



June 16, 2020

New York City Councilmembers
New York City Hall
250 Broadway
New York, New York 10007

Re: Fiscal Year 2021 New York City budget

Dear City Councilmembers:

On behalf of the National Cooperative Business Association CLUSA International, I strongly urge the Council to fund the Worker Cooperative Business Development Initiative (WCBDI) at no less than \$3.6 million in Fiscal Year 2021, consistent with FY20 funding levels. While FY20 is still ongoing, it is easy to see the positive economic and social impacts that worker co-ops and the WCBDI investments have had on New Yorkers and the local economy in the six years since the program's inception. In just FY19, WCBDI funds supported the establishment of 49 new worker cooperatives and provided business and educational support services to thousands of individuals and organizations.

New York City is home to numerous worker co-ops that are historic in their fields. For example, Cooperative Home Care Associates is the first co-op in its sector and largest worker co-op in the nation. The worker-owners of CHCA are predominantly Black and Latinx workers who, through their cooperative ownership earn higher wages and have more predictable schedules than non-cooperative home care businesses. Moreover, as a co-op in home care, the business has lower workforce turnover than other home care providers and as a result, provides higher quality, more consistent care to New York City's seniors and people with disabilities. Another example of NYC's leadership in worker co-op development is Up & Go cooperative, which has captured the entrepreneurial spirit and formed a platform cooperative to provide residential and commercial cleaning services in New York City. The worker-owners of Up & Go, on average, earn approximately \$25 per hour – more than double the wages of comparable services in non-cooperative businesses.

In a time when city funds are tighter than usual, co-ops are a high return on investment. Co-ops afford people an ownership share in the economy and create opportunity for wealth and asset building to improving social and economic mobility of its member-owners. Because co-ops are owned and governed by the people who use the business, they have a stake in its long-term well-being and building a sustainable business. Rather than short-term profit driven by the wants of outside shareholders, cooperatives return more of the profit to the people who helped to create it and improves financial security.

As we continue to weather the economic consequences of COVID-19, these funds have perhaps never been more critical. Many otherwise healthy small businesses find themselves teetering on the edge of closure. A staggering 59 percent of small businesses that are five years or older are owned by Baby Boomers, many of whom may decide that this crisis is the breaking point and choose to enter retirement. Rather than simply closing their doors or selling to an outside

stakeholder, the employees who have contributed to a business's success are well-positioned to buy the business and preserve the local essence of Main Street.

COVID-19 has also made painfully clear that deep inequities along racial and socioeconomic lines remain in our society. The work conducted by the WCBDI implementers is centered on racial and economic equity, bringing low-income and minority communities into the fold and building a more inclusive, participatory and just local economy.

Thank you for your consideration of these concerns regarding the FY21 New York City budget. Should you have questions or if NCBA CLUSA may be of assistance to strengthening the cooperative economy in New York City, please do not hesitate to contact Kate LaTour, Director of Government Relations, by email at klatour@ncba.coop or by phone at 202-460-8260.

In cooperation,

A handwritten signature in black ink, appearing to read "D. O'Brien", with a long horizontal flourish extending to the right.

Doug O'Brien
President and CEO
National Cooperative Business Association
CLUSA International

cc: Mr. J. Phillip Thompson, Deputy Mayor for Strategic Policy Initiatives
Mr. Jonnel Doris, Commissioner, NYC Department of Small Business Services
Mr. Daniel Symon, Chief Procurement Officer, Mayor's Office of Contract Services