

NYC Worker Cooperatives Survey: Round 1 Detailed Public Report

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By Solidarity Economy Research Project (SERP)

**Prepared for
Federation of Protestant Welfare Agencies (FPWA)**

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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 report is a summary from 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.



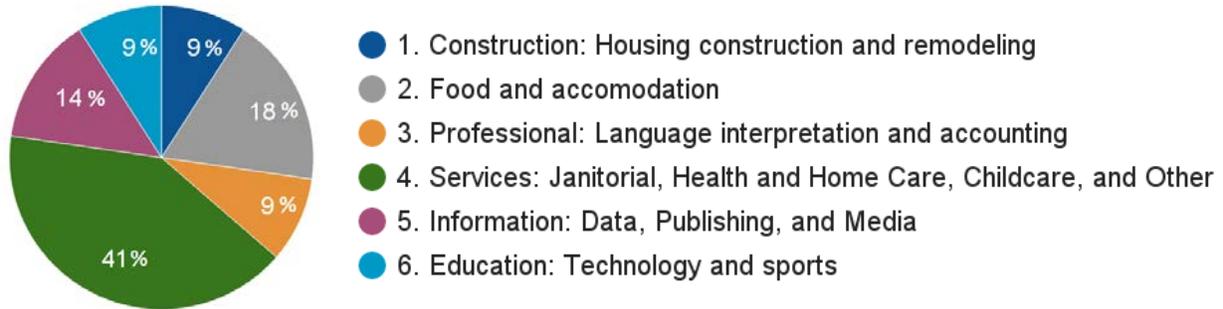
3 What do New York City’s worker coops look like?

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

**Includes 22 worker coops*



The largest number of coops, two fifths (41%) of the total, is 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.

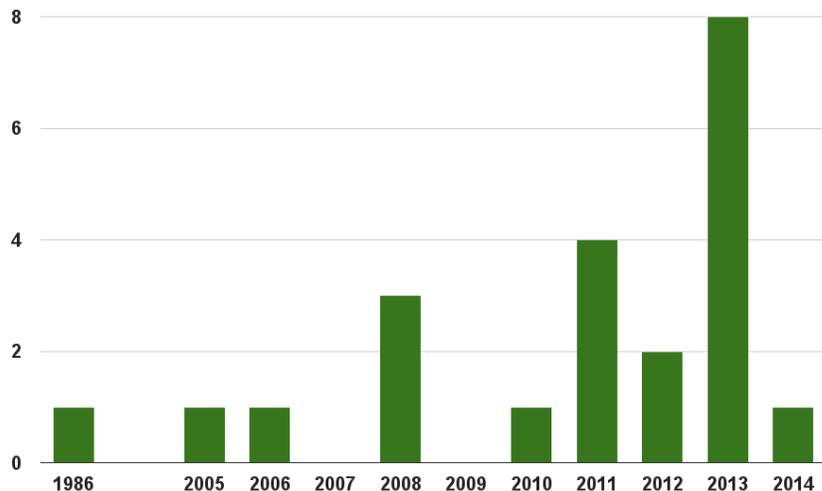
The two sectors we categorize above as Professional and Information require higher levels of education and together account for almost one quarter of all coops (23%).

3.2 Most existing worker coops were created after 2008

The oldest coop is CHCA, which was created in 1986 and has been in operation for three decades (Figures 3a and 3b).

Figure 3a. Worker coops by year founded

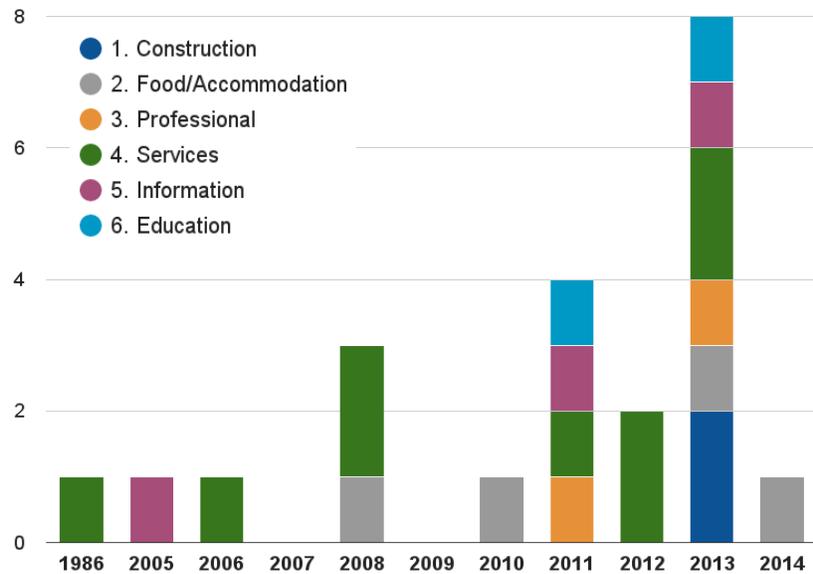
**Includes 22 worker coops*



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.

Figure 3b. Worker coops by year founded and economic sector

*Includes 22 worker coops



While worker coops in Services (Figure 3b) 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

All twenty worker coops that responded to the survey are fully worker owned.¹ Three quarters (75%) of the worker coops are profit-making enterprises (Figure 4).

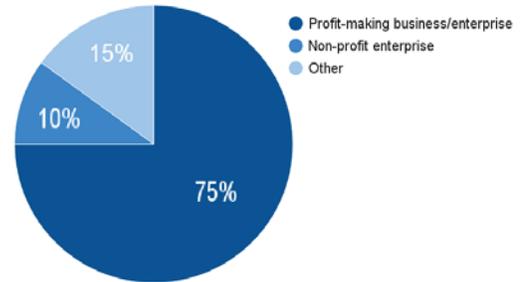


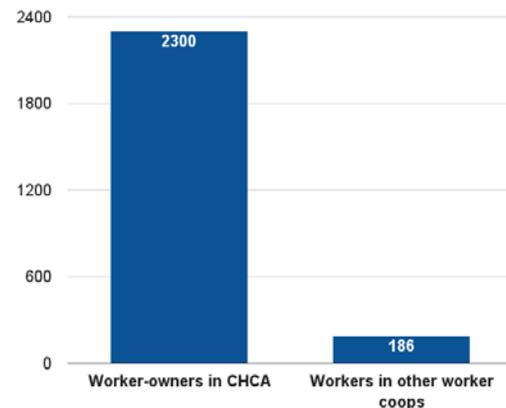
Figure 4. Worker coops by type of organization

*Includes 20 worker coops

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 most worker-owners in the city is included in this sector (Figure 5).

