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March 14, 2016

City of Madison Purchasing Services
City County Building, Room 407
210 Martin Luther King Jr. Blvd.
Madison, WI 53703

Re: RFP# 8516-0-2016-RR proposal

To Whom It May Concern:

Cooperative Network is pleased to provide this proposal in response to the City of Madison's worker cooperative development initiative. The development of this proposal required significant collaboration with a number of community-based organizations representing the individuals and communities who will be the direct beneficiaries as well as some of the entities that will provide technical services. An early result of this activity will be the organization of the Madison Cooperative Development Coalition to formalize this partnership.

A considerable amount of organizational work has been done in the anticipation of this exciting work. The City's vision of utilizing the cooperative business model to create additional community assets and provide greater opportunity and wages for the City's underserved residents and communities is bold and quite commendable. There are a number of successful cooperatives headquartered in Madison that were created to serve the unique needs of their members. They are all examples of what can be with hard work and adequate resources. The Madison Cooperative Development Coalition is ready to get to work on this important initiative to make it happen.

If you have any questions about our proposal, please do not hesitate to contact me at tom.liebe@cooperativenetwork.coop or (608) 258-4413.

Sincerely,

A handwritten signature in black ink, appearing to read "Tom Liebe".

Tom Liebe
President & CEO

Enclosures
(5) Copies of proposal
(1) Electronic copy on CD-ROM
Forms A-D

Proposer's Name and Address: Cooperative Network
1 South Pinckney Street, Ste. 810
Madison, WI 53703
RFP #: 8516-0-2016-RR

Title: Worker Cooperative Fund Program

Due: March 14, 2016, 2 p.m.

EXECUTIVE SUMMARY

Cooperative Network submits the following proposal to the City of Madison in response to its request for proposals for the City of Madison Worker Cooperative Fund Program. While Cooperative Network is the official respondent and proposed fiscal agent, this proposal is a much larger collaboration of community-based organizations (CBOs), labor unions and cooperative developers informally organized as the Madison Cooperative Development Coalition (MCDC). Coalition members share a common purpose of providing greater opportunities for underserved people and communities, creating living wage jobs and building community assets.

MCDC aims to move beyond traditional business and charitable models that attempt to tackle issues of inequity. The voices and needs of those most affected by systems of poverty and racism will be central to our mission. This will encompass communities of color, specifically the African American, Latino and SouthEast Asian communities. This will also encompass those experiencing homelessness, those formerly incarcerated, queer and transgender communities. By uplifting and prioritizing the most marginalized of us, Madison can become a truly progressive and equitable city.

MCDC is composed of various CBOs and will take cues from local grassroots organizations that have built relationships and trust among those communities. This proposal seeks to maximize the relationships of CBOs and targeted communities, provide resources to support CBO mentoring and technical assistance and commit financial support for education, marketing and cooperative development services. **Members of MCDC understand that we cannot create sustainable outcomes for the community without its direct involvement and guidance.**

Project resources will initially be used to establish an operational structure for MCDC. Integral to this will be the efficient use of limited resources to reduce competitive tendencies and encourage collaborative partnerships that best serve the individuals and families this initiative is designed to serve. This unique approach is meant to build ties, reduce cultural barriers through peer mentorship and ensure community-driven cooperative development.

To achieve the project objectives, MCDC will operate under a steering committee governance structure. Following the principles of the worker cooperative model, the steering committee will be elected by the full MCDC. The CBO steering committee will provide coordination and direction on all elements of the initiative. To achieve this, four distinct activity groups will be created:

- 1) **Grant Fiscal Agent.** Works with the steering committee to develop processes for authorizing project activity and amounts funded. Responsible for collecting project performance measures, filing reports as required and ensuring City requirements are met.
- 2) **Resource Development.** Works with MCDC partners to develop resource materials. Identifies marketing material needs, oversees website development and communication efforts.
- 3) **Program Design.** Works with MCDC partners to identify resource needs to implement activities. Identifies educational resource needs. Develops processes to help assess individual needs and connect potential member-owners with appropriate resources.

- 4) **Program Delivery.** Coordinates technical services provided by various groups, including cooperative developers, business development professionals, unions and CBOs. Develops a preferred provider framework to maximize a network of support surrounding cooperative development.

This collaborative approach brings together a significant, united group of community advocates, organizations and cooperative developers within the City of Madison. These partnerships provide valuable expertise and critical elements of relationship-building with groups seeking assistance to create a worker cooperative and for CBOs and unions to identify groups that could improve their earnings and working conditions through the creation of a worker cooperative.

