

National Direct Service Workforce Resource Center

Cooperatives: A Growing Strategy for Strengthening the Home and Community Based Services Direct Service Workforce

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The International Cooperative Alliance (ICA) defines a *cooperative* (co-op) as “an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise.” Although cooperatives vary a great deal in purpose and structure, they generally adhere to seven common principles stated by the International Cooperative Alliance:

- 1) voluntary and open membership,
- 2) democratic member control,
- 3) member economic participation,
- 4) autonomy and independence,
- 5) education, training and information,
- 6) co-operation among co-operatives, and
- 7) concern for community.¹

Worker cooperatives can form in different ways: a new business venture could be organized as a cooperative; an existing business could convert to a cooperative; or a group of workers employed directly by the people receiving services, or workers and consumers, could join together to form a cooperative.

What is a cooperative?

A cooperative is a jointly-owned, democratically-controlled enterprise formed to meet members' common economic, social, and cultural needs.

Strategy Across Industries

Worker co-op, businesses that are owned and democratically governed by their employees, are operating in numerous industries, including direct service work.

The Appendix provides a collection of resources that provide information, funding, and advice to assist with developing cooperatives.

This issue brief provides information to assist groups that are interested in forming a cooperative for direct service workers. The Direct Care Alliance provides a toolkit on “How to Start and Manage a Worker-Owned Home Care Cooperative,” funded by the U.S. Department of Agriculture and the Cooperative Development Foundation, at http://www.directcarealliance.org/_data/n_0001/resources/live/DCA_coop_toolkit.pdf. Also, the U.S. Federation of Worker Cooperatives provides a collection of toolboxes and guides, including a booklet on “**Steps to Starting a Worker Co-Op**,”² at <http://www.usworker.coop/howtos>.

Background on Cooperatives (“Co-ops”)

Worldwide, increased attention has focused on co-ops as a way to help reduce poverty, increase employment, and empower marginalized groups. The World Summit for Social Development, held in 1995, and a United Nations General Assembly resolution adopted in 1996, recognized the importance of cooperatives in the people-centered approach to social development.³ The Summit agreed to develop the potential of cooperatives to contribute to social development goals, particularly: *reducing poverty* through the economic and social progress of their members and stimulating the economies of the communities in which they operate; *generating employment* by pooling the resources of their members to create business enterprises; and

1 International Cooperative Alliance, “Statement on the Co-operative Identity,” <http://www.ica.coop/coop/principles.html>

2 Hansen, Gary B., Coontz, E. Kim, and Malan, Audrey. “Steps to Starting a Worker Co-op.” Northwest Cooperative Federation and the Center for Cooperatives, University of California, 1997. Retrieved June 1, 2011, from: <http://www.usworker.coop/howtos>.

3 Social Perspective on Development Branch, Cooperatives in Social Development. <http://www.un.org/esa/socdev/social/cooperatives/>

enhancing social integration by empowering and organizing poor and marginalized groups.

In 2009, the United Nations General Assembly passed a resolution declaring 2012 the International Year of Cooperatives.⁴ The resolution encouraged all member states to promote cooperatives, raise awareness of their contributions to social and economic development, and facilitate the establishment and development of cooperatives, including measures to help women, youth, people with disabilities, older persons, and indigenous peoples to fully participate, on a voluntary basis, in cooperatives. United Nations Secretary-General Ban Ki-moon stated: “Cooperatives are a reminder to the international community that it is possible to pursue both economic viability and social responsibility.”⁵

Cooperatives vary in purpose (to purchase and/or produce goods or services) and in ownership structure.⁶

- ▶ **Consumer cooperatives**, formed to purchase goods or services, are the most common type of co-op. These co-ops allow consumers to achieve lower prices and better quality. In the U.S., common forms of consumer cooperatives include credit unions, electric co-ops, natural food co-ops; the largest consumer cooperative is REI, the camping and sporting goods store.
- ▶ **Purchasing or shared services cooperatives** are businesses that join to improve their performance and competitiveness and compete with bigger businesses. Purchasing cooperatives provide many services for members, including joint purchasing of supplies, joint advertising/marketing, common billing services, joint delivery services for products, obtaining health insurance or other benefits, training and educational activities, consulting and business planning services, and management services. Examples include Best Western hotel and ACE hardware store.
- ▶ **Producer co-ops** are most common in agriculture, which have allowed farmers to organize for better

prices paid by processors for crops and to join together to process and market their own produce. The dairy producer Land O’Lakes includes over 1,000 co-ops with 300,000 members.

