

CITY COUNCIL
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

Of the

COMMITTEE ON COMMUNITY
DEVELOPMENT

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February 24, 2014

Start: 10:11 a.m.

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HELD AT: 250 Broadway - Committee Room
16th Floor

B E F O R E:
Maria Carmen del Arroyo
Chairperson

COUNCIL MEMBERS:

Annabel Palma
Elizabeth S. Crowley
Andy L. King
Vanessa L. Gibson
Alan N. Maisel
Helen K. Rosenthal

A P P E A R A N C E S (CONTINUED)

Miquela Craytor
Director NYC Industrial Income Ability
Initiatives of the NYC Economic Development
Corporation

Gregg Bishop
Deputy Commissioner of NYC Department of Small
Business

Noah Franklin
Federation of Protestant Welfare Agencies

Christopher Michael
NYC Network of Worker Cooperatives

Omar Friella
Green Worker Cooperatives

Edith Pena-Harper
South Bronx Artist Coop

Janie Jones
South Bronx Artist Coop

Margarita Ruiz
Home Care Coop

Rosa Palaguibi
Workers Justice Project Apple Eco Cleaning

Vanessa Bransburg
Center for Family Life

Yadira Fragoso
Si Se Puede Women's Coop

Saduf Syal
Make the Road New York

Claudia Leon

A P P E A R A N C E S (CONTINUED)

Joe Rinehart
US Federation of Workers

Ted De Barbieri
Urban Justice Center

Karen Haskins
The Working World

Carmen Huertas
CUNY Law

Joe Holtz
Park Slope Food Coop

Evan Casper-Futterman
Solidarity NYC

Josh Zinner
New Economic Project

Anthony Winn
We Stay Nos Quedamos

Melissa Risser
CUNY Economic Development Clinic

Morgan Crawford
Director of Educational Programs for the North
American Students of Cooperations

Peter Ranis
Professor Emeritus at CUNY

Scott Trumbull
The Working World

Sean Basinski
The Street Vendor Project

A P P E A R A N C E S (CONTINUED)

Christopher Velasco
Granja Eagle Slope

Shane Smith
Democracy of Work

Alexander Lopez
Ginger Moon

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COMMITTEE ON COMMUNITY DEVELOPMENT

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CHAIRPERSON ARROYO: This is not working. Now, we're--oh. Can you hear me? Okay. We're ready? [gavel] Good morning everyone. I am so glad to see so many of you here. If we knew we were going to have this turnout we would have asked for the chambers, but I guess this is a sign of things to come. I'm very excited to be here. My name is Maria del Carmen Arroyo and I Chair the Committee on Community Development. First, I welcome my new colleagues and they will be floating back and forth. We have some competing hearings going on across the street and downstairs as well, but who was here before as Chair, Council Member Andy King from the Bronx, my partner in government. You would be surprised the things we can accomplish, right? When we work together. I'm excited about the opportunity to share this committee with all of you. Good morning, Council Member Rosenthal from Manhattan. And as you can see we're still getting to know each other. By June we're going to be very intimately related given everything that we work on together. I'm excited to share

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2 this committee and about the opportunity that
3 we have as committee members to bring to light
4 the circumstances, the challenges and
5 opportunities relative to the almost two
6 million New Yorkers who live in poverty in our
7 city. Today, the hearing begins a discussion
8 of what opportunities may be available for this
9 often forgotten population. Today, the
10 committee will hear testimony from the
11 administration, business owners, employees,
12 researchers and advocates concerning worker
13 cooperatives. This model, worker cooperatives,
14 are businesses that are owned and managed
15 democratically by employees. Some believe this
16 business model may be an effective vehicle for
17 by which many unemployed, particular the
18 communities with long-standing unemployment and
19 high poverty levels may find new opportunities
20 for employment and ultimately escape poverty. I
21 want to thank the committee staff who have been
22 working on getting us ready for this hearing
23 for several weeks, and I want to start with
24 Thomas Donaldson, our Committee Counsel to my
25 left, Mitch Seward [phonetic] policy analyst to

1
2 my right, and Kenneth Grace [phonetic] who is
3 way at the end back there. Hi Kenneth, our
4 fiscal analyst. I want to say a couple of
5 things so that, you know, the guys barking
6 orders here are the Sergeants at Arms, and
7 there job here is to make sure that we behave
8 as it relates to the public participation, that
9 if you have something to say to us, we want
10 very much to hear it, but if you have not
11 filled out one of these forms, I will not know
12 that you're here and that you want to share
13 something with us. Please see the Sergeant,
14 they'll give you the form. You'll fill it out
15 and we will get to you. We have quite a number
16 of people here to testify today, and as much as
17 I hate to put a clock--if you look to my right
18 over here there's a 300, that's not a movie,
19 that's the clock that will keep us on track. So
20 we're going to hear from the Administration and
21 then we will hear from the public. I'm going
22 to ask you to please summarize your statements
23 so that I don't have to cut you off. If you
24 have written testimony it will be entered into
25 the record fully, but share with us from your

1 heart your stories, those are the ones that I
2 find most interesting and most informative that
3 allow us as Council Members to be able to do
4 the work that we do here, because we don't do
5 it alone. We do it with great input from you,
6 our cities residents, advocates, organizations
7 that do the work that moves us forward every
8 single day. I want to welcome the panel from
9 the Administration, someone who I have had the
10 privilege of working with locally in my
11 community in a different capacity, Miquela
12 Craytor from the New York City Economic
13 Development Corporation. Welcome, nice to see
14 you, and if I have not wished you, happy new
15 year. Gregg Bishop from Small Business
16 Services, who I understand is here to answer
17 questions, not to provide testimony. We promise
18 we will not be hard on you. I will also ask my
19 colleagues to limit their questions because we
20 are to be here until 12:00 and we want to get
21 this done as effectively and as efficiently as
22 possible. I don't want to cut anybody off, but
23 I will, because you see, I look really nice and
24 very sweet, but I could be real mean to if I
25

1
2 have to be. So, I don't like to be, but I will
3 be if I have to be. So, with that said our
4 first panel, welcome, thank you for being here
5 and begin your testimony. And Council Member
6 Crowley has joined us. Thank you for joining
7 us.

8 MIQUELA CRAYTOR: Thank you. Good
9 morning, Chair Arroyo. It's a pleasure to see
10 you again.

11 CHAIRPERSON ARROYO: Okay, so hold
12 the mic closer.

13 MIQUELA CRAYTOR: Sure.

14 CHAIRPERSON ARROYO: Speak into the
15 mic, otherwise, they yell at us.

16 MIQUELA CRAYTOR: Oh, don't want
17 that.

18 CHAIRPERSON ARROYO: They're taping
19 this.

20 MIQUELA CRAYTOR: Alright, how's
21 that for? Alright. So good morning, Chair
22 Arroyo and members of the Committee on
23 Community Development. My name is Miquela
24 Craytor. I'm the Director of New York City
25 Industrial Income Ability Initiatives of the

1 New York City Economic Development Corporation.
2 And together with Gregg Bishop, the Deputy
3 Commissioner of the New York City Department of
4 Small Business, I am pleased to speak with you
5 today about worker cooperatives, a workforce
6 model deserving of further consideration by the
7 city as we begin to develop new strategies to
8 address income inequality in New York City
9 under the Mayor de Blasio's leadership. After
10 my testimony, both I and Gregg will be happy to
11 take questions. Income inequality is a critical
12 concern for all New Yorkers and Mayor de Blasio
13 has made clear that tackling this important
14 issue will be a central tenant of this
15 Administration. Currently, 30 percent of full
16 time New York City workers are low income with
17 limited opportunities to increase their
18 economic potential. New York City EDC is
19 working closely with the Administration to
20 start developing new strategies for
21 strengthening the economic base in distressed
22 neighborhoods and communities across the city.
23 We've done this through fostering
24 entrepreneurial opportunities and supporting
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1 organizations and businesses that provide
2 support and employment opportunities to the
3 city's low income populations. Ultimately, the
4 goals to help employers invest in their workers
5 and develop policies that help improve income
6 ability for all workers across the city. In
7 January of this year, the Federation of
8 Protestant Welfare Agencies released a report
9 on worker owned cooperatives in New York City
10 and the potential opportunities cooperatives
11 may provide as a tool for addressing income
12 inequality in our city. The report argues that
13 cooperatives can be formed with workers in any
14 industry but accrue particular benefits to
15 workers in low wage industries by empowering
16 workers to exercise democratic control of their
17 businesses including wage and profit
18 distribution decisions. This in turn can
19 potentially lead to greater financial stability
20 and wealth accumulation for participating
21 workers. Worker cooperatives often represent
22 two groups, which New York City, EDC and SBS
23 and the City has long worked to support small
24 businesses and entrepreneurs. We believe these
25

1 two groups are unique in their position to help
2 continue to create jobs and improve New York
3 City's workforce landscape as the city's
4 economy continues to recover, but also
5 represents individuals who are often in need of
6 additional financial and technical resources.
7

8 It is our understanding that worker
9 cooperatives face many of the same issues
10 encountered by all New York City small
11 businesses, including finding funding,
12 affordable space, and technical assistance
13 needs. As the report states, worker
14 cooperatives are not a well-known business
15 model here in New York with 23 cooperatives
16 throughout the five boroughs. However, the
17 report suggests that existing cooperatives can
18 serve as a model for supporting small business
19 growth in the city. The report outlined
20 supportive services that can help worker
21 cooperatives to overcome the initial hurdles
22 inherent in the cooperative formation process.

23 These include legal and technical assistance
24 and worker cooperative movement and a community
25 to draw on experiential advice and

1 institutional support. At SBS, through their
2 network of business solution services, they
3 meet with entrepreneurs seeking to establish
4 new businesses on a regular basis. This process
5 usually involves consideration of business
6 structure, including sole proprietorship,
7 partnership and incorporating. SBS will be able
8 to provide information on the corporate
9 cooperative structure and refer interested
10 individuals to these organizations that offer
11 step by step information to existing
12 cooperative corporations on how to do business
13 with the city, as well as determining what
14 agencies purchased the goods and services of
15 those corporations. In addition, SBS can also
16 provide information on certifying as an MWBE
17 where appropriate. Worker cooperatives are
18 eligible for many New York City EDC's industry
19 transformation programs as well as some capital
20 funding opportunities. For instance,
21 cooperative corporations that otherwise meet
22 the requirements as specified in New York
23 City's EDC's RFP's are eligible to respond to
24 opportunities for capital funding provided that
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1 the cooperative corporation is a legal entity
2 that owns the real property or capital assets
3 being acquired, constructed and/or approved. In
4 terms of additional questions that we think
5 this committee should consider, both New York
6 City and EDC are open to exploring and learning
7 about how new and innovative strategies for
8 addressing income inequality and workforce
9 development issues in New York City, the report
10 has brought to our attention potential
11 strategies for recognizing and engaging with
12 worker cooperatives. We believe worker
13 cooperatives warrant further consideration and
14 discussion, particularly to determine what
15 forms of technical assistance or support the
16 city can provide to groups interested in
17 forming such corporations--cooperatives. Based
18 on our experience in assisting businesses to
19 grow and create jobs in New York City, we
20 believe there are still some key questions that
21 need to be answered about the worker
22 cooperative model, including what does the
23 worker cooperatives landscape look like as far
24 as the interest among would be worker owners
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1 and potential industries for growth? Are there
2 opportunities to expand the core values
3 including employee ownership and community
4 wealth building of the worker cooperative model
5 to other existing businesses and/or non-worker
6 cooperative businesses? The FPWA report cites
7 to current factors that have impacted this
8 city's understanding of worker cooperatives,
9 the limited number of worker cooperatives in
10 New York City and the lack of centralized
11 worker cooperative association. We're open to
12 engaging with these existing organizations,
13 including those offering institutional and
14 technical assistance to groups interested in
15 forming cooperatives in order to learn more and
16 further discuss these capacity and community
17 issues. We're aware that the city council has
18 shown support for the worker cooperative model
19 in the past by providing grant support to the
20 center for family life to form a cooperatives
21 incubation training program. We would be
22 interested in hearing more about the results of
23 their program and any potential future efforts
24 by the council to expand on their partnership
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1
2 at CFL. In conclusion, thank you again for
3 letting me speak today and giving us the
4 opportunity, or me the opportunity to discuss
5 the benefits of the worker cooperative model
6 which may provide an exciting and innovative
7 way to address income inequality and the issues
8 that these organizations and businesses face.
9 Thanks.

10 CHAIRPERSON ARROYO: Thank you for
11 your testimony. The noise you hear in the
12 background is an interpreter happening
13 simultaneously, so as much as we try not to get
14 distracted, it might, so that's what's going on
15 and that's why the Sergeants not telling her to
16 sit down and be quiet. [laughter] And thank you
17 for being here. I have a couple of questions.
18 I'll turn it over to my colleagues and then
19 I'll come back. There are a couple of points
20 in your testimony that I'll go to specifically.

21 MIQUELA CRAYTOR: Sure.

22 CHAIRPERSON ARROYO: On page three,
23 the--we understand that the incubation and the
24 startup of such an endeavor is usually
25 confronted with challenges in access to

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2 resources that if we take a group of
3 individuals who have a particular skill that
4 they want to develop into a cooperative, these
5 are usually individuals of low means, credit
6 ratings might be a bit of a challenge, and the
7 program that you referenced, worker
8 cooperatives are eligible for many EDC industry
9 transformation programs.

10 MIQUELA CRAYTOR: Right.

11 CHAIRPERSON ARROYO: The requirements
12 specified in the RFP's usually would be a real
13 serious barrier for individuals who are
14 startups in this model to be able to qualify,
15 owning the property to be eligible for capital
16 is also a challenge. Are there any other ways
17 that EDC is helpful or can be helpful with
18 startup--

19 MIQUELA CRAYTOR: [interposing] Sure.

20 CHAIRPERSON ARROYO: incubation, and
21 just assistance, business development
22 strategies?

23 MIQUELA CRAYTOR: Through our
24 existing programs where we specifically help
25 start ups, the reference to the RFP's are maybe

1 not so obviously, but now very obviously not
2 geared to startups, so your point is very, you
3 know, very--we're very aware of that. So in the
4 case of startups and sort of this support that
5 EDC offers for newer businesses or newer
6 efforts, if you will, we have a number of
7 different co-working spaces. Now that is not
8 necessarily the best model for a cooperative,
9 and depending on what the cooperative is
10 structured. So, you know, obviously if it's 30
11 people, if the co-working space doesn't support
12 30 people or have enough room for 30
13 individuals that may not be the best match.
14 The other thing as mentioned earlier in my
15 testimony, there is a lot of different type of
16 sectors that cooperatives currently operate
17 from where we're, as I mentioned in my
18 testimony, the report outlines 23 different
19 kinds in New York City. I'm aware of a handful
20 off the top of my head including house cleaning
21 services, day care services, and healthcare
22 services. Those are types of places where
23 perhaps they don't need the physical same
24 location as some of our other resources, and
25

1
2 therefore they'll probably need a different
3 type of co-working space. So in terms of what
4 EDC currently has available, our co-working
5 spaces have been normally geared toward the
6 tech or food needs, and we have a food
7 incubators, and in that respect, if it was a
8 food cooperative, worker owned cooperative, the
9 food incubators would work well. So it really
10 depends on the sector, and this goes back to
11 one of the other comments I said, is that we're
12 very interested in learning where are the right
13 niches so that we can then try to connect the
14 dots between those niches into what EDC
15 currently has, and then expand perhaps on
16 things that we don't have in order to fill the
17 gap. In terms of financing and things along
18 those lines, we work closely with SBS on
19 connecting businesses and, you know, worker
20 cooperatives would qualify as well in terms of
21 connecting them to resources. The challenge
22 goes into, I think, the ownership model and I
23 think this was somewhat raised in the report,
24 but it's certainly something that we've
25 discussed internally is that, you know, there's

2 a lot of challenges when you're talking to sort
3 of a paradigm shift, and some of our existing
4 financial resources are partners who administer
5 loan programs and whatnot. You know, this
6 model's is not something they're as familiar
7 with. So this is something we're definitely
8 taking under consideration as we look to start
9 any new loan program, much less take into
10 account working with our existing programs.
11 Gregg?

12 GREGG BISHOP: I can--also, we
13 recently met with the FPWA and--

14 CHAIRPERSON ARROYO: [interposing]
15 Gregg, your name for the record?

16 GREGG BISHOP: I'm sorry. Gregg
17 Bishop, Deputy Commissioner with the Department
18 of Small Business Services, and one of the
19 things that we can do immediately, we have a
20 network of lenders, both with major banks and
21 alternative lenders, and Miquela is correct,
22 some of our major banks may not understand the
23 worker cooperative model, but we do understand
24 that they are financing companies out there,
25 vehicles that are focused on worker

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2 cooperatives, so our goal is to get those
3 companies into our network, and also introduce
4 what the worker cooperative model in our
5 business basic courses. So we have a series of
6 courses for entrepreneurs who are just come--
7 starting to think about starting a business.
8 We have in the past covered the different types
9 of structure, limited liability, sole
10 proprietor, S Corp and the worker cooperative
11 was never part of our curriculum. So we are
12 able to add that really quickly, and of course,
13 because it's a pathway from education to
14 actually getting in front of someone who, you
15 know, in terms of financing, we want to make
16 sure we add the worker cooperative steps into
17 our curriculum. And we also want to work
18 closely with some of the organizations out
19 there that do provide really good technical
20 assistance to individuals who are interested in
21 actually starting a worker cooperative.

22 CHAIRPERSON ARROYO: So, is the FPWA
23 report the only one that we have to look at for
24 recommendations and ideas about what
25

1
2 cooperatives have tried and where they have not
3 been successful?

4 MIQUELA CRAYTOR: In terms of what's
5 been brought to our attention, that has been
6 the main source of information. That being
7 said, we at EDC, we've had a opportunity to
8 meet on a number of different occasions,
9 several stakeholders in this community and
10 through those interactions we've learned a
11 great deal in terms of the challenges and
12 barriers confronting anyone who desires to
13 start one of these organization--this type of
14 structure, employed owned structure. And so in
15 that regard, it's more of a perhaps anecdotal,
16 but still very informative in terms of who
17 we're sort of taking this information into
18 account when we reflect on their programs.

19 CHAIRPERSON ARROYO: Now, the fact
20 that we have an interpreter here today--

21 MIQUELA CRAYTOR: [interposing] Yep.

22 CHAIRPERSON ARROYO: I think is very
23 telling that we are probably looking at a
24 population of individuals where language access
25 can be a hindrance and a barrier for them to be

1
2 able to knock on your door and get some
3 assistance or--so, how do you organize the
4 services that you're providing and connecting
5 the dots for individuals that are not English
6 proficient?

7 GREGG BISHOP: So I think outside of
8 this issues we have been tasked with how can we
9 get the word out about our services to the
10 immigrant population in New York as a whole. So
11 separate to this we actually are in the process
12 of a new initiative where we are taking our top
13 ten courses, which include some of these
14 courses that are referred to and working with
15 community partners in a way where they will
16 provide those services, whether it's a
17 classroom workshop, etcetera, not only have the
18 materials translated in the top seven languages
19 in New York City, but also have material
20 presented in the language of that particular
21 area. SO we're right now in the process of
22 identifying organizations and actually we just
23 completed translating of the material. So we
24 are--we will be able to reach out to a
25 significant population in New York City, you

1
2 know, within the language that they are
3 comfortable with.

4 CHAIRPERSON ARROYO: What languages?

5 GREGG BISHOP: So the tops--oh,
6 you're going to quiz me now. So the top seven--

7 CHAIRPERSON ARROYO: [interposing]

8 Yeah.

9 GREGG BISHOP: are actually, it's
10 Spanish--

11 CHAIRPERSON ARROYO: [interposing]

12 So, by the way, you sit here, you better know
13 what you're talking about because if you don't
14 then we'll have a different conversation.

15 GREGG BISHOP: It's Haitian-Creole,
16 Korean, Chinese, Spanish, Russian, and did I
17 say Korean?

18 CHAIRPERSON ARROYO: Yeah.

19 GREGG BISHOP: I said Korean already,
20 then it's Korean, Chinese.

21 CHAIRPERSON ARROYO: Okay.

22 GREGG BISHOP: Yep.

23 CHAIRPERSON ARROYO: Thank you. I
24 won't give you a hard time. Okay, I'm going to
25 turn it over to my colleagues, and then we'll

1
2 come back. First we have Council Member
3 Crowley, followed by Council Member King and
4 then Rosenthal.

