



Public Testimony
Senate Committee on Labor
Re: Cooperatives
Senate Bill 676
April 26, 2017

Submitted by The Rhode Island Interfaith Coalition to Reduce Poverty

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The Rhode Island Interfaith Coalition to Reduce Poverty is a coalition of diverse religious communities and advocacy partners throughout the state who have come together to fight poverty. We are submitting written testimony today in **support of Senate Bill 676**, legislation that would enable the creation of worker cooperatives in Rhode Island.

We believe that all people deserve an opportunity to access work with decent wages and good working conditions. For the vast majority of people, such work will be found in the form of traditional labor and a wage. However, for those who are interested and able to take a next step, the workers' cooperative can be a powerful alternative to traditional options currently available in the labor market. It offers an alternative that provides the self-determination and profit-sharing benefits of owning your own business, while being more collaborative than a traditional sole-proprietor independent owner-operator business. It may also prove to be more financially accessible to low-wage workers with limited assets.

When we look to other states, we can see very successful examples of worker-owned cooperatives in traditionally low-wage jobs, such as housecleaning and home care. Consider the Cooperative Home Care Associates (CHCA) in the Bronx, NY. CHCA was founded in 1985 and began with only 12 home health aides. Now, it employs 2,000+ people.¹ Founded in 1995, California's Prospera (formerly WAGES – Women's Action to Gain Economic Security), has developed 5 successful worker co-ops, including Natural Home Cleaning Professionals (NHCP). The 30+ women co-owners working at Natural Home Cleaning Professionals earn an hourly wage of \$14/hour.² Since 2011, NHCP has had sales in excess of \$1.4 million annually.³ Two others cooperatives incubated at Prospera/WAGES, Emma's Eco-Clean and Eco-Care, now provide earnings "150% to 200% above

¹ Cooperative Home Care Associates Website: <http://www.chcany.org/> To learn more about other successful cooperatives, see the Democracy Collaborative's "Worker Cooperatives Address Low-Wage Work and the Feminization of Poverty," available here: <http://democracycollaborative.org/content/worker-cooperatives-address-low-wage-work-and-feminization-poverty>

² Prospera Alumni Co-Op Website: <http://prosperacoops.org/alumni-co-ops>

³ See the Democracy Collaborative summary cited above: <http://democracycollaborative.org/content/worker-cooperatives-address-low-wage-work-and-feminization-poverty>

prevailing wages in the commercial housecleaning industry.”⁴ The increased wages, benefits and working conditions found in these worker-owned cooperatives offer a hopeful example for working Rhode Islanders.

The model of the workers’ cooperative offers one promising path forward, helping to generate expanded economic activity in the community and providing new opportunities for economic growth in the state. There is reason to believe that this business model would also help profits earned from these new businesses stay in Rhode Island, where these dollars can recirculate and have an amplifying effect in the economy. Thus, workers’ cooperatives offer one possible means to help support economic vitality not only for the individual worker-owners but also for whole neighborhoods, cities and towns.

As the state continues to look for innovative ways to improve prosperity – with an eye towards equity and underserved communities – enabling workers’ cooperatives may prove to be one quite important tool.

We write to support Senate Bill 676 which would create a legal vehicle to allow for cooperative businesses that are worker-owned, worker-operated and democratically controlled by their membership.

⁴ See the Democracy Collaborative summary cited above: <http://democracycollaborative.org/content/worker-cooperatives-address-low-wage-work-and-feminization-poverty>