

Seeding Equity

A New Community-Based Model
of Public Investment in Worker
Cooperatives for Excluded Workers

An Examination of California's SEED Initiative

December 2023

ABOUT THIS REPORT

Principal Author

Christina N. Chung

Executive Director
Center for Law and Work
UC Berkeley School of Law

Contributing Authors

Julian McKinley

Co-Executive Director
Democracy at Work Institute

Melissa Hoover

Director of Special Projects
Democracy at Work Institute

Research Assistant

AnLing Su Vera

Undergraduate Student
Amherst College

Design

Eliza Wee

Dogmo Studios

About the Center for Law and Work

The Center for Law and Work (CLAW) at UC Berkeley School of Law fosters cross-disciplinary scholarship, student engagement, and community involvement to address pressing and emerging labor and employment issues faced by our most vulnerable working populations. With a focus on race, class, gender, and immigration status, CLAW combines robust legal, policy, and empirical research and analysis to develop solutions to what is broken in our current structures of work, and to chart a promising future of progressive labor policy that is inclusive of all workers and promotes a vibrant and equitable economy.

About the Democracy at Work Institute

The Democracy at Work Institute (DAWI) is a national think- and do-tank that expands the worker cooperative model to meet the needs of workers locked out of good jobs and business ownership opportunities. DAWI supports the field of worker ownership through research, innovation, education, and advocacy.

Acknowledgments

This publication was made possible by the generous support of The James Irvine Foundation. We especially thank the worker leaders of the cooperatives and their community-based partners highlighted in this report.

The analyses, interpretations, conclusions, and views expressed in this report are solely those of the authors.

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FOREWORD

In early 2020, I was directing policy at the California Labor and Workforce Development Agency, the largest state labor agency in the nation, at the culmination of my decade of work in the public sector on issues of worker equity and justice. With a focus on excluded workers—who are vital members of our essential workforce, our communities, and our families, but who are routinely shut out of good jobs with decent wages, working conditions, and benefits—I was learning some invaluable lessons on just what it takes from inside government to shape effective labor and employment policies, get them signed into law, and operationalize them on the ground. Previously, I had worked for nearly 15 years in non-profits, where I represented immigrant workers in a new approach to community lawyering that combined impact litigation with worker organizing and policy advocacy to expand corporate accountability in subcontracted low-wage industries. From my work both outside and inside the public sector, I had experienced firsthand the pivotal role that community-based organizations (CBOs) play in the larger movement for worker rights—and understood the power of their collaboration with government labor agencies.

Right before the COVID-19 pandemic hit, the California Labor Agency had a small opening in the state budget to create a job training program for excluded workers. But as the subsequent onslaught of COVID-19 began exacerbating ever-deepening inequalities, and the prospects for humane immigration policies grew even more dim, we knew that this moment demanded something so much more than just a traditional job training program. We wanted to craft a model of public investment that opened up meaningful economic opportunities for excluded workers, a model that promoted worker agency while leveraging the expertise of CBOs that were already developing worker leaders to transform low-wage industries.

And that is how California SEED (Social Entrepreneurs for Economic Development) was born. In 2021, I designed SEED to fund a seminal demonstration project on worker cooperatives, in which non-profit CBOs that mobilize excluded workers took center stage in leading worker ownership projects in low-wage industries, with the aim of creating pathways out of poverty jobs and exploitative working conditions.

Two years later, I'm fortunate to be the founding Executive Director of the Center for Law and Work

(CLAW) at Berkeley Law, where we're exploring innovative models that foster worker participation and agency in improving labor standards and lifting the low-wage work floor. This is where California SEED comes into the picture. I have the incredible opportunity at CLAW to shine a light on the workers and organizations that have made SEED's community-based worker cooperative model the promising paradigm of public investment that it is today.

*In March 2023, CLAW and the Democracy at Work Institute convened **Seeding Equity: A New Community-Based Model of Public Investment in Worker Co-ops for Excluded Workers**. Over 100 conference participants, spanning California and beyond, came to UC Berkeley to take part in a vibrant dialogue about SEED and what we've learned from it so far—and also to look beyond SEED, at ways to replicate and enhance its model, including initiatives already sprouting at the local level. Through the conference, the phenomenal worker leaders and CBOs that have trailblazed worker cooperative projects in various low-wage industries came together with other community groups, worker advocates, unions, scholars, and students; in addition, almost a third of our participants joined from federal, state or local government and philanthropy. It was truly humbling to hear from the many attendees who felt invigorated*

because our conference was the first time they had this kind of space to connect across communities and sectors to discuss worker cooperatives in this way, exchange ideas and experiences, and gain insights from one another. This report picks up on where we left off at the conference, by taking a closer look at the tremendous work of the community groups and workers who have made SEED such an exciting grassroots model of cooperative development.

To me, the conference made it even more clear that there is not only an urgent need but also a real hunger for innovations like California SEED. As the socio-economic crisis faced by excluded workers has become even more dire, so, too, has our imperative grown to think outside the box if we want to create real change, opportunity, and hope. And in our respective roles—from diverse communities, organizations, and institutions across the country, working from both outside and inside government—there could not be a time that is more ripe than now for us to share, to listen, to learn, and to work collectively to plant and nurture the seeds of true economic opportunity for all.

Christina N. Chung

Executive Director

UC Berkeley Law School Center for Law and Work

Introduction

A High Road Out of Low-Wage Jobs: Worker Cooperatives

Worker-owned and democratically run, cooperatives have long been hailed as a high-road economic development strategy. Differing from conventional businesses in both philosophy and practice, worker cooperatives exist to benefit their workers alongside generating profit.



This benefit is ensured through direct profit distribution to workers and worker control of and participation in business governance and operations, including the right to vote on decisions over workplace conditions, pay, and the services provided. National research conducted by the Democracy at Work Institute (DAWI) and the U.S. Federation of Worker Cooperatives (2022) suggests that workers—when in charge of their own businesses—pay themselves better, offer better benefits, provide better on-the-job safety, and prioritize job preservation during economic downturns.

With their great potential to develop worker leaders, elevate wages and job standards, and revitalize communities, cooperatives have been capturing the renewed attention of policymakers and philanthropy (Abell, 2020). At the same time, there is a burgeoning consensus that much more can and should be done to help realize the tremendous promise of worker cooperatives (Abell, 2020). In particular, worker cooperative development may provide a lifeline for the most exploited workers, earning the lowest wages yet experiencing the highest rates of wage theft and other labor abuses.

California Ups the Ante on Worker Cooperative Development

In 2020, humane immigration reform was nowhere on the horizon, the fate of DACA (Deferred Action for Child Arrivals) and TPS (Temporary Protected Status) was uncertain,¹ and COVID-19 started ripping through our communities. Socio-economic disparities based on race, class, gender, and immigration status were becoming even more extreme—further marginalizing workers who are already excluded, due to legal barriers or otherwise, from meaningful workforce opportunities (Flores *et al.*, 2023; Mengesha *et al.*, 2022). This convergence of the ongoing public policy crisis on immigration and the COVID-19 pandemic made it even more urgent for states and localities to act swiftly to address the widening inequalities faced by excluded workers.

California responded to this unprecedented moment by upping the ante on public investment in high-road business ownership opportunities for excluded workers, when it created ***Social Entrepreneurs for Economic Development (SEED)***, an innovative grant program designed to promote worker equity. In 2021, the state awarded non-profit community-based organizations (CBOs) almost \$10 million in SEED funding to provide entrepreneurial training and microgrants to individuals facing substantial barriers to gainful employment due to their immigration status or limited English proficiency. SEED training and microgrants were directed to support these individuals in launching responsible small businesses to address a social problem or meet a community need.

Significantly, within this framework, SEED also funded a demonstration project on worker cooperative development, spearheaded by CBOs that organize excluded workers in low-wage industries. Jump-started by an impressive collaboration between these CBOs (**CLEAN Carwash Worker Center, Cooperacion Santa Ana, Pilipino Workers Center of Southern California**, and **United Taxi Workers of San Diego**), and experts in cooperative development (**DAWI** and **L.A. Co-op Lab**),² the SEED worker cooperatives have broken new ground in the carwash, child care, homecare, and taxicab industries.

Only two years since its formation, the model built through California SEED has already taken root as a compelling prototype of public investment in worker cooperative development. In this report, we examine SEED's key components, and highlight some emerging indicators, both quantitative and qualitative, of the model's considerable potential. But our analysis is just the beginning of this important conversation; we hope it will encourage further discussion and interest among changemakers across the state and nation who are inspired to grow and replicate models like SEED, as part of creating a more fair and just economy.

Excluded Workers

Who Are Excluded Workers?

Excluded workers are individuals who cannot access stable, gainful employment relationships and whose economic opportunities are severely constrained, due to their immigration status or other significant barriers to employment—including undocumented immigrants and other noncitizens, individuals with limited English proficiency, and individuals lacking a formal work history. As a result, excluded workers are disproportionately employed in low-wage industries, in which they provide essential services but are paid poverty wages, are often subjected to unsafe and unhealthy working conditions, and are particularly vulnerable to abuse and exploitation.

Essential and Excluded: Undocumented Workers

Their Enormous Economic Contributions

Throughout the COVID-19 global pandemic, approximately 5.2 million undocumented workers nationally (roughly half of their estimated total population in the U.S.) were essential workers who performed some of the most vital and high-risk work (*FWD.us, 2020, pp. 5, 22*). More than 70% have lived in the U.S. for ten or more years (*FWD.us, 2020, p. 16*).