5 COUNCIL MEMBER CROWLEY: Thank you
6 to our Chair. Good morning. I, first, the
7 Administration wants to make the city more
8 equitable, and I understand that. I support the
9 idea of worker cooperatives. I have a little
10 history, I know how ROC started back when I
11 worked for the Consortium for Worker Education
12 and how that is a successful model. It took a
13 long incubation process and a bunch of
14 dedicated restaurant employees to make that
15 happen. But I know that this a good model. I'm
16 just curious now with the new Administration
17 who it's going to be different with funding and
18 resources compared to the previous
19 Administration for these types of worker
20 cooperative programs.

21 MIQUELA CRAYTOR: So, I can--you
22 know, at this point there's a number of
23 different things I think this Administration's
24 reflecting on, existing programs and retooling
25 them, retooling them and reconfiguring them and

1
2 perhaps scrapping some and adding others. So I
3 can't say specifically how that will change in
4 terms of the landscape of resources in very
5 specific terms, but I know that we are taking a
6 very hard look with a clear directive to modify
7 what we have, and again, take out or add in
8 what is necessary to be providing the type of
9 services to address the income inequality
10 issues across our city.

11 COUNCIL MEMBER CROWLEY: If we look
12 at other cities, you mentioned we had 23
13 cooperatives, how many--is there a city that we
14 could look to for guidance in the country that
15 has more and, you know, what do they do that
16 makes them more successful?

17 MIQUELA CRAYTOR: So I'm not
18 familiar--you want to?

19 GREGG BISHOP: Yeah, I think, and
20 this is related to our briefing. San
21 Francisco's one of the cities that we were told
22 to take a look at. Also there are worker
23 cooperatives in Chicago. So again, there's a
24 lot of information that we need and which was
25 in the testimony in terms of for us in New York

1
2 City what particular sectors actually makes the
3 most sense for us to sort of push a lot of the
4 resources in. Clearly, the service sector seems
5 to be one of the areas. We talked a little bit
6 about construction, but again, we're sort of in
7 the beginning of this conversation, but we are
8 willing to sort of look at to see what other
9 cities are doing and what we can replicate.

10 CHAIRPERSON ARROYO: And does that
11 include a field trip to San Francisco?

12 GREGG BISHOP: I would love if you
13 can get that in the budget.

14 CHAIRPERSON ARROYO: But look at how,
15 I say that not I a joking way.

16 COUNCIL MEMBER CROWLEY: Right.

17 CHAIRPERSON ARROYO: How do you
18 determine whether another city's model is one
19 that we would be interested in adopting and/or
20 encouraging our business minded individuals in
21 our city to take a look at not necessarily re-
22 inventing the wheel and modeling what they want
23 to do, like--

24 MIQUELA CRAYTOR: [interposing] I
25 mean, that's certainly--

CHAIRPERSON ARROYO: San Francisco.

MIQUELA CRAYTOR: Right, and that's something as Gregg mentioned, you know, we've recently both our agencies have been briefed and one thing that our, at least at EDC we often do is take a hard look at different, you know, models across the country and sometimes even outside the country to think about other initiatives that we can pilot here through New York City EDC's programs as a way to test out new models. So that will be part of that process.

CHAIRPERSON ARROYO: I'm sorry, Council Member. Proceed.

COUNCIL MEMBER CROWLEY: Just in wrapping up my questions, I would like to see some type of dedicated funding stream specifically for worker cooperatives that the city is willing to put forth. So maybe something similar, of course, not the size of a business improvement district, but so that their legal--so that we could really have the foundation for these companies to grow, and so I think that there needs to be some type of

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specific allocation for funding for these programs. That's it. Thank you.

CHAIRPERSON ARROYO: Thank you.

Council Member--Council Member King?

COUNCIL MEMBER KING: Thank you, Madam Chair, and I'm excited to sit on this committee with you and watch you lead us through this--take us through the lilies and all this other good stuff.

CHAIRPERSON ARROYO: Don't get--

COUNCIL MEMBER KING: [interposing] Como esta amigas. That's all the Spanish I know.

CHAIRPERSON ARROYO: Understand that this is something that we'll do together. I'm not leading anything, okay?

COUNCIL MEMBER KING: Well, I love you for--thank you for allowing me to have a seat at the table, then. But I want to say thank you for your testimony this morning. And really, I just have one question. When it comes to these worker cooperatives that have been around, and I'm learning and I appreciate, you know, the information I learned this morning,

1
2 but for you all, even though this is a new
3 Administration, this work isn't new to you all.
4 So what I like to know over the past, you know,
5 how long have you known about worker
6 cooperatives and do you really support them and
7 what have you done to really support them,
8 build them and encourage more cooperatives. I
9 mean, because we're talking about only 23 in
10 the city, but if you guys have been familiar
11 with this, what investments have you actually
12 done over the--from what this last
13 Administration or what you're looking forward
14 to do moving forward?

15 MIQUELA CRAYTOR: So I can give you a
16 few highlights and then I'll turn it over to
17 Gregg. So at New York City EDC I can say that
18 we've known about them for at least, gosh, well
19 over five years at a minimum, and I've only
20 been with EDC for the last two and a half, so I
21 actually sat in on a meeting in my former world
22 when we briefed EDC on worker owned
23 cooperatives in a joint effort to get
24 additional support for alternative ways for EDC
25 to invest its dollars. So I'm familiar with

1 that briefing, so I know at least I can go back
2 to five years ago that they knew about it. So
3 in that regard, I think one of the key aspects,
4 I want to just highlight one distinction. Due
5 to New York City EDC's primary mandate over the
6 pass and its initial creation is being the
7 management of New York City properties
8 including markets in Hunt's Point and Bush and
9 Batt [phonetic] and Sunset Park area and other
10 properties across the five boroughs, and that
11 has been sort of the core tenant of our
12 corporation. In the last I would say five,
13 five-ish years, we actually expanded a new
14 division of EDC to address some of the things
15 that our Land Use transactions weren't
16 touching, and it was in that forum that was the
17 team that was briefed on the worker-owned
18 cooperatives. I am not sure why that
19 conversation didn't quite translate to funding
20 or a program. It was disappointing at the time,
21 but I can honestly say that it has reached our
22 attention and in through the last year and a
23 half I've been more--briefed with more formal
24 projects who have applied in some of our formal
25

1 processes, and have really met great
2 consideration. They didn't move forward
3 necessarily in one case, but there are still
4 opportunities where they are applying to
5 programs that we have where they can fit, and I
6 think that's the key part, is that EDC
7 typically has not offered resources, RFPs,
8 programs that are quite the right fit for what
9 a worker cooperative model or a group that's
10 trying to build that ecosystem would qualify
11 for. That being said, I'm familiar with other
12 departments of--I'm sorry, agencies within the
13 Administration in the former Administration who
14 did give support and some attention to this
15 model. So while I can't speak specifically that
16 EDC did anything in terms of resourcing it a
17 formalized way, I know that another agency has
18 done so, and that was one of the groups in
19 Sunset Park was a model that they referred to
20 and highlighted and make sure that was on our
21 radar, even though it already was. So I hope I
22 answered your question, but yes and no.

23
24 GREGG BISHOP: I think for on SBS
25 side we've been sort of on the peripheral

1 familiar with cooperatives. I think one of the
2 opportunities that we have now is actually to
3 bring the cooperative model sort of front and
4 center in terms of as an alternative for
5 someone who may be chronically unemployed. You
6 know, there's actually it's a pretty exciting
7 opportunity for us to connect maybe on our work
8 force side for when individuals who are coming
9 in looking for a job opportunity that this
10 maybe something that they might consider is to
11 go into business with other folks who have
12 similar skill sets. That's something that we
13 haven't really focused on and I think we have
14 an opportunity to do so. We also when I first
15 started with SBS I was responsible for the MWB
16 certification program and we did have a
17 cooperative apply for certification. One of the
18 things that represented a challenge was because
19 the program requires 51 percent ownership.
20 There is no one 51 percent owner in a
21 cooperative. It's spread across multiple
22 employees which would then require every single
23 employee to turn over the documents necessary
24 for certification. So that was one of my first
25

1
2 experience with a cooperative and some of the
3 challenges with actually accessing government
4 programs. So definitely looking forward to
5 working with organizations that work with
6 cooperatives. One, to educate them about how
7 to, you know, what city procurement is
8 available, whether it makes sense for them to
9 actually focus on selling to New York City as a
10 revenue stream, how we can help them do that
11 and how we can provide the technical assistance
12 as we normally do for other businesses to work
13 with cooperatives to help them ease the burden
14 of actually accessing some of these programs.

15 COUNCIL MEMBER KING: Okay. Thank
16 you. I know I said I had one question. I'm just
17 going to follow up quickly.

18 CHAIRPERSON ARROYO: But I want to
19 follow up on--so, the programs require 51
20 percent ownership. In a worker cooperative that
21 model may not necessarily be true, do we need
22 to evaluate our requirements to see how we can
23 soften or make them a little bit more fluid to
24 enable or create a different category--

1
2 GREGG BISHOP: [interposing] Right, I
3 mean--

4 CHAIRPERSON ARROYO: for worker
5 cooperatives.

6 GREGG BISHOP: that's definitely
7 worth a conversation with the city law in terms
8 of for our program because of the, you know,
9 the minority and women has to be in control of
10 the program, and a cooperatives it's--we have
11 to get up to 51 percent, and one of the
12 challenges was really, and I see it with small
13 businesses, is some of the documentation
14 required, you know, an individuals either may
15 not feel comfortable, turn it over to
16 government, or they may not have actually
17 access to those documents. So if you could
18 provide the technical assistance so cooperative
19 owners actually understand what we will need as
20 documentation, that's one pathway we can take.
21 We could also take a look at full cooperatives,
22 whether or not the eligible requirement makes
23 sense. So that's another angle we can take, and
24 certainly helping cooperatives, because you
25 don't need to be certified in order to become a

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2 vendor with New York City, you just need to
3 understand how the city buys, where the city
4 buys, and you know, we offer selling to
5 government class every month, so it's just a
6 matter of just taking some of the services we
7 have, customize their full cooperatives to help
8 them down that path.

9 CHAIRPERSON ARROYO: Okay. So I'm
10 looking forward to the ongoing conversation
11 about those nuances, because those are the
12 things that often may hinder a group's ability
13 to move forward with the full implementation of
14 a cooperative, because our rules often present
15 barriers for them to be able to move forward,
16 and we don't want the city to be their only
17 customer. We want them to be able to create a
18 business that they will providing goods and
19 services throughout, not just government. So
20 we--and this is the first of an ongoing
21 conversation and I look forward to the ongoing
22 dialogue and for the public who will testify
23 and the advocates, you will be part of that
24 conversation. So this is not ending today. You
25 bring something to my attention, you be ready

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to work, because it generates work and I expect and hope that you will continue to participate in that dialogue and conversation. It's the only way we create something that makes sense and works for everyone. So, thank you. I really appreciate that clarity. I'm sorry, Council Member.

COUNCIL MEMBER KING: And in

conclusion, similar to what Madam Chair just said, I'm hoping that this conversation is one that's true and genuine. I know people are still getting their feet on the ground, but in the essence of being true to this cause here, I'm asking you all, this administration to make worker cooperatives a priority and that means when you make it a priority you find the resources, you make sure you spend the energy in it, and because if this administration is talking about municipal ID's so people can open bank accounts, then they need to have jobs so they can put money in these bank accounts. So this is one way to get it done without relying on the system to take care of--and I say to all of you, stay strong and do what you got to do.

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We got your back, okay? Alright. Thank you again for your testimony today.

GREGG BISHOP: Thank you.

CHAIRPERSON ARROYO: Council Member Rosenthal?

COUNCIL MEMBER ROSENTHAL: Chair

Arroyo, thank you for convening this hearing on this topic. What a great way to start off the year. I'm really excited to participate in learning about worker cooperatives and see what I can do to be helpful. So both of my questions I'm a little bit wearing my hat as being Chair of Contracts Committee and wanting to try to figure out a way to be helpful there as well. I guess my first question is about loans, bank loans or city no-interest loans that might be available to worker cooperatives going forward. You know, people have written about--in Quebec there's 140 million dollar loan program. As you probably know, for city not-for-profits that don't get their city funds in time, there is a revolving loan program that's administered by the fund for the city of New York that gives loans at a zero percent interest rate, and this

1
2 is something that is a very exciting loan
3 program that more organizations should have
4 access to. So I guess around that issue, if you
5 guys--I'm wondering if you guys would consider.
6 You know, I see there are lots of different
7 criteria. There are different sectors, there
8 are different sizes, risk factors, history, but
9 have you at all explored some sort of revolving
10 loan program for worker cooperatives?

11 MIQUELA CRAYTOR: I can speak briefly
12 for EDC. Currently we have not, not in a
13 specific way. The loan programs that we
14 currently offer, typically the way they are
15 structured or sort of initiated is through an
16 understanding that there's a need in the
17 marketplace. You know, forums like this would
18 be that type of, you know, place to learn these
19 things. We then do a short analysis as to what
20 is currently available and is there in deed a
21 gap in the market, and then we traditionally
22 identify resources internally at EDC, get the
23 permission to do so, and then launch a publicly
24 procured RFP to identify an Administrator. EDC
25 doesn't actually give out the money itself. We

1
2 work with a competitive process to find a group
3 that's qualified that is interested in loaning
4 out the money on our behalf, and sometimes
5 we're able to leverage the city dollars with
6 another outside entity as it was the case in
7 our current food fund, food manufacturing and
8 beverage fund as well during the Sandy, post-
9 Sandy situation where we leveraged city dollars
10 with Goldman and a number of other
11 institutions. So, in that regard, no, but we're
12 open to it.

13 COUNCIL MEMBER ROSENTHAL: I guess
14 I'd ask you to look into the possibility of
15 some--so separate from a grant program--

16 MIQUELA CRAYTOR: Right.

17 COUNCIL MEMBER ROSENTHAL: Some sort
18 of revolving loan program. And then secondly,
19 just in terms of contract procurement, if
20 anyone has guidance about language we could use
21 in procurement, I'm very interested in learning
22 more. I would love to see that there be
23 requirements that the city have requirements
24 for a certain percentage or a goal in terms of
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2 worker cooperatives, actually separate and
3 apart from the MBWE, MWBE targets. Yeah.

4 GREGG BISHOP: Yeah.

5 COUNCIL MEMBER ROSENTHAL: A new
6 category. I don't--why not? So we can expand
7 opportunity.

8 CHAIRPERSON ARROYO: I think they
9 like it. All their heads are bobbing up and
10 down.

11 GREGG BISHOP: I think you--and we'd
12 be more than happy to sit down and figure out
13 the best vehicle to do it. There is also--the
14 city also has the emerging business enterprise
15 program, the EBE program that's been
16 underutilized that may be a perfect fit for
17 this instead of creating a new category.
18 That's a flat--it's race and gender neutral.
19 I''s a flat percentage. That's a perfect way to
20 do that. So maybe because you know, in terms of
21 creating new vehicles, you know, the
22 legislation required maybe just taking existing
23 legislation and modifying it to fit this group.

24

25

2 COUNCIL MEMBER ROSENTHAL: Are you
3 kidding? The new Council, new person? I want to
4 put my stamp on it.

5 GREGG BISHOP: Got it.

6 COUNCIL MEMBER ROSENTHAL: But I look
7 forward to learning more about that.

8 CHAIRPERSON ARROYO: Okay. We'll
9 submit the LS request after we leave here.

10 COUNCIL MEMBER ROSENTHAL: Yeah, I'm
11 out the door. Thank you.

12 CHAIRPERSON ARROYO: Thank you,
13 Council Member. Any other qu--okay. On the EDC
14 program, the administrator to hand out loans,
15 what are the qualifications for an entity to be
16 an administrator? Non-profit organizations, do
17 they have to be some kind of development type
18 corporation? What are they required? What do
19 you require?

20 MIQUELA CRAYTOR: In terms of being
21 the loan administrator?

22 CHAIRPERSON ARROYO: Yes.

23 MIQUELA CRAYTOR: So we require a
24 number of different things, namely, that you
25 have expertise in lending out money and that

1
2 you're a financial fiduciary, you know,
3 expertise is such that you could be qualified
4 to manage that. It's no prescriptive in terms
5 of whether it's for profit or non-profit. It's
6 pretty much neutral on that matter. It's more
7 a matter of whether or not you have the
8 experience and expertise to lend out money and
9 the ability to manage the loan program. So--

10 CHAIRPERSON ARROYO: [interposing]

11 Let me use an example.

12 MIQUELA CRAYTOR: Yep.

13 CHAIRPERSON ARROYO: Because one of
14 the questions that I have is what industries
15 should we nurture the worker cooperative.

16 MIQUELA CRAYTOR: Right.

17 CHAIRPERSON ARROYO: But my thought,
18 only because it's close to home and I have a
19 relation. The Ghetto Film School is a non-
20 profit organization that trains individuals in
21 the technique of film-making, and it walks them
22 through all of the components of putting a film
23 together onto premier on the big screen. I can
24 see the Ghetto Film School serving as maybe an
25 incubator for a film-making cooperative

1
2 company. Would the Ghetto Film School as a
3 non-profit organization fit that administrator
4 type role, or--

5 MIQUELA CRAYTOR: [interposing] Not
6 necessarily to hand out loans.

7 CHAIRPERSON ARROYO: Loans, okay.

8 MIQUELA CRAYTOR: They could be
9 partnered with someone who has that type of
10 expertise, a bank or a non--credit union or
11 something like that that then could partner to
12 do loans specifically to the cooperatives that
13 might spring out of that school. But in the
14 case, I mean, largely what we look for is
15 somebody who can meet the community, whatever
16 community we define, and sometimes they will--

17 CHAIRPERSON ARROYO: [interposing]
18 And by community you mean what, industry, or--

19 MIQUELA CRAYTOR: [interposing]
20 Industry, yeah.

21 CHAIRPERSON ARROYO: the work that's-

22 -

23 MIQUELA CRAYTOR: [interposing] Yeah,
24 yeah, right. So, in the case--I'll just--one
25 I'm most familiar with is our food and beverage

1
2 manufacturing fund. In that regard we partnered
3 with a group called New York's NYBDC and they
4 manage a number of different other types of
5 loan products out there, but this particular
6 one is geared towards food and beverage
7 manufacturers across the city. One thing that's
8 unique about it is that they chose to partner
9 with a non-profit group that is very familiar
10 with that community and they've done additional
11 outreach on behalf of the fund. So it is very
12 possible that if we created such a fund that
13 they would work with a group that's very in
14 touch with the cooperative, worker-owned
15 cooperative community.

16 CHAIRPERSON ARROYO: Okay, and now as
17 a follow up, is there any particular industry
18 that you think is prime to have a very
19 aggressive cooperative model developed and
20 moved to success, or is there is anything is
21 possible?

22 MIQUELA CRAYTOR: I think anything is
23 possible. And again, what we learned in the
24 report and what we've heard through other
25 conversations is there seems to be a handful of

1
2 different ind--different niches. We don't have
3 say 10 worker owned cooperatives in the
4 healthcare community. There's a very large one
5 right now and that operates in that space, but-
6 -

7 CHAIRPERSON ARROYO: [interposing]

8 There's the one in Harlem.

9 MIQUELA CRAYTOR: I think it's in
10 the, based in the Bronx.

11 CHAIRPERSON ARROYO: In the Bronx.

12 MIQUELA CRAYTOR: Yeah.

13 CHAIRPERSON ARROYO: The home health.

14 MIQUELA CRAYTOR: Home health, right.
15 I think it's a couple thousand members.

16 CHAIRPERSON ARROYO: Yes, yes.

17 MIQUELA CRAYTOR: But the average is
18 far south of that. So I think what we've
19 learned, just again, because the numbers are
20 not significant at this point, is we've learned
21 some great lessons but the question is what is
22 the right level of resources? Does it need
23 broadly spread? Do we need to double down
24 perhaps on only specific sectors? And that's
25 the sort of, I think, research that we need to

1
2 do still to understand how do we tailor
3 resources. Is it a matter of just modifying
4 what we have already in the books, but
5 customizing it through language and sort of
6 cultural sensitivity and all the other things
7 to get sort of the heart of meeting where
8 people are at just so that our programs and
9 existing curriculum are relevant to that
10 structure, or is it something where we have to
11 kind of reinvent the--start all over and add
12 completely new offerings into what we typically
13 do provide?

14 CHAIRPERSON ARROYO: So, it's a
15 relatively new venture for us as a city to
16 invest in propping up companies that long term
17 can be sustainable on their own, short term
18 assistance that we can provide to incubate the
19 business and then cut them lose, graduate them,
20 and then they go into free standing operation.
21 Do you have any thoughts about what we can do
22 jointly because I have an idea about how our
23 work here can advance the conversation and I
24 think dollars and cents are at the center of
25 that conversation; do you have a model that you

1
2 need support in building up, or do you have to
3 go back and rethink everything that we have
4 available with minor tweaking we can invest a
5 little bit more in that particular area? At
6 this point, how ready are you to make a
7 recommendation to us about what we should be
8 doing?