- ▶ **Worker co-ops**, businesses that are owned and democratically governed by their employees, are a less common but growing form of co-op. In the U.S., approximately 300 worker co-ops are operating in numerous industries, including childcare, cleaning, food service, technology, consumer retail and services, manufacturing, wholesaling, and many others, and health care, as well as direct service work.
- ▶ A **multi-stakeholder co-op**, also known as a **solidarity co-op**, is a co-op with at least two membership classes, such as users, workers, or supporters. The solidarity model bolsters commonalities among the member groups. This model can be useful for systems where ongoing relationships are critical and varied stakeholder groups have a shared goal. Solidarity co-ops strive for mutual best interests and allow for joint consideration of supply and demand. This is a less common form of co-op for home and community based services.

How Co-ops Can Help Overcome Direct Service Workforce Challenges

Although home health aides and personal and home care aides are among the top five fastest growing occupations in the United States,⁷ and elders and people with disabilities, and their families as appropriate, are increasingly seeking to hire their own direct service workers through participant-direction programs, direct service jobs are generally not structured to support a strong and stable workforce. Common barriers include part-time and irregular work hours, low wages compared to similar jobs, and lack of health insurance or other benefits.

Worker-owned home care cooperatives, businesses owned and operated by workers themselves, are emerging as a way to address high staff turnover and improve the quality of home care services. Worker-owned cooperatives have provided opportunity for direct service workers to become owners and managers of the operation and improve their wages, benefits, training, and level of workplace

4 United Nations General Assembly, 64th session, Resolution 64/136. “Cooperatives in social development.” http://www.un.org/esa/socdev/social/cooperatives/coop_docs.html

5 United Nations, International Year of Cooperatives 2012, <http://social.un.org/coopsyear/>.

6 NCBS, “Co-op Types,” <http://www.ncba.coop/ncba/about-co-ops/co-op-types>

7 “Top Ten Fastest Growing Occupations in the United States, 2008-2018.” In PHI PolicyWorks. Chart Gallery. Retrieved April 8, 2011, from: <http://phinational.org/policy/chart-gallery/>

participation.⁸ Although traditional agency-based service providers can also employ many of these strategies, several aspects of worker ownership offer potential to help improve direct service workforce recruitment, retention, and quality.

Co-ops Strengthening Workforce

Cooperatives have helped strengthen the direct service workforce by involving workers in decision-making, offering increased earnings and benefits, and coordinating services.

Efforts to increase the involvement of direct service workers in decision-making have been linked to increased job satisfaction and decreased turnover in the direct service workforce.⁹ The legal structure of worker co-ops ensures that worker-owners are included in the governing of their agency, including serving on the board of directors and committees formed to work on specific activities (e.g., education, marketing, policy action, social events, membership support). Most cooperatives compensate home care workers for time spent in board activities. Some cooperatives also compensate direct service workers for time spent at committee meetings.

In addition, co-ops may be able to offer direct service workers increased earnings, through practices including consolidating resources, and implementing consistent billing policies, and securing consistent hours for workers.¹⁰ For example, Cooperative Home Care Associates, a home care worker cooperative in New York City, offers employees a guaranteed hours program that blends regular hours with replacement hours worked and hours spent “on-call”

but not actually working.¹¹ The program guarantees participants 30 hours of pay a week. Such a system can allow flexibility in meeting individuals’ needs for services while providing workers with consistent income.

Direct Service Workers Co-ops in the United States

Below are examples of successful worker-owned cooperatives and related innovative organizational models involving direct service workers in New York, Pennsylvania, Wisconsin, Hawai’i, Washington, North Carolina, and Michigan.

Cooperative Home Care Associates (CHCA) is the first worker-owned home care cooperative, formed in New York City in 1985 to reduce turnover and improve quality of care by improving the workplace and compensation for home care professionals.¹² CHCA was developed and initially subsidized by the Community Service Society, a community development association, and also received substantial support from charitable foundations, especially the Charles Stewart Mott Foundation.¹³ Cooperative Home Care Associates is the nation’s largest worker co-op, with more than 1,000 members who provide home care in the New York metropolitan area. **Website:** <http://www.chcany.org/>

Home Care Associates (HCA), an affiliate of CHCA, was funded by the Mott Foundation in Philadelphia in 1993. HCA is an employee-owned cooperative that specializes in compassionate and skilled homecare assistance given by aides who are shareholders in the business. HCA has trained and placed more than 1,000 people in quality healthcare jobs and currently employs more than 150 workers. **Website:** <http://www.homecareassociatespa.com/home.html>

8 Julie Whitaker, Stu Schneider, and Margaret Bau. Home Care Cooperatives. *Worker Ownership in Focus*, March 2005. <http://www.uwcc.wisc.edu/info/health/homecare.pdf>

9 Direct Service Workforce Resource Center. (2008). *A synthesis of direct service workforce demographics and challenges across intellectual/developmental disabilities, aging, physical disabilities and behavioral health*. Washington, DC: Author.