The vast majority of undocumented immigrants in the U.S. have jobs (nearly 96%) and pay taxes (*New*

American Economy, 2023, "Economic contributors"). In 2018, they contributed almost \$32 billion in federal, state, and local taxes, and their spending power was estimated at nearly \$218 billion. In the last decade, they generated a surplus of \$100 billion in the Social Security program alone (*New American Economy, 2023, "Economic contributors"*).

In 2014, in more than 20 states, working-age undocumented immigrants had higher rates of entrepreneurship than either lawful permanent residents or U.S. citizens of the same age group. Undocumented entrepreneurs generated \$15.2 billion in business income in 2016 (*New American Economy, 2023, "Starting businesses"*).



Poverty Wages & Labor Exploitation

In 2019, more than one in three (37%) California workers without U.S. citizenship (“noncitizen workers”) received less than \$25,000 in annual wages, and 35% made between \$25,000 and \$50,000 (Flores et al., 2023, p. 5).³ As a result, nearly four in ten noncitizen workers live in households making less than a living wage (Flores et al., 2023, p. 5). These statistics are likely much worse for California’s estimated 1.1 million noncitizen workers who are undocumented and are estimated to experience chronic and severe housing and food insecurity at greater rates than other noncitizens and workers who are U.S. citizens (Flores et al., 2023, pp. 3, 5-6).

Among the most exploited of all workers, undocumented workers are excluded from meaningful economic opportunities and are typically employed in low-wage industries (Flores et al., 2023, pp. 4-6; New

American Economy, 2023, “Filling jobs in key industries”), where poor wages and labor abuses are prevalent (Lazo et al., 2022; Milkman et al., 2010). In 2019, the median hourly wage of undocumented workers in California was only \$13, compared to \$26 for U.S.-born workers (California Immigrant Data Portal, 2022). In particular, undocumented immigrant women, despite high rates of participation in the workforce, have high rates of poverty; they are paid less for similar work than all other workers in California, making only 49 cents for every \$1 dollar earned by white men (Varela et al., 2022, pp. 2, 4).

In addition to extremely low wages, undocumented workers are subjected to high rates of wage theft and dangerous working conditions. For example, they are significantly more likely to experience minimum wage violations than either U.S.-born or naturalized citizens (Cooper & Kroeger, 2017, p. 20). In the low-wage industries with the highest rates of COVID-19 pandemic-related fatalities in California, immigrants including undocumented workers constituted the majority of deaths (Flores et al., 2023, pp. 4, 6-7).



Excluded Workers:

Four Low-Wage Industries

With the primary goal of lifting wages and working conditions for excluded workers by promoting their leadership and agency, California SEED invested in the development of worker cooperatives in four low-wage industries: **homecare, child care, carwash, and taxicab.**

Homecare

Homecare workers⁴ provide essential care for the elderly and individuals who are not able to live independently, so they can remain in their homes. Assisting with activities of daily living, such as bathing, dressing, using the toilet, cooking, and cleaning, homecare workers engage in long hours of physically and emotionally demanding work, resulting in injury rates higher than the national average (*Stepick & Tran, 2022, "High home care worker turnover"*). Homecare workers also experience alarming rates of workplace abuse, harassment, and violence (*Stepick & Tran, 2022, "High home care worker turnover"*).

Across the country, homecare workers are disproportionately Black, Latinx, and Asian American/Pacific Islander women—who are dramatically overrepresented in this industry (representing almost 60% of the workforce) when compared to their percentage of the U.S. workforce (17%) (*Robertson et al., 2022, p.3*). Immigrant workers are also overrepresented in the U.S. homecare industry at a rate of almost four times their percentage of the workforce overall (*Robertson et al., 2022, p.3*). California's homecare workforce reflects similar disproportionate representation of Black, Latinx, and Asian women and immigrants (*PHI, 2023, "Direct care workers by race and ethnicity"; Thomason & Bernhardt, 2017, p. 6*).

Homecare is the largest but lowest paid occupation among all healthcare workers (*Stepick & Tran, 2022, "Home care workforce is growing rapidly"*). In California, the median hourly wage of homecare workers in 2022 was just \$14.95 (*PHI, 2023, "Direct care worker median hourly wages"*), nearly \$9 below the estimated median for all California workers (*U.S. Bureau of Labor Statistics [BLS], 2022c*). In 2021, almost four out of every 10 homecare workers in the state had earnings below twice the official federal poverty line⁵ (*PHI, 2023, "Direct care workers by poverty level"*). Nationally, homecare workers are more than twice as likely as all other workers to lack sufficient income to make ends meet (*Wolfe et al., 2020, p. 29*). Such devaluing of care work, and the fact that homecare workers are overwhelmingly women of color and immigrants, stem from structural racism, sexism, and xenophobia that have perpetuated the legal and economic exclusion of these workers throughout modern history (*Robertson et al., 2022, pp. 7-8*).

At the same time, homecare is one of the most rapidly growing occupations across all industries, both nationally (*Stepick & Tran, 2022, "Home care workforce is growing rapidly"*) and in California (*Thomason & Bernhardt, 2017, p. 2*). Over the next several years, the number of job openings in homecare is projected to outpace any other industry, with states already not meeting current demand (*Robertson et al., 2022, p. 4*).



Child care

Child care work is highly skilled and labor intensive (*Banerjee et al., 2021, p. 5*). Like the homecare industry, the child care workforce reflects the demographics and extremely low pay that characterize care work in general, due to the long history of discrimination against care workers based on race, sex, and immigration status (*Banerjee et al., 2021, pp. 7-12*).

More than 96% of child care workers are women (*Wolfe et al., 2020, p. 40*). White, Black, and Latinx women are overrepresented as child care workers nationally, with women of color making up almost 41% of this workforce (*Banerjee et al., 2021, pp. 2, 9*). Estimates in California are higher, with Black and Latinx women comprising about 53% of child care workers (*Thorman et al., 2018*). Child care workers are more likely than all other non-domestic workers to have been born outside the U.S.; noncitizens are overrepresented as child care workers (*Wolfe et al., 2020, pp. 11-12*), and are particularly vulnerable to abuse and exploitation (*Banerjee et al., 2021, pp. 10-11*).

Child care workers had a median hourly pay in 2022 of just \$13.71 (*BLS, 2022d*),⁶ compared to the median of

\$22.26 for all U.S. occupations (*BLS, 2022b*). In particular, child care workers who are nannies experience the widest pay gaps; paid only about 80 cents for every dollar that a similar worker would make in another occupation, nannies had median annual earnings in 2018 of only \$13,558, or almost three times less than the median annual earnings (\$39,120) of all other non-domestic workers (*Wolfe et al., 2020, pp. 22, 26*).

As a result, child care workers are much more likely to be living in poverty than all other non-domestic workers, regardless of occupation (*Wolfe et al., 2020, pp. 30, 54-56*). In California, about 25% of child care workers live in poverty, compared to 14% of all working adults in the state (*Thorman et al., 2018*). Nationally, Black, Latinx, and noncitizen child care workers face particularly high poverty rates (*Wolfe et al., 2020, p. 30*).

In addition, relatives, friends, and community members who provide child care in unlicensed settings remain a large but often invisible part of the child care workforce; disproportionately likely to be women of color, immigrants, limited English proficient, and low-income, the majority work without pay (*Park & Pena, 2021, p. 1*).



Carwash

Noting California’s “legendary love of the automobile,” the U.S. Census Bureau reported that in 2019, no U.S. state had more carwashes and carwash employees than California, which also boasted the highest total carwash sales of \$1.6 billion in 2017 (*Hait & Dowell, 2021*). For many Americans, their car is the second most expensive item they will purchase, and because people are keeping their cars longer as the price of new cars continues to rise, carwash businesses are also expected to expand in number (*Hait & Dowell, 2021*).

Meanwhile, nationally, the median hourly wage of carwasherxs in 2022 was only \$14.90, resulting in median annual wages of only \$31,000 (*BLS, 2022e*)⁷—well below twice the federal poverty line for a household of two (\$36,620).⁸

In Los Angeles County, home to more than 500 carwashes, about 65% of the estimated 10,000 carwasherxs are first generation Latinx immigrants, and at least 27% are undocumented (*Sánchez et al., 2022, p. 11*). Worker advocates have noted an even higher estimate of carwasherxs with precarious immigration status (*Roosevelt, 2022*).

Labor enforcement agencies have found pervasive violations of basic workplace standards in California’s

carwash industry. The media has recently highlighted large state and federal government cases seeking millions of dollars in wages and penalties on behalf of immigrant and limited English proficient carwasherxs who have not been paid minimum wage and overtime (and are typically paid only in tips), nor provided meal and rest breaks, among other violations (*Roosevelt, 2022; Lazo & Kalish, 2023*). The U.S. Department of Labor has cited California carwashes for failing to pay even the lower federal minimum wage of \$7.25 per hour, an hourly rate which is not even half of California’s minimum wage (*Roosevelt, 2022*). However, by filing protracted legal appeals, declaring bankruptcy, changing their legal form, and hiding assets, carwash employers typically avoid paying citations and judgments for wages and other compensation owed to workers (*Sánchez et al., 2022, p. 38; Roosevelt, 2022*).

Carwasherxs are also subjected to serious occupational health risks, including routine exposure to hazardous and toxic chemicals, close contact with dangerous moving machinery, long hours in the heat with no drinking water, and inadequate regulations and oversight of unsafe workplace practices (*Dickens et al., 2019; CLEAN Carwash Worker Center, n.d.*).