9 GREGG BISHOP: So, I'll start with
10 this one. I think the good news is that we do
11 have a infrastructure in terms of helping
12 businesses, because at the end of the day this
13 is a business, and at the end of the day, you
14 know, what I see with small businesses, we need
15 to provide them with support for technical
16 assistance. So, back end, how to run a
17 business, back end office support. We need to
18 provide them with capital or access to capital.
19 SBS, we have a network of lenders like I said.
20 Last year, we did about 44 million dollars in
21 terms of referrals, and one of the things that
22 we're successful at is understanding whether
23 someone comes into our NYC Business Solution
24 Centers, which lender will be the best fit for
25 them. So we can use the NYC Business Solutions

1
2 infrastructure to make sure that we train
3 ourselves to understand. If someone actually
4 wants to start a cooperative, well what's the
5 cooperative financial landscape in terms of
6 lenders that's able to actually understand the
7 nuances with the cooperative? So there's a
8 couple, I think, low hanging fruit for us to
9 actually understand and help the new ventures
10 start. I think, you know, some of the longer
11 term or mid to longer term would be on, you
12 know, helping with procurement, because that--
13 any business when we first meet with a business
14 we ask them, "Are you ready to do business with
15 the City?" Doesn't really matter what the
16 model is, they just need to have the capacity.
17 We have a program on the MWBE side called
18 Capita Win [phonetic], where we've invested a
19 lot of money, about a million dollars, in
20 helping businesses with technical assistance
21 from learning how to bid and how to respond to
22 bid documents. We've reviewed those documents.
23 We have a construction mentorship program to
24 help them understand that industry. We have a
25 bonding program to help them get bonded. So

1
2 some of those things are going to be necessary
3 if no matter what your structure is. So just
4 taking some of that infrastructure that we have
5 and add in the cooperative I think is a easy--
6 is a easy thing for us to do.

7 CHAIRPERSON ARROYO: And that we're
8 going to examine how quickly we pay for the
9 services we buy as a city because I think one
10 of the challenges that small companies often
11 face in doing business with the city is that
12 they have to wait an extremely long amount of
13 time to be paid for the work that they're
14 providing. So, and when we're looking at small
15 businesses, startups, floating whatever they
16 have to pay for is a major, major problem, and
17 then--it could potentially make the difference
18 between success and failure if the city is one
19 of its customers.

20 GREGG BISHOP: Sure. And we touch on
21 that in Now Selling to Government Class
22 [phonetic]. You know, we're trying to do and
23 work with different agencies to figure out how
24 to speed up that payment process, but, you
25 know, you are correct. It is one of those

1
2 things that, you know, in some cases I hate to
3 say this the city has bankrupt companies
4 because they just couldn't afford--

5 CHAIRPERSON ARROYO: [interposing] We
6 don't want to do that.

7 GREGG BISHOP: Right, exactly.

8 CHAIRPERSON ARROYO: And I think that
9 we have so many smart people like you.

10 GREGG BISHOP: Yep.

11 CHAIRPERSON ARROYO: Both of you.

12 GREGG BISHOP: Well thank you.

13 CHAIRPERSON ARROYO: In city
14 government, and I say that with the most
15 profound respect as I am a deep believer in
16 that the people that we have working in the
17 agencies here centrally at the City Council at
18 the city agencies are really incredibly
19 committed individuals that given the
20 opportunity to change some of the bureaucracy,
21 they would, and I don't know that we've ever
22 really looked at what layers in the bureaucracy
23 we can remove, and we've done some work to
24 facilitate over the last six or seven years,
25 but I don't think we've gone far enough to make

1
2 me as a small business cooperative or sole
3 proprietor, waiting to be paid by the city
4 whether I live or die as a business. It's just
5 something that we should not be dealing with.

6 GREGG BISHOP: Yeah.

7 CHAIRPERSON ARROYO: My glass is half
8 full. I think we have the smarts to be able to
9 clear up some of those road blocks that get in
10 the way of people being paid on time.

11 GREGG BISHOP: Yep.

12 MIQUELA CRAYTOR: I was just going to
13 briefly add to what Gregg shared in terms of I
14 think it's a two pronged approach. I think
15 there is low hanging fruit that both of our
16 agencies among, or frankly across the city as a
17 whole could be doing to modify and sort of re-
18 tweak existing resources, programs,
19 communications so that they are sort of
20 relevant to all businesses shapes and sizes no
21 matter what your legal structure is. So I think
22 that's something we should do and make sure
23 that we work with our existing partners so that
24 they're also sensitive and comfortable and
25 familiar with these alternative means of

1 existing businesses. I think to your point,
2 though, about the challenges befalling small
3 businesses, I think it also applies in the case
4 of worker owned cooperatives, there is a large
5 burden that is upon anyone who takes the leap
6 of faith to start something, and I think the
7 city can do a lot more, and we're excited
8 because under this Administration there's a lot
9 of rethinking about that in terms of how do we
10 really support people who have an idea and a
11 dream to start their own businesses and what is
12 a way so we can ensure their success and make
13 them more sustainable. So thank you for giving
14 us the faith of your support, and I do know
15 that there's a lot of folks with good ideas
16 that are excited to start tackling these
17 challenges.

18
19 CHAIRPERSON ARROYO: I am, I am
20 really looking forward to the work that we're
21 going to do around this issue moving forward. I
22 think it provides the city an excellent
23 opportunity to help individuals who were smart
24 and industrious, but have other challenges in
25 their life and but for some support, guidance

1
2 in a process which is where I hope to create a
3 level of opportunity to hand hold a cooperative
4 through a process that then they graduate and
5 move on and success is more assured than if
6 they were out there just spinning their wheels
7 on their own. So we're going to be engaged in
8 this conversation over the next couple of
9 months to help us figure out the last
10 conversation. As what is--the last question,
11 what are some of the ways that the Council can
12 assist in developing worker cooperatives
13 through this process and help the Mayor achieve
14 his goal of addressing equality and poverty in
15 communities that are--we're just tired of it.
16 We don't want to be poor. We just want an
17 opportunity and I think that we can create that
18 opportunity working together.

19 GREGG BISHOP: Yeah. Thank you.

20 CHAIRPERSON ARROYO: Thank you so
21 much. I ask that the Administration remain in
22 the room for the public testimony. One of the
23 things in my last nine years in the city
24 council is that when you sit here you say one
25 thing, and then when they come up they say

1 something completely contrary to what you have
2 testified to, and we need to be able to bridge
3 the gap of information that sometimes exists.
4 So thank you very much. I look forward to
5 working with you on this very exciting topic.
6 Okay. We are going to call up our first public
7 panel. And at this point we're going to start
8 using the clock, because I think we have a
9 great deal more individuals to testify than we
10 anticipated and we want to get to everyone. So
11 we will use the clock. I mean no disrespect,
12 please. Understand that. Okay, we have Noah
13 Franklin, Federation of Protestant Welfare
14 Agencies. Noah, that's you, okay. Christopher
15 Michael, New York City Network of Worker
16 Cooperatives. Christopher? His head is almost
17 going to fall off. Omar, and Omar I am going
18 to butcher your last name. Friella? Friella,
19 it's Spanish, the double l is a j, okay. Green
20 Worker Cooperatives. Okay. So my Council has
21 advised me, and people think I'm the boss, that
22 we're not going to apply the three minute clock
23 to the panel, but we will after this panel
24 begin the clock. So gentleman, when you're

1
2 ready, flip a coin, I don't know, draw straws.
3 State your name for the record when you begin.
4 Pull the mic close to you or the Sergeants get
5 annoyed. Okay.

6 NOAH FRANKLIN: Good morning, Chair
7 Arroyo, distinguished members of the New York
8 City Council Committee on Community
9 Development. My name's Noah Franklin. I'm here
10 on behalf of the Federation of Protestant
11 Welfare Agencies. With many of member agencies
12 serving low income communities, FPWA strongly
13 urges that worker populous play a key role in
14 the city's long term community development
15 strategy to lift families out of poverty
16 unemployment. And FPWA's developed some
17 recommendations also a report which is
18 referenced, which we'll outline here. And we'll
19 talk about ways that the new Mayoral
20 Administration and City Council could implement
21 reforms to support existing worker cooperatives
22 and more, and I'm going to abbreviate my
23 testimony that I've submitted and cover some
24 key points from it. Just to clarify, worker
25 cooperatives are businesses owned and managed

1 democratically by the employees. Worker
2 cooperatives produce an array of economic
3 benefits for low income communities and
4 effectively reduce economic disparity on a long
5 term basis. Across the country, there are
6 community groups, progressive think tanks,
7 elected officials seeking to integrate worker
8 cooperatives into city-wide community
9 development and workforce development policy as
10 a means of creating economic security, jobs,
11 livable wages to lift families out of poverty
12 in our cities. We think that New York City,
13 too, can be a leader nationally in this regard,
14 and it's because New York City's economy is
15 larger than Switzerland's, a size where the
16 city has potential to back those standards. And
17 to achieve new policies that support worker
18 cooperatives in New York City would not only be
19 the first of its kind, but also serve as a
20 model for countries--for cities and other
21 countries. For the last dozen years, New York
22 City has encountered persistent economic
23 barriers that have trapped more than one out
24 five New Yorkers in poverty. Minimum wage and
25

1 low rate jobs do not provide enough economic
2 boost to lift these New Yorkers out of poverty.
3 Government economic development programs have
4 made insufficient headway in reducing number of
5 low wage workers. Now, though unemployment
6 levels in New York City have dropped in recent
7 months, there's still an astounding high 8.1
8 percent as of January 2014, leaving hundreds of
9 thousands of New York residents without work. I
10 think that's about 350,000 New Yorkers. Given
11 this reality, New York City's efforts to reduce
12 poverty, unemployment inequality should not
13 just be an opportunity for realignment but
14 reinvestment. The development of worker
15 populous in New York City should be part of a
16 new long term strategy to address inequality.
17 There are examples of low wage workers in New
18 York City who have formed worker cooperatives
19 with the help of non-profits and seen their
20 hourly wages increase from 10 dollars to 25
21 dollars per hour within just a few years.
22 Within four years of starting their house
23 cleaning company, CC Puerting (sp?) worker
24 owners, many of whom some of them are here
25

1
2 today, did not speak fluent English, tripled
3 their wages to as much a 25 dollars an hour.
4 Yet, as we've heard government support for
5 worker cooperatives is a relatively new issue.
6 As a result, public and private financing,
7 legal and technical assistance, incubators and
8 other resources for expanding the proper
9 movement are limited in availability. This lack
10 of public support and policy misalignment has
11 created a barrier to the development of worker
12 cooperatives in New York City. So let's talk a
13 little bit about the recommendation, what can
14 be done. And I can also speak, kind of respond
15 to some of what the city talked about and be a
16 little more specific to where we think things
17 can be done for the city on the Administration
18 side and I'll talk a little about the Council.
19 So one decisive action that the Mayor can take
20 is issuing a proclamation, taking a loud and
21 public stance in support of worker cooperatives
22 and raising awareness to the benefits. Think of
23 one the things you hear the Administration
24 state they need more of the support from the
25 Executive. I think that's something that's

1 really important. Also, by providing revised
2 regulatory assistance funding tools
3 specifically tailored to work with
4 cooperatives, the New York City Economic
5 Develop Corporation Small Business Services
6 could play a larger role in growing the number
7 of cooperatives in New York City. First, FPWA
8 proposes that New York City Economic
9 Development Corporation take on worker
10 cooperatives as a functional horizontal sector
11 itself across different industries, similar to
12 its focus on entrepreneurship. One of the
13 things is that we've heard is that the NYC EDC
14 specializes in different industries and they
15 can also specialize in most particular capacity
16 buildings in industries. So a functional,
17 horizontal would go across all different
18 industries because worker cooperatives are in
19 different fields, and allow them to specialize
20 to develop more cooperatives. NYC EDC should
21 also conduct a feasibility study on business
22 markets to find which industries offer the best
23 potential for the growth of worker cooperatives
24 and those--and support those industries with
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1
2 various loan programs. In addition, NYC EDC
3 currently provides grants incentives to
4 businesses and it can expand the criteria to
5 include worker cooperatives. NYC EDC could
6 also develop subcontracting opportunities for
7 worker cooperatives businesses on the city's
8 infrastructure development projects such as
9 construction projects. In regard to small
10 business services, FPW proposes and Small
11 Business Service referenced this, about
12 including the worker cooperative models part of
13 the curriculum that Small Business Services
14 uses for training individuals looking to start
15 or grow their own businesses. And this has a
16 big impact because it educates business owners
17 to the possibility of one of the key things,
18 it's creating awareness that there is a worker
19 cooperative model that people could utilize.
20 So and also creating awareness about their
21 organizations, you'll hear from Omar, that
22 provide technical assistance also that--while
23 it seems simple it has a profound ripple effect
24 with all the people that go through training
25 courses. SBS can also connect cooperatives

1
2 which typically have trouble obtaining
3 traditional bank loans with alternative lenders
4 such as credit unions or nonprofit
5 organizations that provide investment capital,
6 and SBS reference that. SBS should also promote
7 procurement opportunities to prioritize
8 existing emerging worker cooperatives.

9 Furthermore, SBS should provide training and
10 development opportunities to work with
11 cooperatives that would allow them to bid for
12 city contracts such as how they might respond
13 to request for proposals and submit proposals.
14 Finally, in relation to SBS, it should provide
15 grant funding for technical assistance to
16 providers which was money that came through the
17 council previously to incubate worker
18 cooperatives and increase the survival rate of
19 worker cooperatives businesses. I know there's
20 also interest in looking at what can be done on
21 the workforce side, how do you help connect
22 people with jobs, and so I wanted to speak
23 briefly about what we thought some ideas were.
24 And we think that worker cooperatives are a
25 useful tool to achieve workforce development

1 goals and that existing programs can be
2 refashioned to support worker cooperatives.
3 First one is creating a city program to help
4 unemployed people operate in the formal
5 [phonetic] economy, businesses that aren't
6 paying taxes, businesses that aren't' paying
7 taxes, to start formal worker cooperatives
8 businesses. We also think the city workforce
9 contracts should include provisions that permit
10 job placement for unemployed persons in a
11 worker cooperatives as an approved placement
12 opportunity. Having city workforce development
13 contracts provide funding for capacity
14 building, industry skills training and resource
15 development for worker cooperatives would--to
16 help the worker cooperatives grow. Many
17 workforce development organizations know really
18 well specific industries and they could help
19 support worker cooperatives. So just to give
20 you a picture of how these programs might look
21 in the real world it's helpful to provide a
22 walkthrough of how participants might go
23 through a workforce development program to
24 being employed long term at a worker
25

1 cooperative. In one example, people referenced
2 it before, five years ago the Center for Family
3 Life Brooklyn was running a traditional
4 employment center, helping people prepare
5 resumes and go on job interviews. As the
6 economy got worse, staff noticed it was getting
7 harder and harder, people with language
8 barriers or undocumented status to find work.
9 They developed a 10 week educational program
10 for women that would attend ESL class at the
11 nonprofit and became interested in worker
12 cooperatives. This program prepared workers
13 for their new business, including training in
14 customer service, marketing, cleaning skills,
15 products, and the challenges of democratic
16 business governance. The women later went on to
17 form what is now CC Puede [phonetic] the house
18 cleaning cooperative. Now lastly, just to talk
19 a little bit about the Council and what the
20 council could do. I think firstly, similar to
21 the Mayor, public awareness is really important
22 and representatives of the New York City's 23
24 cooperatives could be invited to attend a
25 council ceremony to receive a proclamation

1
2 announcing the city's support and recognition
3 of cooperatives businesses during worker
4 cooperatives month in October. Although some
5 funding has been provided in the past by the
6 council, FPW believes that a new council
7 initiative, a city-wide initiative could be
8 targeted to meet more specific high need
9 communities or populations, such as the council
10 initiative for worker cooperatives jobs program
11 in the districts with the highest city
12 unemployment rates. And looking--and you can--
13 we've taken up time to look at that, and there
14 are--you could look at it and say the 16 or 18
15 top council districts with the highest
16 unemployment rates. Finally, and this was
17 something that Council Member Arroyo and
18 Council Member Rosenthal mentioned about
19 legislation, and we think the council could
20 introduce legislation to reduce the financial
21 documentation requirement for worker
22 cooperatives and this was some of the process
23 talking about with the minority women owned
24 businesses, qualification of 51 percent
25 ownership that would allow worker cooperatives

1
2 to qualify for other resources, such as city
3 loan funds and the minority owned business
4 program. In addition, I think Council Member
5 Rosenthal mentioned this about something we
6 think--ensures legislation to establish
7 business or contracting set asides that are
8 exclusively directed at worker cooperatives or
9 other social economy businesses. And there are
10 a number of other things I mentioned, too. You
11 can always use the carrot and the stick
12 approach, I think. Some of the things the city
13 can do but with a stick approach legislation
14 could force the city to take a better
15 initiative. So in closing, while worker
16 cooperatives are not themselves a panacea for
17 economic distress, FPW believes that
18 development work populous of New York City
19 should be part of a long term community
20 development strategy to address inequality, and
21 we thank Council Member Arroyo and the
22 distinguished members of the Community
23 Development Committee for understanding the
24 importance of public input on worker
25

1
2 cooperatives and we'd pleased to answer any
3 questions you might have.

4 CHRISTOPHER MICHAEL: Hi, thanks
5 everyone so much. Good morning, Chairperson
6 Arroyo, distinguished members of the New York
7 City Council Committee on Community
8 Development. My name is Christopher Michael. I
9 am a founding director of the New York City
10 network of worker cooperatives. Our--this is
11 the local grassroots business association for
12 worker cooperative businesses. We represent
13 approximately 25 worker cooperative businesses,
14 that's including about 3,000 workers and as
15 well as a number of nonprofit support
16 organizations, legal service providers, and
17 academic centers. I'd like to thank everyone
18 again so much. This is really a dream come true
19 for everyone in the room, for us to have this
20 opportunity to submit testimony, how the city
21 can help support working families by helping
22 create worker cooperatives. I'm also
23 particularly heartened to see that Elizabeth
24 Crowley is here who has a background from the
25 consortium of worker education. I'd also like

1
2 to thank Gregg Bishop and Miquela Craytor for
3 their participation here, the testimony that
4 they provided and the testimony that was
5 elicited by our Council Members. As with Noah,
6 I have a lot of testimony I won't be able to
7 read. I'd like to also just take a moment to
8 set--to also thank the Council for its help in
9 promoting worker justice of all varieties, it's
10 hard efforts in the last years to pass the
11 earned sick time act, the living wage law, and
12 I know that we have a lot more exciting stuff
13 to come. Again, in the testimony that was just
14 provided, there was an incredibly amount of
15 sort of heartening talk, to focus on MWE
16 programs and the sort of difficult fit. We have
17 companies like Cooperative Home Care
18 Associates, the largest working cooperatives in
19 the United States, over 2,000 workers. Now,
20 I've actually had to gather signatures, one
21 after--on a couple afternoons at Cooperative
22 Home Care Associates up in the South Bronx.
23 Have to tell you from firsthand experience, you
24 know, almost--it's almost 99 percent owned by
25 women of color, and the fact that's it's

1
2 difficult for this organization to get MWE
3 status, you know, that's a problem and we can
4 certainly--there's no reason in the world why
5 we can't adapt our MWE program and I was also
6 heartened in the meeting with Gregg Bishop last
7 week that we're going to have an opportunity to
8 talk to legal and see how we can work that out.
9 I also like Noah's suggestions about having a
10 council ceremony, Mayoral proclamation. I think
11 those are wonderful ideas that can draw
12 attention and build awareness around worker
13 cooperative businesses. The sort of low
14 hanging fruit of introducing worker cooperative
15 training and education into the regular
16 program. I mean, it would be, again, a dream
17 come true to see--just to have Omar Friella
18 going down to Williams Street and teaching the
19 worker cooperative night at the 8:00 evening
20 entrepreneurship training program that SBS
21 offers, their entrepreneurship boot camp. We've
22 also talked--

23 CHAIRPERSON ARROYO: [interposing]

24 Does he know you're volunteering him for that?

25 [laughter]

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COMMITTEE ON COMMUNITY DEVELOPMENT

OMAR FRIELLA: We're not talking
volunteer.

