

NYC Worker Cooperatives Survey: Round 1

Public Brief

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By Solidarity Economy Research Project (SERP)

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1 Major findings

1.1 Worker coops

- Creation of surviving worker coops has intensified since 2008. After this date, they appeared in many sectors of the economy.
- The service sector that includes janitorial/cleaning and care industries (health and home care) predominates both in terms of the number of coops and the number of worker-owners.
- Apart from CHCA, which is the single largest worker-cooperative employer in the nation, the surveyed worker coops are relatively small in size. Their size ranged from 3 to 64 worker-owners, with an overall average of 9 workers.

1.2 Worker-owners

- 99% of worker-owners in New York are women, most are minority (Hispanic and Black).
- 97% of all workers do not have college education but educational attainment varies considerably by sector.
- Service sector workers tend to have lower education levels while the Professional sector has the most highly educated workers.
- 99% of all worker-owners are non-white. Hispanics (almost all women) are majority at 70%, whether CHCA is included or not. They are concentrated in the Service sector and Professional sector. Blacks (also mainly women) make up 28%, largely because of CHCA. Among the rest of the coop workers, Whites are the second largest racial group.

1.3 Geographic location

- Most worker coops are in Brooklyn.
- Worker coops are local or NYC based in terms of their labor, consumer, and input markets. Brooklyn benefits the most from cooperative movement because most coops are located there. CHCA is in the Bronx but its workers and customers live throughout the city and the inputs are also sourced city-wide.

1.4 Economic performance

- The total economic contribution of worker cooperatives to the New York economy is: 2865 jobs, \$83 million in payroll, and \$125 million dollars in total output.
- Differences in hourly wages among sectors are significant. While average hourly wage in Services is lower relative to other sectors, it is higher relative to other jobs in the same sector. Professional sector has the highest hourly wage, followed by Information.
- Worker coops in the Service sector devote most of gross revenue to payroll, followed by Professional and Information sectors.
- Sectors with the highest hourly wages (Professional and Information) have workers who earn lower overall annual income that must be supplemented by other sources of income.
- The highest estimated annual income (payroll per worker, excluding benefits) was in the Information sector. The Service sector provided the second highest annual income. Women of color with lower levels of education who work in the Service sector have the advantage of stable jobs that pay significant (although by no means high) annual income and hourly wages that are higher than in the mainstream cleaning and caring industries.

2 Survey and data

This brief summarizes a survey of worker cooperatives jointly conducted by the Federation of Protestant Welfare Agencies (FPWA) and SERP researchers. The survey took place in summer 2014-January 2015. At the time of the survey, there were 22 functioning worker cooperatives in New York City (Figure 1). Two cooperatives did not participate in the survey and are not included in calculation unless noted. Most statistics refer to 20 worker cooperatives with a total of 2486 worker-owners. In a few instances, the information provided was incomplete or presented in the form not suitable for calculations. The data was estimated, where appropriate and possible. In most cases, the statistics are broken down by economic sector. Percentages may not always add to 100% because of rounding.

CHCA, Cooperative Home Care Associates, is the largest worker coop in the nation owned by 2300 women of color. As the single largest cooperative employer in New York City, it includes 93% of all workers in surveyed coops. It shapes the outlook of New York’s worker cooperatives as a whole. In order to portray the rest of the worker cooperatives, some statistics are computed excluding data on CHCA. This is explicitly noted.

Figure 1. Worker coops of New York City

** Not shown on the map:*

La Mies Cooperative Bakery in Nassau county;

Apple Eco-Friendly Cleaning with the POB address only.