In the current year, our proposal will solidify an integrated partnership to provide all the mechanisms needed to reach underserved areas of the city. It will also result in the formation of a comprehensive resource network that offers cooperative education, technical assistance, mentoring and funding solutions—fundamental to the long-term success of this initiative. We are organized and ready to provide services shortly after receiving funding so that the City begins seeing a return on its investment within the first year of operation. Within three years, the coalition plans to establish a co-op development fund to sustain the program after its first five years. The fund will be supported in part by community partners, revenue sharing from successful co-ops, as well as cost-sharing and direct funding from foundations and public agencies.

MCDC members would build into its long-term plan the capacity to turn the coalition into a member cooperative by the end of the City's potential five years of funding. This will ensure that MCDC institutionalizes the capacity for developing worker cooperatives far into the future. The creation of a member cooperative would utilize and promote partnerships crystallized during the program's development to establish a set of preferred providers that members can use at all stages of cooperative development, thus continuing the outreach, assessment, education and support generated beyond the five years of funding.

1. General Information

Please include the following information

- a. *A brief description, including the full legal name, of each organization that will receive funding if your organization is chosen.*
- b. *Recognizing that this is a new program it is possible a new organization will need to be established. If the applicant of this project is not formally organized yet please explain the process and plan for formalization*
- c. *Please describe any additional City funding these groups receive.*
- d. *Please include the names of all principals within the organization including board members.*
- e. *Please explain previous experience working with worker cooperatives. Was this experience relevant to the program goals?*

INTRODUCTION

Currently, several cities across the U.S. have already established municipal initiatives to support worker cooperative development programs as a strategy to create high quality, living-wage jobs that stay in their communities. Having the benefit of learning from their experiences, we are building a strong coalition that draws from diverse community-based organizations and unions to implement a sustainable program. Recognizing that the City of Madison has a strong history with

worker cooperatives and a renewed urgency to address issues of income and racial inequality, we developed the Madison Cooperative Development Coalition (MCDC). Taking the cooperative model to heart, our coalition gathered a diverse and highly experienced group of individuals and organizations to develop our proposed program. At least four MCDC member organizations have considerable experience developing cooperatives, including worker-owned cooperative businesses. A list of MCDC members is provided below.

Black Chamber of Commerce	Northside Planning Council
Centro Hispano	Operation Welcome Home
Freedom Inc	SMART Local 18 and SMART Local 565
Heartland Credit Union	South Central Federation of Labor
Interpreters' Cooperative of Madison	ReSCI Consulting
Latino Chamber of Commerce	University of Wisconsin Center for Cooperatives
Latino Professionals Association	Workers' Rights Center
Madison Development Corporation	WRTP/Big Step
MadWorC	Young Gifted and Black Coalition
IUPAT 802	UFCW 1473

The organizations listed in the budget, Cooperative Network, UW Center for Cooperatives, and the South Central Federation of Labor, do not current receive support from the City of Madison. As the applicant, additional information about Cooperative Network's management team and its board of directors is in Appendix A.

2. Project Proposal

Describe the program you are proposing.

PROJECT PROPOSAL

As the MCDC, we are proposing a comprehensive and collaborative program that coordinates and administers educational programs, technical assistance and works with Madison Development Corporation to help support the creation and growth of worker cooperatives. Our proposed program will specifically address factors affecting local communities of color, low wealth and traditionally excluded or exploited workforces. The overall goal is to provide a sustainable system that will combat poverty, empower workers and address issues of inequality in order to strengthen Madison's long-term economic health.

We are proposing a program that addresses the City of Madison's goals for the Worker Cooperative Development Fund Program, as described in its request for proposals:

A strong network of support for cooperative businesses. A cooperatively governed coalition of community-based organizations, unions and cooperative developers will deliver community organizing, technical assistance and education to support groups who want to create new cooperative businesses. Once a group has decided to form a cooperative, they will apply for funding to seek additional technical assistance from "preferred providers," including legal, financial, governance and business planning services. New cooperatives will also have access to networks of other cooperatives and peer support.

Access to flexible capital for worker-owned businesses. We are submitting this proposal in collaboration with the loan proposal submitted by Madison Development Corporation (MDC) and will work closely together to integrate these efforts.

Community asset building. Many of the coalition members represent communities of color and low wealth. The cooperative model is attractive because it offers opportunities to create businesses that are owned and controlled by community members. This program will build long-term assets for these groups by developing an ecosystem of organizational support for cooperatives representing all communities.

Economic security and fair wage employment. Coalition members bring a wide range of skillsets and knowledge to the challenge of creating economic security for workers. Along with more conventional economic analysis, coalition members will be fundamental partners in creating a pipeline of business opportunities for cooperative groups.