Figure 5. Number of worker-owners in CHCA compared to the rest of the coops



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

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

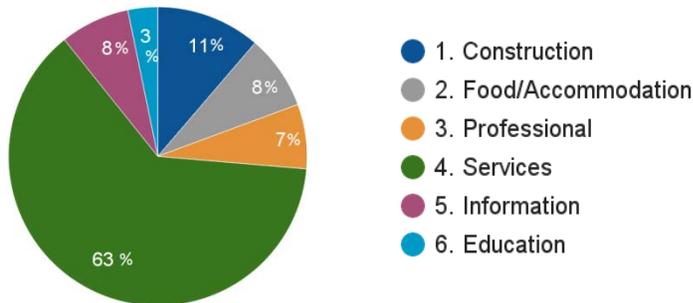
Sector	Average coop size (workers per coop)	Percent workers	
		with CHCA N=2486	without CHCA N=186
1. Construction	11	1	11
2. Food/Accommodation	5	1	8
3. Professional	7	1	7
4. Services	269 (13)*	97	63
5. Information	5	1	8
6. Education	3	0	3
All worker coops	118 (9)*	100	100

* Average coop size in parentheses excludes CHCA.

Comprising 93% of all worker-owners in New York, CHCA is an outlier that produces sizable effects in the service sector both in terms of worker distribution (97%) and the large average coop size in this sector (269 workers, see Table 1). The average size for New York worker coops as a group is 118 worker-owners, which is also influenced by CHCA.

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

*N=186 worker-owners



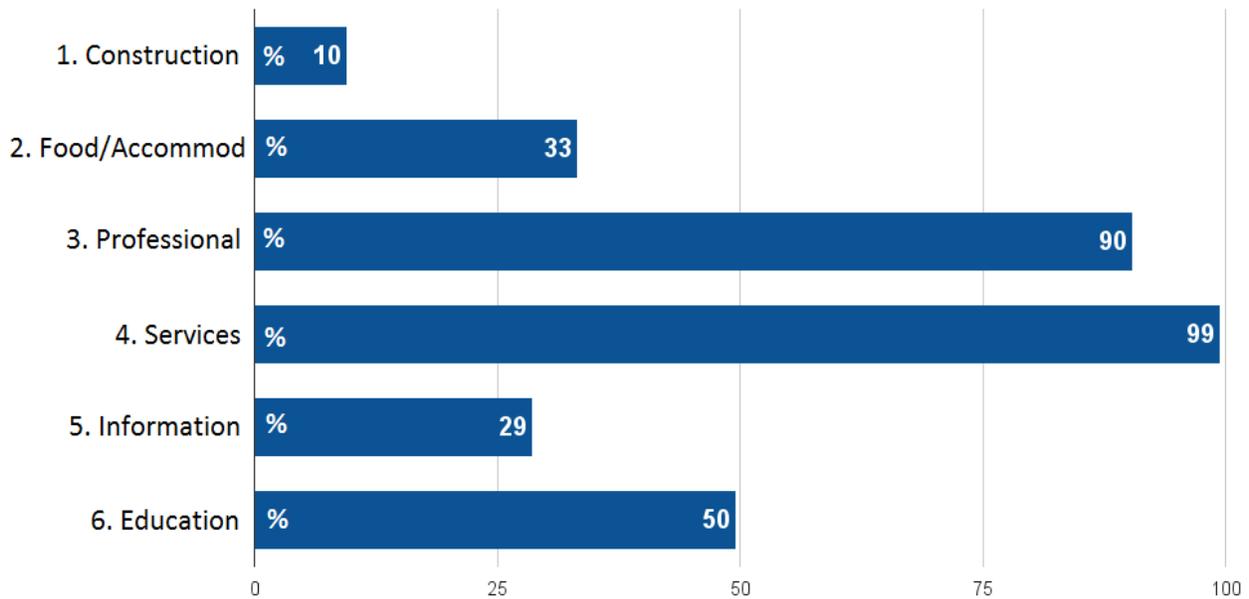
Apart from CHCA, 186 worker-owners in the remaining coops are still employed mainly in Services (63%) where the number of coops is the greatest and where coops tend to be larger in size (Figure 6 and Table 1). The Construction, Food/Accommodation, Professional, and Information sectors also provide significant employment. Excluding CHCA, the typical NYC worker coops are rather small. They employ on average nine workers although some provide employment to several dozens of workers. The actual size of surveyed worker coops ranged from 3 to 64 workers (CHCA has 2300). 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.

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

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

New York City’s worker-owners are overwhelmingly female. Women constitute 98% of all worker-owners in New York City. To some degree, this reflects the large female work force of CHCA. However, even without 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



Looking by sector, practically all worker-owners in Services (Figure 7) are women (99%). In addition to CHCA, this sector includes other large coops in cleaning and care industries with mainly female workers. Women also constitute an overwhelming majority in the Professional sector (90%), half of Education workers (50%), one-third of workers in Food/ Accommodation (33%), and over a quarter of Information workers (29%).

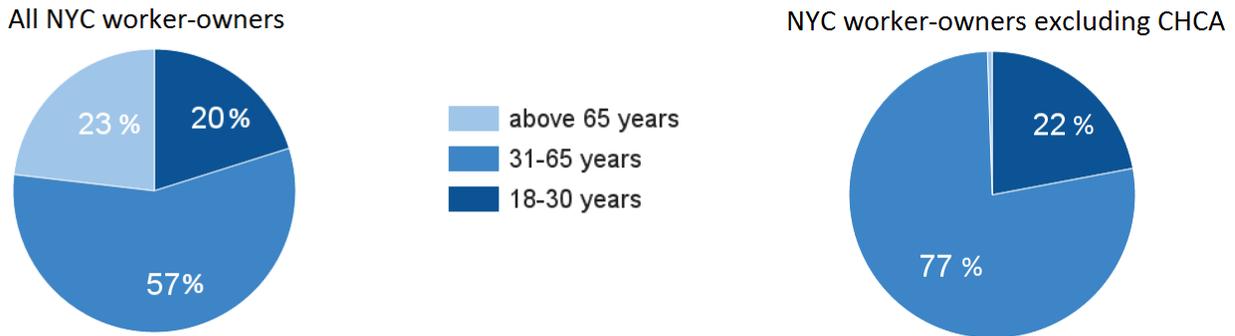
Data on such dimensions of inclusion as disability and LGBTQ status is inconclusive although individual coops reported significant numbers.