Taxicab

The taxicab industry has been notorious for creating “sweatshops on wheels,” due to the exceedingly low wages, long hours, and dangerous working conditions of drivers, who have been denied the basic rights and protections of employees as a result of their typical treatment as independent contractors, while they have also routinely lacked true autonomy and control over their work (*Esbenshade et al., 2013; Blasi & Leavitt, 2006*).

Previous studies of workers in the industry—including surveys of drivers in various cities across the country such as San Diego, Los Angeles, Portland, New York, and Chicago—have documented drivers’ grueling work hours (often over 70 hours per week, 10 to 12 hours or more per day) and net hourly wages far below minimum wage, after subtracting high out-of-pocket expenses that reduce take-home pay, including the cost of gas, insurance, and car maintenance, as well as other expenses related to leasing or owning the vehicle (*Murray et al., 2019; Esbenshade et al., 2013; Butler & Karter, 2012; Bruno, 2008; Blasi & Leavitt, 2006; Waheed & Romero-Alston, 2003*).

With extended hours of sedentary and extremely stressful work, taxi drivers face an increased risk of developing serious health problems, and are also at high risk of being victims of homicide while on the job (*Murray et al., 2019, p. 324*).

Black, African American, Asian and Latinx men are overrepresented as taxi drivers when compared to their percentages in the overall workforce (*BLS, 2022a, “Taxi drivers”*), as are immigrants (*Murray et al., 2019, p. 324; Esbenshade et al., 2013*). The United Taxi Workers of San Diego (UTWSD) estimates that currently, about half of San Diego’s taxi permits are held by African immigrants and refugees who speak several languages and dialects, with many lacking full English proficiency.

The Los Angeles Department of Transportation recently estimated that with the meteoric rise of app-based ride-hailing companies like Uber and Lyft, the taxi business has plummeted 75% in less than a decade (*Carpenter, 2020*). According to the UTWSD, taxi drivers in the border city have similarly echoed a significant drop in demand for their services and report regular daily earnings of less than \$50 per day.

The SEED Model

California SEED recognized the critical importance—and enormous possibilities—of public investment in worker cooperative development that harnesses the expertise of CBOs that are already organizing excluded workers in low-wage industries. The CBOs collaborated in a model partnership with cooperative development experts and the worker leaders they mutually supported. Together, they leveraged \$1 million in SEED funding over a one-year period to rapidly build a vibrant ecosystem of worker-owned small businesses across multiple low-wage industries.

Photo credit: Lara Aburamadan | Survival Media Agency



Paving the High-Road Across Low-Wage Industries:

SEED's Community-Based Organizations & Cooperative Development Experts

(Now collectively known as the California Worker Ownership Collaborative)

Community-Based Organizations

CLEAN Carwash Worker Center, founded in 2007, has over 15 years of experience building carwasherx power and leadership. As the first carwash worker center in Los Angeles and the country, CLEAN fights to shed light on the exploitative carwash industry and center those at the heart of these operations - the carwasherxs.

Cooperacion Santa Ana, founded in 2019, works with low-income residents and families in Santa Ana, California, who are interested in growing additional income streams, building assets, and transforming their community. Organizing a cooperative network and a fund run by Orange County cooperatives, Cooperacion Santa Ana provides training and coaching to worker leaders and believes that worker cooperatives offer an asset-creation opportunity for those who may not be eligible for employment or lack access to capital, and that deep democracy rooted in cooperatives transforms entire communities and local economies.

Pilipino Workers Center of Southern California

(PWC), formed in 1997, organizes the low-wage Pilipinx community in Southern California to demand better living and working conditions. PWC's work includes providing support for human trafficking survivors, immigration legal services, affordable housing, workforce certification training, education on workers' rights, enforcement against wage theft, and free tax preparation.

United Taxi Workers of San Diego (UTWSD),

founded in 2010, is a multi-ethnic membership-based organization that formed immediately following the taxi drivers' strike of December 2009. Since then, UTWSD has led the charge toward real change for taxi drivers in San Diego, addressing high lease prices, harassment by law enforcement and public transportation officials, and a generally languishing taxi industry.

Cooperative Development Experts

Democracy at Work Institute, formed in 2013, is a national think- and do-tank that expands the worker cooperative model to meet the needs of workers locked out of good jobs and business ownership opportunities. DAWI supports the field of worker ownership through research, innovation, education, and advocacy.

L.A. Co-op Lab, established in 2015, advances worker ownership with bilingual in-person and online training, technical assistance, coaching, and financing. It is a collective that focuses on building capacity for worker ownership in Los Angeles and is a founding member of the national Seed Commons financial cooperative/peer network.

Why SEED holds so much potential as a powerful economic justice strategy lies in the synergy of **SEED's five key components:**

- KEY 1: A model statute enshrining a public commitment to develop high-road economic opportunities for excluded workers
- KEY 2: A model community partnership featuring CBOs that organize excluded workers
- KEY 3: A replicable rapid startup framework supported by cooperative development experts
- KEY 4: A cross-industry community of learning and practice
- KEY 5: Microgrants targeted to grow the cooperative ecosystem

Key 1:

A model statute enshrining a public commitment to develop high-road economic opportunities for excluded workers

Excluded workers are the explicit focus of California SEED. Written into state law,⁹ SEED defines its “target populations” as individuals who face significant barriers to employment due to their immigration status or limited English proficiency (*California Unemployment Insurance Code §§ 14106.5(c), 14107*).¹⁰ The SEED statute acknowledges the need to fund and support meaningful economic opportunities for these individuals, who are otherwise excluded from good jobs and any real chance at upward mobility—including undocumented and other immigrants, refugees, asylees, and U.S. citizens who are part of SEED target populations (*California Unemployment Insurance Code § 14107*). The significance of this express commitment by California—with the fifth largest economy in the world—cannot be overstated, both for its symbolic value and the state’s substantial investment of public dollars in an economic equity initiative aimed at excluded workers.



Key 2:

A model community partnership featuring CBOs that organize excluded workers

Under the SEED model, the CLEAN Carwash Worker Center, Cooperacion Santa Ana, the Pilipino Workers Center of Southern California, and the United Taxi Workers of San Diego lead cooperative development projects in the carwash, child care, homecare, and taxicab industries. SEED has demonstrated the power of what these grassroots CBOs bring to the field of cooperative development, and why their role is so indispensable.

Deep community roots. The CBOs have a demonstrated track record of working in their local communities on issues of economic justice for excluded workers. Their staff are community members themselves, who utilize culturally and linguistically appropriate methods and have well-established community relationships, some reaching back decades, as well as the trust of workers in the industries in which the CBOs are supporting cooperative development.

Worker organizing expertise. The CBOs leverage their expertise in developing worker leaders committed to principles of worker equity and economic justice.¹¹ Each CBO taps into its strong base of workers—many of whom have been involved with the CBO in economic justice campaigns and are already energized to participate in a larger movement for change—in order to recruit and train cooperative

members who see business ownership as the next stage in addressing the systemic problems underlying the low-wage industries in which they work. Through popular education techniques, the CBOs help prepare workers to create a new kind of work where they set the standards and conditions of their labor. Ultimately, each CBO's expert cultivation of worker leaders invested in reimagining their workplaces also promotes worker retention and commitment to the cooperative model, which is crucial in developing cooperatives that have a chance to thrive.

Industry knowledge and market relationships.

The CBOs and the worker leaders they develop know what a high-road business in their industry should look like—and what is needed to support workers in that industry. This knowledge, reinforced and deepened by industry-specific trainings provided by the CBOs to the cooperative members they recruit, is vital in ongoing skills-building, and in identifying and linking to niche markets that enable the cooperative to implement high-road business practices.

Economic justice advocacy. Embedded within their local communities and deploying their worker organizing and industry expertise, the CBOs are uniquely positioned to spearhead the development of worker cooperatives that can demonstrate high-road businesses are able to flourish in low-wage industries, and that can serve as catalysts for broader change across industries. The CBOs and the worker leaders of the cooperatives actively engage with policymakers, government officials, unions, other community groups and worker centers, legal organizations, labor and research centers, academic institutions, and philanthropy. These critical relationships serve a dual purpose; some not only facilitate market connections to potential customers for the cooperatives, but they also create larger networks to advocate for worker rights and grassroots efforts like worker ownership initiatives that can help transform low-wage work.

Cultivating the Seeds of Cooperative Development:

The Central Role of CBOs that Mobilize Excluded Workers

In the model collaboration funded through SEED, CBOs with an economic justice mission that organize excluded workers within their local communities act as the cooperative business developer. In this role, the CBOs carry out three primary responsibilities:

Incubate the cooperative, as a “special member” of the cooperative.

During cooperative incubation and startup, the CBO participates as a non-voting special member, helping to vet initial worker members, develop the governance structure, and steward the business until it is financially self-sufficient and worker-owners are equipped to independently govern and manage the cooperative.

Create protected markets and secure clients. The CBO supports the cooperative by using organizational and industry relationships to help secure business contracts, in order to create a steady flow of revenue during cooperative startup.

Provide training and infrastructure to grow the cooperative. The CBO assists in training workers to gain fluency in cooperative governance, management, and business development, as well as to advance their industry-specific skills and knowledge. The CBO also initially provides a variety of administrative services to support the cooperative.