Tracking and reporting. We intend to work closely with the City of Madison Office of Business Resources to set up an ongoing system of tracking and reporting. Coalition members will help collect and track specific metrics to meet our goals of ongoing monitoring, reporting, assessment and evaluation.

Program Administration

MCDC has chosen Cooperative Network, a trade association of more than 400 member cooperatives, to serve as the fiscal agent for the program. As the fiscal agent, Cooperative Network will be responsible for ensuring that the following elements are met:

Receipt and disbursement of funds

Cooperative Network will work with the MCDC steering committee to develop a process for authorizing the use of funds and approval of expenses. Cooperative Network will maintain an appropriate level of internal controls to ensure funds are only used for activities authorized by the MCDC Steering Committee, and that recipients of funds submit W-9 forms for income tax reporting purposes, where applicable. Cooperative Network commits to an annual financial audit, including funds received from the City of Madison. A copy of Cooperative Network's audited financial statements will be provided to the City of Madison upon request.

Reporting

Cooperative Network will be responsible for providing an annual report of activities, including the project participants, major milestones and accomplishments. MCDC partners will collect and organize this data on an ongoing basis. The report will include the following elements:

- 1) Summary of expenditures based on the budget categories included in this proposal.
- 2) Performance measure indicators (as outlined under "Reporting system and metrics") to help the City evaluate progress based on its stated goals.
- 3) Performance measures as proposed for a three-year trailing period for newly created cooperatives.

As requested by the City of Madison, Cooperative Network will provide a list of recipients who receive City funds, the amount received and all reasonable and necessary information in Cooperative Network's possession to comply with the project agreement.

Organizing & Operating MCDC

A Transition Committee will guide the initial establishment of MCDC. This committee will include representatives from Cooperative Network, Operation Welcome Home, Young Gifted & Black, the Latino Professionals Association, South Central Federation of Labor (SCFL), Shared Capital Cooperative and the University of Wisconsin Center for Cooperatives (UWCC). As soon as possible

after receiving grant funding, we will hold an election for seven steering committee members that will be open to all members within the coalition, reflecting the democratic principles of worker cooperatives. This model ensures the coalition will maintain consistency and diversity while allowing new voices.

It is important to ensure that all aspects of the program are coordinated and effective, thus ensuring accountability to the City of Madison, coalition members, and the workers and their families this program is designed to serve. Coordinators will be responsible for each of the major activity areas, including resource development, program delivery, program design and peer network support and the Steering Committee. These coordinators will report to the Steering Committee and serve as liaisons to Cooperative Network.

If applying for funding to create technical assistance programming for worker cooperatives please give detailed descriptions explaining

- a. *What the programming will include*
- b. *Who will provide the services*

Our comprehensive program will include, but is not limited to, the activities outlined below.

Education and technical assistance

The primary vehicle for delivering education and technical assistance to potential cooperative members and cooperative groups in development -will be through the coalition's CBOs and unions. Of note, we are partnering with neighborhood-based, city-wide or labor organizations that focus on low-wage workers and communities of color.

The coalition will offer education on the worker cooperative model through a variety of entry points, with an emphasis on integrating cooperative education into existing training, entrepreneurial programs and community organizing efforts. CBOs would have access to education and peer networking to build capacity to help their communities and groups successfully navigate the program and organize cooperatives.

Educational opportunities will be offered through modules developed in collaboration with CBOs and unions through targeted workshops, webinars, study groups and direct work with cooperative groups. The education program will be closely connected to follow-up services, including exposure to potential business ideas.

We also plan to offer scholarships for training and support to MCDC partners who want to develop their cooperative development expertise. This training will play in an important role in building the capacity of community-based organizations and unions and will help to lay the groundwork for a locally sustainable program.

Industry analysis and assessment of business conversion opportunities

Labor unions know which jobs are high-demand in their sectors, where they are located, and they offer training to fill the positions. MCDC can rely on members for industry analysis and assessment to identify key industries, supply chain gaps and anchor institutions, as well as public and private contracting opportunities. Community groups and unions can identify and assess business conversion opportunities. SCFL can help channel this information and coordinate between partners to ensure such assessment informs the pipeline and future worker owners are connected to the proper technical assistance. As the regional council, SCFL already works regularly with MCDC members such as WRTP/Big Step, SMART 565, IUPAT 802, UFCW 1473 and SMART 18. Other MCDC partners can provide assessment as well. The intake data from the Workers Rights Center, for example, can identify local sectors where workers face the most discrimination and pinpoint specific individuals and groups that should be referred to MCDC for co-op development. MCDC will

also work with the City of Madison and other economic development groups to provide industry analysis and business opportunity assessments as needed.

