



Philadelphia  
Area  
Cooperative  
Alliance



## Public Policy to Support the Growth of Cooperative Business in Philadelphia

### Cooperatives build community wealth

Cooperatives are enterprises that are owned and controlled by the people who use the co-op's services or buy its goods. Cooperatives are in many ways like any other business – they could be a grocery store, a utility, or a financial institution. Co-ops range in size from the local corner store to national Fortune 500 companies.

Co-ops are unique because ownership is rooted in the community and profits are equitably distributed, re-circulating money to local stakeholders rather than extracting it to absent shareholders. Cooperatives can provide communities with a stable source of jobs across generations of local owners. The growth of the cooperative sector creates new jobs, increases tax revenue, and reduces dependence on social programs.

Start-up co-ops and conventional businesses converting to cooperatives will join the more than 100 food co-ops, housing co-ops, school co-ops, energy co-ops, credit unions (financial co-ops), and many others in the greater Philadelphia area. Below, you'll find a snapshot of the economic impact of a handful of co-ops in our region:

	Jobs	Revenue	Members
Weavers Way Co-op	165	\$20,000,000	5,290
Mariposa Food Co-op	53	\$6,000,000	2,200
Home Care Associates (worker co-op home health aide business)	245	\$5,300,000	45
The Energy Co-op	9	\$4,800,000	6,100
Childspace Daycare Center (worker co-op day-care business)	60	\$1,800,000	20
Kensington Community Food Co-op (start-up)	20 (Projected)	\$1,500,000 (Projected)	723



Worker Owners of Home Care Associates, 2015

“Cooperatives are values-driven businesses that put worker and community benefit at the core of their purpose.”

-Democracy at Work Institute

# Policy Recommendations for Philadelphia

## Fund cooperative business development

Provide City funding to develop new co-ops.

- **Cooperative Research** - Perform market research on viable industries in Philadelphia for cooperative business development and to identify cooperative business conversions.
- **Fund technical assistance** - Build capacity for existing co-op development organizations to offer technical assistance and lending for new and existing cooperative businesses.
- **Low-skilled, low-wage worker co-op development** - Targeted development of new worker co-ops in industries and sectors where workers are commonly exploited, underpaid, and exposed to dangerous working conditions (day laborers, home cleaning businesses, restaurant workers, etc). In particular immigrant populations and returning citizens.
- **Conversion of existing businesses to worker cooperatives** - profitable businesses close every year because retiring business owners fail to adequately plan for the future ownership of their business. These businesses could be sold to their employees by forming a worker cooperative or an employee stock ownership plan. This ensures that jobs are retained, the businesses continue to operate in Philadelphia, and the former business owners benefit by being able to defer capital gains tax.
- **Cooperative Loan Fund** - Establish a low-interest revolving loan fund to capitalize cooperative start-ups and finance cooperative conversions.
- **Food Co-op Development** - There are three start-up food co-ops in the city (Kensington, South Philly, Manayunk) and four more in the region. Along with the current food co-ops in Philadelphia (Mariposa and Weavers Way), they all need access to technical assistance and capital to open their doors and consider expansions.

## Philadelphia Cooperatives in Action

### Expanding

Childspace Daycare Center has been operating for 30 years. They have locations in Mt. Airy, West Philadelphia, and Germantown where they provide Keystone STARS top rated childcare. With 60 employees already, they plan to open a fourth daycare soon.

### Starting Up

Kensington Community Food Co-op has been organizing for seven years to bring healthy food into their neighborhood. Now with retail space, and nearly one thousand members, they're in their final push to gain the capital needed to retrofit their building and open their doors.

### Converting

Mexcon is a successful, immigrant led construction company working in the Philadelphia area with the goal of becoming a worker cooperative. They started in 2014 and have 20 employees.

### Returning Citizens Co-op

Friends Rehabilitation Program (FRP), with support from the Department of Justice, provides on-the-job training for returning citizens building affordable housing in Strawberry Mansion. FRP plans to continue this work by developing a worker cooperative construction company that will provide quality, stable jobs.

## Encourage Local Procurement from Anchor Institutions

- **Make cooperatives a preferred contractor for City agencies** - the city can do more business with locally owned, cooperative businesses to invest taxpayer money back into local business, thereby building the tax base and building wealth for the city's residents.
- **Study the potential impact of local universities and hospitals to procure services from local co-ops** - identify the current co-ops that can provide services to Philadelphia anchor institutions, and the potential for the establishment of new co-ops that can serve universities and hospitals.

# Examples of Municipal Government Investment in Cooperative Businesses

## New York, NY

In 2014, New York stepped into the forefront of community wealth building when the City Council allocated \$1.2 million to support worker cooperative development. In 2015, funding was nearly doubled to \$2.1 million. Through their strategic efforts, New York City Council:

- Passed legislation requiring the City to measure the number of City contracts awarded to worker cooperatives;
- Mandated worker cooperative technical assistance be provided through the City's Department of Small Business Services (SBS);
- Targets cooperative conversion assistance in the city's industrial business zones;
- Tripled number of worker cooperatives.

## Madison, WI

In the largest allocation by a U.S. city yet, Madison will invest \$1 million a year for five years starting in 2016 to build capacity for organizations that provide technical assistance and lending to new and existing cooperative businesses. These funds will support the conversion of existing businesses to worker cooperatives, and create employment for the formerly incarcerated, low-skilled workers, veteran, and immigrant populations. Madison is in their first year of funding and will be conducting a year of planning on how to maximize the funding. The goals of this program are<sup>1</sup>:

- Building capacity for organizations offering technical assistance and lending for new and existing cooperative businesses;
- Converting existing businesses to worker cooperatives;
- Creating employment for the people of Madison who have been excluded from the traditional business model, including the formerly incarcerated, low-skilled, veteran and new American populations;
- Fundraising and technical support for creative problem solving such as creating corner stores and food stores in neighborhoods where none currently exist, gathering spaces, neighborhood amenities, and working with trade unions to create union cooperatives.

<sup>1</sup> Ifateyo, Ajowa Nzinga. "\$5 Million for Co-op Development in Madison." *\$5 Million for Co-op Development in Madison*. Grassroots Economies Organizing, n.d. Web. 1 Feb. 2016.



"We know that worker-owned businesses are more likely to provide living wage jobs and profit sharing to their members, and are less likely to leave the community they are in."

-Mayor Paul Soglin, Madison, WI

The Philadelphia Area Cooperative Alliance seeks to improve the lives of people in the Philadelphia region by supporting democratically organized businesses, promoting the principles of the international cooperative movement, and growing the cooperative economy. [info@philadelphia.coop](mailto:info@philadelphia.coop) | 215-971-3803 | [www.philadelphia.coop](http://www.philadelphia.coop)