CHRISTOPHER MICHAEL: That's right.
He'll be there. Again, also heartened that
we're speaking about things like financing,
thinking about an industrial or sectorial
approach. SBS is already in our email
communications since last week provided the
annual procurement indicators support. In that
meeting when we were discussing the 16.5
billion dollars worth of supplies, services,
and construction that the city allocates every
year through 40,500 transactions. That was
what was transacted last, in the last fiscal
year. To my knowledge, none of that has flowed
into worker cooperative coffers, and I thank
Council Member Andy King for asking, you know,
the question, what have you guys already done,
you know. So looking back to last year, what
was done? 16.5 billion dollars and not a
dollar of that goes into a worker cooperative
business that's democratically owned and
controlled by New York City, New York citizens?
That's just crazy, you know? It was also quite

1 interesting when we're thinking about sort of
2 what sectors might be most accessible and we
3 really look forward to having a report issued
4 by NYC EDC as to what sectors would be best,
5 but immediately Kyle Kimball, President of NYC
6 EDC sort of leaned back and said, "Well, you
7 know, out of that 16.5," he said, "We do do
8 nine billion of that is in construction." You
9 know? So if we're looking for sectors,
10 industries that we can start to build, and I
11 like Chair Arroyo's language here, that New
12 York City can take an active hand in helping to
13 incubate, create, provide the business
14 planning, not just the financing, right, not
15 just an open door for somebody to sit down in a
16 chair and get a pat on the back, but for New
17 York City to provide a direct and active hand
18 in doing the business planning, the fore-
19 planning, the advance planning to create these
20 businesses, to then go to the work force rolls,
21 to do the hiring, to hire the senior managers,
22 the professionals that will also be necessary
23 for a major construction business. It's
24 interesting to think when you look at
25

1 nationally, the largest construction company in
2 Italy is a worker cooperative. So we can do
3 this at small scale. We can do this at a medium
4 scale. We can do this at a large scale. I
5 love the suggestion, it's been sort of a staple
6 of my phone calls over the past couple of
7 months that we set separate procurement targets
8 that Council Member Rosenthal suggested, that
9 we set separate procurements for worker
10 cooperative businesses. Finally, I'd just like
11 to go back to Noah's suggestion that you know
12 we really have an opportunity to really make
13 our mark here as far as New York City Council.
14 We have an opportunity to really set a new
15 national standard. This really is something
16 that's new. The Bay area, Cleveland, Chicago,
17 they're not doing what we're about to do, okay?
18 This is really something new. I'd like to end
19 with a quote from Yale political scientist
20 Robert Dahl [phonetic], unfortunately he just
21 passed about two weeks ago, you know, sort of
22 the grandfather political science. You guys
23 probably all studied him in undergraduate. He's
24 asked the American people, he posed a challenge
25

1
2 to the American people. He asked us to consider
3 whether we have the firmness of purpose and the
4 clarity of vision to assert the priority of
5 democracy over property and undemocratic
6 authority within corporate enterprises. And I'd
7 just like to say that I think that the members
8 of our network, the employees, community
9 organizers, lawyers, business consultants,
10 academics and financiers who plan to testify
11 today, they do possess this firmness of purpose
12 and this clarity of vision and I hope that you
13 share it with us. Thank you so much.

14 CHAIRPERSON ARROYO: Omar?

15 OMAR FRIELLA: Good morning, and
16 thank you for the opportunity to be here.
17 Thank you to the Chair, Council Member Arroyo,
18 also to the other members of the committee,
19 Council Member King, Crowley, Rosenthal and
20 Council Member Palma. My name is Omar Friella.

21 CHAIRPERSON ARROYO: Oh, we've been
22 joined by Council Member Palma. Welcome.

23 OMAR FRIELLA: My name is Omar
24 Friella. I'm the founder and coordinator of
25 Green Worker Cooperatives. We are a nonprofit

1
2 Bronx-based incubator of worker cooperatives
3 and we are proud to be that. We are proudly
4 based in the Bronx, and that is our roots and
5 our home, and we exist for the sole reason of
6 creating worker owned cooperatives,
7 particularly worker owned cooperatives that are
8 really able to transform our communities and we
9 see this as our reason because we see in the
10 power of worker cooperatives a way to really
11 create a different kind of economy to transform
12 what economic development looks like, and
13 traditionally has looked like in New York City.
14 We are about environmental justice. WE are
15 about empowering workers. We are about
16 retaining wealth in our communities.
17 Historically, the field of economic development
18 in our communities, particularly for the Bronx,
19 and this is very much the case throughout New
20 York City in low income communities of color,
21 but what it has looked like is creating
22 opportunities for wealth extraction and
23 community development has looked like offering
24 incentives to--offering incentives in real
25 estate to create an influx of higher income

1
2 individuals or gentrification and creating an
3 influx of low wage employers. So whether
4 they're retail or truck distribution centers,
5 that's the kind of economic development that
6 we've lived with, and that is not the kind of
7 economic development that we want, economic and
8 community development and what we are out for
9 are really businesses that are able to
10 transform communities, to keep wealth in the
11 neighborhoods, and that is really what a worker
12 cooperative is about at the end of the day. For
13 those who may be a little unfamiliar, worker
14 cooperatives are businesses that are owned by
15 the people who work there, plain and simple.
16 One share, one vote, one member, one vote.
17 Profits are distributed amongst the members.
18 The members are the people who work there. So
19 from the perspective of anyone who's cared
20 about the environment, who's cared about public
21 safety or just cared about being a good
22 neighbor, a good business, if you have a
23 business that's owned by the people who work
24 there, you're more likely to have a business
25 that's really grounded in the community, a

1
2 business that's responsive to the needs of its
3 community because nobody likes to gas their own
4 neighbors. It's not a good--it's not good
5 neighborly practice. So for us, that is really
6 the benefit of worker cooperatives, and we see
7 here a real opportunity to create that. I like
8 to thank you again, I didn't mention this, but
9 I want to say it because it hasn't been said,
10 this is really a historic occasion. As far as I
11 or anyone here is aware, this is the first time
12 that the New York City Council has ever held a
13 hearing on worker cooperatives. So and worker
14 cooperatives have been around for a good while,
15 much longer than five years, much longer than
16 100 years. Worker cooperatives have been around
17 for a good long while, so it's really wonderful
18 that this actually happening. We see here, and
19 I'm abbreviating my testimony from what was
20 submitted earlier. I do want to share that our-
21 -the pages are a little heavy. Our work is
22 really--is innovative. We see what is happening
23 in New York is that we are really setting
24 trends in the field of worker cooperative
25 development, the work of the Center for Family

1 Life has really been trailblazing. Our work as
2 an organization at Green Worker Cooperatives
3 has also been trailblazing. We use a model that
4 really focused on entrepreneurs and finding
5 people who have a business idea, turning that
6 idea into a real worker cooperative reality.
7 When we started, we started 10 years ago, there
8 really wasn't anyone doing this. We adopted
9 this model of focusing on entrepreneurs just a
10 few years ago, and in that time we've had five
11 different cities or community based
12 organizations in five different cities adopt a
13 model that we use. We started a program called
14 the Co-op Academy. It's a boot camp for people
15 who have an idea for a business. They want to
16 create a business as a worker-owned
17 cooperative. We work with them to turn that
18 idea to really flush it out, develop the
19 business plan, bring on people to design logos,
20 to design websites, lawyers to incorporate it,
21 wonderful lawyers who have been working in New
22 York City just out of the goodness of their
23 heart and hard work, folks like the Urban
24 Justice Center, CUNY school of law. So lots of
25

1
2 people who have really been putting in the time
3 in creating an innovative model, and that's the
4 approach that we've been using. In that time,
5 in just the past few years, we've crated four
6 different cooperatives from all sorts of
7 fields, from catering, providing food for
8 mothers, for new mothers, educational services,
9 film, financial services. So we have a number
10 and numerous others that are now in the works.
11 Some of them are here and actually the good
12 folks of Gatacol (sp?) Interpreters Cooperative
13 are providing the interpretation and they are
14 graduates of our co-op academy. So we're really
15 excited that they're here and a part of this
16 and though also a bit disappointed that it took
17 a collective chipping in to be able to get them
18 here because it's not common practice for the
19 city council to actually provide translation.
20 So we actually did a collection to make sure
21 that they're able to translate for some of the
22 members that are here. I will share--so those
23 are, that's a bit of our background. I want to
24 present just some of the challenges that we
25 face, the challenges and what we believe are

1
2 ways out, some of which have been--many of
3 which have been addressed, the bigger picture,
4 but some--three particular challenges that we
5 face as an organization doing cooperative
6 development. The first is an overall lack of
7 awareness of worker cooperatives as an option.
8 Worker cooperatives don't--barely exist in New
9 York City. There are 23, that's it. That's less
10 than a drop in a bucket. That's a fraction of a
11 fraction of a drop in the bucket. They don't
12 exist. Why? It's a common question. It's
13 fairly simple. This is straight forward to say,
14 they don't exist because they're not created.
15 They're not created because people don't even
16 know that they exist. So if people don't know
17 that worker cooperatives are an option, how is
18 it even possible for anyone to go to a lawyer
19 and say, I want to incorporate and I want to do
20 it as a worker cooperative. It's just not an
21 option. If anyone goes to Small Business
22 Services today or they go to any
23 entrepreneurship training program with the
24 exception of they come to Green Worker or if
25 they go to center for Family Life, what they'll

1
2 be told is, "You don't really want to deal with
3 partners. You don't want to work with other
4 people." They're discouraged. So we come in
5 with a completely different perspective. So
6 it's just not an option that's known, and not
7 an option that people are aware of. So a way
8 around that is really promoting an aggressive
9 public relations campaign in New York City, the
10 same way that we see, you know, "Don't pour on
11 the pounds." You know, that's the kind of
12 aggressive campaign that we need to see in New
13 York City to really make it known that this
14 exists as an option. So the proclamations,
15 getting Small Business Services, which they've-
16 -they have said and they've said to us and
17 they've said here that they were willing to
18 entertain this, of actually incorporating our
19 work and cooperatives into the curriculum and
20 sending people who have ideas to cooperatives
21 developers is really a huge step in the right
22 direction, and it can immediately generate
23 incredible interest across the City in creating
24 worker cooperatives. A second problem that
25 we've encountered is just an overall lack of

1 capacity upon cooperative development
2 organizations, to really support cooperatives
3 for the long haul, and I can say that
4 explicitly for our organization. We are--we are
5 a four person team, folks working together part
6 time and we are--we really piece it together.
7 We have been known to make gold out of straw
8 and it something that for us we support and we
9 created an innovative program, but we don't
10 necessarily have the resources to support a
11 cooperative that goes through our academy for
12 the long term. You know, to really support them
13 to take them from the idea stage of creating
14 the business plan and then growth, you know, to
15 really ramp up their business so that they can
16 really get a contract with the city or they can
17 get a contract with a large organization that
18 does business. So this is an incredible
19 opportunity that we have. So really creating a
20 funding line, you know, at the city level for
21 cooperative development explicitly, cooperative
22 development to support cooperative development
23 organizations, cooperative developers. We're in
24 the Bronx, we do believe in cooperatives in the
25

1
2 Bronx. We want to see cooperatives all over the
3 city, but we'd like to start with a Bronx
4 incubator for worker cooperatives. You know,
5 and I think we've got an incredible amount of
6 potential to be able to do that. I was just
7 having a conversation the other day with our
8 good friends at Nos Quedamos, We Stay Nos
9 Quedamos, who have, you know, we've been
10 talking about creating that in one of their
11 buildings. So the opportunities are there. So
12 this is--these are the kinds of things that we
13 really want to see happen. A third area, and
14 this is one that people talk about a lot and
15 it's a question that comes up is just the lack
16 of access to capital for worker cooperatives.
17 It's one that was touched on earlier, but there
18 is some very real problems with the way things
19 currently work. Currently, if anyone wants to
20 start up a worker cooperative, or has a worker
21 cooperative and they are looking for a loan,
22 similar to the problems with MWB certification,
23 they face even greater hurdles when they're
24 looking for investors or they're looking for a
25 loan. There are two principle hurdles. One is

1
2 the common request for credit references and
3 personal guarantees, which are killers because
4 it's one thing if you got a one person business
5 and you ask for a personal guarantee, you know,
6 that's pretty straight forward, but if you got
7 a ten person business or a 50 person business
8 or let alone a 2,000 member business like
9 Cooperative Home Care Associates, which is also
10 based in the Bronx, then you've got incredibly
11 greater odds of being rejected at the door. So,
12 you know, creating the opportunities for
13 dedicated funding with cooperative friendly
14 loan programs, and we have some great examples,
15 the working world is an investment lender that
16 operates here in New York City. We work closely
17 with them to actually provide funding loans for
18 people who go through our cooperative academy.
19 So that's one. You know, another problem that
20 we see happening is that cooperatives are not
21 able--well, I mentioned the loan program.
22 Another area to really consider as an
23 opportunity is making cooperatives, and this is
24 something available at the city level, is
25 having cooperatives be preferred contractors.

1 So this is, this was mentioned a little
2 earlier, but I want to touch on it because it's
3 really important. If a cooperative is able to
4 say, you know, we've got a contract with the
5 city or in any capacity, whether it's to
6 provide language translation services or
7 whether its catering, or any type of function,
8 then that just increases their own lendability.
9 It raises their ability to get funding from
10 other sources whoever they are, and it makes
11 them much more likely to be able to grow as an
12 entity. So these are just some of things that
13 area available that are available as options
14 that we really believe would transform economic
15 development in New York City and really create
16 opportunities to grow businesses that not only
17 are not only sound good, not only are run by
18 people who have great intentions, but they're
19 really businesses that intrinsically and
20 inherently are connected and tied to the
21 communities that they're in, and they're
22 businesses that for very few people, but for
23 many more really create the opportunity to do
24 something that very few of us outside of
25

1 community based grassroots organizations,
2 members of the Council really get to
3 experience, and that's actually engagement and
4 democracy, being able to make a difference and
5 be able to have a say, to take an idea that you
6 may have, put it on the table with other
7 members and really create something, and you
8 know, talk it forth and really say at the end
9 of the day, I have a stake in this. I'm an
10 owner. This is my business, and I have a say.
11 Not just what happens here at work, but I know
12 from practice that I can do this, so I take
13 this into my own community. People who are
14 worker cooperative--members of worker
15 cooperatives I am very fond of saying are
16 people who can really transform their
17 communities. They make great friends. They make
18 great marriage partners. You know, on many
19 different levels, people who practice
20 communication or just operate at a much higher
21 level of human interaction and understanding,
22 and that's the kind of economy that we want to
23 create, one that's really focused on people and
24 putting people first. Thank you.

1
2 CHAIRPERSON ARROYO: Okay. So, I
3 have a couple of questions and I'll turn it
4 over to my colleagues. Omar, so do you think
5 that there's a particular personality or, and I
6 guess this goes for all of you, that is more
7 appropriate for engaging in a worker
8 cooperative? I'm not--we're not psychiatrists
9 or psychologists here, but do you find that
10 there's certain personality traits that
11 individuals that are in successful businesses
12 have versus others that are more bossy and
13 control oriented?

14 OMAR FRIELLA: I think there are a
15 few of us jumping to answer that one. I'll
16 share from our experience, and we particularly
17 focus on the entrepreneur. So the people who
18 have an initial idea and want to start up a
19 business. So these are also the people who will
20 go through the workstop, the workforce centers
21 and go to different entrepreneurship training
22 programs who are currently being lost in the
23 system. The people that come to us and say they
24 want to start a business are everyday people
25 from all walks of life, unemployed, employed,

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2 you know, making a little bit of money, making
3 no money, making ends meet, just making it are,
4 you know, doing well, but there are people who
5 also have a sense of responsibility to their
6 community and that's not an unusual thing. It's
7 becoming more and more common with the field of
8 socially responsible business or social
9 enterprises. People commonly want to be able
10 to contribute and that's actually a key
11 characteristic of any entrepreneur.

12 Entrepreneurs aren't just out for the money,
13 but they want to be able to have known that by
14 the end of the day, at the end of the day or
15 when they leave the planet that they've left
16 their mark on the world. And that's something
17 that people who come to us commonly say, you
18 know, I want to be able to create this business
19 that's going to be able to take my vision and
20 put it out there in the world, and so that's a
21 very common characteristic, but across all
22 walks of life it's people who are really out to
23 do that, and certainly it helps if you've got
24 good communication skills. It's not something
25 that, you know, for most people it's something

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and I've seen that individual over time, you know, be someone who completely flipped and did a 180 and then became someone who looked for consensus and was actually able to open up and share what was irking him about what was going on in the meeting. So it takes all--it takes and can be all kinds and there's a space for everybody.

CHRISTOPHER MICHAEL: I would just add here that of course there are different scales and sizes for worker cooperatives in the Mondragon in Spain, of course, there's an 80,000 member worker cooperative. Worker cooperatives, when you look at worker cooperatives, you're talking about two different things sometimes, and I think its important not to mix the two when we're speaking about what type of person might belong to a worker cooperative. On the one hand we have control, and on the other hand we have participation. Participation is involved in all types of firms. You might be working at Goldman Sachs and they want your input on how the business is going. That's participation.

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2 What worker cooperatives do is they provide a
3 floor of control, democratic control by their
4 workers. So if the maximum amount of your
5 participation annually is your one member, one
6 vote for the board of directors in the company,
7 well then you've--that is your participation.
8 That is your control over the company. You are
9 a worker member. So it takes all kinds. It
10 depends on the size of the worker cooperative,
11 but there's no reason--you know, there's no
12 reason any--there's no reason everybody can't
13 be in a worker cooperative and you know,
14 moreover, I would say that I think the idea,
15 the dignity that comes with working in
16 partnership, working in community, working in a
17 democracy with your other co-workers, that
18 dignity belongs to everybody.

19 CHAIRPERSON ARROYO: Okay. Okay, so
20 this question is specifically for FPWA. You
21 recommend in your testimony that the Council
22 could introduce legislation to reduce the
23 financial documentation required for worker
24 cooperatives with large number of worker owners
25 to qualify for city loans, etcetera. Do you

1
2 have recommendations, language that you want us
3 to consider?

4 NOAH FRANKLIN: We could do--

5 CHAIRPERSON ARROYO: [interposing]

6 Because you know, I said earlier, I wasn't
7 kidding, you come here with a recommendation
8 you leave with homework that requires you to do
9 some more work to help inform the work that we
10 need to do here. So, if you haven't thought
11 about some then give us--you know, give us
12 some, and you know, Thomas will be your contact
13 person on language that you want to share with
14 us that we should consider for legislation.

15 NOAH FRANKLIN: There are other
16 models in other cities that we could look at
17 for this. I think we'd first like to see what
18 Small Business Services is willing to do on
19 their end in terms of how much they're willing
20 to make changes to the--they've talked about
21 some legal--how open they are to working. If
22 not, then I'll just work with the Council to
23 try to introduce legislation.

24 CHAIRPERSON ARROYO: Okay. So I don't
25 want you to see what--

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NOAH FRANKLIN: [interposing] Right.

CHAIRPERSON ARROYO: SBS is willing
to do.

NOAH FRANKLIN: Okay.

CHAIRPERSON ARROYO: I want you to
recommend something to us.

NOAH FRANKLIN: Okay.

CHAIRPERSON ARROYO: So that then we
can working with--because we do nothing in a
vacuum.

NOAH FRANKLIN: Okay.

CHAIRPERSON ARROYO: You will
recommend to us. We engage the Administration
and the agency in a conversation about whether
that language works, doesn't work, what
modifications need to happen and usually
introductions come in, and by the time we are
done it's, you know, for example Intro One is
introduced. When we adopt is Intro One A that
had been amended and massaged because there is
agreement that some changes need to be tweaked.
So--

NOAH FRANKLIN: [interposing] We can
certainly come up with--

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CHAIRPERSON ARROYO: [interposing]
Don't, don't--

NOAH FRANKLIN: legislation.

CHAIRPERSON ARROYO: Don't hinder
yourself with what you think you already know.

NOAH FRANKLIN: Okay.

CHAIRPERSON ARROYO: I hope I didn't
confuse you.

NOAH FRANKLIN: No, no, I
understand. You'd like to see what put forth
legislations--

CHAIRPERSON ARROYO: Possibilities
cannot be created optimally with already always
listening that bogs us into a little box.
Okay?

NOAH FRANKLIN: Okay.

CHAIRPERSON ARROYO: Alright. Thank
you. And Omar, on the, on your testimony the
item number three, the lack of outright or the
outright bias against worker cooperatives for
lenders and investors resulting in reduced
access to capital for cooperatives. Is there an
example of a successful entity that got through

1
2 that process without that hindrance, and what
3 made them successful if you have an example?

4 OMAR FRIELLA: I don't have that
5 example.

6 CHAIRPERSON ARROYO: Okay, alright.
7 Council Member King?

8 CHRISTOPHER MICHAEL: It's a very
9 common problem, I think we have across the
10 system.

11 COUNCIL MEMBER KING: Thank you Madam
12 Chair, again, and I want to thank the three of
13 you for your testimony and your information in
14 helping me learn a little bit more about these
15 worker cooperatives. I do have about four
16 questions that I would just like throw to all
17 of you, but in the essence of time, I'm going
18 to ask us to be concise with our answers. We
19 have a number of people who want to testify for
20 the rest of this afternoon. So, I know there's
21 23 worker cooperatives across the city. Can you
22 tell me how many individuals overall
23 individuals are participating in worker
24 cooperatives throughout the city? What is the
25 ethnic makeup of them? What plan is there to

1
2 expand into communities? There are no worker
3 cooperatives that exist here today, and what is
4 the success rate? Has been, you know, have
5 there been some that have been successful and
6 have there been some failures, and how do we
7 engage communities who don't know anything
8 about them and you know, how do we bring them
9 to the table?