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 (Figure 8a). Younger and older workers account for 20% and 23%, respectively.

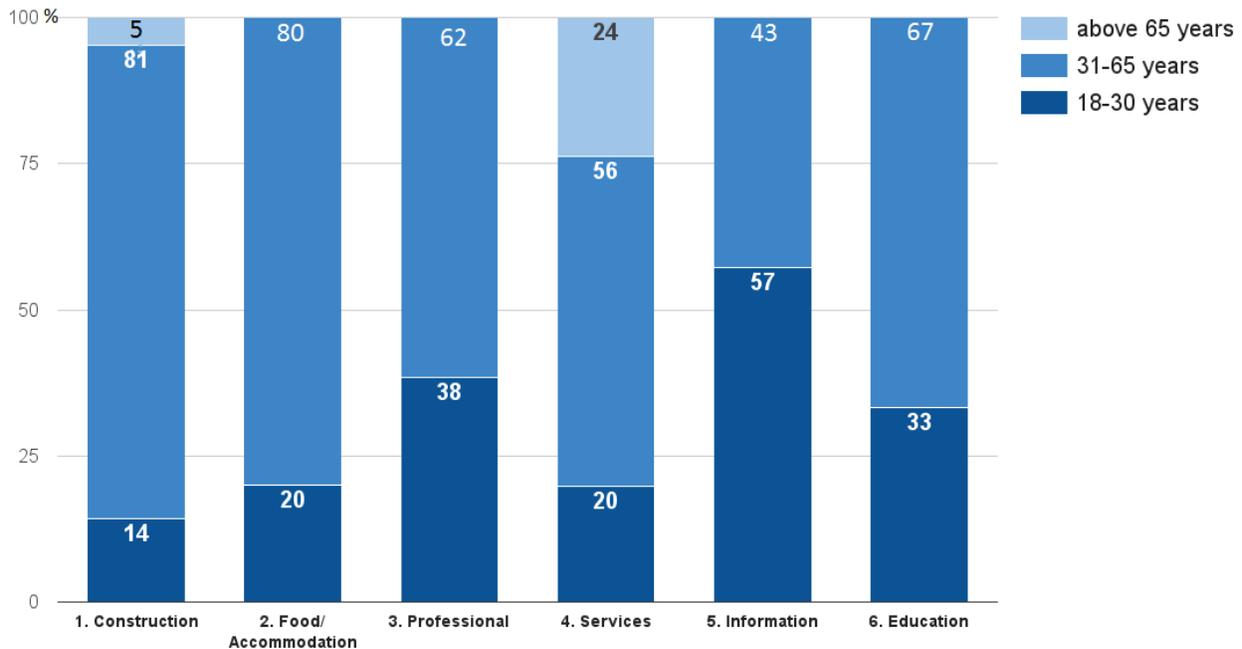
Workers over 65 years old are heavily concentrated in Services (Sector 4, Figure 8b), where they account for one quarter (24%) of all employees. This is because CHCA is the primary employer of older women. Worker coops in the Services sector are the only one that provide significant employment for this demographic. Without CHCA, the share of older individuals among New York’s cooperative workers would drop to 1% (Figure 8a).

Figure 8a. Worker-owners by age, in percent



Middle-aged workers (31-65 years old) constitute a majority (56-81%) in all sectors except for Information, where the younger workers predominate (57%) (Figure 8b).

Figure 8b. Distribution of worker-owners by age within each sector, in percent



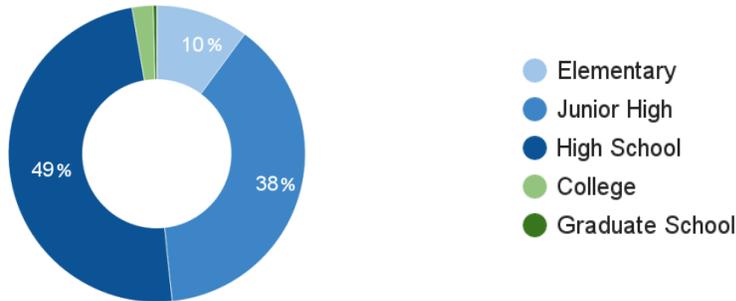
Younger workers are found in all sectors. Their share is the lowest in Construction but, in addition to Information, they are well represented in Professional (38%) and Education (33%) sectors.

4.3 Education: Worker-owners have mixed levels of education

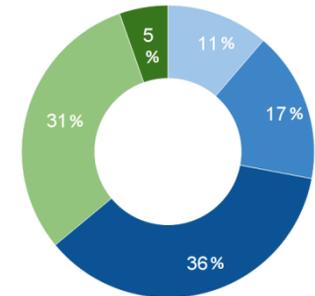
Almost all worker-owners (97%) have no more than a high school degree (Figure 9). Excluding CHCA, two-thirds (64%) of the remaining coop workers have no more than a high school degree. Approximately a third (31%) of worker-owners has a college degree and five percent completed graduate school.

