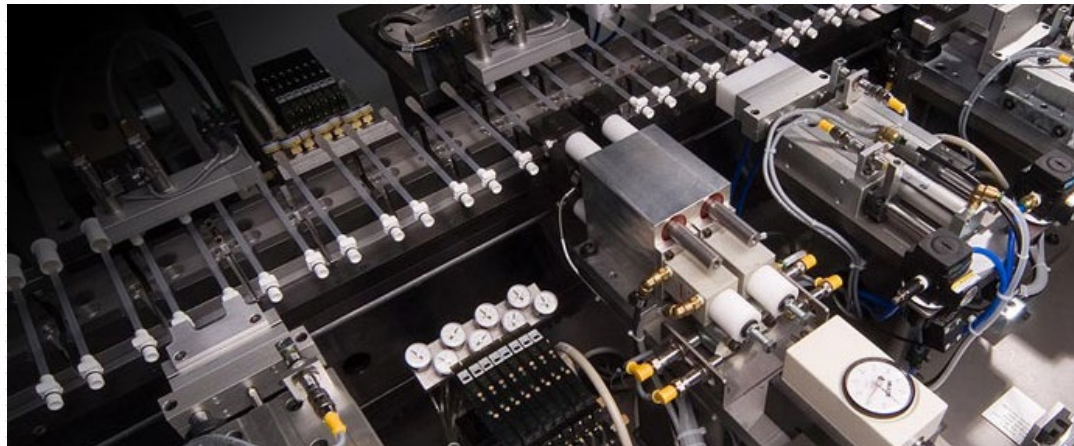
- Living wage/benefits
- Wage equity
- Stability and resilience



Source: *Cooperatives in Wisconsin: The Power of Cooperative Action*, by UW Center for Cooperatives

# The Cooperative Advantage: **RESILIENCE DURING RECESSION**

- During the 2007 recession, Isthmus Engineering shared layoffs and hour reductions and accepted work at lower profit rates, but made no permanent layoffs.



*Source: Madison  
Cooperative Development  
Coalition*

# The Cooperative Advantage: **HIGHER INCOMES**

- Members of Prospera, a NYC home cleaning cooperatives increased their median income from \$24,000 to over \$40,000. Median income for Latino households is \$38,000.



*Source: Madison  
Cooperative Development  
Coalition*

# The Cooperative Advantage: **IMPROVED WORKING CONDITIONS**

- Worker-owned home care cooperatives have reduced turnover from the industry average of over 60% down to 20%.



# Increased State support of cooperatives:



## 2023 Governor's budget:

"7. Cooperative Development Funding The Governor recommends requiring the corporation to provide at least \$500,000 during the biennium to cooperative development activities, including feasibility studies and other technical assistance and implementation efforts."

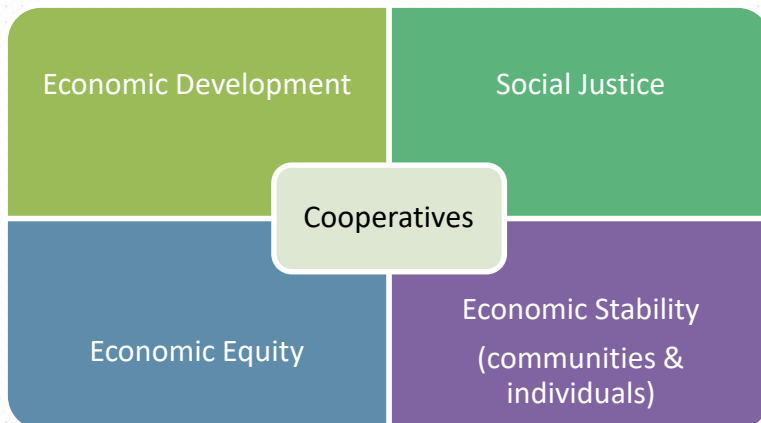
[-WEDC section, page 6 \(or page 696 in the full doc\)](#)

## 2023 [Governor's Health Equity Council Report.](#)

"The second part of this recommendation calls for the **development of worker cooperative programs for people formerly incarcerated**. Worker cooperatives are values-driven businesses that put worker and community benefit at the core of their purpose. In contrast to more conventionally structured companies, worker cooperatives allow workers to participate in the profits, oversight, and management of the organization using democratic processes.