10 NOAH FRANKLIN: Did you want to start,
11 Chris?

12 CHRIS MICHAEL: Sure. I can give some
13 concise answers to those. So our 25 worker
14 cooperative in New York City, they constitute about
15 3,000 workers. The bulk of them do belong to
16 cooperative Home Care Associates in the South Bronx.
17 They've got 2,000 workers right there. Again,
18 primarily we're speaking about women of color.
19 Because Cooperative Home Care Associates is the bulk
20 of them, again, it's--and again, I sat there
21 gathering signatures for prospective worker
22 cooperative federal credit unions a few ago, and you
23 know, it's all women of color and it's what you
24 would--you know, your typical sort of, you know,
25 talking about a lot of Caribbean background, you

1 know, some African-American at CHCA, but Central
2 American. Very few Asian, Asian-Americans, but very
3 sparse. And then of course, in the room here today, a
4 lot of the members of the center for family life
5 worker cooperatives, a lot of them from my
6 understanding are Latin origin, many from Mexico. In
7 terms of success rate, the sort of economic
8 literature on the topic is that worker cooperatives
9 have an equal or greater success rate than
10 traditional worker cooperatives. So the real problem
11 is just getting them--is getting them started. I
12 think it goes back to sort of a classic collective
13 action problem, right? If you've got three rich
14 people, it's real easy for those three people to get
15 together, make a plan and spend the money. If you're
16 trying to get 2,000 people, you know, it's a
17 collective action problem, and that's why I think
18 it's really so important for city Council to focus on
19 that strategic business planning that we can provide
20 ahead of time. In terms of introducing these ideas to
21 new communities, I mean, that's the work that, you
22 know, Green Worker Cooperatives, Center for the
23 Family Life, and New York City Network of Worker
24 Cooperatives are trying to do every day.
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2 NOAH FRANKLIN: I'm going to think in
3 response to your question. That's why having reforms
4 happen at a city level is so important. You know,
5 anybody can open up a small business, but you face
6 all these obstacles as a worker cooperative, but
7 through reforms at the city level would really allow
8 it to scale up the size of worker cooperatives and
9 open the door for many more to form. So I think
10 that's why city reforms are so critical. And in other
11 cities, and you'll hear from the US Federation of
12 Worker Cooperatives where they've had reforms.
13 They've seen the size grow significantly because of
14 having it happen on more of the macro level than just
15 the individuals businesses, trying to--rather than
16 going one by one encouraging one business at a time,
17 you're opening the door for many to form.

18 CHAIRPERSON ARROYO: Noah, you say the
19 size or the number?

20 NOAH FRANKLIN: The number--

21 CHAIRPERSON ARROYO: [interposing] The
22 number, okay.

23 NOAH FRANKLIN: of worker cooperatives
24 have grown based on reforms on the city level.

2 COUNCIL MEMBER KING: And just to wrap it
3 up with this. You mentioned that the majority of the
4 people who participate in these cooperatives are
5 women of color. Do you find that because that you're
6 servicing people of color there's been any
7 discrimination when it comes to loan practices or any
8 other things that you're trying to get accomplished
9 just because of the ethnicity of the people who are
10 trying to organize this?

11 OMAR FRIELLA: That is a great question
12 to consider and perhaps bring before some of the
13 agencies directly, and to look at their own
14 practices, lending practices, but it certainly--it's
15 a reality, and so it's a reality that communities of
16 color deal with, so it is very likely. I can't--
17 certainly would not say for certain that something
18 that does exist.

19 COUNCIL MEMBER KING: Okay. If you can
20 get--find, if you have any information to that fact,
21 please, that's something I think we need to tackle,
22 because that's where inequality really starts. We
23 don't have that conversation, awfully is not so much
24 the have and the have nots, but in this country, a
25 lot of things are based on the color of your skin. So

1
2 let's see how we react to real conversation we can
3 address it.

4 OMAR FRIELLA: I would like to add,
5 though, that in addition to, you know, any direct
6 instances of overt racism or then discrimination in
7 lending practices, there's also a fundamental
8 imbalance in access to capital in communities of
9 color, and so for those of us, you know, the Bronx is
10 the poorest part of New York City. IT's the poorest
11 county in New York City and it's something that we've
12 been dealing with for decades. So, and it's no
13 accident then that when we look at just the
14 entrepreneurship rates, they are much lower in the
15 Bronx than in other parts of New York City and the
16 businesses that are available are really providing
17 low wage work. So there has to be re--there has to be
18 a recognition of access of capital that's available
19 and the background and the resources that people are
20 coming to the table with to be able to start up
21 businesses. So there has to be some effort by the
22 city then to really counteract that and to really
23 serve as--to serve as a counter and create a
24 different direction.

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2 COUNCIL MEMBER KING: Thank you. Thank
3 you, Madam Chair. We got work to do.

4 CHAIRPERSON ARROYO: Okay. Council Member
5 Crowley?

6 COUNCIL MEMBER CROWLEY: Thank you Chair
7 Arrroyo, and I'm not going to have a chance to say
8 this again because I have to leave for a 12:00
9 meeting, but I'm really glad and I think that, you
10 know, between the people who are here today and the
11 testimony we've heard, this is a very important
12 hearing, like no other that I've been at the City
13 Council. I'm encouraged by, you know, what your
14 studies have shown when you look at other countries,
15 especially when you mentioned the Bask region of
16 Spain or Bulonia [phonetic] in Italy, just the
17 company in Spain you said employees 80,000 members.
18 I'm curious to know, is there government there just
19 given all the work of that? I guess they're doing
20 mostly construction and manufacturing. How do they
21 get so much work? When you have a business so large,
22 like I was thinking, you know, these cooperatives are
23 more for small business with employees of under 50. I
24 think it gets very complicated. So, you know, there's
25 got to be a Chief Executive Officer, a financial

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officer, and how much are they more a part of a company? You know, are they a larger stake of the company? Did they get paid like 10 times or 20 times as much as an entry level worker? How do those complicated things get worked out when you have such a large corporation?

CHRISTOPHER MICHAEL: Sure, again, it's a one worker, one vote, and it's recognizing in our contemporary age that a worker isn't necessarily like, you know, a burly guy with a blue, you know, trousers on, right? We're all workers here. Everybody in this room is a worker, unless you're fortunate enough to be independently wealthy, and so the CEO, the CFO, middle management, they're workers too, and at the end of the year at that annual member meeting they get one vote also, because they're also valued as workers. The fact that you have a hierarchy in human organization doesn't mean that it can't be democratically controlled. You guys of course should know that better than anybody else right? You guys, so to speak, are the democratically elected managers, the democratically elected almost CEO's, you know, board of directors of New York City. I mean, that's really what you are, and it's the same exact thing--

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COUNCIL MEMBER CROWLEY: [interposing]
Some ways the city is like a cooperative?

CHRISTOPHER MICHAEL: That's found all--
that's found all over--

COUNCIL MEMBER CROWLEY: [interposing] Our
Mayor doesn't make much--

CHRISTOPHER MICHAEL: [interposing]
Exactly. That's found--

COUNCIL MEMBER CROWLEY: [interposing] to
a teacher.

CHRISTOPHER MICHAEL: That's found all
over the literature, that comparison between the open
geographically based democratic government and a
cooperative, like a worker cooperative business.

COUNCIL MEMBER CROWLEY: But a business
should make money at the end of the year. We just
balance our budget.

CHRISTOPHER MICHAEL: Right.

COUNCIL MEMBER CROWLEY: So who gets that
excess, you know, the profit?

CHRISTOPHER MICHAEL: Yeah, yeah, sure.

COUNCIL MEMBER CROWLEY: How does it get
divided up between 8,000 people?

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2 CHRISTOPHER MICHAEL: So, the--in terms
3 of international ethical standards, CEOs, high level
4 employees of these worker cooperatives, we have
5 80,000 members, high levels make no more than maybe
6 six times, tops eight times what the lowest paid
7 worker gets. So of course, in the US right now, the
8 highest CEO, highest paid CEO gets paid 475 times
9 what the lowest, what the average, not even the
10 lowest paid, but the average paid worker does. So
11 these are international ethical standards and there's
12 a reason why those ethical standards can be enforced,
13 because at the end of the day there's that floor of
14 democratic worker control, so they democratically
15 elected board of directors isn't going to allow a
16 higher pay ratio. Now, beyond the salaries that are
17 set on an annual basis for CEO's, for middle
18 management, for floor level workers, beyond those
19 annual salaries, it's typically the case that excess
20 surplus profits, if you will, are distributed equally
21 among all workers. Also, to the question of where
22 the business comes from, Mondragon, they--we'll wrap
23 it up, Mondragon does participate in the sort of
24 wider international market, which is a sort of
25 separate model from what's done in Bullonia

1 [phonetic] where 80 percent of the city of Bullonia's
2 social services are contracted out through worker
3 cooperatives, and that's something I think that we're
4 maybe a little bit more looking at here today with
5 New York City. Thank you.

6
7 CHAIRPERSON ARROYO: Thank you, Council
8 Member. Okay, I'm going to--oh, Council Member
9 Palma? I'm sorry.

10 COUNCIL MEMBER PALMA: Your testimony,
11 and I believe I heard Noah speak a little bit about
12 funding, and so I'm just curious to know in terms of
13 funding, we know that the city doesn't dedicate any
14 funding to these types of programs, but is there any
15 funding possibilities at the federal level, the state
16 level, have you engaged that, you know, government at
17 those levels? Has--I believe when I came in, Noah,
18 you were speaking a little about maybe, and correct
19 me if I'm wrong, any Council Members dedicating some
20 of their funding to something like this, am I
21 correct? And was it done through discretionary?

22 NOAH FRANKLIN: It was done through
23 discretionary. I think the Speaker initiative last
24 two years did provide funding for worker
25 cooperatives. Yeah, not a lot. So--

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COUNCIL MEMBER PALMA: [interposing] And
it was--

NOAH FRANKLIN: [interposing] I mean, I
think--

COUNCIL MEMBER PALMA: [interposing] I
think it was about 125,000, correct?

NOAH FRANKLIN: Yeah, 150,000, I think.
The--I mean, I think they did mention a number of
loan funds that the city has that theoretically
worker cooperatives could qualify for, but haven't
yet. I mean, I think part of it is the obstacle, the
certification requirements that because of the nature
of the structure of the worker cooperatives that's
prohibited them from qualifying. I mean, I think
there is a potential that they could. I mean, I think
there'd have to be changes made to make them more
eligible so they could get those loan funds. And SBS
has said, they talked about alternate lenders they
could bring into their pool that will be more open to
worker cooperatives. I think that's something they
should be doing.

COUNCIL MEMBER PALMA: And then, and then
recognizing that the Bronx has again, the highest
poverty levels. Omar, have you engaged the borough

1
2 president's office in terms of BOEDC and how creative
3 BOEDC can get in terms of becoming one of those
4 lenders for worker cooperatives?

5 OMAR FRIELLA: So we've had initial--we
6 have had some initial discussions with BOEDC about
7 creating lending opportunities for cooperatives. I
8 would say they're still--they're still stuck in the
9 same dynamic that city ass--lenders associated with
10 the city are, using the same format, the same matrix
11 or rubric for making decisions about cooperatives, as
12 you know, treating them the same as any traditional
13 business at which there's an inherent bias when you
14 have more people who are owners.

15 COUNCIL MEMBER PALMA: So then I will
16 respectfully ask as the Chair raised that you make--
17 can you make some recommendations to this committee
18 that we can take back and engage the borough
19 president and BOEDC and loop them into the
20 conversation that need to happen between the
21 Administration and you know, the city council to make
22 sure we can move this forward?

23 OMAR FRIELLA: Absolutely. And I'll add
24 also that, you know, we want to move out of just
25 having very a bootstrapped approach to financing and

1
2 you'll be--you'd appreciate knowing we've actually--
3 we are very commonly engaged in crowd funding for
4 starting up co-ops, and we're actually worked with a
5 Bronx Campus High School at Stevenson Campus, you
6 know, to help a group of students start a worker
7 cooperative, apparel printing company to make
8 clothing. And that's something that the school crowd
9 funded us to be able to come in. So you know, we want
10 to get out, you know. It's been incredible on their
11 part, but there's opportunities all over the city to
12 be able to do that, and so it's really about creating
13 the opportunities so, you know, there are funds and
14 there are incentives to be able to make that happen
15 on a big scale.

16 CHAIRPERSON ARROYO: Okay. Thank you, and
17 that coming from the Chair of the Bronx delegation, I
18 think it's a great indication to you that you have to
19 move this conversation also to the level of the
20 borough president, and we can certainly help to do
21 that. Council Member King has just been elected co-
22 chair of the Black, Latino, Asian Caucus, and one of
23 the things that I am looking forward to working with
24 the caucus on is how we can create a working group
25 that can help us shape a recommendation to the

1 Speaker, moving forward, and that we will immediately
2 engage in after this hearing with you and the other
3 members that are here to provide testimony. I thank
4 you very much for sharing your thoughts with us. I
5 look forward to the continued conversation. This is
6 going to be work in progress and I don't think that
7 we're going to be able to do all of what needs to be
8 done immediately, but we can certainly begin with
9 baby steps moving towards the future of a process
10 that can create a real strong support mechanism for
11 the incubation and the creation of worker
12 cooperatives that we can graduate through a process
13 that then becomes successful, small, medium-size, or
14 large businesses, because I think we need to
15 understand that it's not going to be a one size fit
16 all, and with that, that means that we have a lot of
17 work to do, but I really truly appreciate you taking
18 the time to share your thoughts with us and for your
19 leadership on this conversation. I walked into it. it
20 didn't--I'm not that smart, you know, but I know a
21 good thing when I see. So thank you very much for
22 being here with us today.

24 OMAR FRIELLA: Thank you.

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CHAIRPERSON ARROYO: Our next panel, and now we're going to start the clock, and we're going to do a couple of things. We have experts in the room that are going to share some insights with us, but we also have some workers in the room and business owners that--so we're going to flip back and forth between the advocates and the experts and the teaching folks with the boots on the ground people who made it happen for them and their neighbors. So we're going to start the first panel of workers, yes, Thomas? Okay. So, I am going to butcher your names. So I apologize for that in advance and hope that when you begin your testimony that you correct my mis--my butchering of your name for the record. Jimilla [phonetic] Jones? Oh, this is Jamie, is Jamie here? Edith Pena Harper [phonetic]? Margarita Ruiz [phonetic], Elizabeth Mendoza, Alexander Lopez, Rietse [phonetic]. Jamie, hi come on in. Okay, so Jamie's here. Edith, who's Edith? Okay, come on. Join us. Margarita? Okay. Elizabeth, that's you. Alexander? Alexander Lopez? Rosa Palaquibey (sp?) Rosa? Okay. [off mic] Alexander? Going once, going twice, okay. No answer. So you want to put him, I don't know, in a different pile I guess. Okay.

2 Ladies, there's a little box over there with 300,
3 it's not the movie. It's the amount of time that you
4 have to give us your testimony, so if you have
5 written testimony, we will accept it for the record.
6 Summarize your statements. Give us your story.
7 That's what I'm interested in hearing. That's what
8 we're interested in hearing. So, you begin when
9 you're ready. You chose whatever order you want to
10 go in. Speak into the mic. Handle it by the base,
11 don't pull it by the stem, and you're in [speaking
12 Spanish]. So come and we're good. Okay? Alright.
13 Take it away. Pull the mic close to you, yeah.

14 EDITH PENA-HARPER: Good afternoon. I'm
15 Edith Pena Harper [phonetic] [off mic]

16 CHAIRPERSON ARROYO: The light has to be
17 on in order for the mic to be working. Perfect.

18 EDITH PENA-HARPER: So, good afternoon
19 again. I'm Edith Pena-Harper, and this is Jamie
20 Jones. We are founding members of the South Bronx
21 Artist Cooperative, a local organization with the
22 goal of exposing our community of artists through
23 education and global access for the purpose of
24 creating financial independence for our members. Our
25 cooperative is in the beginning stages and we have

1
2 been fortunate to be nurtured in this phase by the
3 Green Workers Cooperative through the Co-op Academy.
4 Our decision to start a Cooperative was an organic
5 occurrence propelled by the kinetic energy of a group
6 of neighbors of an artist bent, but with no local
7 outlet or means of communication. As we discussed our
8 aspirations and challenges, we realized that together
9 we could establish a co-op that would meet these
10 needs. We have seen how other organizations have
11 successfully followed this model to financial
12 independence with the leadership of their own
13 members. In addition, we appreciate the possibility
14 of improving our community by including new artists
15 in the neighborhood as they manifest, which is unique
16 to the model of a co-op. We believe that a co-op can
17 provide the opportunity and route out of poverty for
18 many families, many co-ops such as ours are locally
19 based, which means that members can stay close to
20 their homes and families, improving the quality of
21 life, the education of their children and care for
22 their elders if needed. For all these reasons, the
23 city should recognize worker cooperatives as a
24 valuable tool in job creation and promoting living
25 wages. Because of this, the city should lend

1 financial support to the establishment and the
2 development of worker owned cooperatives wherever and
3 whatever way possible. It provides an opportunity.
4 Please give us that opportunity. Let's create, teach
5 and inspire.
6

7 JAMIE JONES: Hi, my name is Jamie Jones
8 and I just want to add to what Edith had said. These
9 are the main reasons we would like to start our
10 worker cooperative, but on a personal level I have a
11 diverse perspective on this. I have dedicated myself
12 to a career for over the last 17 years, and I lived
13 in California for over 16. I found myself moving
14 back to the Bronx, the place where I grew up and
15 learned my craft. I believe in the Bronx. I have
16 fought over the last eight years in this community to
17 develop a way to showcase and get more artists
18 involved. I participated in SYEP program, which is a
19 summer youth employment program so I can teach a
20 younger community to focus on something positive. I'm
21 representing the needs of the community right now
22 with we need to acknowledge their talent. We develop
23 this identity that we have been given to be the
24 poorest neighborhood. We're more than that. It has
25 been and continues to be proven that this model works

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in other cooperatives. People invest more. They are happier. They are willing to give back. So for me, and this is actually a quote that was on another cooperative site, "it's back to basics philosophy. When people have a stake, they feel more empowered, which makes them healthier and motivated to work harder." I hope you consider supporting cooperative businesses and what they contribute to society. Thank you.

CHAIRPERSON ARROYO: Okay, so I'm going to use them as the example of how possible it is to get your message to us within the time frame allotted. Thank you for setting the tone for the rest of the conversation that we will have from the public.

MARGARITA RUIZ: Good afternoon everyone. My name is Margarita Ruiz. I am a member of a Home [phonetic] Care Co-op. I came to this country as a very young age with the American dream, to help my parents. At that time I was getting paid 3.25 an hour. After several years I changed my job as I started working as a housekeeper. I work long hours for minimum pay without having sick days and holidays paid for, but thanks to the Center for Family Life for opening Co-ops, my life has changed in many

1 positive ways. The center and the co-op have given me
2 opportunity to grow as a person and gaining level
3 skills to help me to pay--to help me at my job as a
4 babysitter. I am able to spend more time with my
5 family and have a reasonable salary. My rights as a
6 worker and respect and work condition in a much
7 better environment. I think, I speak for all the co-
8 op members in the Home Care, this co-op has changed
9 my life, but we have 33 members, 18 founding members
10 including myself, and the other 50 members of later
11 generations. Our working conditions are much better
12 than before. This is why it's important that we get
13 support for all the city officials here today. We
14 need more co-ops like the Home Care to provide more
15 opportunities for workers and have the rights respect
16 and get salary that is fair and just. Thank you. I'm
17 sorry for the mistakes.