Figure 9. Worker-owners by educational attainment, %

All worker-owners in surveyed coops



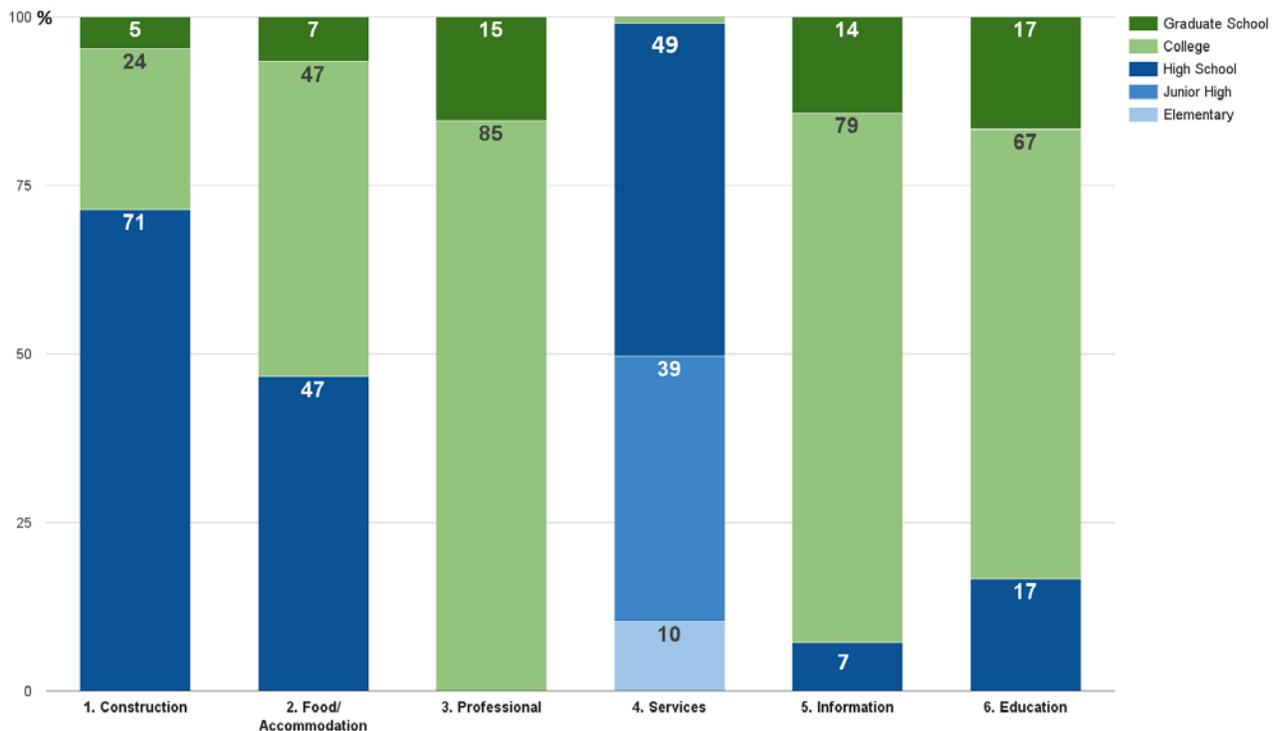
Worker-owners excluding CHCA



Educational attainment is distributed unevenly within and across sectors (Figure 10). Workers in Professional, Information, and Education sectors are all or predominantly college educated, with 14-17% holding graduate-level 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 education although all worker-owners in these sectors completed high school. In Construction, over a quarter (29%) of worker-owners has received a college and graduate-level degree whereas in Food/Accommodation over half of workers (54%) have earned such degrees.

Figure 10. Distribution of worker-owners by educational attainment within each sector, %



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).

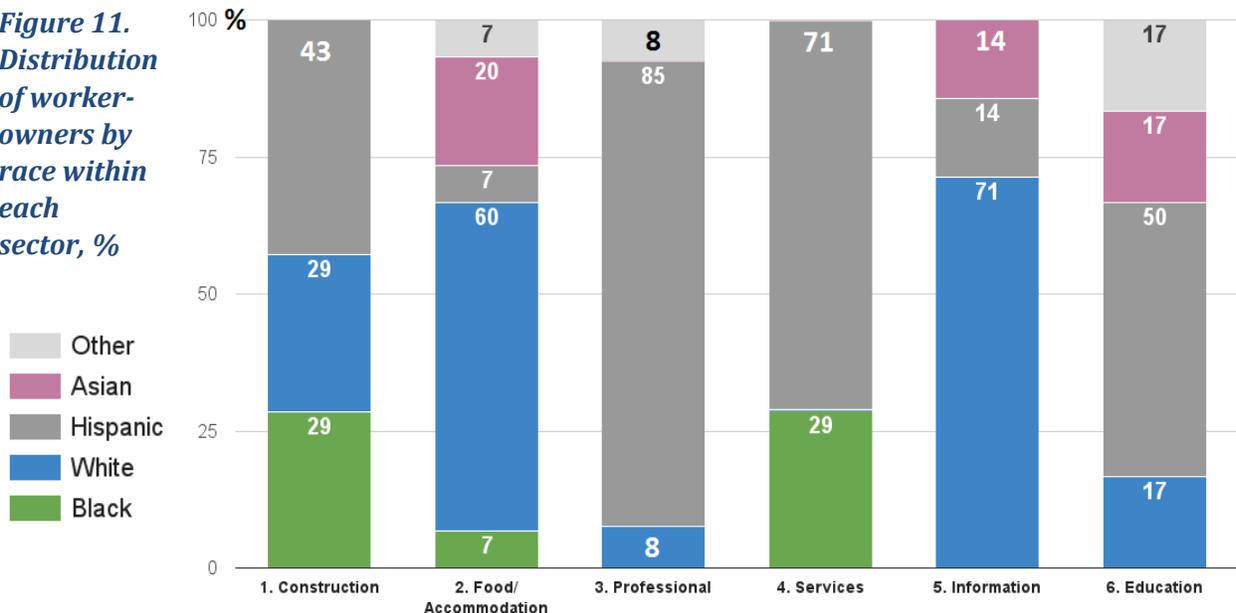
Figure 11. Workers by race, %
All worker-owners by race



These numbers are highly influenced by the racial composition of CHCA workers. Once we exclude CHCA, the percentage of Hispanics remains unchanged (71% of total members) but the next largest group shifts from Black to White (17%), with Black, Asian, and Other representing significantly smaller percentages.

Distributions by race within economic sectors vary (Figure 11). 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.