Key 3:

A replicable rapid startup framework supported by cooperative development experts

In order to support the formation, incubation, and capacity-building of the cooperatives, as well as the integral role played by the CBOs, the model partnership funded through SEED paired the CBOs with DAWI and L.A. Co-op Lab, experts in cooperative development who contribute their deep knowledge of setting up cooperative systems. DAWI's Rapid Response Cooperative (RRC) framework serves as a primary building block in this collaboration.

Designed by DAWI to reduce cooperative startup time and costs, the RRC framework standardizes and scales the process of cooperative development by providing a toolkit of resources and templates (with built-in

flexibility to allow for customization) that can be applied out-of-the-box to help establish the corporate structure, institute cooperative decision-making protocols, and incorporate high-road business practices. The RRC framework also includes clearly defined responsibilities of each collaborative partner in developing and launching the cooperative business.

DAWI and L.A. Co-op Lab work as a team to train and support the CBOs and worker-owners of the cooperatives to utilize the RRC framework. DAWI provides technical assistance to the workers in order to increase their business and financial literacy, and coaches the CBO partners on topics such as business strategy, financial reporting and projecting, and cooperative organizational development. L.A. Co-op Lab, in turn, provides follow-up cooperative education and training to worker-owners, facilitates sharing of skills and knowledge among the workers and CBOs, assists with cooperative marketing and outreach to prospective local customers, and as needed, offers non-extractive financing to the cooperatives.

DAWI's cooperative startup framework, implemented through the dynamic partnership between the CBOs, DAWI and L.A. Co-op Lab, has enabled simultaneous support of a larger number of cooperative projects than would have been possible otherwise—and has thus opened up more opportunities for excluded workers from various low-wage industries to envision and craft their own model workplaces.

Replicating Model Workplaces:

DAWI's Rapid Response Cooperative Framework

Created by DAWI to spur cooperative development in communities across the country – including cooperatives led by immigrants, DREAMers, and returning citizens in partnership with universities, cities, and CBOs – the Rapid Response Cooperative (RRC) framework provides a pathway to sustainable work, career development, and shared entrepreneurship for excluded workers. The framework consists of several core elements:

- A small business model structured as a limited liability corporation (LLC), in which the partners of the corporation are the workers of the cooperative who equally share in ownership and governance over the business and its operations, and who are compensated as owners, not as hourly employees or contractors
- An established business development partner such as a CBO committed to recruiting worker-owners and helping to build a market for the cooperative
- A road-tested training and capacity-building program for worker-owners, including financial skills training and support for democratic decision-making, led by cooperative development experts
- A legally-vetted, customizable toolkit that standardizes and scales cooperative development (enabling a quicker start-up period than most cooperative businesses, and allowing worker-owners to focus on profit generation), and that sets out the respective roles and responsibilities of the business development partner, the cooperative development expert, and the cooperative
- A comprehensive and structured relationship of support and sharing of knowledge among a cohort of developed Rapid Response Cooperatives

Key 4:

A cross-industry community of learning & practice

Through SEED, the CBOs and the cooperative development experts have also fostered a powerful community of learning and practice with the worker cooperatives they are supporting. The groups and workers have regularly come together to participate in training and peer learning that have made cooperative development more efficient by synthesizing the knowledge, skills and insights of each participant, and by promoting cross-industry

sharing. A language justice coordinator from DAWI ensures accessibility across the eight different languages spoken by participants, with simultaneous interpretation provided for non-English speakers at every training.

This shared learning has had additive impact; the organizations and workers have not only been buoyed and united by each other's experiences, but the capacity of each has also been augmented through their mutual support and collective problem solving. The resulting ecosystem of entities and individuals working together across low-wage industries toward a common goal has positioned the groups to be far more successful than they would have been if they had worked apart, in relative isolation from each other. Going forward, the SEED partners are further enhancing this symbiosis by pooling additional resources for the cooperatives, including back-office support, legal and accounting assistance, and marketing services.

Flor Rodriguez, Executive Director of the CLEAN Carwash Worker Center, emphasized that being in the same space with other organizations sharing a similar mission is “really fruitful; together, we learn from each other.” Aquilina Soriano Versoza, Executive Director of the Pilipino Workers Center of Southern California, has found the cross-industry coaching and mentoring invaluable. “We got to know each other and build trust and relationships that will continue,” she said.

And for the workers, Rodriguez noted, the training and peer learning have made a significant difference. “Earning poverty wages, many workers did not even have bank accounts, no less know how to read a profit and loss statement,” she explained. SEED trainings helped develop worker-owners’ business acumen and skills, including their financial literacy—which are indispensable in establishing and growing successful cooperatives.

Buttressing Cooperative Infrastructure:

The Power of Shared Learning

The SEED partners built a multi-tiered collaborative training and peer learning infrastructure, which supported the CBOs in serving as cooperative business developers, as well as the worker-owners of the cooperatives in learning how to manage and run their businesses:

Trainings of worker-owners by the CBOs

Each CBO partner provided trainings to worker-owners related to their cooperative business, from industry-specific trainings aimed at enhancing job skills and knowledge, to business operations and cooperative development trainings on topics such as financial literacy and democratic decision-making structures.

Technical assistance sessions for the CBOs

The lead cooperative development staff from the CBOs joined DAWI and L.A. Co-op Lab on monthly technical assistance calls that provided an opportunity for all groups to share learnings and jointly solve problems, and that facilitated access of the CBOs to cooperative development resources and tools.

Cohort trainings for worker-owners and CBOs

DAWI and L.A. Co-op Lab led trainings focused on business skills, operations, and management that were pegged to the different roles that are instrumental in cooperative development, including cohort trainings for worker-owners and for the CBO partners.

Key 5: Microgrants targeted to grow the cooperative ecosystem

SEED highlights how public funds can be directed to help build a robust cooperative ecosystem—through microgrants that support business capitalization, worker training, and worker organizing. SEED microgrants were shared among the collaborative partners and included nearly \$200,000 in grants distributed directly to workers in the cooperatives, including as bonuses for being a founding member of the cooperative, and as incentives for meeting certain business development milestones. Perhaps most significantly, SEED microgrants were targeted to help

sustain the participation of worker-owners as they engaged in training and essential cooperative startup activities; this is especially critical because the time workers dedicate to their cooperative means time they cannot spend earning income in other jobs.

Finally, to supercharge the cooperative ecosystem across low-wage industries, SEED not only supported worker cooperatives in the carwash, child care, homecare, and taxicab industries, but also helped to launch Radiate Consulting® LA, a staffing and training cooperative made possible by SEED microgrants and the collaborative framework formed through SEED. Formerly worker leaders who came from the SEED CBO partners, the worker-owners of Radiate Consulting® LA help to bolster worker organizing infrastructure across low-wage industries. By providing skilled trainers to assist local organizations in developing worker leaders and cooperative businesses, Radiate Consulting® LA increases the capacity of other CBOs to lead new worker cooperative projects—and sparks continued growth of the cooperative ecosystem beyond SEED itself.

According to Flor Rodriquez, Executive Director of the CLEAN Carwash Worker Center, SEED microgrants enabled the CBO to hire a business developer, pay for staff time dedicated to the cooperative, and give the worker-owners of CLEANWash Mobile a stipend for their time. For the cooperative, SEED microgrants have been a lifeline. Although CLEANWash Mobile had previously registered as an LLC in 2020, the business was not able to launch until participation in the SEED collaborative made it possible. “The funding allowed us to open a bank account and the workers to pool their microgrants and purchase a vehicle so they could begin doing pop-up car washes,” said Rodriguez. In May 2022, CLEANWash Mobile workers celebrated the opening of their business with a press conference in which they announced their first fleet contract.

Targeting Public Investment:

Microgrants to Enable Worker Participation & Build Cooperative Infrastructure

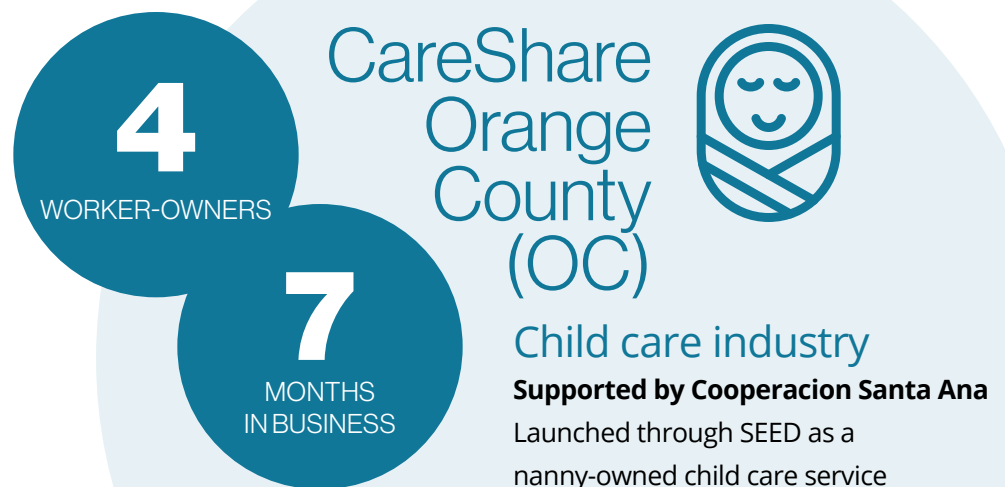
The CBO partners worked with their cooperatives to create protocols for distributing SEED microgrants, which helped to sustain worker participation and develop the cooperative infrastructure. SEED microgrants were used to:

- Enable workers to invest in an ownership share of the cooperative
- Compensate founding members for their time and commitment to the cooperative
- Facilitate worker participation in training and peer learning
- Provide capital to start or support the cooperative (including through the purchase of essential equipment)
- Invest in financial services for each cooperative, including tax preparation and bookkeeping systems
- Provide additional resources to the CBO partners so they could direct more time toward cooperative development

The Worker Cooperatives

Who They Are

California SEED propelled the development of four worker cooperatives in various low-wage industries—through public investment in an innovative model centering grassroots CBOs that organize excluded workers, and pairing them with cooperative development experts. Within just one year of SEED funding, the CBOs, in partnership with DAWI and L.A. Co-op Lab, created the infrastructure for their cooperative ecosystem, including setting up procedures for microgrant distribution and crafting technical assistance and training curricula. Then they swiftly put this infrastructure into action: As of the last quarter of 2022, one existing cooperative (COURAGE Homecare) had doubled in size, two new cooperatives (CLEANWash Mobile and CareShare Orange County) had already launched, and the remaining cooperative (United Taxi Cooperative) was incubated to its pre-launch phase.