19 CHAIRPERSON ARROYO: Don't--no, no, no.
20 Don't apologize. Thank you for being here. Thank
21 you.

22 ELIZABETH MENDOZA: Good afternoon. My
23 name is Elizabeth Mendoza. I'm a member from the
24 Beyond Care Child Care Co-op and support to Center
25 for Family Life. I have lived in New York 22 years

1
2 ago with my husband. We come to work and have a
3 better life. Like so many, we had the illusion of the
4 American dream. The first obstacle I encountered was
5 the English language. Also, shortly after leaving I
6 realized that I was pregnant, but I was happy, but on
7 the other hand I was worried about not having money.
8 We didn't have work, clothing, furniture, but bit by
9 bit my husband began working and this come together.
10 My first child was born and in three months I began
11 to work as a well. We worked in clothing factories
12 and the minimum they pay with was 2.75 [phonetic] for
13 hour. I lived in Bushwick for the first year and was
14 here and then we moved to Sunset Point where I used
15 to reach my cell continue to lie today. My husband
16 has started to work in a store where he earns a
17 little more, but we also work in factories where we
18 pay for each piece of clothing we save [phonetic].
19 It's like a piece work with desperation to get 40 or
20 60 dollars per day and my last work is 10 dollar for
21 day. We also were cleaning in restaurants for
22 similar pay. We were always working to try to give a
23 better life to my children. In 2008 I had the
24 opportunity to begin working with the cooperative,
25 Beyond Care. My life changed completely. So now I

1
2 am professional and economical. The beginning of the
3 cooperative was not easy. No one knew about the co-
4 op. We did volunteer with organization and
5 universities and offered to train for opportunities
6 to market. I worked in the place we volunteered. I
7 have basic English. I have learned so much more. I
8 have also learned to use computers. My salary is
9 better. I work the time I want to work. I can spend
10 time with my children. I can give them the comfort of
11 living in an apartment, before we all lived in only
12 one room. My daughter will be away at the college in
13 June. My youngest son is in third grade. The rest of
14 the nephitos (sp?) are off this is giving my children
15 the opportunities to have a better education. The
16 city should recognize cooperatives of the above for
17 creating fair jobs and promotion living wages. Co-ops
18 have reduced income inequality, promoting democracy
19 in workplace. In the Co-op we recognize the work of
20 nannies too. We do not use foster children
21 [phonetic]. We work with these teens on language and
22 on other teens about life. Treat them with the care
23 they deserve when their parents are working. The Co-
24 op begin with 25 members. Today we have 40 members.
25 And we continue to grow, giving more and more

2 opportunities to work to others in our community. I
3 have gone from earning 10 dollar or less per hour
4 before the cooperative to earning 16 dollar an hour.
5 This city should consider cooperative whenever
6 possible. We are training and have experience. We
7 care about our work. We have CPR certification. We
8 have--

9 CHAIRPERSON ARROYO: [interposing]
10 Elizabeth--

11 ELIZABETH MENDOZA: nutrition.

12 CHAIRPERSON ARROYO: I've given you a
13 little bit more time. I didn't want to interrupt, but
14 I was just informed by the director of Security that
15 the overflow room is full and they need that room for
16 another hearing at 1:00. So please, be mindful of the
17 clock so that I don't have to interrupt you and you
18 can get your message in. So if you can wrap up,
19 please.

20 ELIZABETH MENDOZA: Yeah, yeah. I'm
21 finished. Okay, we have the student nutrition with
22 participating workshop on child development. The
23 city co-offered [phonetic] reduced tuition and
24 English course cooperative would benefit from
25 workshop offered on more accessible price that more

1 per hour. And so we would like to work with the City
2 to have opportunities and support to open
3 cooperatives like this. City supportive cooperative
4 will help in the development of more living wage jobs
5 along with more NYC residents to work in respectful
6 and dignified condition. Once more is that
7 cooperative are for the personal, professional and
8 economic growth of those involving them. Unlike other
9 jobs, cooperatives promote development and growth of
10 workers. Thank you.

12 CHAIRPERSON ARROYO: Okay. Okay. Handle
13 the--for everybody coming, that microphone is a
14 little sensitive, so hold it by the base. Don't hold
15 it by the stem.

16 TRANSLATOR: She's going to say it in
17 Spanish, and I'm going to be translating in English.
18 It's not going to be longer than three minutes.

19 CHAIRPERSON ARROYO: Just speak into the
20 mic when you're doing your piece, okay?

21 ROSA PALAQUIBI: Muy beunos dias. Mi
22 nombre is Rosa Palaquibi [phonetic]. [speaking
23 Spanish] Muchas gracias.

24 TRANSLATOR: I'm just going to translate.
25 It's going to be fast. My name is Rosa Palaquibi. I

1
2 am a member of the Workers Justice Project and Apple
3 Eco Cleaning. Apple Eco Cleaning is a green cleaning
4 and worker owned cooperative founded in 2010 with the
5 support of the Workers Justice Project and Urban
6 Justice Center. We were founded by a group of female
7 day laborers who against odds have found a way to
8 organize themselves in the quest for a better job, a
9 better treatment and eventually a better quality of
10 life to our families. As a worker owner of Apple Eco
11 Cleaning, I am able to provide to my family. The
12 cooperative provides me job stability, which was
13 impossible to have when looking for work at the
14 street corner. Now, I can support my daughter's dream
15 to become a mechanical engineer with a salary of 25
16 dollars per hour, which was hard to do before with a
17 salary of 10 dollars per hour. My work allows me to
18 think and protect my health using green cleaning
19 products and personal protective equipment. I work in
20 a healthy environment without the pressure of
21 employers. My work at the cooperative allows me to
22 think about my family and my health as well. Now, I
23 can take time off to attend my medical appointment
24 without fear of losing my job. I also offer--the
25 cooperative also offers me a flexible schedule that

1 allows me spend quality time with my kids. This
2 positive changes would have not been possible without
3 the cooperative and the support of the Workers
4 Justice Project and Urban Justice Center that allow
5 us to organize and protect our rights and dignity of
6 work while building a just economy based on dignity
7 and care. For this reason, it is important for the
8 city to support the development of models within our
9 communities by providing funding for cooperative
10 developers, like Workers Justice Project, and make
11 our cooperative as a preferred contractor for the
12 city. Now, it is the time to work together to build a
13 new economy that provides dignity and justice for all
14 the workers. Thank you.

16 CHAIRPERSON ARROYO: Thank you ladies for
17 your testimony. Council Member, any questions?
18 Okay. Thank you for taking the time to be with us in
19 sharing your personal stories and we will continue
20 this conversation, and thank you for your
21 recommendations. They were certainly help us do the
22 work that we need to do a little better and more
23 effectively. So thank you all very much for being
24 here. Our next panel, Vanessa Bransburg, Center for
25 Family Life, Yadira Fragoso [phonetic], Si Se Puede

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Women's Cooperative, and something else I can't make out. Yadira that's you? Saldef? Salduef? [phonetic] Please correct it for the record when you testify. And Claudia Leon [phonetic]. Yeah, okay ladies. No guys testifying? What's up with this? Okay. Alright. I gave the first panel a little bit of lead way on the time. I can't do it anymore, so please stay within the three minutes. I implore you to do that. Thank you.

VANESSA BRANSBURG: Hello. Thank you so much for having us today, Chair Arroyo and Council Members. My name is Vanessa Bransburg, and I am the director of Cooperative Development Center for Family Life, which is a program of SEO Family of Services, and we're based in Sunset Park Brooklyn. We developed the Worker Cooperative Development Program in 2006 when we identified a need to have an alternative from our traditional job readiness approach for our clients who are unemployed, had experienced multiple barriers to finding work, and also demonstrated great interested in entrepreneurship. The worker cooperative model presented itself as an ideal opportunity for participants to organize themselves, work collectively, to create high standards for their

1 work and also to establish the democratic workplace
2 that would benefit them and their clients as well. So
3 since 2006 we've seen that the involvement of more
4 than 120 community members in Sunset Park alone to
5 organize into worker cooperatives. They've generated
6 more than five million dollars in income and have
7 organized their co-ops to offer really flexible
8 schedules and training opportunities for their
9 members, which have, you know, have helped
10 tremendously for their families as well as the rest
11 of the community. Additionally, with the support of
12 the City Council, Center for Family Life has been
13 providing training and technical assistance to 16
14 community organizations in New York City who will
15 become cooperative development organizations in New
16 York who will be providing technical assistance to
17 the cooperatives that they form in the neighborhood.
18 So we're seeing here a potential, an expansion of
19 worker cooperatives through their work and a real
20 interest on behalf of workforce development agencies
21 as well as community members to really engage in this
22 type of model and offer members and their families
23 living wages and benefits that they might not
24 otherwise be able to get through traditional
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2 employment. So therefore, as the city of New York
3 revamps its workforce system plans and policies, we
4 urge the city to really include worker cooperatives
5 as part of their effort, as worker cooperatives could
6 really be a useful tool to achieve broader goals in
7 the workforce system. While the benefits of worker
8 cooperatives are clear, they're widely unknown and
9 underutilized. This has been mentioned and in an
10 ongoing an ever-present fight against poverty and
11 unemployment. So with regards to the various city
12 agencies, funding workforce development programs,
13 these programs should partner with cooperative
14 incubators like the Center for Family Life and others
15 to lend guidance and expertise to co-ops, refer
16 worker co-ops to cooperative incubators or even
17 become incubators themselves. Such partnership can
18 really direct more workers and resources to the
19 cooperative sector. Therefore, new city workforce
20 development contracts should include provision that
21 permit job placement in worker cooperative as an
22 improved opportunity. Thank you so much.

23 CHAIRPERSON ARROYO: Go ahead. Finish
24 up. You have one more sentence read it.

1
2 VANESSA BRANSBURG: Yeah, just one more
3 sentence. So new city workforce development contracts
4 should provide funding for capacity building which is
5 really what's needed, industry skill training and
6 resource development for worker cooperatives. Thank
7 you so much.

8 YADIRA FRAGOSO: Hi all, my name is
9 Yadira Fragoso, and I'm here to represent Si Se Puede
10 Women's Cooperative and all the workers co-op. I
11 came to the United States in 2000. The first job I
12 did was house cleaning. I was paid 6.50 [phonetic]
13 per hour, and because of that and because of that I
14 had my first son and then my second son, I decided to
15 stay at home and dedicate myself to my childrens. In
16 2006 I was going through a difficult time in my life,
17 which it caused me to--that I have to send my kids to
18 Mexico for a year, and that year I commit myself to
19 work hard and then bring back my kids and also I--by
20 that time I was receiving a counseling service at the
21 Center for Family Life. So it's when my social worker
22 told me about the open house at Si Se Puede was
23 having and so I decided to apply. Fortunately, I was
24 accepted to be in--I was approved to begin the
25 process of approval and this process was for four

1 months, and after eight months is when I finally
2 became a member of Si Se Puede, a official member of
3 Si Se Puede. But because this took a little bit
4 long, I have to have another job as a--in a
5 restaurant as the manager. So after the year has
6 passed already and my kids came back, and I was
7 working at the co-op and the restaurant and become
8 very difficult for me because I--by that time I just
9 had one client every week and three clients every
10 month. So it wasn't too much for the co-op, so my
11 source of money was from the restaurant, but when my
12 kids came back I have to take my kids to the
13 restaurant and they were waiting for me, like all my
14 shift, like eight or ten hours per day, and so my
15 boss at the time, he say, "You know what? You need
16 to solve your life, to resolve your life and see
17 because you can't do this." So it's when I decided
18 to focus more in the co-op and so it was a tough
19 decision that I--because I love the job at the
20 restaurant, but that gave me the change of my life,
21 because I was making 10 dollars per hour at the
22 restaurant and when I come to be more focused in the
23 co-op I got 20 or 25 dollars per hour, and the most
24 importantly is that I had more time for my kids and
25

1
2 also I--my life has changed a lot, and I think it's
3 very valuable when you spend a lot of time with your
4 children because that give you the opportunity to
5 raise them and become a good citizen. That's it.

6 CHAIRPERSON ARROYO: Thank you. Thank
7 you.

8 SADUF SYAL: Hello, everyone. My name is
9 Saduf Syal and I'm here on behalf of Make the Road
10 New York. I want to thank Chair Carmen Arroyo and
11 other members of the City Council and Community
12 Development Committee for the opportunity to testify
13 today. So I guess I'm just here to explain my
14 organization like Make the Road got interested in
15 worker cooperatives and launching the program to
16 develop worker cooperatives. We received for that
17 assistance from Center Family Life, which was
18 supported through the City Council to provide
19 technical assistance to other groups interested in
20 forming worker co-ops. So, Make the Road got
21 interested--you know, we were established in 1997 to
22 promote civil rights and economic opportunity as well
23 as the rights of all workers to a living wage,
24 dignity and freedom to organize on the job. Today we
25 have nearly 14,000 dues paying members across New

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2 York City. Our worker over the last 15 years has
3 been driving by engagement and the experience of our
4 working class, predominantly immigrant members who
5 make critical decisions regarding our programs and
6 campaigns and are elected to our board of directors.
7 As an organization on the forefront of campaigns for
8 paid sick days, living wages, and against wage theft,
9 we are interested in cooperative development, because
10 we know all too well the harsh realities of the work
11 place environments that are found within the low wage
12 sectors to hopefully open to immigrant workers.
13 Assisting in the formation of worker co-ops allows us
14 to build power and leadership through community
15 driven economic and workforce development that
16 creates the kind of democratic and just work places
17 we want to see. Daily at the Make the Road, we see
18 firsthand the impact of the economic crisis in our
19 communities. These groups face prolonged
20 unemployment, severe underemployment or lack of
21 upward economic mobility due to barriers of language,
22 economic financial restraints, employer
23 discrimination and/or lack of access to workforce
24 training or academic programs. At the same time many
25 individuals possess a wealth of knowledge and skills

1 from their countries of origin including prior
2 business ownership or cooperative involvement, yet
3 are unable to transfer degrees or utilize the full
4 breadth of those skills within their current jobs. On
5 the employer side, unfortunately, there continues to
6 be a lack of accountability around compliance with
7 labor law at workplaces throughout the city. Wage
8 theft is unfortunately rampant and the techniques are
9 harmful, from stolen tips to illegal lacks of breaks.
10 Low wage immigrant workers also common face sexual
11 harassment and workplace violence. Due to the unique
12 barriers to gainful employment and economic
13 advancement facing the communities which Make the
14 Road serves, it's clear that alternative solutions
15 that will further expand economic opportunities for
16 immigrant workers are needed. The worker owned
17 business based on cooperative principles is a model
18 that we believe addresses the many unique challenges
19 facing our communities. Worker co-op elements that
20 are particularly synergistic with the needs of our
21 community include the ability of workers to come
22 together, pool resources and acknowledge the ability
23 to gauge an effective, centralized strategies for
24 marketing communication, training, and other needs
25

2 that can improve financial success and the ability to
3 avoid abusive workplace environments through
4 collective decision making and shared values for
5 local community development. And so I think I've gone
6 over, but I just want to also state that the support
7 of Center for Family Life for Urban Justice Center,
8 from other co-op developers and co-op, worker co-ops
9 themselves was critical for us in launching our own
10 co-op development program. We have been impressed by
11 members of Si Se Puede who came and gave us training,
12 our members a training on training techniques, a
13 Cauda Call [phonetic] that had done interpretation
14 during our trainings. There's a book keeping co-op
15 that's providing us with support around book keeping.
16 So this kind of cooperative supporting cooperative
17 has this kind of support has been inspiring and
18 critical to our success.

19 CHAIRPERSON ARROYO: Thank you.

20 UNKNOWN: So I'm going to turn it over to
21 Claudia, she's going to read it in Spanish and I'll
22 translate at the end.

23 CHAIRPERSON ARROYO: Okay. So, I think
24 that you guys have prepared so well. You do have the
25 English translation on the testimony, so you don't

2 have to do the translation. We have the English
3 translation for the record. Okay?

4 CLAUDIA LEON: Gracias. Buenos tardes. Mi
5 nombre is Claudia Leon [phonetic] [speaking Spanish].

6 CHAIRPERSON ARROYO: Gracias usted. Thank
7 you all for your testimony and for sharing your
8 stories with us. It's very heartening to hear that
9 it is possible to--Si Se Puede?

10 CLAUDIA LEON: Si Se Puede.

11 CHAIRPERSON ARROYO: Gracias. Okay. Our
12 next panel, Joe Rinehart, US Federation of Worker
13 Cooperatives, Joe? Yeah, okay. Edward De Barbader
14 [phonetic] De Barbieri Urban Justice Center. Oh, my
15 goodness, I should have done better with your name.
16 Karen Haskin, Working World, Karen? Carmen W--Carmen
17 and Karen, are you making your way over? Karen?
18 Carmen? Is Carmen with you? Carmen Huertas? Okay.
19 Let's give her a second to make her way over.
20 Carmen? Okay, good. Yeah, I know. So as you get
21 yourselves together, I know you came from the other
22 room. The clock is in front of you. Pay attention to
23 it. I don't want to cut you off, please. Okay? So,
24 begin when you're ready. Identify yourselves for the
25 record, speak into the microphone and handle it by

1
2 the base not by the stem. Okay? Begin when you're
3 ready.

4 JOE RINEHART: Good morning. My name's
5 Joe Rinehart. I work for the US Federation of Worker
6 Cooperatives and the Democracy at Work Institute. A
7 bit of background, the US Federation of Worker
8 Cooperatives is the national membership organization
9 for worker owned businesses. Our associated think
10 tank, the Democracy at Work Institute focuses on
11 researching and supporting organizations and
12 implementing cooperative development that expands the
13 promise of cooperative business ownership to those
14 communities most directly affected by social and
15 economic inequality. So we essentially try and help
16 people do affective cooperative development. And I'll
17 just--I just want to mention a few of the things that
18 are going on around the United States in terms of
19 city supporting worker owned businesses, and then
20 I'll talk briefly about a few of the global examples
21 and you can read more in my testimony. So in the
22 United States we're seeing an increasing interest on
23 the part of policy makers as well as academics, non-
24 profits, and foundations in supporting worker
25 cooperative development as a way of creating good

1 cooperative jobs that also create long term community
2 wealth and ongoing employment. In Madison, Wisconsin
3 there's an increasing level of integration between
4 city small business development services and the
5 worker cooperative movement and as well as regulating
6 agencies and planning departments. Richmond,
7 California has actually hired a cooperative developer
8 to do cooperative development for low income people
9 and support entrepreneurs who come to them. Redding,
10 Pennsylvania is founding a city supported worker
11 cooperative development center using funds from
12 several city agencies, and most excitingly Jackson,
13 Mississippi is actually turning--looking to turn a
14 major reinvestment project in city water and sewer
15 into a way to support local cooperative contractor,
16 local worker cooperative contractors and--yeah, and
17 other sort of support for economic, cooperative
18 economic small business development. To go to a few
19 examples, the United Kingdom--one minute left. Well,
20 I will skip over all of this. It's in my testimony,
21 but I think we would encourage and we're really
22 looking forward to hopefully working with this New
23 York City Council to implement systemic cooperative
24 development inside of the city's various agencies and
25

1 policies because really, what we're seeing in the US
2 a lot of cities taking small steps into worker
3 cooperative development, but it's really worth
4 thinking that it's an economic development policy and
5 you approach it as--if you approach it as a policy,
6 you'll get far better returns, and returns that
7 continue to reinvest themselves and support the city
8 and support jobs and the creation of new jobs in the
9 long term as opposed to sort of one off programs or
10 projects or one off developments that are amazing and
11 vibrant worker cooperatives but that don't sort of
12 shift that economy in a city towards resiliency and
13 towards a like long term sort of raising the floor.
14 We talk a lot about sort of helping people climb up
15 the ladder through entrepreneurship, but also we
16 should--it's worth thinking about sort of how worker
17 cooperatives can help raise the floor for everyone,
18 and I think that's really where the power of the
19 model comes in.

21 CHAIRPERSON ARROYO: Thank you.

22 TED DE BARBIERI: Thank you Chair del
23 Carmen Arroyo and Council Member Palma, as well as
24 the committee staff for holding the hearing. My
25 name's Ted Barbieri. I'm a senior staff attorney at

1
2 the Community Development Project of Urban Justice
3 Center. Urban Justice Center has supported many of
4 the co-ops in the room, and they can make a much
5 better case for why this support is important than I
6 can. I'm just here to say that civil legal services
7 is very important to work with worker co-ops to help
8 them form and deal with any legal hurdles that come,
9 and it's through the work that we've been doing,
10 we've had a chance to know many of the co-ops in your
11 district, Chair Arroyo, including--and through
12 partnerships with many community based organizations
13 like Green Worker and MOM [phonetic] as well as
14 others. So, we look forward to continue doing that
15 and thank you so much for--

16 CHAIRPERSON ARROYO: [interposing] And MOM
17 is not my mother. Can you say what that is?

18 TED DE BARBIERI: Sorry. I'm sorry.
19 Mothers on the Move, Inc., the community organizing
20 group in the south Bronx. You've heard from many
21 other examples of worker co-ops in the room today.
22 We're also working with Sunrise Co-op, trying to
23 bring auto repair jobs to Hunts Point from elsewhere
24 in the city. So thanks so much for having the hearing

25

2 today and we look forward to working with the Council
3 around worker co-ops.