Pathway for new cooperative development

Having created effective educational and outreach efforts, we will promote the establishment of at least 16 cooperatives in development (CIDs) in the first two years. Through a standardized yet flexible assessment/intake procedure, we will create a supportive and collaborative process for the CIDs to move along the track of cooperative development. When CIDs are ready for the loan intake process, they will go to Madison Development Corporation. MDC's loan committee will include at least one coalition member to ensure continuity between lending and the technical assistance program. Recognizing that not every CID will be ready for a loan in the first two years of the Program, MDC expects to make 13 loans. MDC's lending approach to worker cooperatives will differ from commercial financing in several significant areas, with a particular focus on new borrowers and low-wealth and communities of color.

MCDC has budgeted \$160,000 to provide an average of \$10,000 in "seed money" to each CID. This "seed money" effectively serves as a grant to help each CID move to operations and loan readiness. To promote fairness and transparency, each CID will be reviewed by the coalition's steering committee using a set of criteria developed by MCDC members. The steering committee will make recommendations based on each group's stage in the development pipeline and offer them a budget of "seed money" to spend on the types technical assistance they request, including legal help, feasibility studies, market studies, business plans, accounting assistance, and governance mentoring. Skilled technical assistance will be available through a variety of organizations on a preferred provider list. Budgets may vary based on group size, need, and the complexity of the cooperative.

MCDC will build an ongoing and fluid list of preferred providers, professional service businesses and organizations that have experience with cooperative development, ensuring the City's funds are used effectively. These professional providers will have a commitment to the program, many being members of the MCDC, and thus support the program by offering in-kind and reduced rate services to our CBOs and CIDs.

Ongoing support for long term success

New businesses are often fragile in the first five years. In order to support the success of these new worker cooperatives, we intend to develop and maintain a peer support network, focusing on mentorships with existing cooperatives and ongoing training and technical assistance to support successful cooperative growth. There are 80 cooperatives in Dane County, including some of the oldest and most successful worker cooperatives in the U.S. We plan to draw on their knowledge, and the knowledge of MCDC members, to support these peer networks.

c. How this support for worker cooperatives will be marketed

An initial step will be to survey MCDC members to map the assets of neighborhoods, CBOs and unions. Based on this asset map, we will develop and implement a marketing/outreach plan, in collaboration with City of Madison promotional efforts for this program. The marketing plan will include the use of a website, social media, printed materials, participation in community events and multiple languages. Strategies and materials will be shared for use by the entire coalition.

d. How technical assistance will support the work of communities of color, low wealth communities and communities excluded within the traditional workforce and how this support will be marketed to those communities

The coalition has been intentional to include organizations that serve communities of color, low-wealth communities and communities excluded from the traditional workforce in shaping and planning the program.

Operation Welcome Home works with the homeless, formerly homeless and formerly incarcerated people.

WRTP/Big Step builds economic opportunities through the unionized trades in communities of color and low-wealth communities.

The **Latino Chamber of Commerce** offers targeted assistance to Latino entrepreneurs.

Freedom, Inc. works with people of color who generally don't access other programs and trains them in leadership building, social justice and community organizing.

The **Workers Rights Center** offers basic legal information about a worker's rights, community trainings, and general advocacy on behalf of workers. It is open to all workers but serves primarily low-income immigrants (60% of whom are Latino).

The **Interpreters' Co-op of Madison** regularly partners with several dozen organizations and serves hundreds of people each year by providing translation in Spanish, Hmong and many other languages as requested. The unique value of the Interpreters' Co-op is that it levels the playing field for people who don't speak English.

The **Black Chamber of Commerce** is the hub for black business development and economic empowerment for the black community, connecting aspirations and resources, strengthening black business in Madison and making smart black businesses smarter. The Chamber will support the MCDC via its programs such as their annual Black Business Expo, Resource Fair, Business Boot Camp and Holiday Mixer, as well as its directory of black-owned businesses in Madison.

ReSCI Consulting is a Madison-based, black-owned startup that uses conceptual models and applied research methods to discover ways to solve problems, meet challenges or enhance performance among organizations and coalitions.

The **Young Gifted & Black Coalition** focuses on low-income black communities in Madison with the mission of direct action and community organizing to build the knowledge base of its community and empower people to take collective action toward change.

Centro Hispano, the largest nonprofit serving Latinos in Madison, views economic and education opportunities as key to improving the life of its clients and is continually working to increase its organizational capacity to provide more services and connections to the community.