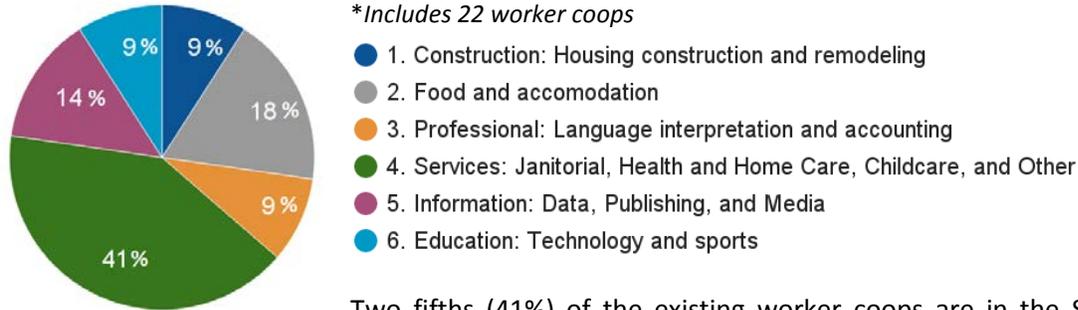


3 What do New York City’s worker coops look like?

3.1 Most worker coops are in the service sector

Worker coops in New York City represent six economic sectors: 1. Construction, 2. Food and Accommodation; 3. Professional Services; 4. Services; 5. Information; and 6. Education (Figure 2).

Figure 2. Worker coops by economic sector, in percent



Two fifths (41%) of the existing worker coops are in the Service sector (Sector 4). Services include cleaning, health and home care, and child care as well as logistics and pet care. Food and Accommodation (Sector 2) accounts for nearly one fifth of all coops (18%). Information (Sector 5) includes 14% of coops in areas such as data processing, publishing, and media services. The remaining sectors account for 9% of coops each. The city’s Construction sector coops (Sector 1) specialize in home construction and remodeling. And the Professional Services coops (Sector 3) provide language interpretation and bookkeeping. Worker coops in Education (Sector 6) include technology training and sports.

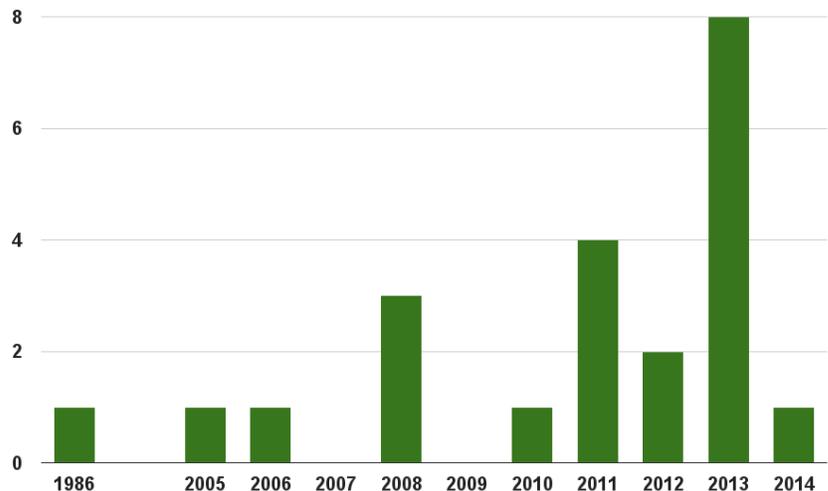
The two sectors we categorize above as Professional and Information require higher levels of education and together account for almost one quarter of all coops (23%).

3.2 Most existing worker coops were created after 2008

Figure 3. Worker coops by year founded

*Includes 22 worker coops

The oldest coop is CHCA, which was created in 1986 and has been in operation for three decades. A few more successful coops were created after a 20-year gap. Coop formation intensified since 2008 and spiked in 2013 when eight of the currently functioning worker coops were created. This wave coincides with the aftermath of the financial crisis.



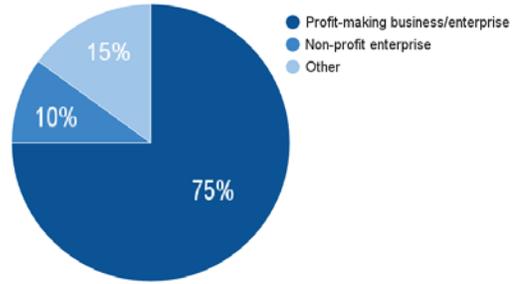
While worker coops in Services were created throughout the period, the majority of coops in the other sectors appeared during this last wave.