CLEANWash Mobile

Carwash industry

**Supported by the CLEAN
Carwash Worker Center**

Launched through SEED
as a carwash service that
comes to the client

5

WORKER-OWNERS

5

MONTHS
IN BUSINESS

COURAGE Homecare



Homecare industry

**Supported by Pilipino Workers
Center of Southern California**

An existing worker cooperative
serving older adults and people
with disabilities, it doubled in
size under SEED

18

WORKER-OWNERS

84

MONTHS
IN BUSINESS



United Taxi Cooperative

Taxicab industry

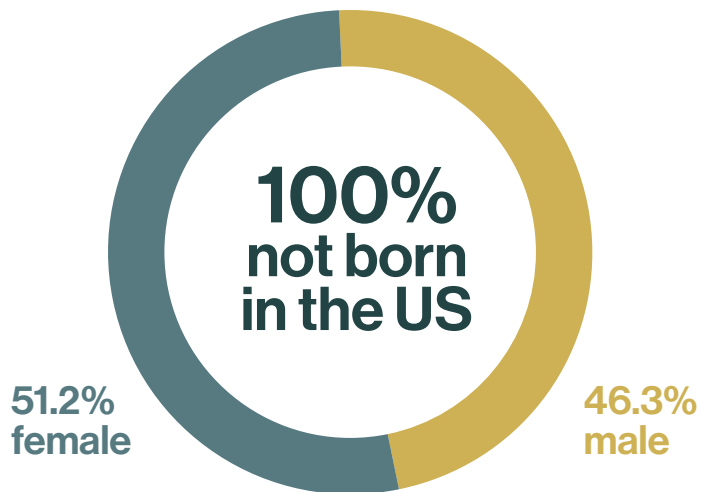
**Supported by United Taxi
Workers of San Diego**

Incubated through SEED
to its pre-launch stage

6

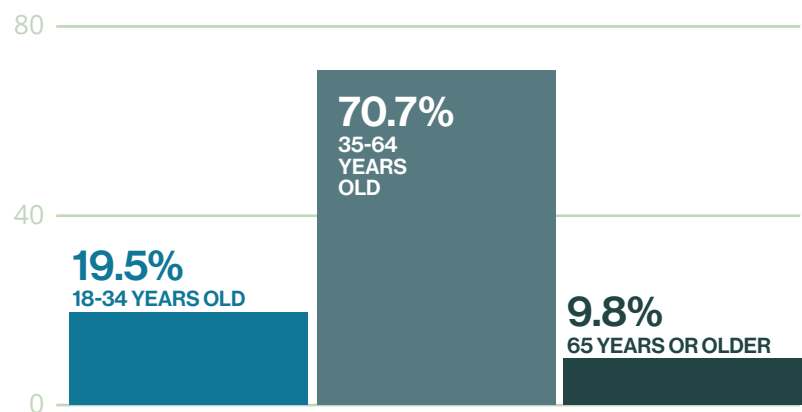
WORKER-OWNERS

Worker-Owner Demographics

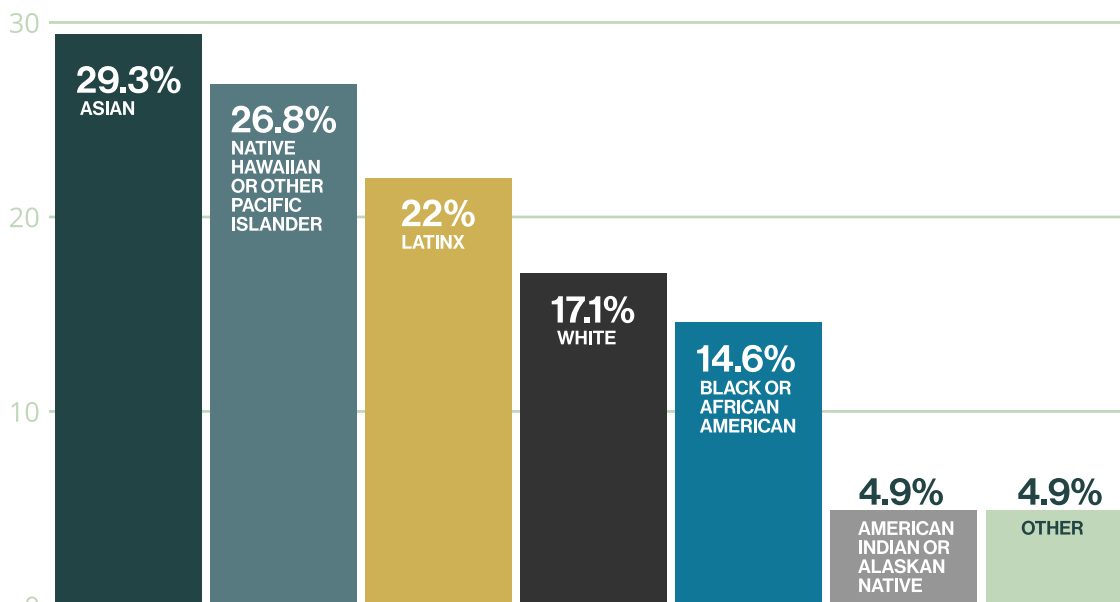


Statistics may not add up to 100%. Some workers preferred not to state demographic information.

Age



Race/Ethnicity



** Workers may have identified more than one race/ethnicity.*

Key Metrics



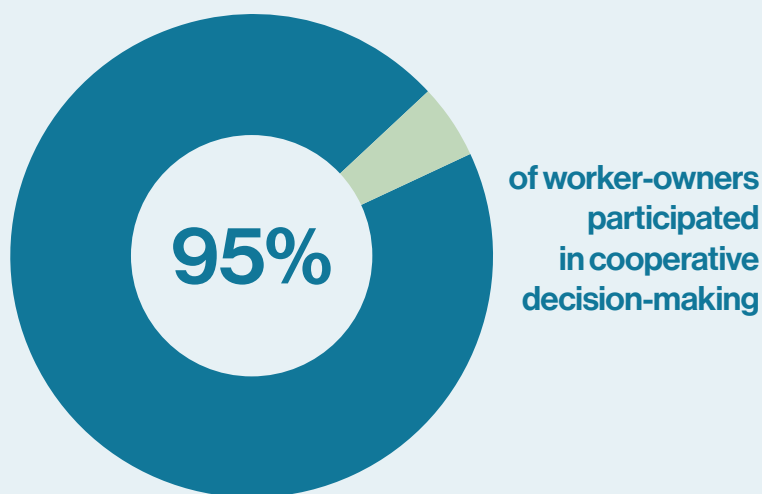
Worker-owners of three of the cooperatives supported through SEED—**COURAGE Homecare, CLEANWash Mobile, and CareShare Orange County (OC)**—were surveyed to measure early-term business progress, the development of democratic workplace culture, and emerging indicators of better wages and working conditions. The following metrics reflect aggregate survey results as of the last quarter of 2022. At the time of our survey, the United Taxi Cooperative was in its pre-launch stage, so it is not included in these metrics; its subsequent progress toward a soft launch is spotlighted in the next section.

Worker Empowerment

Profit-sharing may be one of the most commonly heralded milestones of a thriving worker cooperative, but increasing worker agency through shared participation in cooperative decision-making is no less foundational to a cooperative's success.

The SEED cooperatives offered many worker-owners their first opportunity to utilize their industry expertise and knowledge to make collective decisions about business operations, as well as job quality. As worker-owners who each have the right to vote on business matters, they have participated at high rates in cooperative governance, demonstrating their growing leadership.

High Participation in Workplace Governance



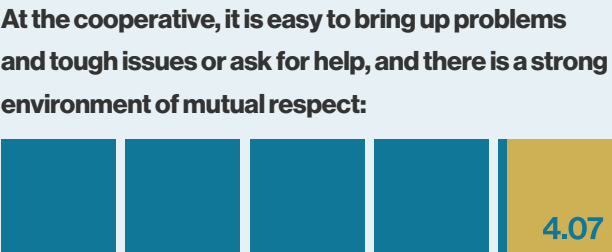
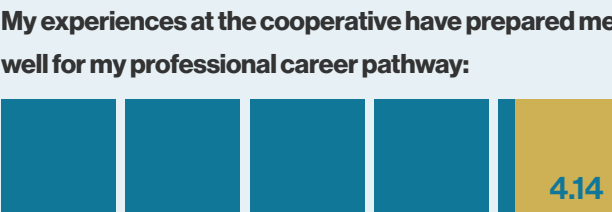
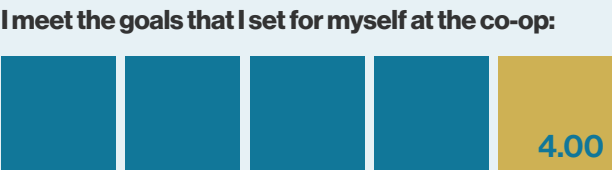
Worker-owners participated in some form of cooperative governance in various ways—for example, by attending member meetings about business operations, setting rates for their services, reviewing and passing an annual budget, determining profit allocation, or deciding to expand cooperative membership. Participation of workers in democratic decision-making at their cooperative is not static and continues past the survey period.