Together with other coalition members, these organizations are critical to achieving the City's stated goals for this program. Working with them ensures that our marketing efforts not only target these communities, but that the entire program is designed collaboratively with these communities. The partnerships and representation in MCDC will help us build trust and give the communities an opportunity to increase their capacity to use the worker cooperative model for economic development.

We will increase the capacity of these organizations to develop new worker cooperatives in the following ways: 1) offer educational opportunities to staff members on cooperative development; 2) provide funds for projects delivered by the CBOs; 3) support CIDs developed by the CBOs; and 4) develop sustainable sources of funding.

e. What types of tracking and reporting systems will be in place and how success will be measured

Reporting System and Metrics

Cooperative Network will collect and report performance indicator metrics to help the City of Madison evaluate the return on its investment based on its stated goals of: 1) building technical assistance capacity; 2) increasing the number of family supporting, living wage jobs; and 3) community asset building. Worker cooperatives created through this initiative will be surveyed annually over a three-year period to capture actual benefits resulting from the City's investment. Information collected from the initial project summary sheet will be used as a benchmark against like data collected over the three-year trailing period. To the extent possible, information will be presented in aggregate to minimize confidentiality concerns for worker cooperatives created as a part of this initiative. Performance indicators as described above that cannot be shared due to a conflict with a federal, state, or local law or that would jeopardize a co-op's business plan will be excluded.

MCDC will work with the City of Madison to define appropriate metrics, recognizing that these metrics may change as the program continues. We have gathered some potential metrics for consideration, based on key performance measures used by the U.S. Department of Agriculture to evaluate the benefits gained through its rural cooperative development investments and additional ideas. Metrics could focus on these major areas: 1) building technical assistance capacity and a sustainable ecosystem of support for cooperative development in low-income communities and among people of color (training metrics, services provided, community impact); 2) cooperatives and jobs created; and 3) cooperative asset building (loan funds and additional grants committed; success rate of cooperatives over a three-year period).

- e. *How will you raise other funding to support this work? How will this project live beyond the 5 years of City funding?*

Sustainability

To ensure the sustainability of the community-based worker cooperative development system developed through this initiative, MCDC will have the opportunity to transition from an informal coalition to incorporate formally as a member cooperative. The mission of this cooperative would be to continue the City's initiative to provide greater opportunities for underserved people and communities by creating living wage jobs and building community assets through organizational partnerships and worker cooperative development. This cooperative would include all targeted MCDC members and partners, including organizations with expertise in cooperative development and training, CBOs big and small, labor partners and lender institutions. Forming as a cooperative would formalize the City's initiative and set it up to continue into the future, independent of any specific CBO, labor partner or other organization for its success.

Because this initiative offers CBOs improved capacity-building potential, their connection to the cooperative development process will be incorporated into their day-to-day work. Similarly, we will build cooperative assessment, education and training into existing union training and apprenticeship programs, naturalizing the cooperative development process into worker-support programs. Union staff, their time paid for by union dues, will become carriers of co-op outreach and education.

This initiative will draw on and strengthen Madison's cooperative development community. Cooperative Network and the UWCC have significant experience starting new cooperatives. MadWorC, an organization of Madison's worker cooperatives, has helped to coordinate worker cooperative educational, technical assistance and mentoring programs. Madison also has an experienced community of lawyers and accountants, who will be solicited for the preferred provider list.

To ensure the sustainability of funding beyond the first five years, MCDC plans to develop a pool of financial and in-kind resources through the following processes:

- **Revenue sharing.** Co-ops that come out of the process contribute a percentage of their profits to a fund created by MCDC that will circle money back into programming to help other CIDs connect to the resources they need on their own pathway of cooperative development.
- **Grants and major donors.** MCDC's members plan to apply for grants to match the City's investment, including a grant from the Wisconsin Medical College and will continue to apply for other funding. After five years, we will have a proven track record in cooperative development that we can use to secure further grant and donor funds. Since MCDC represents a diverse set of partners, CBOs, SCFL and unions, we can leverage their organizational work to bring more funding to MCDC's table.
- **Fundraisers.**
 - Annual events: Events will be held at least once annually events to gather the community, give an update on the progress of the initiative, recognize key contributors and engage sponsors to raise funds for the continuation of services.
 - Fund raffle: Regular raffles will raise funds from ticket sales and offer rewards from coalition members. Rewards may include a percentage of ticket sales.
 - Donation drives: Coalition members will invite consumers to donate to the fund.
- **Strategic partnerships.**
 - Cost sharing: Members of the coalition will provide \$180,053 each year for the first two years of this project as in-kind support. that will considerably leverage the City's investment (see Letters of Commitment in Appendix B for cost sharing over the two-year period. MCDC expects that all partners who invest their time and resources will continue the commitment beyond the scope of five years.
 - Service providers and lenders: Coalition members will continue to build relationships with service providers and Madison Development Corporation to connect participants to resources.

f. If the applicant does not plan to also administer the loan program please explain how you plan to work in cooperation with whatever organization is chosen to administer the fund.