3.3 Worker-coops are worker-owned and profit-making businesses

Figure 4. Worker coops by type of organization

*Includes 20 worker coops

All surveyed worker coops are fully worker owned.¹ Three quarters (75%) of them are profit-making enterprises (Figure 4).



3.4 Worker coop size and employment by economic sector

Almost all worker-owners in New York City (97%) work in Services (Table 1). CHCA which accounts for 93% of all worker-owners in surveyed coops is included in this sector. CHCA affects the large average coop size in this sector (269 workers) as well the overall average of 118 workers per worker coop in NYC.

Sector	Average coop size (workers per coop)	Percent workers	
		with CHCA N=2486	without CHCA N=186
1. Construction	11	1	11
2. Food/Accommodation	5	1	8
3. Professional	7	1	7
4. Services	269 (13)*	97	63
5. Information	5	1	8
6. Education	3	0	3
All worker coops	118 (9)*	100	100

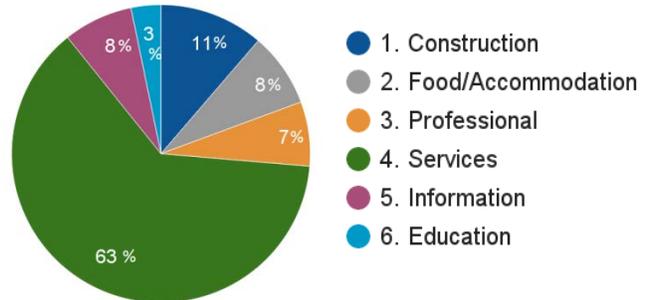
Table 1. Average size and distribution of worker-owners by sector

*Average coop size in parentheses excludes CHCA

Figure 6. Distribution of worker-owners by economic sector excluding CHCA, %

*N=186 worker-owners

Apart from CHCA, 186 worker-owners in the remaining coops are still employed mainly in Services (63%) where the number of coops is the greatest and where coops tend to be larger in size (Figure 6 and Table 1).



The Construction, Food/Accommodation, Professional, and Information sectors also provide significant employment. Excluding CHCA, the typical NYC worker coops are rather small. They employ on average nine workers with the actual size ranging from 3 to 64 workers while CHCA has 2300 worker-owners. The smallest businesses are found in the Food/Accommodation, Information, and Education sectors (Table 1). Construction and Services have higher than average number of worker-owners.

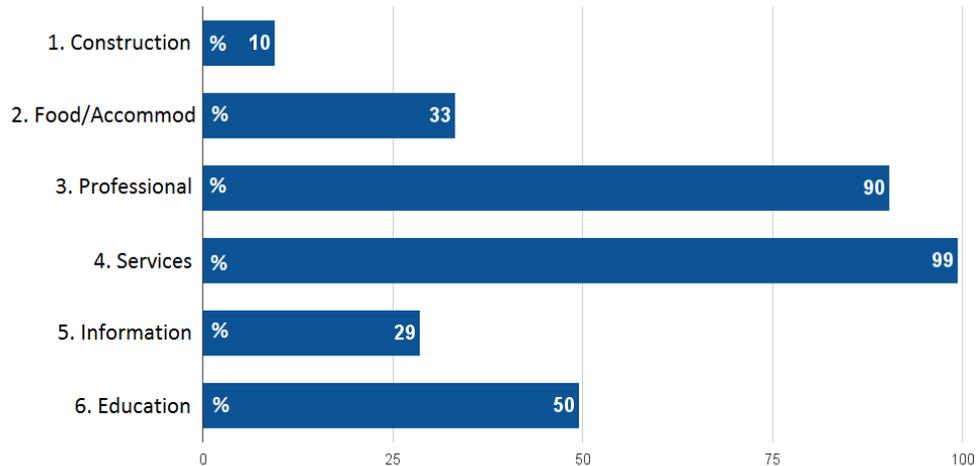
¹ Until we indicate otherwise, all reported data is based on 20 responses.