Worker Empowerment (cont'd)

Related to worker-owners’ high rates of participation in cooperative governance are their high rates of agreement that the cooperative fosters both individual empowerment and bonds of mutual support between workers—which are integral to their overall engagement in the cooperative and sense of agency in co-creating a workplace that centers their experiences.

High Sense of Individual & Collective Agency

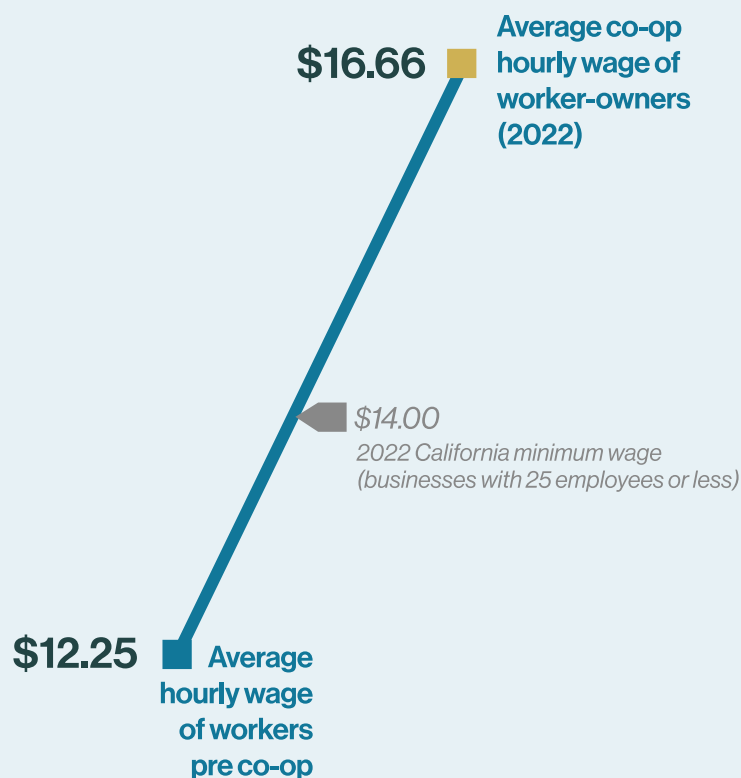
AGREE/DISAGREE SCALE OF 1-5



Wages

One of the most significant markers of job quality is how much workers are paid. The cooperatives supported through SEED have rejected the notion that poverty pay is inevitable in the low-wage industries in which they operate. Instead, the cooperatives demonstrate that when workers have shared control over business decisions, they can set rates with customers that translate into increasing wages, as part of working toward business success.

Wages Have Already Jumped 36%

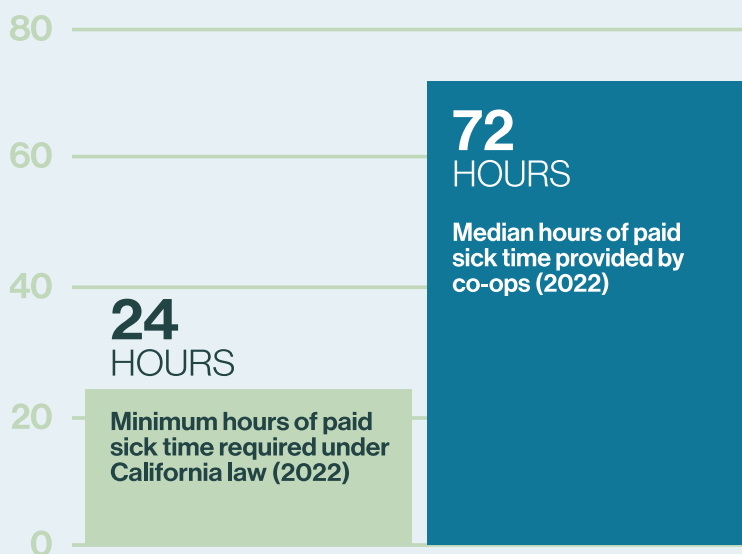


Worker-owners are not paid as hourly employees of their co-op. Their compensation is presented here as an average hourly wage, in order to compare against the average hourly wage they received as workers in their industry before they joined the co-op.

Paid Sick Leave

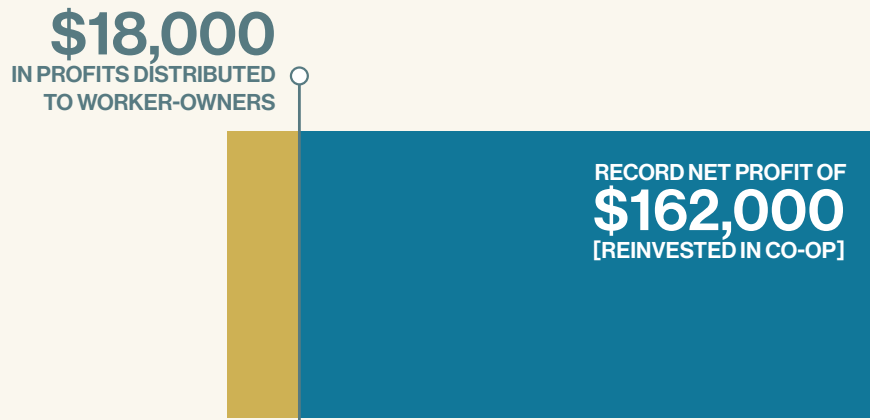
When workers lack access to paid sick time, they must either work despite illness (with possible serious health consequences) or lose wages (and risk losing their jobs) if they take time off from work to care for themselves or a loved one who is ill. Researchers have found that taking unpaid sick leave of even just half a day results in wage loss equal to a household's monthly spending on fruits and vegetables; lost wages from three days of unpaid leave are equivalent to a household's monthly utilities budget (*Gould & Schieder, 2017*). Although some states like California as well as local jurisdictions have passed laws that give workers the right to accrue paid sick time, the SEED cooperatives reveal how worker ownership can enable greater access to paid sick leave, with the number of hours of paid sick time provided by the cooperatives far outpacing the state requirement.¹²

Triple the Amount of Paid Sick Time



California law requires employers to provide a minimum of 40 hours of paid sick time starting in 2024. The median number of hours provided by the co-ops is still nearly double that amount.

COURAGE Homecare



Profitability can be an elusive target for many small businesses, and worker cooperatives are no exception. Yet COURAGE Homecare, aided by improved business governance and operations made possible through SEED support, achieved profitability for the first time in its existence, allowing the cooperative's worker-owners to share in its profits. This indicator of COURAGE's business success is all the more impressive given the systemic devaluation of care workers—overwhelmingly women of color and immigrants—despite the vital work they perform in an industry that is projected to add more new jobs over the next several years than any other industry.

COURAGE Homecare is the only SEED cooperative that was in existence before it received SEED funding. Having been in operation for approximately five years prior to SEED, COURAGE had not yet experienced a year of profitability. For professionals whose work is increasingly in demand, yet grossly underpaid and often invisible, achieving business profitability was a significant goal. Profitability would, of course, be a sign of business success, but it would also allow its worker-owners to partake in a hallmark benefit of worker ownership: profit distribution.

According to Aquilina Soriano Versoza, Executive Director of the Pilipino Workers Center of Southern California (PWC), the CBO partner that has utilized its decades of worker organizing expertise to support COURAGE, the cooperative had functioned at a steady state for years, keeping its doors open and providing critical care services to clients. Yet the cooperative lacked the internal governance and operations structure it needed to grow, Soriano Versoza said. Significantly, SEED made several resources available to

the cooperative and its workers: DAWI's Rapid Response Cooperative framework, which helped COURAGE establish internal operations; ongoing technical assistance from DAWI and L.A. Co-op Lab, including coaching to assist PWC staff in further supporting COURAGE's business growth; and microgrants for worker-owners to attend trainings on cooperative development and governance. Worker-owners received targeted business planning support and gained a better understanding of the business's finances and how they could move the needle toward profitability.

In these ways, SEED enabled the cooperative to thrive. Equipped with new resources and re-energized by worker-owners with new skills, training, and support, COURAGE set out to adjust its rates and increase revenue—and in just a matter of months, the cooperative achieved profitability for the first time in the business's history. In 2022, the cooperative recorded a net profit of \$162,000, which allowed it to invest in business growth and distribute more than \$18,000 in profits to its worker-owners.



CLEANWash Mobile

Carwashes are notorious for violating basic labor protections of their largely immigrant and limited English proficient workforce. The carwasherxs of CLEANWash Mobile wanted to show that a worker-owned carwash could rise above the industry's race-to-the-bottom practices and positively transform worker experiences. Through SEED support, CLEANWash Mobile launched as a new cooperative in which worker-owners have realized their vision of a model workplace—where they have an equal voice in business decisions, and where worker well-being and safety are central to their definition of business success.