Figure 11. Distribution of worker-owners by race within each sector, %

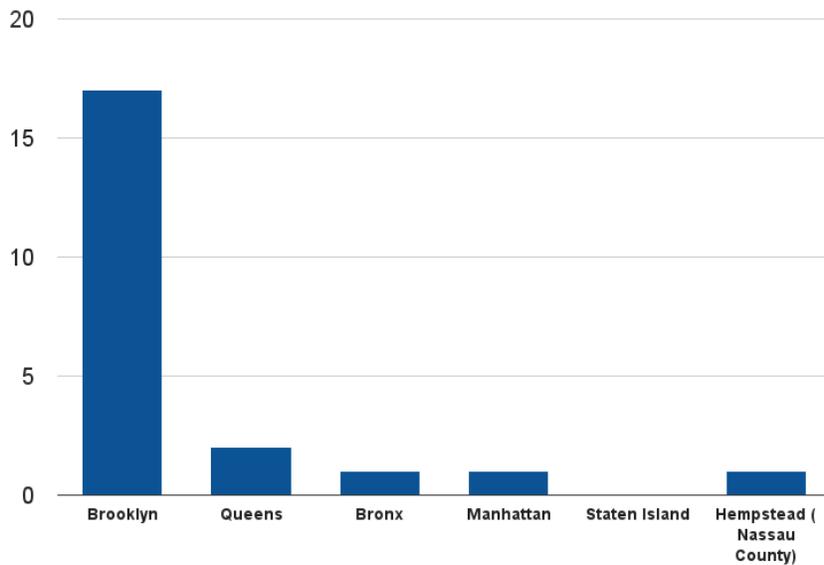


Black worker-owners make sizable groups (almost a third or 29%) only in Construction and Services. Whites dominate Information and Food/ Accommodation sectors and also work in Construction and Education. Although Hispanics are found in all sectors, they constitute an overwhelming majority in both the Professional sector and Services while constituting half of workers in Education and almost a half in Construction. Asians make a sizable group among workers in Food/Accommodation, Information, and Education. Other racial minorities are represented in three economic sectors, with a particularly sizable presence in Education (17%).

5 Where are worker coops and their markets located?

5.1 Most worker coops are in Brooklyn

Over three-quarters (77%) of worker coops in New York City are located in Brooklyn (Figure 1 and 12a).



Coops in the Information, Professional, and Education sectors all are in Brooklyn (Figure 12b).

Figure 12a. Worker coops by borough

**includes 21 worker coops*

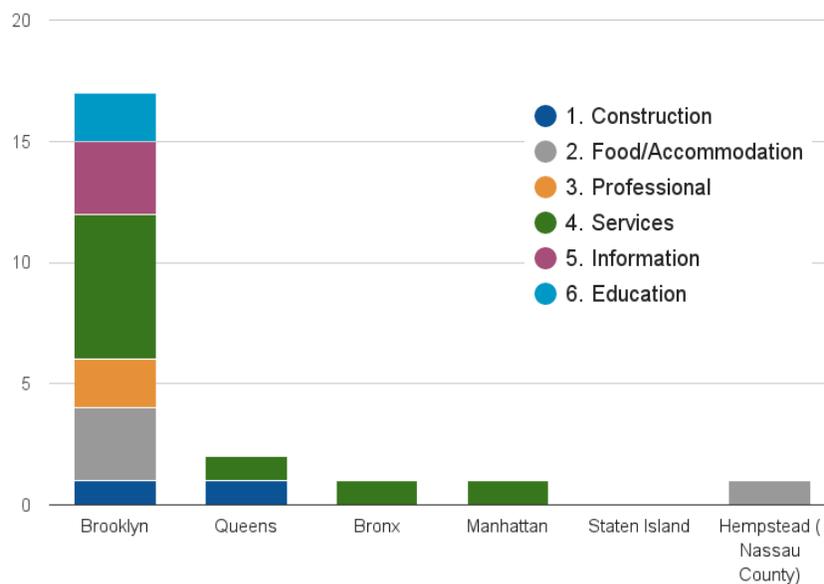


Figure 12b. Worker coops by borough and sector

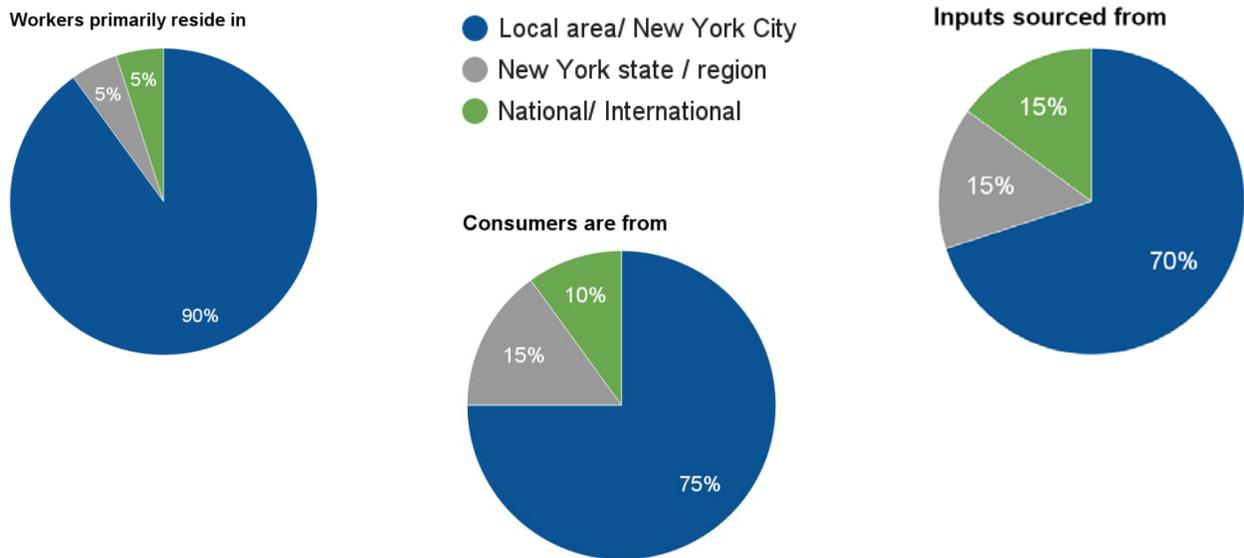
**Includes 21 worker coops*

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). Most create jobs for local residents. As many as 60% of coops said their workers primarily reside in the neighborhood of their coop while another 30% have workers mainly from their borough or New York City. Workers in 10% of the coops primarily live outside New York City. Therefore, it is safe to presume that the income of workers 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*

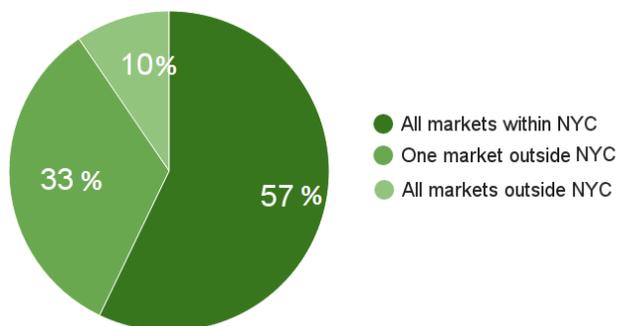


Worker coops also serve local populations. The consumers of 30% of coops are located in the local area/ neighborhood of the coop whereas the consumers of another 45% of coops come from their borough or the city.