4 Who are New York City’s cooperative worker-owners?

4.1 Gender: Almost all worker-owners in New York City are women

Women constitute 98% of all worker-owners in New York City. Even excluding the all-female workforce of CHCA, the share of female workers-owners in NYC would be 70%. Seven coops are fully woman owned.

Figure 7. Share of female worker-owners in each sector, in percent



Practically all worker-owners in Services (mainly cleaning and care work) (Figure 7) are women (99%).

Women also constitute 90% of workers in the Professional sector (90%), half of Education workers, one-third of workers in Food/ Accommodation, and over a quarter of Information workers.

Data on such dimensions of inclusion as disability and LGBTQ status is inconclusive although individual coops reported significant numbers.

4.2 Age: Worker-owners belong to different age groups

The majority of worker coop members (57%) are between 31 and 65 years of age while the rest is split almost equally between younger and older workers (Figure 8). Workers over 65 years old are heavily concentrated in Services (24% of all employees). This is because CHCA is the primary employer of older women. Without CHCA, the share of older individuals in surveyed coops would drop to 1% (Figure 8).

All NYC worker-owners

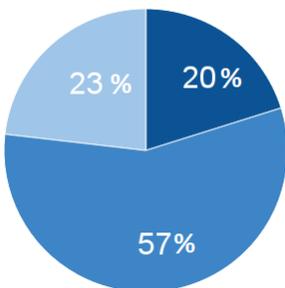
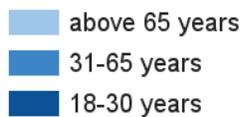
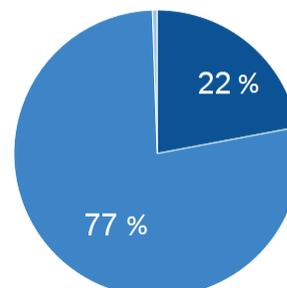


Figure 8. Worker-owners by age, in percent



NYC worker-owners excluding CHCA



Middle-aged workers (31-65 years old) constitute a majority in all sectors except for Information, where the younger workers predominate (57%). Younger workers are well represented in Professional (38%) and Education (33%) sectors while in Construction their share is the lowest.

4.3 Education: Worker-owners have mixed levels of education

Almost all worker-owners (97%) have no more than a high school degree (Figure 9). Excluding CHCA, two-thirds (64%) of the remaining coop workers have no more than a high school degree. Approximately a third (31%) of worker-owners has a college degree and five percent completed graduate school.

All worker-owners in surveyed coops

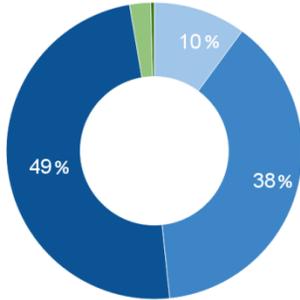
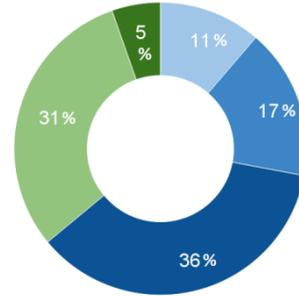


Figure 9. Worker-owners by educational attainment, %

- Elementary
- Junior High
- High School
- College
- Graduate School

Worker-owners excluding CHCA



All or most workers in Professional, Information, and Education sectors hold college or graduate degrees. In contrast, almost all workers in the Service sector (99%) have high school diplomas or lower levels of education. Construction and Food/ Accommodation sectors have mixed levels of educational attainment. Over a quarter (29%) of worker-owners in Construction have received college and graduate-level degrees whereas in Food/Accommodation over half of workers (54%) have earned such degrees.