4 KAREN HASKINS: Hello. Good afternoon.

5 My name is Karen Haskins, and I work for the Working
6 World. We are a non-profit organization providing
7 loans to worker cooperatives and technical assistance
8 a long with those loans. We started 10 years ago in
9 Argentina lending to worker cooperatives there. Then
10 after that we moved--sorry--I'm not--opened an office
11 in Nicaragua and now we do have an office here in New
12 York. We have loans in Chicago, Baltimore, and here
13 in New York. So locally, we're working in Queens. We
14 have a project out in the Rockaways and in an area
15 that was very deeply affected by super storm Sandy,
16 and actually we have started a construction co-op out
17 there. So there's been a lot of talk about thinking
18 about kind of industries we want to look into. I've
19 heard construction come up in some of the other
20 testimonies. We also work in Brooklyn and the Bronx.
21 We have created a loan fund in partnership with the
22 Green Worker Cooperatives, which Omar spoke about
23 previously. We've had really successful--we have a
24 successful model that's really done well and we've
25 worked internationally and in those places where

1 we've worked we've seen that city government really
2 can play a crucial role in how a cooperative economy
3 is formed and how it can grow. Also previously, we
4 have heard that one of the biggest barriers for
5 cooperatives, one of the barriers, right, is access
6 to this capital. So that being, again, what we've
7 heard challenges like having to do credit checks for
8 all of the cooperative members, having to put
9 personal guarantees for your business, and if our
10 goal is to be inclusive, to create work for those who
11 need it most, then that barrier really has to be
12 overcome, and we need to make financing accessible,
13 and that's really what we strive to do at the Working
14 World, and we're hoping that, you know, starting
15 today we can work hand in hand with the city to
16 really figure out how we can make financing more
17 accessible on a citywide basis. I'm just going to
18 jump to my conclusion here. So we really believe with
19 small changes that city policy can be a force for
20 inclusive economics and provide new economic
21 opportunity for those who need it most. Now more than
22 ever the city has a chance to grow our cooperative
23 economy and build a more sustainable and equitable
24 city. Thank you.

1
2 CARMEN HUERTAS: I'm not going to touch
3 it again after that. I just wanted to make sure you
4 can hear me.

5 CHAIRPERSON ARROYO: Can we do something
6 about that microphone? Maybe retire it? No?

7 CARMEN HUERTAS: Let's see. I won't touch
8 it again, I promise. Thank you, honorable Arroyo and
9 the rest of the committee for having us, and allowing
10 us the opportunity to provide this testimony in
11 support of worker owned cooperatives. My name is
12 Carmen Huertas. I am an associate professor of law at
13 CUNY School of Law and also the Director of its
14 community and economic development clinic which is a
15 mouthful, but it's great work and we basically
16 provide legal support to community based
17 organizations and institutions that are creating--
18 well, community based organizations that are creating
19 vibrant neighborhood institutions and organizing for
20 social and economic justice. So, I'm trying to
21 figure out where to--okay. I think I'll read that
22 way I can stay in time. Today, I would like to thank
23 the committee for providing the opportunity. And by
24 way background I would like to begin by sharing that
25 before joining CUNY I was at the Urban Justice

1 Center. I've been representing worker-owned
2 cooperatives for 10 years now. My clinic continues to
3 work--my clinic at CUNY continues to represent
4 worker-owned cooperatives and we are proud to say
5 that we've worked with organizations that are at the
6 forefront of creating and supporting worker owned
7 cooperatives including the Restaurant Opportunities
8 Center of New York [Speaking Spanish] Green Worker
9 Cooperatives and the New York City Network of Worker
10 Cooperatives. More recently, our clinic has actually
11 partnered with Mondragon International, which you
12 already heard is the largest network of cooperatives
13 in the world. If there's any place visit, I think a
14 field trip to be to the Bath region of Spain. They
15 recently received the Goldness [phonetic] in business
16 award, which previous recipients were Fiat, Apple and
17 Google. I heard Fiat is a pretty nice car, but
18 anyway. Through this partnership, the clinic has
19 started to develop a framework for building out a
20 model, a new model of worker owned cooperatives
21 called Union Co-ops that Mondragon and the United
22 Steel workers have created, and we are working with
23 not only local groups in the city, but we are also
24 working with groups out of the city to form unionized
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1
2 worker owned co-ops. And I would just say that I want
3 to echo what Karen said. This is really a strategy
4 that can provide for transformative economic justice
5 during a time of economic crisis. I think the women
6 before me captured it so much better in terms of
7 today's inequality. It, being its highest since
8 1928, the Great Depression, which is kind of
9 unbelievable, and while the one percent, you know,
10 just continue to experience unprecedented wealth, the
11 99 percent are experiencing wage stagnation and
12 working longer hours for less pay, and more people
13 are unable to provide for themselves and their
14 families and I think the enormity and the ubiquitous
15 nature of this problem really provides Sally an
16 opportunity, a prime opportunity for us to come
17 together and think about how to revamp our social
18 economy. I think Americans from all walks of life
19 are actually experiencing the ills, the structural
20 ills in our current economic system. You know, the
21 worker owners spoke about the negative societal
22 impacts in terms of not being able to spend time with
23 their children and work longer hours, and I think
24 that what's becoming clearer and clearer is that--
25 let's see. I think what's important to stress is the

1 reality of the US class system and our understanding-

2 -

3
4 CHAIRPERSON ARROYO: [interposing]

5 Professor?

6 CARMEN HUERTAS: I'm up? Okay. So look--

7 CHAIRPERSON ARROYO: [interposing] No,

8 you've been up.

9 CARMEN HUERTAS: Okay. I just want to

10 answer your question, because you have my testimony,

11 but just in terms of some of the questions that

12 you've thrown out, I think in terms of banking,

13 supporting organizations like Karen, but also 10

14 years ago I remember SBA being willing to be a

15 guarantee for a loan on behalf of a worker owned co-

16 op, and like you said, I'm one of those people who

17 say if you come up with an idea in my classroom, at

18 least you now have an assignment. I'm willing to look

19 into the procurement process and come up with a

20 proposal as a starting point. That's it.

21 CHAIRPERSON ARROYO: I'm going to turn it

22 over to Council Member Palma, who's got a couple of

23 questions, and she will Chair for me for--I need to

24 take a break and I'll be back momentarily. Annabel?

25

2 COUNCIL MEMBER PALMA: Thank you, Madam
3 Chair. I just--I--Karen said, maybe you can help in
4 sitting and hearing, listening to the testimonies and
5 the theme seems to be the lack of access to capital
6 and one of the industries, Karen, that you raised is
7 the construction industry and what's happening in the
8 Rockaways. I'm just wondering, or I'm--I'm wondering
9 what kind of challenges are you facing if any from
10 the unions, from the building trades which already an
11 organized industry that usually deal with these types
12 of workers.

13 KAREN HASKINS: [off mic] Okay.

14 COUNCIL MEMBER PALMA: Or any of you. I
15 mean, I--only because you raised it, Karen.

16 KAREN HASKINS: Right.

17 COUNCIL MEMBER PALMA: But any of you can
18 answer the question.

19 KAREN HASKINS: Right, I probably
20 wouldn't be the best person to answer that question.
21 I'm not that familiar with how the development works.

22 TED DE BARBIERI: I'll just say for some
23 of the workers in the room, often they cannot become
24 licensed contractors because in some cases they lack
25 documentation status. So we look at licensure

1 requirements and just in some cases those are the
2 challenges that they face from getting into that type
3 of work.
4

5 JOE RINEHART: I would more broadly say
6 that they--the US Worker Co-op movement and the union
7 movement have a good working relationship. The
8 majority of worker owners in the United States are
9 unionized, have unions representing them, and the
10 unions currently--United Food and Commercial Workers,
11 the Steel workers are investing in cooperative
12 development specifically in Cincinnati. So it's a
13 good working relationship and there's a lot to be
14 gained from sort of the interplay. Internationally,
15 I think most interesting, in the United Kingdom
16 there's a huge charter school movement that's based
17 around cooperatives, but that the teachers union has
18 bought into because the teachers actually get a vote
19 on the board and are part of the owners and the
20 cooperatives. So it's charter schools, but community
21 owned charter schools where the teachers are engaged.

22 COUNCIL MEMBER PALMA: Thank you so much.
23 Thank you all for your testimony. Our next panel's
24 going to be Joseph Hotlz, Park Slope Food Coop, Evan
25 Capser-Futterman, Solidarity New York City, and Josh

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Simms--Simmon? Zinner, New Economy Project. And I, too, apologize for butchering your name. You may begin. Can you just make sure that the button is lit up red? Yeah.

JOSEPH HOLTZ: I want to thank the City Council Committee on Community Development for trying to be supportive of Coops; it's wonderful. I'm from the Park Slope Food Coop in Brooklyn, New York. We're not a worker cooperative, we're a consumer cooperative, and I was invited to testify, so I decided to do it even though we didn't exactly fit the prescription. The--I wanted to point out I was in the overflow room, so I don't know, maybe this was already pointed out, but the New York State Cooperative Corporation law in article one, Declaration of Policy, it says it is the declared policy of this state as one means of improving the economic welfare of its people, I'm paraphrasing here, to encourage their effective organization and cooperative associations for the rendering of mutual help and service. So I'm not sure that there's a lot of awareness even in the state legislature of that, but I think it's really important that coops are discriminated against and treated--I mean, it's the

1 policy of the state to encourage. So, I really
2 applaud all the worker cooperatives that are here and
3 I think it's a fantastic thing that what's going on
4 here, but if there's help being given to other types
5 of businesses, there should not be discrimination
6 against cooperatives. And from what I've heard here,
7 there is definitely discrimination against
8 cooperatives, and so I also want to say that when my
9 coop incorporated it was in the 1970s. The New York
10 State Cooperative Corporation Law did not have
11 anything for worker cooperatives in it, but I think
12 it was--I think it was in the 80s, but maybe it was
13 in the 90s where there's a whole section for worker
14 cooperatives that were added to the New York State
15 Cooperative Corporation Law. So I would encourage
16 everybody to, if you're not aware of that to read
17 that, and in fact, some parts of the law probably
18 could be re-written to make it even better. The--as a
19 cooperative from a different sector, the consumer
20 cooperative sector, I just want to say that
21 cooperatives should be supportive of each other. So,
22 one of the things we've done in our newsletter, is
23 when there's a worker cooperative, for example, the
24 worker cooperatives Si Se Puede in Sunset Park, we've
25

1 featured articles in our newsletter about the
2 cooperative. I hope they've been helpful because we
3 have 16,000 members and we try and do that. And I
4 don't know. I don't want to take anymore time. I know
5 we're running out of time, so that's it.

7 JOSH ZINNER: Thank you. Thank you. I'll
8 try and be brief as I know we're running low on time
9 here. I'm the Co-Director of New Economy Project, and
10 we work with community groups to fight for--

11 CHAIRPERSON ARROYO: [interposing] Your
12 name?

13 JOSH ZINNER: My name is Josh Zinner with
14 New Economy Project. We work with community groups
15 to, both to fight for economic justice and to work
16 for the creation of alternative economic institutions
17 like worker cooperatives, community land trusts, and
18 community owned financial institutions that are based
19 on principles of cooperation, economic democracy and
20 racial justice. We're also launching a new economy
21 loan fund which will provide loans and investments to
22 worker cooperatives by and for low income New Yorkers
23 and we're really dedicated to promoting worker
24 cooperatives as a model of economic democracy and
25 neighborhood based worker control. As a group that

1 works on a range of economic justice issues, we see
2 that it very importantly to fight for alternative
3 economic institutions on the flip side and we think
4 that the city can follow this model as well, that the
5 city can really play a leading role in promoting
6 worker cooperatives as an alternative to some of the
7 economic injustices that were in with low wages, with
8 a lack of quality jobs, with income inequality and
9 poverty, and that worker coops are really a
10 tremendous opportunity for two fundamental reasons.
11 One is that they will provide vital assistance to low
12 income and economically marginalized New Yorkers, but
13 also that they'll represent really a demonstrated
14 model of workplace democracy through worker ownership
15 and that this model can really seed as people are
16 talking about today, a growing network of worker
17 cooperatives that really can provide a basis for
18 economic and racial justice in New York and make New
19 York City a leader. I'll just--I just want to add a
20 few very quick points. There really--I, you know, I
21 would repeat all of the policy prescriptive that my
22 colleagues raised, but just to emphasize that New
23 York City should prioritize worker coops in its
24 economic development policies, not just not only as a
25

1 job creation tool, but also to strengthen
2 neighborhood based economies. The City should provide
3 financial and technical assistance to support and
4 cultivate worker coops as a major economic sector and
5 this includes funding organizations that are working
6 to incubate and sustain worker coops at the
7 neighborhood level. The city should provide capital
8 for lending, especially for startups, but for all
9 worker cooperatives and should prioritize worker
10 cooperatives as preferred contractor for city
11 agencies. Finally, the city should consider creating
12 a special office of cooperative economics to focus
13 city resources, policies and programs on alternative
14 economic institutions such as worker cooperatives
15 that are democratically structured and community
16 controlled and that address racial and wealth
17 inequality. This would include also linking worker
18 cooperatives to financial cooperatives, low income
19 housing coops, community land trusts and other
20 cooperative economic models and that this will,
21 again, have a measurable impact on poverty in New
22 York and also allow New York to be a leader in
23 creating alternative economic institutions. Thank
24 you.
25

2 CHAIRPERSON ARROYO: Thank you. [off mic]

3 EVAN CASPER-FUTTERMAN: Hi, good
4 afternoon. My name is Evan Casper-Futterman. I'm with
5 Solidarity NYC. I've also been in past life a
6 research fellow with the US Federation Worker
7 Cooperatives, as well as an intern in the Whitehouse
8 Office of Urban Affairs within the Domestic Policy
9 Council. Solidarity NYC is an all-volunteer
10 collective founded in 2009 whose mission to connect,
11 support, and promote solidarity economies in New York
12 City. We use the terms solidarity economies to mean
13 activities and institutions that are guided by
14 principles and values of cooperation, social justice,
15 mutualism, ecological sustainability and democracy.
16 Of course, worker cooperatives are a part of this.
17 Just to take a step back for a second, we want to
18 advise, of course, as you enter this space you'll
19 hear, and I think it's important for marketing
20 purposes to introduce this as what's called their
21 worker cooperatives and cooperatives in general being
22 part of the new economy, but of course, New York City
23 and in the United States, these practices are
24 anything but new. They've existed for generations as
25 Omar alluded to. They've been a part of the civil

1 rights movement, and in New York City specifically,
2 having a rich history that I imagined exists in all
3 your districts including credit unions, coop housing,
4 credit unions, sorry, cooperative businesses, and
5 even the city operates a time bank called Time Banks
6 NYC, and so all of these incorporate these values
7 that we're talking about and show that these values
8 are at work from past to present in all of these
9 sectors and we thank you for helping us continue this
10 work and the tradition in New York City. My testimony
11 submitted to you speaks to three points and I'll just
12 abbreviate those to two. The first is the importance
13 of mapping, and we think of mapping as basically a
14 principle of taking a census and we say here we are,
15 these are our numbers. Let us know what we have in
16 our assets that exist in the city. Solidarity NYC in
17 2009 has attempted to build a map that is no way
18 comprehensive or scientific but alludes to mapping
19 projects that exist throughout the world, in
20 particular, the government of Brazil has, where
21 participatory budgeting originated, to map this and
22 make the explicit and service, the public service of
23 mapping these sectors and these activities so that
24 people are able to understand that they exist first
25

1 of all as a public service, but also for them to
2 interact with government and be exist and grow
3 together. Only a minute left, and I wanted to make a
4 special point to stress something that's been
5 discussed briefly but also overlooked. In general,
6 especially with reference to Mondragon, the vital
7 importance of education in the growth of cooperative
8 economies. Before the first worker cooperative
9 business at Mondragon was incubated, Father Ars Mendy
10 [phonetic] the man of faith who originated the
11 movement in the sector in the Bask Region of Spain,
12 operated community learning centers and study groups
13 for 15 years and built a culture of cooperation and
14 community around that in the Bask community. So just
15 to stress the importance of acting. With educations
16 of higher institution and of course with academies
17 such as Omar's, really to build the understanding of
18 democratic decision making and understanding the
19 value of cooperative businesses, but also to make
20 them profitable and grow the capacity from a
21 community development stand point that profitable
22 businesses in this case will be intimately linked
23 with the ability to understand and build an
24 educational pipeline that really goes from cradle to
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cradle for both community and economic development purposes. So thank you very much for inviting our testimony today.

CHAIRPERSON ARROYO: Thank you for your testimony. I'm sorry I missed part of your testimony, but we have your document for the record, and as I've said from the beginning of the hearing, this will be an ongoing conversation and in the loop, you know, everyone that has a nugget of wisdom here to provide to us will be included in that ongoing conversation. So thank you for taking the time, waiting as long as you have and for giving us your testimony. Okay. Our next panel, some individuals that are close to home and near and dear to my heart, Anthony Winn, Nos Quedamos, Wanda Salaman, Mother's on the Move, Kelly Terry, the Point Community Development Corporation. He's not, okay. So what we're going to do is we're going to bring in others on the panel. Is Kelly here? Okay. So we're going to put Anthony on with Melissa Riser? Risen? CUNY Law CEDC, Melissa? Hi. Morgan Crawford, North American Students of Cooperation, that's you. Peter Ranic, also from CUNY, professor. Is here here? And Scott Turnbull. Okay. So I'm going to go through the first names, Anthony? Hi,

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2 Anthony. Melissa? Morgan? Peter, that's you? And
3 Scott, where's Scott? Hi. Come up. Come around the
4 other side. Anthony, share, share the space. Okay,
5 so we'll add them to the other panels if they show
6 up. So one more panel. Okay. Alright. Wanda didn't
7 answer. I understand that, but we'll call them up--
8 we'll call them up again in the next one. Okay, lady
9 and gentleman. Three minutes, the clock will tick
10 and you'll cooperate, right?

11 ANTHONY WINN: Yes, ma'am.

12 CHAIRPERSON ARROYO: Thank you for being
13 here. Begin when you're ready. Speak into the mic.
14 Try not to handle that mic too much because it's
15 making a lot of noise. So, Sergeant, can we just turn
16 it off and they can share one mic, please? Yes. That
17 one, yeah. Thank you. It's really getting on my
18 nerves. I'm sorry. Go ahead.

19 ANTHONY WINN: Good afternoon, Madam
20 Chair and the distinguished members of the committee.
21 My name is Anthony Winn. I'm Chief Operating Officer
22 for We Stay Nos Quedamos, a community development
23 corporation that serves the Melrose Common section of
24 the Bronx. Our organization was founded as a
25 coalition of residents, business owners, and

1 community based organizations committed to a
2 revitalization agenda that was led by the voices of
3 those who remained in the community during the dark
4 days of the past. Today we are here to add our voices
5 to the community of support in advancing cooperatives
6 as a vital economic--excuse me, the vital opportunity
7 for economic growth for our constituency. Supporting
8 the health of these potential job creating vehicles
9 will translate into real change for new business
10 growth in our community and others. What has been
11 clear in efforts to date, there is a need for the
12 city to make sure opportunity is more viable, to make
13 this opportunity more viable to providing funding to
14 support for the development of leaders, such as the
15 Green Workers Cooperative. This is an example of an
16 opportunity that many community residents find
17 appealing but are shut out due to the lack of support
18 in setting up and sustaining their respective
19 endeavors. Making cooperatives a viable if not
20 preferred contracting option for city agencies, this
21 will have a major impact on economic viability for
22 cooperatives through stronger customer based
23 building. The importance of capital support for
24 cooperatives cannot be understated. All businesses
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1 need the working capital to strive and any effort by
2 this body to make such funding available is a
3 necessary undertaking to ensure the growth of this
4 entity and these entities. The future is shifting--
5 the future of shifting the imbalance against economic
6 inequality will also be affected when cooperatives
7 are given the support they deserve. When neighbors
8 find supportive conditions to come together to solve
9 their own economic challenges, the community and the
10 city benefits as a whole. We praise the Chair for the
11 commitment to this issue and we look forward to
12 working with this body and others to advance this
13 worthy endeavor for our community. Nos Quedamas to
14 point out as well, has been working with the Green
15 Workers Cooperative to begin to try to develop our
16 incubator for these type of works. We're looking at
17 our Garden communities for food coops. We're looking
18 at different ways that we can establish farmer's
19 markets through the capacity that has existed through
20 Nos Quedamos' work in the past and the work that the
21 Green Workers Coop has been bringing to our community
22 has been a vital new conversation for us to show
23 economic opportunity for our residents. So I thank
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1
2 you for the opportunity to testify and we look
3 forward to working with you on this. Thank you.