We have been working closely with Madison Development Corporation, which is submitting the loan fund side of this proposal. This reflects the collaborative nature we have laid as the foundation for this Initiative and will ensure that both the technical assistance and lending sides of the project follow shared guiding principles and work collectively toward the intended impact.

If applying for funding to administer the loan funds to worker cooperatives please give detailed description explaining:

3. **Describe the network of support for your project. This may include formal and informal partnerships, staff and volunteers, partnerships with organization doing work with small businesses.**

This proposal will build an eco-system of strong and supportive partnerships among organizations. The MCDC coalition of unions, CBOs, UWCC, lenders and Cooperative Network will work closely together to sustain the program. Details of the coalition partnerships are included throughout this proposal.

Describe the intended economic impact of your project, including but not limited to:

a. *Living wage jobs created/retained/improved*

To achieve the desired economic impact of this initiative, MCDC is structured around the principle of direct involvement and guidance from all community voices. MCDC recognizes that sustainable outcomes will only be possible with the direct involvement of targeted families and communities.

Important work, such as the *Race to Equity Report* and the *Latino Workers Project Report*, has illuminated the racial and ethnic wealth divide in Madison. If this initiative is going to have the desired impact, it must target families and communities of color and those most marginalized and underserved by traditional economic development and business opportunities. According to United for a Fair Economy's *State of the Dream Report (2013)*, "One of the main barriers to business ownership for people of color is access to start-up capital." Because the technical assistance of MCDC would be complemented by lending capital, this initiative represents a powerful tool for alleviating the racial wealth divide in our city and generating economic development in underserved neighborhoods.

There are approximately 300 worker cooperatives in the U.S., however, the model has proven effective at creating sustainable and quality jobs, generating local development and wealth and improving work conditions for worker-owners. According to a *Democracy At Work Institute Report* from the U.S. Federation of Worker Cooperatives, "[j]obs at worker cooperatives tend to be longer-term, offer extensive skills training, and provide better wages than similar jobs in conventional companies."

The timeline for incorporating as a worker cooperative can run from six months to three years, depending on the experience, time and funding that potential worker-owners bring to the project. MCDC intends to start the cooperative development process with at least 16 groups in the first two years of the project. The number of worker-owners in each will vary, but even if each had just three owners, the minimum required by Chapter 185 of the Wisconsin Statutes, that's 48 Madison families that will benefit directly in the immediate term. The expectation of a living wage (\$12.83 in 2016) will be built into MCDC's programming, and the democratic decision making among worker-owners will ensure profits are shared fairly and invested into wages and benefits. Funding for co-op development will also initially give a modest but useful boost via our seed funds to organizations and community partners that are doing the work to make this Initiative successful.

Creation of worker co-ops also has spillover effects beyond worker-owners—they are rooted in our communities and spend their money locally, supporting other family members, workers and small businesses. And they create necessary services, sometimes culturally relevant services, where they need them—in their own neighborhoods.

Because local unions and SCFL are partners in this initiative, we expect cooperatives to develop as start-ups or conversions among groups of already unionized workers who want to fulfill a skill or need in their community and among workers in union apprenticeship programs. We will also build education about unionizing into technical assistance programming, and union partners can provide the necessary resources and support when desired. We therefore expect this initiative to have the added value of creating more unionized jobs in Madison. Increasing unionization is a powerful mechanism for addressing the upward trend of wage inequality—major factors of which includes "the ongoing erosion of unionization and the declining bargaining power of unions, along with the weakened ability of unions to set norms or labor standards that raise the wages of comparable nonunion workers." Union jobs come with a union wage premium and increased likelihood of access to employer-provided health insurance coverage and pensions.¹

¹ <http://www.epi.org/publication/ib342-unions-inequality-faltering-middle-class/>

Unionization may also help budding co-ops be more competitive both in traditionally non-unionized work sectors and in contract-bidding in unionized sectors. It may also help co-ops be successful in their marketing to consumers/clients and to the public and provide them with additional consumers through union and labor networks. Importantly, because this initiative targets workers of color and low-income workers, the pathway to co-op development also presents access to unionized jobs for populations historically excluded from the benefits of labor unions.

b. Community asset building

We are developing a major community asset, an economic engine that recruits and connects businesses and individuals to the in-kind and financial resources they need to reach their goals. Assets include:

- 1) Coalition for co-op development, focusing on delivery through CBOs and unions.
- 2) Collaborative needs-matching process.
- 3) Pool of funds for co-op development.
- 4) Co-op leaders, workers and cooperative developers.
- 5) Developed worker-owned cooperative businesses.

c. Building and supporting the “ecosystem of support” for worker cooperatives

Conceptual diagrams of the MCDC operational system are included in Appendix C. Details about the specific functions were described in Section 2—Organizing & Operating above. The “ecosystem of support” is built, by design, into this program.