Worker coops also use local resources. Over one third (35%) source their inputs from suppliers in the local area/the neighborhood while another third receives inputs from the county 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 short, worker coops are particularly local in terms of where their worker-members reside and the majority have local consumer and input markets. In fact, over half of the worker coops primarily operate within New York City across all three markets (labor, consumer, input) (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 almost all gross revenue, payroll, and benefits paid to workers in New York coops (Figure 15).

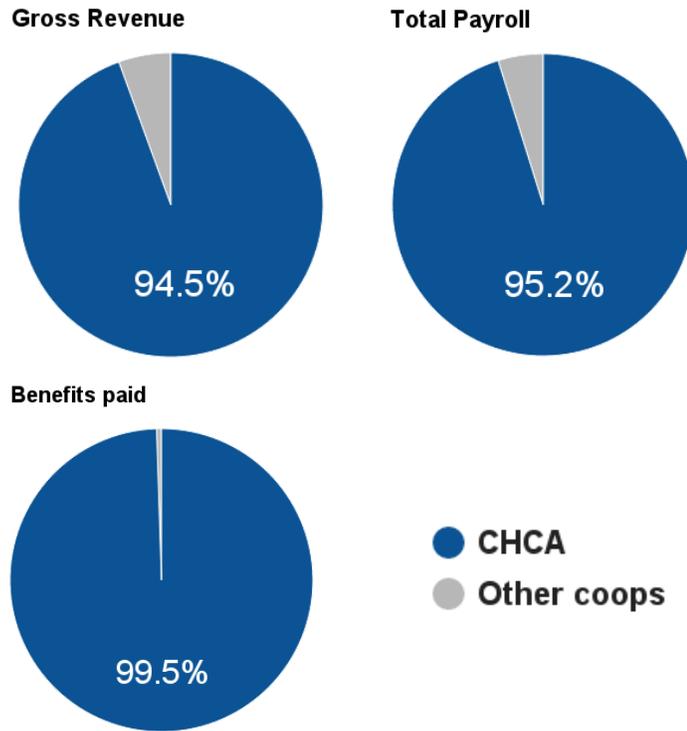
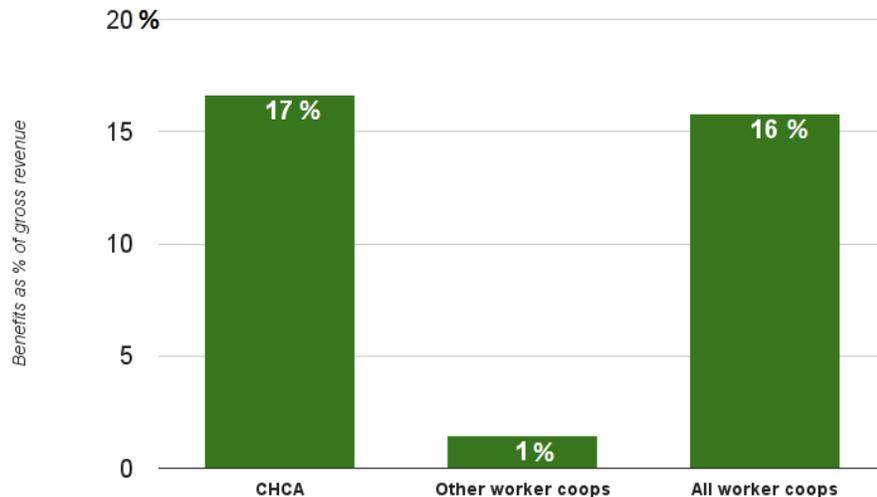


Figure 15. Share of CHCA in Gross Revenue, Total Payroll, and Benefits

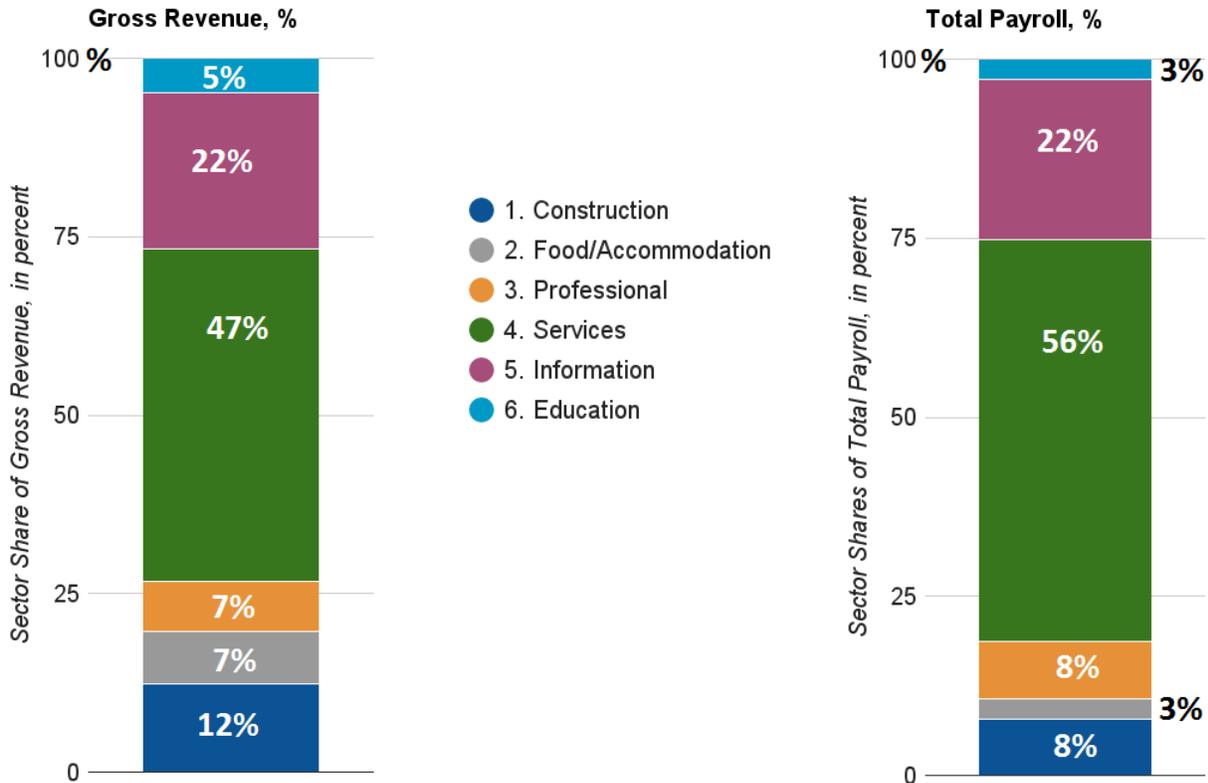
CHCA also paid the largest share of its gross revenue (17%) as benefits for workers (Figure 16). Other coops as a group attributed 1% of gross revenue to benefits with individual coops paying from none to 7%.