4.4 Race: Almost all worker-owners are non-White

The coops were asked to estimate percentages of workers in the following racial categories: non-Hispanic Black, non-Hispanic White, Hispanic, Asian, and Other. One of the largest takeaways from this study is that 99% of worker-owners in New York City are non-white. Hispanics are the majority group at 70%, followed by Blacks (28%) (Figure 11).

All worker-owners by race

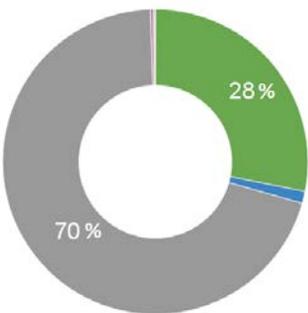
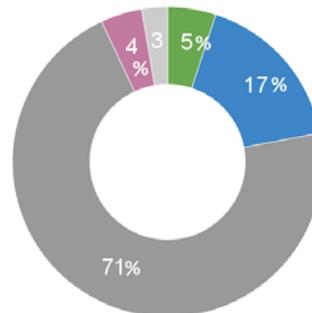


Figure 11. Workers by race, %

- Black
- White
- Hispanic
- Asian
- Other

Worker-owners excluding CHCA by race



Once we exclude CHCA, Hispanics majority remains unchanged (71% of total members, Figure 11) but the next largest group shifts from Black to White (17%), with Black, Asian, and Other representing significantly smaller percentages. The Service sector consists of Hispanic (71%) and Black (29%) workers who are overwhelmingly women. The Professional sector is 85% Hispanic while Information is 71% White. Construction is a mix of Black, White, and Hispanic workers. Food/ Accommodation and Education sectors are the most diverse, although the former is dominated by Whites and the latter by

Hispanics. Asians make a sizable group among workers in Food/Accommodation, Information, and Education. Other racial minorities are particularly sizable in Education (17%).

5 Where are worker coops and their markets located?

5.1 Most worker coops are in Brooklyn

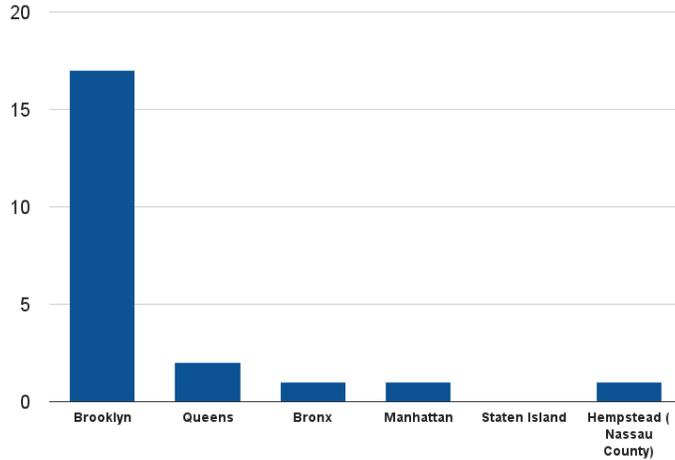


Figure 12. Number of worker coops by borough

**includes 21 worker coops*

Over three-quarters (77%) of worker coops in New York City are located in Brooklyn (Figures 1 and 12). Coops in the Information, Professional, and Education sectors all are in Brooklyn.

5.2 Worker coop markets are locally embedded

Worker coops rely on local communities and

New York City in terms of their labor, consumer, and input markets (Figure 13). Ninety percent of surveyed coops create jobs for local residents as their workers primarily reside in the neighborhood of their coop (60%) or their borough or New York City. Because workers in only 10% of the coops primarily live outside New York City, it is safe to presume that the income in 90% of coops directly supports their communities and the city.

Figure 13. Geographic scope of labor, consumer, and input markets, %

**Percent of worker coops that placed their markets into each geographic category*



Seventy-five percent of worker coops serve local populations as their consumers are local or come from within NYC. Worker coops also use local resources. Seventy percent also source their inputs from local markets with suppliers in the local area/the neighborhood, their borough or the city. Because Brooklyn accounts for the majority of worker coops, it benefits the most from their presence.