4. Give a detailed budget, explaining how the project will be funded beyond City funding. Strong proposals will include funding from a variety of sources.

Budget Narrative (spreadsheet on following page)

Contract services to MCDC member CBOs/Unions. To support grassroots, community-based development of cooperatives, MCDC member CBOs/Unions will write proposals to fund the provision of cooperative development services to their constituency. Proposals will include items such as staff time for community organizing, developing workshops, providing education and technical assistance to CIDs. We expect a variety of costs and proposed activities in the proposals. Detail: Year 1 estimate: 4 proposals @\$10,000 & 8 proposals@\$5,000; Year 2 estimate: \$6 proposals @\$10,000 & 13 proposals @\$5,000.

Contract services to support CIDs. MCDC will offer Technical Assistance through a preferred provider list. This list will include MCDC members and others. CIDs will be assigned a budget for Technical Assistance (legal, financial, business planning, accounting assistance, etc.). Detail: Year 1 estimate: 6 CIDs @\$10,000; Year 2 estimate: 10@10,000.

Contract to support: Coordination of Resource Development/CBOs. Facilitate coordination and evaluation of the activities. Coordinator will assist in identifying marketing material needs, oversee website development and communications’ efforts, help ensure MCDC members and our lending partners resource needs are met. Detail: 400 hours@\$25/hour in Years 1 and 2 (7.5 hours/week).

Contract to support: Coordination of Program delivery. Coordinator will be responsible for coordinating technical services provided by various groups, including cooperative developers, business development professionals, unions and CBOs. Coordinator oversees development of

preferred provider network. Service provided by SCFL. Detail. 800 hours@\$25/hour in Years 1 & 2 (15 hours/week).

Contract to support: Coordination of Program Design. Coordinator will help build capacity of coalition members and identify the resources needed to implement activities and work with coalition members to ensure the delivery of educational programming. The Coordinator develops processes to help assess member needs and connect CIDs with appropriate resources. The University of Wisconsin Center for Cooperatives will provide this support. Detail: 20% FTE UWCC staff time in Year 1 (5% is in-kind) & 15% FTE UWCC staff time in Year 2 (5% is in-kind).

Contracts for services: Costs of Resource Development. Costs include interpreters and translators, website development and printing costs for promotional materials. Detail Interpreters & Translators: Annualized budget \$7,500/year; Website and promotional materials: Annualized budget \$5,000/year.

Contracts for Industry and Place-based Analysis. Develop a pipeline of potential cooperative business ideas via a targeted industry and place-based analysis. This work will be supported by the expertise of coalition members and other local resources, including the City of Madison Economic Development Division, MadRep, and others. Detail: Annualized budget: \$10,000/year.

Contracts to support costs of delivering Education programs and opportunities. Build MCDC members' cooperative development capacity and sustainable network of support. Provide ongoing educational programs, including intensive training for CIDs, targeted workshops, and scholarships for cooperative development training. The costs include planning, space/room rental, trainers, program marketing. Detail: six-week training for CIDs: \$4,000 per year; nine scholarships for coalition members to cooperative development conferences/trainings: 3@\$1000/each & 6/\$500/each = \$6000 annually; develop targeted workshops for CIDs and potential members: 10 workshops: \$1,000 each=5,000 annually.

Contract to Coordinate Peer Network Support. Coordinator will organize efforts to work with new and existing worker cooperatives to develop support networks and peer-to-peer mentoring. The coordinator will also connect new cooperatives to regional and national networks and educational opportunities. Detail: 80 hours@\$25/hour in Year 1; 240 hours@\$25/hour in Year 2.

Contract to Coordinate MCDC Steering Committee. Contract coordinator services to assist with meeting planning, communication, and follow-up on tasks. The Coordinator will also assist with planning MCDC meetings, committees and workgroups as needed. Detail: 400 hours@\$25/hour in Years 1 and 2 (7.5 hours/week).