4 MELISSA RISSER: Good morning. My name's
5 Melissa Risser and I'm a Public Interest Attorney
6 working with CUNY's School of Law Community and
7 Economic Development Clinic. As you just heard from
8 Carmen about what we do, I'm going to skip that part
9 of my testimony although it's in the written part. I
10 just want to speak more about what underlies the
11 motivation for the CEDC to work with worker
12 cooperatives. Carmen spoke of our partnership with
13 Mondragon USA and our partnership really views worker
14 cooperative development as a means to overcome
15 inequality of opportunity, mobility and income. The
16 partnership aims to create a rising and expanding
17 middle class through developing worker equity and
18 equal share ownership. In so doing, the partnership
19 intends to create competitive jobs with higher wages
20 and better economic benefits which support families
21 and communities and local economies. As she
22 mentioned, although I couldn't hear her testimony,
23 the first worker cooperative to come of our
24 partnership is the commercial laundry facility in
25 Pittsburgh, Pennsylvania, and that cooperative will

1 employ over 100 low income people, primarily people
2 of color who were laid off when another commercial
3 laundry closed down. These workers will receive
4 living wages, build equity through ownership and
5 help revive a distressed community where the laundry
6 and many of its employees are located and live. On a
7 local, national and global scale, the CEDC views
8 worker cooperatives as a pathway out of poverty where
9 jobs and profits remain local and wealth building
10 occurs for both individuals and communities. Worker
11 cooperatives create meaningful, long-term, safe and
12 stable jobs with increased job security and reduced
13 workplace abuse. They produce an array of economic
14 benefits to lower income socially and economically
15 marginalized communities, and worker cooperative's
16 profit sharing limits income disparities within the
17 business and provide skill and asset building
18 opportunities for workers of all income levels.
19 Employees in typically low-wage work can earn more as
20 we've heard today and a worker than in a traditional
21 company because of equitable pay structures between
22 worker owners. Furthermore, worker owners have more
23 control over their work, which we've also heard
24 firsthand today, democratically managing the business
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1 and thus are more engaged than in traditional
2 workplaces. As institutions where real democracy is
3 practiced on a daily basis, the CEDC believes worker
4 cooperatives serve as a model for building a
5 meaningful movement for workplace democracy and
6 transformative economic justice and social change.
7 The economic opportunities worker cooperatives offer
8 are essential today given the increasing levels of
9 poverty, outsourced jobs, unemployment, and wealth
10 inequality in the US and New York. My written
11 testimony talks about some statistics surround that,
12 which I'll skip right now, but you know, more than
13 one in five New Yorkers live in poverty, many even
14 though they're employed. Minimum and low wage jobs
15 have been the majority of jobs created since 2008 and
16 these jobs simply do not compensate workers enough to
17 lift them out of poverty. It's critical that the city
18 support the creation of jobs that combat poverty and
19 empower workers to build businesses rooted in local
20 communities and we believe worker cooperatives are
21 natural vehicles for helping employ low income
22 communities, improve community infrastructure and
23 increase basis access to services. So we urge you to
24 listen to the recommendations others have mentioned
25

1
2 today and thank you for the opportunity to speak on
3 this today.

4 MORGAN CRAWFORD: My name is Morgan
5 Crawford. I am Director of Educational Programs for
6 the North American Students of Cooperation, which is
7 a federation of student and youth housing
8 cooperatives and cooperative businesses throughout
9 the United States and Canada. I'd like to thank you
10 all very deeply for taking the time to hear this
11 issue today. It's very important to me. Now, in my
12 role as Director of Educational programs for the
13 North American Students of Cooperation, I work very
14 closely with thousands of youth and student members
15 of our housing cooperatives and cooperative
16 businesses throughout the US and Canada, and my work
17 privileges me by allowing me to observe on a daily
18 basis, the myriad of benefits that the cooperative
19 model affords, the youth that I serve. Cooperatives
20 in all forms empower their members through true
21 democratic control and afford their members a
22 powerful amount of agency which many of them do not
23 experience in any other areas of their lives.
24 Additionally, working for an organization with a 45
25 year track record, I've had the opportunity to

1
2 observe the impacts and improvements that long term
3 support of cooperatives can bring to communities.

4 The worker cooperative model is one that I believe in
5 very deeply as it can truly revolutionize and improve
6 the lives of those who practice it as you've head
7 today through democratic operations, member financial
8 control, and equitable wealth distribution, worker
9 cooperatives are capable of providing the support to
10 individuals, families, and communities that is needed
11 in our city and in this economy. As many other
12 regions, states and countries have done before us,
13 now is the time for New York City to embrace the
14 worker cooperative as a powerful tool to a mealy rate
15 poverty. In solidarity with New York City based
16 worker cooperatives, I ask that the city recognize
17 worker cooperatives as valuable tools in job
18 creation, promoting living wages, reducing income
19 equality--income inequality and encouraging workplace
20 democracy, and that the city continue to explore the
21 many ways that it can support the development and
22 operations of new and existing worker cooperatives
23 within New York City. I want to thank you again for
24 your time and your listening today on this important
25 issue. Have a good day.

1
2 PETER RANIS: My name is Peter Ranis. I'm
3 a Professor Emeritus in the Graduate Center , and I
4 want to thank the Committee for holding these
5 hearings, Carmen del--Maria del Carmen Arroyo, and
6 Councilwoman Palma. I think it's a terrific idea that
7 you're holding these meetings. I can just suggest to
8 you that the council in Buenos Ares, I'm familiar
9 with the coops in Buenos Ares. I've worked on
10 cooperative movements in Argentina for about 10
11 years, and I can assure you that the Council of
12 Buenos Ares has--did the same thing that you're doing
13 way back after their crisis in 203, the crisis was
14 201, but they began developing cooperatives in 203.
15 It's very similar. We had our crisis in '08, you
16 know. Several years later you're getting on board
17 with creating cooperatives and I think it's a
18 marvelous idea. Now, many of the speakers and many of
19 the women in Se Puede and the other groups have
20 really shown what it is, how it changes life for the
21 members of the cooperatives. In Argentina, you have
22 many women in textile areas who have now taken over
23 cooperatives and run them very well. When there is a
24 need for expertise, they hire someone on contract for
25 three or four days, economist, lawyer, an accountant

1 and then cao, and they go on with their own
2 cooperative life. What I want to say is that the
3 cooperatives, as someone else has said, I guess Chris
4 mentioned it that cooperatives longevity far superior
5 to private enterprise. In Argentina, in '08, there
6 was a survey done, 93 percent of cooperatives, and
7 there are over 300 of them have survived. This is a
8 big deal. You can't make that comment in small
9 businesses. They go up and down and fail very easily.
10 I would like to say that the cooperatives I visited
11 and spoke to their leadership and members are in
12 every single area of society. We talked here mostly
13 about services, which are very important. New York is
14 a service economy, however, there are industries in
15 New York that are failing every day and they could
16 easily be taken over by the city council by using--
17 and this is not controversial in my eyes--imminent
18 domain. I know it's a dirty word because it's never
19 used on behalf of factory workers or service workers.
20 It should be because imminent domain has been used
21 for airports, for schools, for housing, for
22 complexes, for sports, why can it not be used to take
23 over factories to provide employment and avoid
24 poverty for the working class? I have a lot more to
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1
2 say but my time has run out. Thanks a lot for having
3 this hearing.

4 CHAIRPERSON ARROYO: Well, you'll have an
5 opportunity to say more as we move this conversation
6 forward.

7 SCOTT TRUMBULL: Thank you. My name is
8 Scott Trumbull. I work for The Working World, which
9 is a revolving loan fund for workers cooperatives in
10 Argentina, Nicaragua and the United States. First, I
11 just wanted to thank you all for organizing this
12 hearing and giving us opportunity to testify. It's a
13 really big deal. So I've worked with coops for a
14 little over three years now, and in that short time
15 I've seen really the transformative power of
16 cooperatives, the way they can really change lower
17 income neighborhoods. Before I moved to New York I
18 worked with coops for two and half years in
19 Nicaragua. Nicaragua was obviously a totally
20 different place than New York City. But I wanted to
21 touch on it because the government there, and it's
22 actually a local government was very intentional
23 about supporting workers cooperatives. Our, you
24 know, local government bought products from our
25 network of coops. They supported with industry

1 specific technical assistance. And in some cases,
2 they even provided seed capital to start new
3 cooperatives. And just sort of that support system
4 was really a game changer for a lot of the coops we
5 work with. And they were, you know, I worked with
6 coops that went from being four or five people to 25
7 people over the course of two years, and it's because
8 of that support system that was in place for them.
9 And you know, I think another important point is that
10 these were not--this was not like a policy seat
11 change, right. This was not about totally remaking
12 sort of small business support. It was about tweaking
13 policies that were already in place to target this
14 model. And so I think we can do the same thing here.
15 I think we can do the same thing in New York because
16 now I'm working here with six cooperatives, two of
17 which are out in the Rockaways. Karen mentioned the
18 construction coop also a bakery out there. And you
19 know, the challenges that I see with these
20 businesses, even though it's a totally different
21 economic and cultural context. The challenges I see
22 are the same, capital access, access to technical
23 assistance and you know, I think if the city can take
24 steps to provide those things to coops, it can just
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totally--it can totally change the game for these businesses. So, thank you so much for your time. I really appreciate it, and I think we're all looking forward to building this with you. So, thanks.

CHAIRPERSON ARROYO: Questions? No?

Thank you for your testimony and for waiting as long as you have to be able to provide your comments to us and we look forward to the ongoing conversation. This is the beginning of some work that we have to get done over the course, and we have a plan in the short term, long term. The idea is to harvest more worker cooperatives in our city. Thank you all. And our panel, but not but least, and again, if there's anyone here after I call these last five names that wants to say something and I haven't called it's because I don't have a little slip like this, so see the sergeant and make sure that he or she gets it. Sean Baskinski, Street Vendor Project? Christopher Velasco, Granja Edshlo [phonetic] something, Eagle Slope. I'm sorry, okay. Shane Smith, Democracy of Work. Eagle Slope, oh, I remember. Yeah, okay. Wanda Salaman and Kelly Terry. Anybody else who's here to testify whose name I have not called? That's it. Oh, yeah, we called you earlier. You weren't

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here. Can we get her slip? Come up. Yeah, she did. I called her earlier. She wasn't--she didn't respond, but it's okay. You're here now. Alright. Yeah, you're going to share because the other one's making a lot of noise and it's really annoying. Please begin.

SEAN BASINSKI: Thank you. I can do this in less than three minutes.

CHAIRPERSON ARROYO: Thank you.

SEAN BASINSKI: My name is Sean Basinski from the Street Vendor Project at the Urban Justice Center. I'm so proud to hear all the groups that have made such progress. We are at basically square one with our progress, but I want to say we're very interested in the worker cooperative model. Vendors are themselves small businesses and so it's well suited to different ideas that we have, but really we're at square one. One of the ideas would be a purchasing model where vendors would buy, for example, we have hundreds of people that sell the same Poland [phonetic] spring water. You could buy it by the truck load and save a lot of money that way for our members, hardworking people who are out there every day on the sidewalks. Another thing is, Chair,

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2 I remember you came to a vendor garage about a year
3 ago. This is--

4 CHAIRPERSON ARROYO: [interposing] Less.

5 SEAN BASINSKI: Less than a year ago.

6 This is the idea and I'm sure you thought it was as
7 interesting as we do, the idea here would be to--
8 wouldn't it be great to create a vendor's
9 cooperatively run garage. The fact is that garage
10 space is very expensive. Many garages are getting--
11 are losing their leases as property values go up and
12 they get turned into fancy condos, especially on the
13 west side of Manhattan where there's all that
14 gentrification and new development. And so we love
15 this idea and we will be hopefully working with a lot
16 of the people here and we would love to--you should
17 expect that you'll be getting some requests for
18 resources from us in the future so that we can make
19 this idea a reality and thank you very much.

20 CHAIRPERSON ARROYO: Okay. And then the
21 question, Sean, is are you connected to the folks in
22 the room who can help you develop that idea? Like,
23 Omar, with the handsome tie in the front row?

24 SEAN BASINSKI: Yeah, we are, and in my
25 observation as a beginner to this area is that

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2 there's a lot of advice, no shortage of good advice
3 out there, just a lack of money to get started, but
4 yes, we are and we will be working with many of the
5 people that have testified here today. Thank you.

6 CHRISTOPHER VELASCO: Hi, my name's
7 Christopher Velasco. I run a innovative urban
8 agriculture project in the Chairwoman's district.
9 It's called Granja Eagle Slope Farm. We are doing a
10 zero impact kind of carbon neutral approach to urban
11 agriculture. We're using a system called Aquaponics.
12 So we're farming fish and we're growing on top of
13 water, and we're going to be using solar power to
14 power everything in the farm. So our goal is to be
15 like this prototype model. You know, what better
16 place than the South Bronx, you know, to like test
17 this crazy idea out. And what we're looking at to do
18 is to eventually cultivate this into, you know,
19 setting up a series of worker coops throughout the
20 South Bronx, where people--'cause agriculture, urban
21 agriculture, you can make a lot of money in it, you
22 know. And so like for instance, 20,000 square feet
23 of cultivation, right, can garner about a million
24 dollars in revenue, right? And there is an excess of
25 rooftop space in the South Bronx, especially roofs

1 that can hold heavy systems like Aquaponics. So we're
2 looking to hopefully once we're--once we're farther
3 along in our prototype stage to set this up, and I
4 think that the city can really, really help us out
5 and help groups like us out by, you know, giving us
6 access to city roofs, you know, for a low fee or a
7 percentage of revenue or fruit, fruit would be
8 awesome, because there's just so much opportunity in
9 the Bronx. You know? It is the one place, I mean,
10 yes, it's a poor area and people always, you know,
11 get on it for being this like you know, place, right,
12 but my family is from the Imperial Valley of
13 California. It is the poorest county in California.
14 My parents grew up as farm workers, and let me tell
15 you, like that is true, true, like desperation and
16 poverty, people living in tents. I think that the
17 Bronx has a great opportunity to move forward and
18 with the City Council's help, technical assistance
19 from CUNY or my alma mater in Columbia, I think we
20 could really, really start something crazy and
21 innovative and also has added benefits of adding food
22 into the community, cleaning the air, you know. Also
23 green infrastructure projects. I know there's a
24 problem with flooding in the Bronx, and you know, the
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CSO, like the combined sewer system overflowing into the East River, to the Harlem River. You know, there's no way--there's no reason why we can't like go to a school like Hostess [phonetic] Baruk [phonetic] and get people together and say, hey, you guys are engineers, you know, you're environmentalist. Let's get together and let's do like a crazy green infrastructure project and make it a coop, you know, and there's just so much opportunity and I would just--I had testimony, but the sergeant of arms told me that I could like email it to you guys because I have a flash drive, but I will definitely email your office with all the details.

CHAIRPERSON ARROYO: And Thomas, do you have a card, or Mitch? They are the guys you want to send it to.

CHRISTOPHER VELASCO: Cool.

CHAIRPERSON ARROYO: If it get stuck in my emails, forget it.

CHRISTOPHER VELASCO: Thank you, Chairwoman.

CHAIRPERSON ARROYO: Thank you. Thank you.

2 SHANE SMITH: Good afternoon. My name is
3 Shane Smith, I'm the Executive Director of Democracy
4 at Work. We're a non-profit organization based here
5 in New York City. We provide information and
6 education mostly on the subject of structural
7 economic inequality. We have a special interest in
8 worker coops. That's our name, Democracy at Work.
9 Our founder is Richard Wolfe, he's a well-known
10 economist. He travels the country and speaks on these
11 issues. We also produce a weekly syndicated radio
12 program called economic update. It airs on Pacifica
13 Radio nationwide as well as some other public radio
14 stations. Professor Wolfe prepared a statement which
15 I have submitted to you for the record, but primarily
16 I just want to emphasize that our role today here is
17 basically not only to join the chorus and convey the
18 value and importance of worker coops to New York
19 City's economy which I have no doubt that you are
20 already convinced of, but also to keep the
21 conversation going here in New York City as well as
22 in the National media. So I just want to pull one or
23 two short quotes from the statement just to emphasize
24 what we know about the value of worker coops from an
25 economic perspective, and again, these are the words

1 of Richard Wolfe. Coops better engage the creativity,
2 commitment, quality and intensity of workers than
3 traditional for profit enterprises. This gives coops
4 competitive edges. Coops distribute net revenues
5 among all workers in ways that directly reduce the
6 economic inequalities that accompany poverty. Coops
7 better engage their communities because they are more
8 locally based and locally focused than most
9 conventional enterprises. Coops decisions about the
10 technologies they use and their environmental impacts
11 respect their surrounding communities much more than
12 conventional enterprises decisions. Coops rarely
13 relocate production sites away from their
14 communities, making coop jobs that much more secure.
15 What worker coops need to be successful is greater
16 public awareness of the possibilities, actual
17 histories and benefits of worker cooperatives that
18 will stimulate consumers and businesses to buy coops
19 outputs that will likewise attract workers to seek
20 jobs in coops rather than conventional profit-driven
21 enterprises. Worker coops also need a level playing
22 field with profit-driven enterprises. In American
23 History of Small Business got government help and
24 sometimes minority owned and women owned enterprises
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2 did too. The same should be available to worker
3 coops. They need subsidized credit, technical and
4 marketing assistance, tax exemptions and a share of
5 government orders. With government assistance plus
6 coops own competitive edges, they can significantly
7 help New York's efforts to reduce poverty and provide
8 many other social benefits. We ask this Committee and
9 the City Council to encourage and support the growth
10 of a vibrant workers cooperative sector of our
11 economy. Thank you.

12 ALEXANDER LOPEZ: Good afternoon,
13 Alexandra Lopez representing Worker Coop Ginger Moon.
14 Ginger Moon is a mother owned cooperative. As food
15 doulas, we mother the mother by providing her
16 revitalizing and healing foods during pregnancy,
17 childbirth, and nursing. After many discussions about
18 how we could create a resource for busy mothers like
19 us, we realized that knowing what to eat and knowing
20 the kinds of support we need during pregnancy after
21 giving birth and while nursing is essential and was a
22 gap in society. We believe that what we eat
23 determines our physical and emotional well-being. We
24 envision a world where every new mother will have the
25 knowledge and support to nourish herself and her

1 family. We define success by how we are creating a
2 shift in culture. By changing the dynamic of a
3 family to one in which a pregnant new or nursing
4 mother is nutritionally, emotionally, and spiritually
5 taken care of by her community and her family tells
6 us that we are successful at what we do. Success is
7 measured in the belief that healthy and supportive
8 mothers create healthy and supportive children,
9 families, and communities. We see our work as
10 strengthening the world, one mother at a time. Ginger
11 Moon has been entirely self and crowd funded to date
12 with a great percentage of this support coming from
13 the cooperative community. This has allowed us far
14 more than a new non-cooperative small business to
15 begin with a foundation of support. In no small part
16 due to our participation in the Green Worker Coop
17 Academy. This in turn has made it possible for us to
18 expand our services, to reach more women and add a
19 delivery service for current and new clients so that
20 our foods can reach a larger amount of women, both in
21 New York City and nationally. Further support to
22 cooperatives will directly support our mother-owned
23 worker cooperative, enabling its growth and
24 sustainability so that more women can be impacted by
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2 our concept of mothering the mother through cooking
3 workshops and trainings. Ginger Moon has since its
4 very beginning in 2012 been clear that we are a
5 mother owned business that prioritizes motherhood,
6 family and community. Mothers are the pillars of why
7 and how we started and they have remained pillars in
8 our community. The three co-owners of Ginger Moon
9 are mothers to six children ages 10 months to 10
10 years with four out of the six children under three
11 years old. We have made decisions to take on part
12 time and occasional jobs to stay at home the most
13 possible time with our children, but since Ginger
14 Moon's conception, we have been building our business
15 alongside our children while providing support to
16 other women as well as taking care of our family and
17 ourselves. Our sister coop Caracol Interpreters
18 Cooperative couldn't be here but they submitted their
19 testimony as well. Thank you very much.

20 CHAIRPERSON ARROYO: Wow, thank you all
21 for your testimony. And I think one of the things
22 that we always see in the City Council is that when
23 we have a hearing there's a group that's in favor and
24 a group that's opposed. I did not hear any testimony
25 in opposition to worker cooperatives being a model

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that we can use to lift our families and our residents out of poverty. So I thank you all for your input, not because you agreed with us, but because it was unanimous, and I think that that sends us an absolute strong message that we are on the right track and we have to pursue this conversation on different levels over time to make sure that we--what we do, we do well, but we're going to do it together. So thank you all for your testimony. Council Member Palma, thank you for hanging out with me throughout the hearing. This hearing is adjourned.

[gavel]

CHAIRPERSON ARROYO: I want a t-shirt.

C E R T I F I C A T E

World Wide Dictation certifies that the foregoing transcript is a true and accurate record of the proceedings. We further certify there is no relation to any of the parties to this action by blood or marriage, and that there is no interest in the outcome of this matter.



Date 03/06/2014