Over his 25 years as a carwasherx, **CLEANWash Mobile** worker-owner Luis has experienced it all. He knows all too well the harmful effect of toxic cleaning chemicals on a carwasherx's skin, the failure of carwash employers to provide workers with drinking water or breaks while they are toiling under the blistering Southern California sun, the rampant wage theft on top of already below-minimum pay, and the loss of tips that carwasherxs can't afford to lose on rainy afternoons when business is slow. But Luis and his coworkers also know that changing the carwash industry is possible. Through their connection with the CLEAN Carwash Worker Center, the nation's first center for carwasherxs that has been organizing workers for more than 15 years, they had proudly taken part in worker rights advocacy campaigns. However, it wasn't until 2022 that a new promising path toward working in a safe and rewarding carwash business became clear—when SEED provided the opportunity for the CLEAN Carwash Worker Center to expand its long track record of building carwasherx power and leadership by putting carwash ownership into the hands of workers.

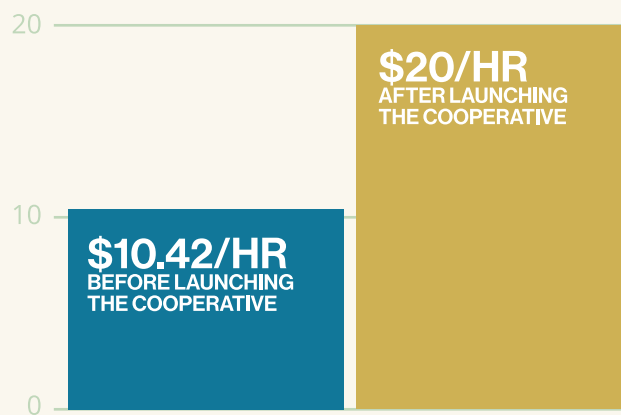
The five worker-owners of CLEANWash Mobile began their business planning huddled around a whiteboard. Together, they participated in a process of democratic decision-making, collectively identifying problems faced by carwasherxs and how they wanted to solve them. They came up with a wish list: replace

harmful chemicals with green cleaning products, ensure access to drinking water on the job, guarantee enough paid sick time, raise their pay rate, and obtain year-long contracts with corporate clients to mitigate financial swings in an industry where demand for services can hinge on unpredictable weather conditions. SEED provided critical support—including DAWI's Rapid Response Cooperative framework, technical assistance on business development and operations provided by DAWI and L.A. Co-op Lab, and microgrants enabling the business to purchase its first fleet vehicle—that helped the worker-owners to turn each item on their wish list into reality. Significantly, SEED resources allowed the CLEAN Carwash Worker Center to dedicate staff time toward successfully securing longer-term service contracts so the cooperative could officially open for business.

Envisioning a model workplace came easy to CLEANWash Mobile's worker-owners, who are experts in their industry. But developing and managing the business was a new challenge, according to Flor Rodriguez, Executive Director of the CLEAN Carwash Worker Center. "SEED funding created a lot of skill development, and a work plan that allows workers to see themselves as leaders, creating income mobility and a pathway—not only for themselves—to change the industry," she said.



CareShare Orange County (OC)

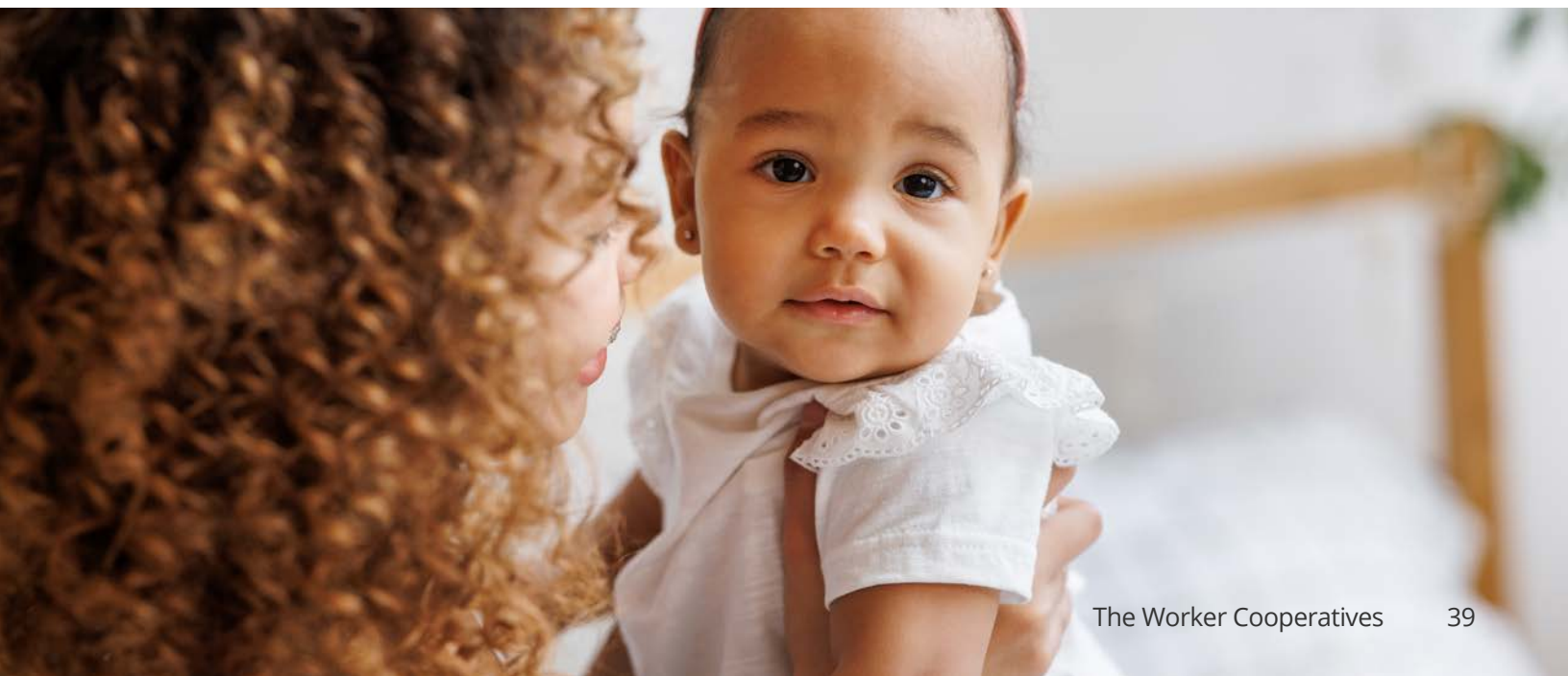


Child care workers—disproportionately women of color and immigrants—endure some of the highest rates of poverty, reflective of the ongoing socio-economic discrimination faced by the domestic care workforce. In particular, nannies are among the lowest paid of all occupations. To address the core problem of persistently poor wages, CareShare OC launched with SEED support as a worker cooperative offering nanny-sharing services to families. As one of their top priorities, the worker-owners successfully negotiated multiple contracts that have boosted their pay a remarkable 92% from their pre-co-op wages.

With its mission of organizing excluded workers to create a network of democratically-owned and operated businesses working together to support their communities, Cooperacion Santa Ana sees firsthand the urgent need for change in low-wage industries across Orange County. The CBO has witnessed the heightened local demand for child care, with many families seeking nannies due in part to insufficient space in child care centers—while nannies experience pervasive wage theft, are paid only subminimum wages under the table (sometimes as low as \$30 per day regardless of hours worked), and bear heavy workloads made even more unsustainable when families demand care for additional children or additional duties such as cooking and cleaning, but without additional pay.

To change the status quo and replace it with a high-road business model, Cooperacion Santa Ana recruited worker leaders who became the founding worker-owners of **CareShare OC**, which launched under SEED as a nanny-sharing cooperative. Leveraging essential resources provided through SEED, including the funded collaboration between Cooperacion Santa Ana, DAWI, and L.A. Co-op Lab, the worker-owners of CareShare OC set their sights on skills-building and wage increases, as the cornerstones of their worker-led business to spur industry transformation.

In addition to gaining financial literacy and business planning skills, the worker-owners completed an industry-specific training series to support their professional growth in areas such as early childhood development. Among the most critical skills that the worker-owners also cultivated was collective decision-making, a skill that can often make or break a fledgling cooperative. Utilizing DAWI's Rapid Response Cooperative framework, the worker-owners established and implemented an operating agreement integrating democratic governance structures to co-create the business outcomes they desired. With training on consensus-building, they worked together to determine their target wages, set their contract rates accordingly, and define their market to accommodate those rates, explained Ana Syria Urzua, Executive Director of Cooperacion Santa Ana. "The worker-owners needed to balance setting rates that support livable wages while also taking into consideration what their clients could afford," noted Syria Urzua. CareShare OC subsequently secured seven contracts with families and a nonprofit organization, which has enabled the worker-owners to make \$20 per hour—almost double their wage rate prior to starting the cooperative.



United Taxi Cooperative

With San Diego's taxi industry in crisis due to the dominance of global ride-hailing corporations, the United Taxi Workers of San Diego (UTWSD)—created in 2010 as a membership-based organization of drivers, many of whom are East African immigrants and refugees—decided to try a new strategy that would build upon the worker solidarity that the members had forged over the years. Through SEED support, the drivers formed a worker cooperative that promotes their ability to engage in a different kind of collective action, as owners and leaders of a democratically-governed business who determine together how they want to set up and run a taxicab operation that gives drivers a fighting chance to survive and thrive in an otherwise declining industry.