Cooperative Network Administration. Administrations services performed by Cooperative Network to include accounting, reporting and development of implementation systems on behalf of MCDC. Services represent overhead costs of 8.3% per year, which is less than Cooperative Network's own overhead costs of 13.84%. Cooperative Network's annualized cost for labor and fringe benefits is estimated to be \$47,346, which assumes an annualized effort of 14 hours per week split among four staff members. The difference represents a match from Cooperative Network of \$22,346. Cooperative Network's overhead costs, such as rent, supplies, postage, and check fees are not included, and would be \$6,505. Detail: Year 1: \$20,000; Year 2: \$30,000.

MADISON WORKER COOPERATIVE SUPPORT PROGRAM BUDGET

<u>City of Madison Funds</u>	2016	2017	2018	2019	2020
Contract services to MCDC member CBOs/Unions	\$80,000	\$125,000	\$68,333	\$68,333	\$68,333
Contract services to support CIDs	\$60,000	\$100,000	\$53,333	\$53,333	\$53,333
Contract to support Coordination of Resource Development/CBOs	\$10,000	\$10,000	\$6,667	\$6,667	\$6,667
Contract to support Coordination of Program delivery (SCFL)	\$20,000	\$20,000	\$13,333	\$13,333	\$13,333
Contract to support Coordination of Program design (UW-Madison)	\$9,546	\$9,905	\$6,484	\$6,468	\$6,468
Contracts for services: Costs of Resource Development	\$10,000	\$15,000	\$8,333	\$8,333	\$8,333
Contracts to support costs of delivery of Education programs and opportunities	\$10,000	\$10,000	\$6,667	\$6,667	\$6,667
Contract to Coordinate Peer Network support	\$16,000	\$16,000	\$10,667	\$10,667	\$10,667
Contract to Coordinate MCDC Steering Committee	\$2,000	\$6,000	\$2,667	\$2,667	\$2,667
Cooperative Network Admin	\$10,000	\$10,000	\$6,667	\$6,667	\$6,667
City Total	\$247,546	\$351,905	\$199,817	\$199,802	\$199,802
<u>In-Kind Contributions from MCDC members</u>					
Black Chamber of Commerce	\$15,000.00	\$15,000.00			
Centro Hispano	\$1,860.00	\$1,860.00			
Cooperative Network	\$11,173.00	\$11,173.00			
MadWorc	\$2,500.00	\$2,500.00			
Operation Welcome Home	\$4,800.00	\$4,800.00			
RESCL Consulting	\$36,720.00	\$36,720.00			
SMART Local 18	\$45,000.00	\$45,000.00			
South Central Federation of Labor	\$31,000.00	\$31,000.00			
Workers' Rights Center	\$13,000.00	\$13,000.00			
WRTP Big Step	\$4,500.00	\$4,500.00			
Young Gifted & Black Coalition	\$14,500.00	\$14,500.00			
Total In-Kind	\$180,053.00	\$180,053.00			

PROJECT TIMELINE

5. Describe the project timeline that includes when intended goals will be met. We recognize that in year one work on the project will not begin until May. Please be realistic about your goals for each year.

	2016 (Year 1)												2017 (Year 2)											
	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec				
Phase 1: Program Launch & Promotion																								
Hold kick-off meeting with MDDC transition steering team, lenders & City of Madison																								
Identify coordinators for key activities																								
Fiscal agent, key coordinators & steering team develop process for managing & reporting on activities																								
Develop brand & messaging for MDDC & Worker Cooperative Fund Program																								
Develop & execute outreach strategy to promote program																								
CBOs & unions elect steering team to take over governance responsibilities																								
Establish list of preferred TA providers, amend as needed																								
Steering team creates agreements regarding how to work together & finalizes list of key metrics																								
Phase 2: Ecosystem Assessment & Launch of Capacity Building Activities																								
Scholarships made available for CBO & union staff to attend co-op developer trainings																								
Complete needs assessment of Madison's start-up co-op community																								
Conduct industry analysis to identify key industries, supply chain gaps & contracting opportunities																								
Conduct assessment of business conversion opportunities																								
Program design coordinator & CBOs develop &/or adapt modules on co-op start-ups & conversions																								
CBOs & unions build internal co-op dev. capacity & integrate co-op content into existing programs																								
CBOs conduct neighborhood-based analysis of development opportunities																								
Phase 3: Capacity Building & Delivery of Technical Assistance																								
Promote & maintain worker co-op peer network																								
Seeds funds made available to CIDs for specialized TA																								
Hold targeted workshops for groups interested in starting new worker cooperatives																								
Hold targeted workshops for businesses interested in worker co-op conversions																								
Evaluate and report to City on year one activities																								
Design and deliver intensive 6-week training for CIDs																								
Evaluate and report to City on year two activities																								
Phase 4: Ongoing Delivery of Development Support & Technical Assistance (Yrs 3-5)																								