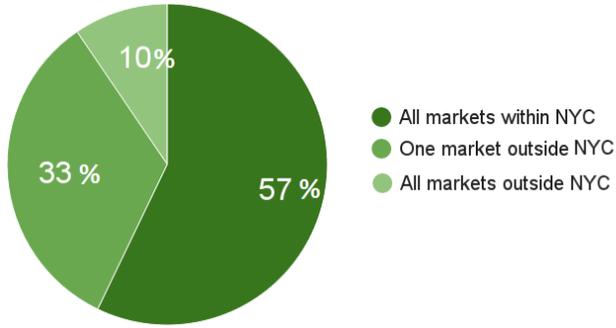


Figure 14. Local embeddedness, %

**Percent of worker coops based on geography of all three markets (labor, consumer, and input)*

In fact, majority (57%) of the worker coops primarily operate within New York City across all three markets (labor, consumer, input) while another third (33%) has only one of those markets extending outside the city (Figure 14).

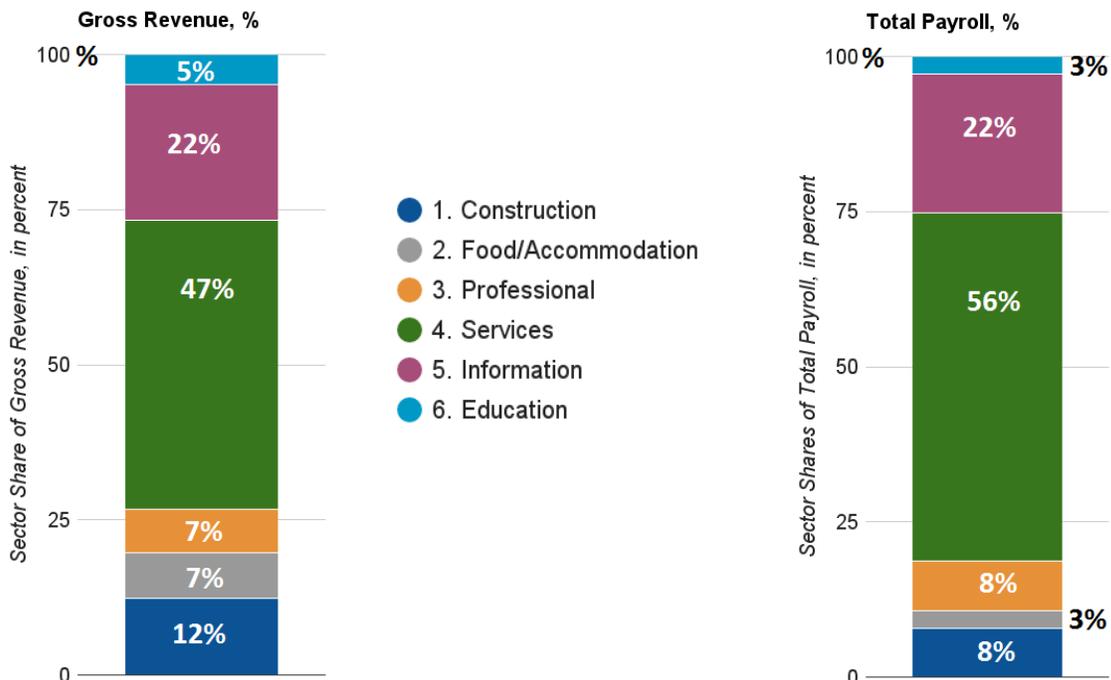
6 What is the economic performance of worker coops?

We received economic data on 18 of the 20 participating worker cooperatives. Some parameters were recalculated from what was reported.