Figure 16. Benefits as percent of gross revenue



Excluding CHCA from calculations shows that the remaining portions of gross revenue and payroll have similar distributions by sector (Figure 17). Service sector generates almost half (47%) of gross revenue and over half of total payroll (56%). The Information sector had the second largest share (22%) in both gross revenue and payroll. The Construction sector generated 12% of all gross revenue and 8% of total payroll. Professional sector followed with 7% of gross revenue and 8% of total payroll. Food/Accommodation and Education accounted for the smallest shares.

Figure 17. Distribution of gross revenue and total payroll by economic sector, excluding CHCA



6.2 Worker-owner earnings

Figures 18-21 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. Figure 21 shows the last two indicators together. These indicators were calculated based upon the reported data.

Figure 18 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 while Information distributed 70% of gross revenue to payroll. Worker coops in Construction, Education, and especially Food and Accommodation sectors distributed considerably less to payroll.

Figure 18. Value of total payroll as percent of gross revenue by economic sector, in percent

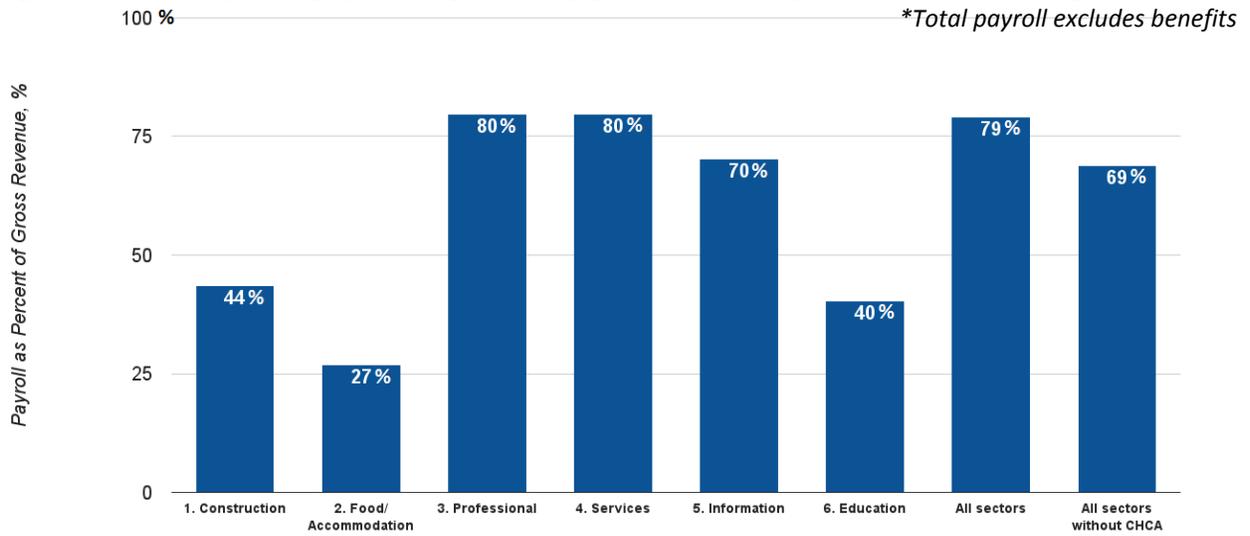


Figure 19. Average hourly base wage by economic sector, \$

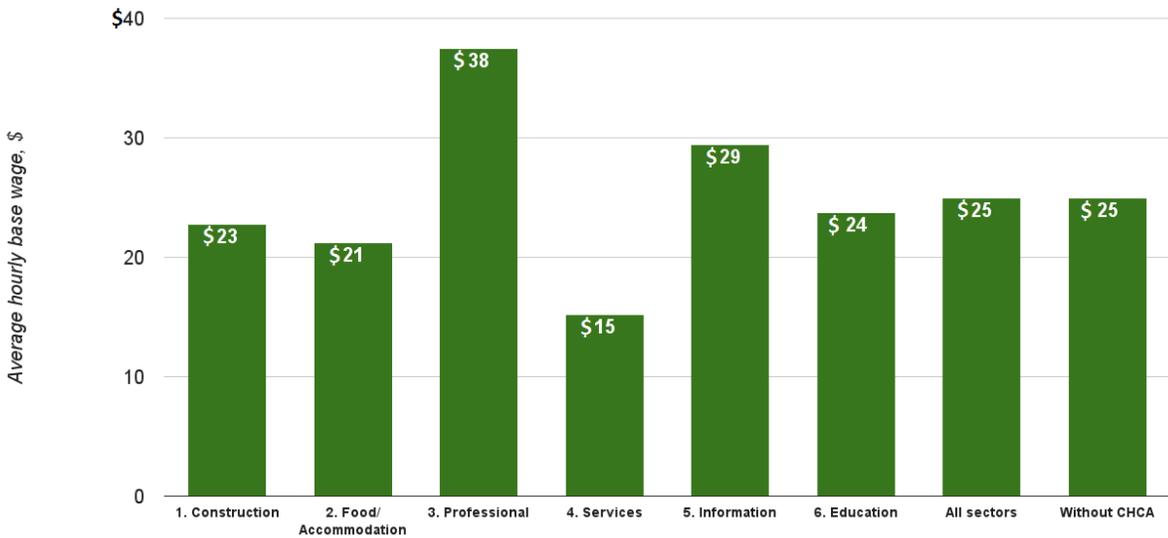


Figure 20. Estimated average annual income per worker by economic sector, \$

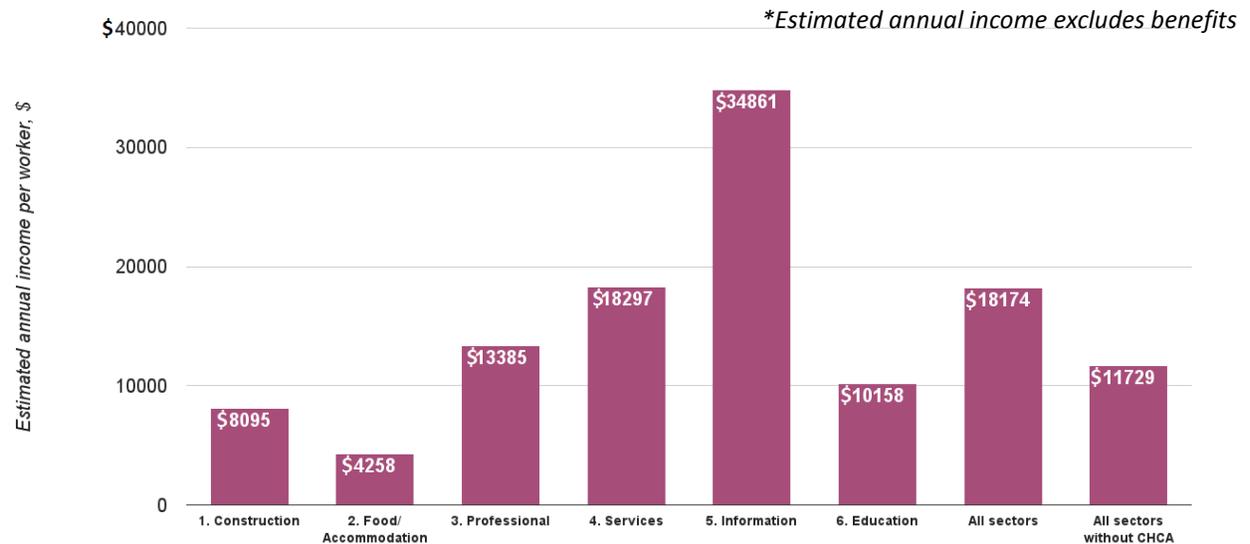
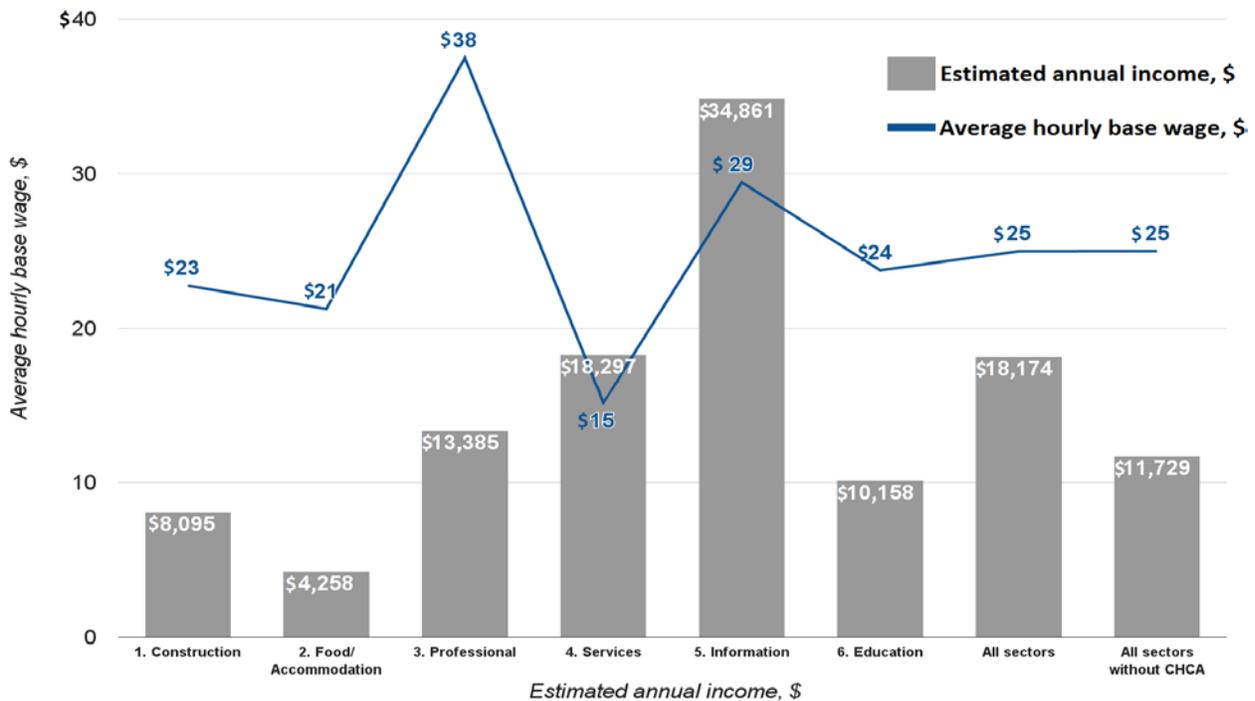


Figure 19 reflects the hourly base wage by sector (also blue line on Figure 21). Some coops provided ranges of the highest and lowest wage rates; in those cases, an average base wage rate was calculated. The average wage across all worker coops is \$25 per hour. It varies from \$15 per hour in Services to \$38 per hour in the Professional sector. Information has