An important aspect of worker cooperatives that is **especially significant for people formerly incarcerated is the opportunity to secure sustainable and dignified jobs** – creating promising pathways to generate wealth, improve health outcomes, and promote community and local economic development. To the best of the Governor's Health Equity Council's knowledge, there are no worker cooperatives focused on people formerly incarcerated in Wisconsin, though some do exist in Chicago, Los Angeles County, and Washington, D.C.

We urge Wisconsin to support worker cooperative development programs for people formerly incarcerated, both through technical assistance and funding. Funding should include both loans and grants. We encourage Wisconsin to also charge the University of Wisconsin's Center for Cooperatives with evaluating barriers to expansion, establishment, and survival of worker cooperatives, and developing further policy recommendations to help worker cooperatives thrive."



*Source: Madison  
Cooperative Development  
Coalition*

# City's Goal: To help support the growth of Madison's Worker Cooperative Community through:

## Goals:

1. **Capacity building** around technical assistance (including business formation, business planning and on-going business support), financing, community organizing and tracking and reporting of the impact of cooperative businesses in the City of Madison.
2. **Increased number of family supporting, living wage jobs** as a result of worker ownership. This can include new jobs created by new cooperative businesses, jobs retained by the transition of a business to a cooperative ownership or union cooperative models.
3. **Community asset building**. Technical and financial support for programs that help create worker ownership of businesses with a focus on communities of color, low wealth communities and communities excluded or exploited within the traditional workforce.



# Want to Start a Worker Cooperative?

## MCDC can help you...

- Understand the worker co-op development process
- Connect with peer worker co-ops
- Connect to local organizations for training, benefits, and resources
- Secure financing through our lending partners
- Find business development support through our network of preferred providers
- Cover the cost of business development assistance with grants up to \$10,000

\* In addition to the on-line Coops 101 and in person 101 classes in 2022 MCDC began a relationship with **Madison College**: [Start a Worker Cooperative](#) class.

*Examples of enrollee's are now are three Madison College students (two of whom want to start a barber shop) and five employees of a wine distribution that are converting to a worker cooperative (the owner wants to retire. Super profitable business).*

# Revolving Loan Fund    Kiva Matching Fund

MCDC has a \$250,000 Revolving Loan Fund, managed by Shared Capital Cooperative. SCC is a cooperatively-owned lending and investment fund for co-ops of all types and sizes and is managed by the co-ops that borrow from and invest in them.



Kiva offers loans of up to \$15,000 to entrepreneurs with 0% interest and no fees through their global crowdfunded platform. The Worker Cooperative Kiva Match Program matches 50% of a loan to a Madison worker cooperative, making it easier to reach a borrowing goal.



## Converting Businesses: Employee Ownership

- Approximately 110,000 Minnesota and Wisconsin businesses with employees are owned by people 55 years or older.
- Lack of succession planning by these business owners will lead to **the loss or relocation of thousands of jobs** and **instability** in local economies across the Upper Midwest.

# Worker Cooperatives Supported by the Madison Cooperative Development Coalition (MCDC)



- **Shaky Hands Madison** : who are receiving support from MCDC, Worker Justice WI, Flora/Shaky Hands Co-op in Milwaukee and Arlene from WWBIC & SBDC Program: Comienzos
- **El Chisme**: a Latinx family who have had a beloved food stand on the South side that wants to start a co-op and expand to a food truck. Receiving support from MCDC and Comienzos
- **Small Axe**: A group of graduating UW-Madison Law Students who do education around legal rights as well as representation for those who otherwise couldn't afford hired attorneys.
- **Solidarity Reality**: a conversion, owner will stay on till retirement though. Was just awarded a \$10,000 feasibility study grant from WEDC. They are in process of applying for an MCDC grant.

# Starting a business with the Madison Cooperative Development Coalition

## Worker cooperatives:



create meaningful change for communities affected by inequality

help build skills, earning potential, household income, and assets.



are designed to improve low-wage jobs and build wealth in communities.



Join us on:

**Monday, Nov 18th**  
6-8 pm

**Goodman South Madison Library**

2222 South Park Street  
608-266-6395

More information at [www.mcdcmadison.org](http://www.mcdcmadison.org)

Light dinner will be provided.



**Center for Cooperatives**  
UNIVERSITY OF WISCONSIN-MADISON



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