6.1 Gross revenue, total payroll, and benefits by economic sector

The surveyed coops together generated \$57.2 million in gross revenue and \$45.2 million in total payroll (money paid in wages excluding benefits). In addition, they paid over \$9 million in benefits. CHCA accounts for 95% of this gross revenue and payroll as well as 99.5% of benefits paid in New York coops. CHCA also paid the largest share of its gross revenue (17%) as benefits for workers. Other coops as a group attributed 1% of gross revenue to benefits with individual coops paying from none to 7%. Excluding CHCA from calculations shows that the remaining coops in Service sector generate almost half (47%) of gross revenue and over half of total payroll (56%) (Figure 15). The Information sector had the second largest share (22%) in both gross revenue and payroll. The other sectors account for significantly smaller contributions to the overall gross revenue and payroll amounts.

Figure 15. Distribution of gross revenue and total payroll by economic sector, excluding CHCA



6.2 Worker-owner earnings

Below we compare worker coops across economic sectors in terms of percent of gross revenue spent on wages, average hourly base wage, and estimated average annual income. These indicators were calculated based upon the reported data. Figure 16 shows how much of gross revenue worker coops in each sector dedicated to wages. This was calculated as percent of total payroll (excluding benefits) in the gross revenue. Across all sectors, 79% of gross revenue was distributed to payroll (or 69% if we exclude CHCA). The highest shares of gross revenues (80%) went to payroll in Service and Professional sectors followed by Information (70%). Worker coops in Construction, Education, and especially Food and Accommodation sectors distributed considerably less to payroll.

Figure 16. Value of total payroll as percent of gross revenue by economic sector, in percent

*Total payroll excludes benefits

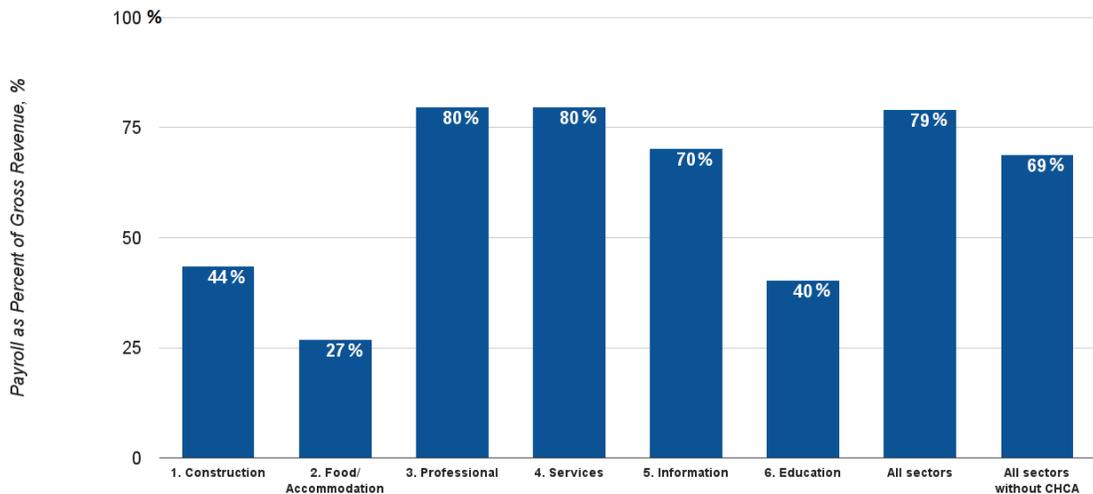
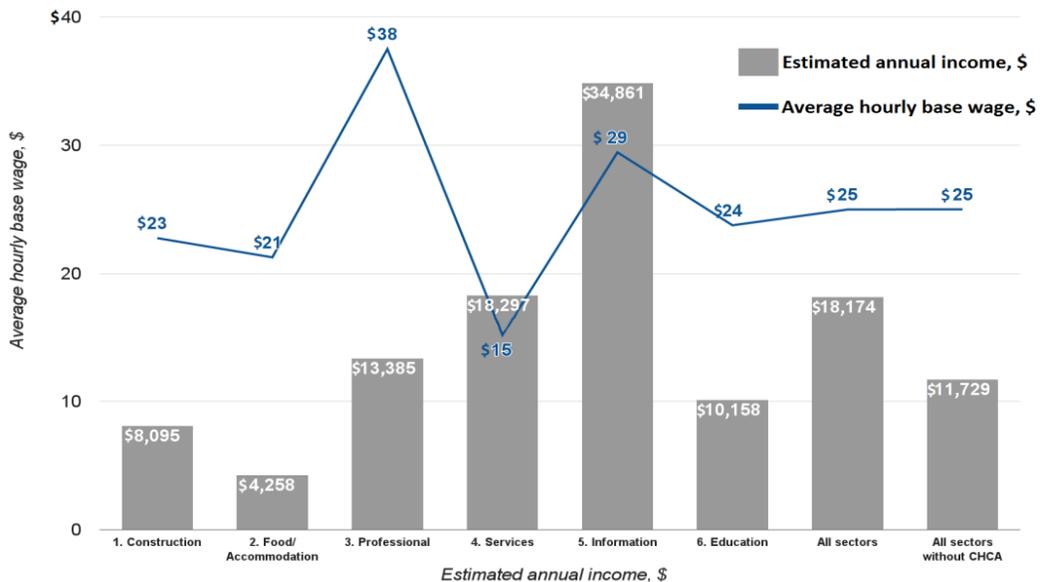