From long hours on the road and crushing operating costs that drain their wages, to decreased worker voice and the devastation wrought to the industry by transnational ride-hailing companies, the pervasive issues plaguing the taxicab industry have been well-documented. Following years of organizing taxi drivers and researching industry conditions and opportunities, the United Taxi Workers of San Diego (UTWSD) decided to explore how a worker cooperative could bolster their ongoing grassroots efforts to improve wages and working conditions for drivers.

With SEED support, the UTWSD recruited the six founding worker-owners of the **United Taxi Cooperative** and invested in their leadership development. DAWI's Rapid Response Cooperative framework and the SEED training curriculum gave the drivers—who had no previous exposure to the nuts and bolts of cooperative development—the foundational knowledge and skills they needed to create the core components of the cooperative business structure. With technical assistance provided by DAWI and L.A. Co-op Lab, the UTWSD and the worker-owners established the cooperative's bylaws, formed the governance structure to support collective decision-making, and officially incorporated.

Drawing from their organizing skills and deep knowledge of the local industry and community, the United Taxi Cooperative's founding drivers have focused on expanding worker voice as part of crafting pro-driver

business practices. For the first time, the drivers have a collective say in key business decisions and operations. According to Peter Zschiesche, a UTWSD board member who has supported the cooperative's development, the worker-owners debated and agreed upon a competitive fare to charge clients that balances income security with the need to generate consistent business in a turbulent industry. One critical aspect of the cooperative built with the Rapid Response Cooperative framework, added Zschiesche, is that it puts drivers in control by giving them the ability not only to set their rates and negotiate their contracts but also to decide which niche markets to target. Together, the drivers have identified a significant market opportunity for the United Taxi Cooperative “to deliver first and last mile services” which integrate taxis into San Diego's public transit system, said Zschiesche. And to optimize the impact of SEED microgrants, the drivers also collectively determined how best to utilize SEED money. The microgrants facilitated their purchase of wheelchair-accessible vehicles so the cooperative can provide rides for some of the city's most-in-need customers, and enabled the development of a ride-hailing app for drivers.

The worker-owners' democratic decision-making—and with it, their increased sense of agency—have begun to pay off. With a solid infrastructure now in place, the United Taxi Cooperative celebrated a soft launch of its ride-hailing app and services in late 2023.



Conclusion

The model partnerships built through California SEED continue to grow stronger from the synergy of their collaboration. The worker leaders, CBOs, and cooperative development experts are still sharing lessons, cross-training, and pooling resources to provide the support their cooperatives need. They are doing what responsible businesses and their owners do: They are investing their time, resources, and money to create quality jobs and provide essential services to communities that badly need them. And at the core of their investment, they are also building worker power—and demonstrating that change is possible, even in historically low-wage, exploitative industries.

Remarkably, these gains have been made within a deeply-divided economy that has been designed to maximize shareholder return above all else, as the COVID-19 pandemic so tragically exposed. Throughout California, the pervasive understaffing in critical industries and main streets lined with still-shuttered businesses constitute an ongoing economic Long COVID, creating what some have referred to as a “K-shaped recovery” in which some sectors thrive while others sharply decline. Unlike the industries riding an upward trajectory toward record profits (including technology, software, and large retail), California’s essential industries, overwhelmingly relying on the labor of excluded workers, including those who are entrepreneurs by necessity, are not supported by venture capital. There is no IPO on the horizon for homecare, child care, and the many industries that make our economy go. There is simply the profound effort of worker-owners, the unwavering support of dedicated CBOs, a growing market of clients who want a better option—and the call for much-needed public and philanthropic investment.

California SEED gives us a glimpse of what might be possible if we start to heed that call. Supporting cooperative entrepreneurs—and the economic opportunities that shared ownership brings to excluded workers—is a compelling worker justice, workforce development, and high-road business strategy, all in one. Across the state and nation, demand is growing for values-driven businesses, and worker leaders have already been laying their foundation. They are unionizing, striking, pressing for robust enforcement of existing rights, pushing for stronger worker protections and corporate accountability. And they are also forming worker cooperatives—as they aspire together, at the helm of businesses they own, to lift up and transform low-wage work.

For its part, SEED invested in the creation of a vital cooperative ecosystem benefiting from the industry skills and leadership of excluded workers, coupled with the expertise of grassroots CBOs and cooperative developers; these partners collaborated to quickly launch and grow worker cooperatives as high-road alternatives to low-road businesses. Significantly, SEED recognized the central role of mission-driven CBOs that organize excluded workers, advocate

for economic justice, and have deep roots in their local communities—and then equipped the CBOs with the resources, knowledge, and tools they needed to be leaders in cooperative development.

SEED's groundbreaking model of public investment in worker cooperative development has already begun to show its potential to raise wages, improve working conditions, and promote worker self-determination—and invites us to imagine what increased commitment to worker ownership could do for our communities. In various low-wage industries, worker cooperatives could disrupt the perpetuation of poverty jobs and help create economic opportunities for marginalized workers, who number in the millions in California. With meaningful public-private support of cooperative infrastructure-building, including adequate capital to grow, cooperatives could be scaled to reach competitive sizes, especially in rapidly expanding industries such as homecare. At the same time, however, worker cooperatives need not result in thousands of jobs in order to matter. Their size is not the proper measure of their value. After all, many worker cooperatives are, at heart and in their bones, small businesses; like other small businesses, even if the footprint of individual cooperatives may be small, their collective positive impact on our communities is not. No matter their size, worker cooperatives stand as striking examples of how businesses created, owned, and driven by workers can and do make a real difference in workers' lives.

As we rebuild our economy under increasing stressors from climate change and globalization, we stand at the crossroads: We can stay the current precarious path marked by narrowing ownership—corporate consolidation, underinvestment in small businesses, and failure to honor and fairly compensate excluded workers—or take the more resilient, equitable approach by expanding ownership, prioritizing local economic development that builds worker leadership and agency, responsible businesses, and shared wealth.

Together, let's choose the path towards resilience and equity, as California did with SEED, and start creating an economy that truly works for all.

Endnotes

- 1 Deferred Action for Childhood Arrivals (DACA), a 2012 federal program, provides work authorization and relief from deportation for immigrants who came to the U.S. as children. For an overview of the current status of legal proceedings involving DACA, see National Immigration Law Center (2023). Temporary Protected Status (TPS) is a program established by the U.S. Congress that allows migrants to live and work in the U.S. for a temporary period of time, which may be extended indefinitely, in order to provide humanitarian relief to migrants whose countries are suffering from natural disasters or are considered unsafe due to unrest or conflict.
- 2 This report focuses on SEED's 2021 worker cooperative grantees. In 2022, California extended SEED by allocating an additional \$17 million to fund a second round of competitive grants, including an additional \$2 million to support worker cooperative development.
- 3 Flores et al. (2023) define "noncitizens" as including lawful permanent residents, family-sponsored visa holders, refugees/asylees, recipients of DACA, skilled or unskilled workers on temporary visas, and undocumented immigrants.
- 4 Various job titles are used to describe workers who perform homecare work, such as "home health aide," "personal care aide," "personal support worker," or "personal care worker." See Stepick & Tran (2022).
- 5 Researchers frequently use twice the federal poverty guideline as the measure of whether an individual or family is able to make ends meet. See explanatory note about use of the federal poverty line and why twice the guideline is a better measure of poverty, in Wolfe et al. (2020, p. 32).
- 6 The BLS describes the work of child care workers as follows: "Attend to children at schools, businesses, private households, and childcare institutions. Perform a variety of tasks, such as dressing, feeding, bathing, and overseeing play." The BLS excludes preschool teachers and teaching assistants from this category.
- 7 This median hourly wage represents the broader category of "cleaners of vehicles and equipment," which includes carwasherxs. The BLS describes this category of workers as those who "[w]ash or otherwise clean vehicles, machinery, and other equipment" and "[u]se such materials as water, cleaning agents, brushes, cloths, and hoses." The BLS notes that this category excludes "Janitors and Cleaners, Except Maids and Housekeeping Cleaners (37-2011)."
- 8 See endnote 5 about use of twice the federal poverty line as a measure of poverty.
- 9 There are legal reasons to enact a statute. See Chung (2023).
- 10 The SEED statute states that it is "aimed at economically disadvantaged groups who face significant barriers to employment"—specifically, individuals with limited English proficiency, regardless of immigration or citizenship status, or individuals who are neither United States citizens nor lawful permanent residents, which includes, but is not limited to, individuals who have been granted DACA or TPS under federal law.
- 11 This expertise in developing worker leaders committed to economic justice is central in creating cooperatives that hold the potential to help transform low-wage industries. Cummings (1999, p. 190) has commented that "although cooperatives lend themselves to integrating more equitable, community-building principles, these ideas are not inherent in the cooperative structure and must be chosen by the membership" and that "[t]his highlights the need for a strong organizational base and capable leaders who are able to effectively balance the cooperative's profit-making and social justice missions."
- 12 On a related note, workers in low-wage industries rarely if ever have employer-provided health, vision or dental benefits. These benefits can be expensive and complex to obtain, especially for small businesses. As one feature of DAWI's Rapid Response Cooperative framework, new and supported worker cooperatives are provided membership in the U.S. Federation of Worker Cooperatives (USFWC), the national grassroots membership organization for worker cooperatives and democratic workplaces. For its members, including the cooperatives supported through SEED, USFWC provides access to dental and vision benefits, as well as health insurance in some states, and worker-owners are eligible to enroll to receive benefits based on the number of hours worked.

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