the second highest hourly wage at \$29 per hour. In Construction, Food and Accommodation, and Education, the hourly wage was \$21-\$24 per hour. Of the three sectors that distribute the highest percentage of gross revenue to payroll, Professional and Information sectors pay higher hourly wages. The third, the Service sector, pays the lowest hourly wage (\$15) but this wage is notably higher than the minimum wage that typically characterizes jobs in cleaning and caring labor. For example, most women in cleaning get the \$8 or \$10 wage.

Figure 21. Hourly base wage and estimated annual income by economic sector

**Estimated annual income excludes benefits*



Although coops were not asked to report their worker-owners’ annual income, we roughly estimated the average annual wage by economic sector (Figure 20 and gray bars in Figure 21) 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 and 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.

The estimated annual income varies considerably from one economic sector to another. 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 (Figure 20) 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.

Other sectors have considerably smaller estimated annual earnings per worker. Except for the Information and Service sectors, workers in other coops probably supplement their coop employment with other jobs.

Putting together information on hourly wage rates and total payroll (Figure 21), it is evident that worker cooperatives operate in the interests of their workers. In the Service sector, where most coop members in New York work, workers can earn a significant annual income despite relatively low-paying jobs. This sector also paid considerable amounts in benefits. The Information sector combines higher hourly wages and the highest annual incomes, but for a relatively small number of workers employed in this sector. 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.