Figure 17. Hourly base wage and estimated annual income by economic sector

*Estimated annual income excludes benefits



The average hourly base wage (blue line in Figure 17) across all worker coops is \$25 per hour. It varies from \$15 per hour in Services to \$38 per hour

in the Professional sector. While the Service sector pays the lowest hourly wage, this wage is higher than the minimum wage that typically characterizes jobs in cleaning and caring labor.

We roughly estimated the average annual wage by economic sector (gray bars in Figure 17) by aggregating payroll (money paid in wages excluding benefits) by sector and dividing by the number of workers in this sector. The average estimated annual income for all coops is just over \$18,000. Excluding CHCA from calculations reduces this average to about \$12,000 which again shows the effect of CHCA on the earnings of the NYC coop worker-owners.

In addition to the highest hourly wage, the Information sector provided the highest average annual income of about \$35,000 with individual coops paying up to \$50,000 to their workers. The coops in this sector, however, are small in size (see Table 1). Service sector, which comprises the overwhelming majority of New York’s coop workers, on average provided them with over \$18,000 in income that year despite the lower hourly wage. This amounts to a substantial annual income, although by no means a very high one. CHCA also paid a large amount in benefits on top of these wages.

Professional, Education, and Construction sector coops pay well per hour but the annual income per worker is relatively small, probably indicating that these are parts of a multiple job-holding pattern for workers in these sectors. The lowest average annual earnings per worker are in Food/Accommodation coops that also suggests multiple jobs for their workers, despite the good hourly pay.

6.3 Economic impact: Input-output modeling

Input-output modeling estimates the effect of worker cooperatives on the wider economy by determining a) how many workers cooperatives directly employ and how much they generate in revenue, b) how cooperatives affect supplier firms and c) how much activity is generated as workers go out and spend their earnings.

Worker cooperatives themselves directly employ 2486 workers, with total gross revenues of \$58.6 million dollars. We estimate the indirect effect of worker cooperatives on their suppliers results in supporting an additional 101 jobs and \$7,118,357 in payroll. As workers go out and spend their earnings, they generate an ‘induced’ effect. The induced effect is even larger than the indirect effect; they support 300.4 jobs and \$18,619,057 in payroll. This means worker cooperatives support 401.4 jobs in non-cooperative businesses and generate an additional \$66 million dollars in the wider economy.

We estimate the total economic contribution of worker cooperatives to the New York economy to be: 2865 jobs, \$83 million in payroll, and \$125 million dollars in total output.