10 Whitaker, J. et al. (March 2005). *Home Care Cooperatives: Worker Ownership in Focus*. Retrieved July 6, 2009, from <http://www.uwcc.wisc.edu/info/health/homecare.pdf>

11 PHI. 2007. Workforce Strategies No. 4. “The Guaranteed Hours Program.” Retrieved June 7, 2011, from: <http://www.directcareclearinghouse.org/download/WorkforceStrategiesNo4.pdf>

12 University of Wisconsin Center for Cooperatives, Research on the Economic Impact of Cooperatives, <http://reic.uwcc.wisc.edu/health/>

13 Whitaker, Schneider, and Bau, 2005.

Cooperative Care started in 2001 in rural Waushara County, Wisconsin, with a workforce of 63 independent providers.¹⁴ The program was developed by the Waushara County Department of Health Services with the help of USDA Rural Development. It was modeled after the Cooperative Home Care Associates cooperative in the Bronx, New York, the first home care cooperative in the nation. It is able to pay its workers higher wages than when the workers were primarily “consumer employed,” as well as provide paid time off, holiday pay, health insurance, and other benefits previously unavailable to them.¹⁵ Cooperative Care does this primarily by consolidating the workforce in this rural area, which allowed it to negotiate with Waushara County to serve Medicaid-eligible individuals through a single contract rather than many different individual providers. This consolidation also allows the co-op to coordinate services efficiently so that direct service workers can travel in the most efficient manner possible. In addition, members report feeling less isolated as a result of training opportunities, meetings, newsletters, and other social events provided by the co-op. Annual turnover is little or none, compared to an estimated 40-60 percent at other home care agencies. Cooperative Care was a finalist in the highly competitive Innovations in Government Award from the John F. Kennedy School of Government at Harvard University and has received national attention from other communities wishing to replicate the model. The Cooperative Development Foundation (CDF) provided Cooperative Care with several grant awards for use in developing training and evaluation programs as part of their start-up activities.¹⁶

Paradise Home Care Co-op (PHCC), in Volcano, Hawai'i, provides co-op owners with increased wages—an average of \$2 per hour more than the average wage of similar businesses where they previously worked—and health insurance coverage for those who work over 20 hours a week. Paradise

Home Care Cooperative collaborated with Hawai'i Community College, Ka'u Resource and Distance Learning Center, Ka'u Community Hospital, and the Department of Human Services to teach a CNA course and become certified as a nurse aide training site. CDF also provided funding for PHCC to hold a “Kupuna Speak Out” at the Hilo County Fair in 2009.

Circle of Life Caregiver Cooperative in Bellingham, Washington is another cooperative for home care workers. The Cooperative Development Foundation provided a grant award to assist in the cooperative's organizing phase of operations.¹⁷ Website: <http://www.circleoflifeco-op.com/>

I Am Unique Special Care and Case Management, Inc., in Raleigh, North Carolina, is a faith-based cooperative of nurses providing home nursing care for people with serious medical conditions. I Am Unique also works to improve the wages, benefits, training, and support/supervision of home care nurses and to improve home care policy. In establishing the organization, *I Am Unique* received assistance from the ICA Group, a national not-for-profit consulting organization that assists with the development and strengthening of employee-owned cooperatives and community-based projects. Website: <http://www.iamunique.coop/>

Partners in Personal Assistance (PPA), located in Ann Arbor, Michigan, is the one multi-stakeholder personal assistance services organization in the U.S. In this unique non-profit organization, consumer employers have access to screened and trained personal assistants and flexible services, while personal assistants are respected as professionals and receive comprehensive training, benefits, and competitive wages.¹⁸ Consumer employers and personal assistants work cooperatively, establish a mutually agreeable schedule, and empower each other.¹⁹ PPA was founded in 1999 by a small group of people with physical disabilities who were dissatisfied

14 Whitaker, Schneider, and Bau, 2005.

15 Rural Healthy People 2010, Models for Practice: Focus Area: Access to Long-Term Care Services, Cooperative Care. Retrieved April 27, 2011, from: http://srph.tamhsc.edu/centers/rhp2010/Model/focus/access_ltc.htm

16 Cooperative Development Foundation. “Recent Grants.” Web page. Retrieved June 9, 2011, from: <http://www.cdf.coop/recent-grants/>

17 Cooperative Development Foundation. “Recent Grants.” Web page. Retrieved June 9, 2011, from: <http://www.cdf.coop/recent-grants/>

18 Partners in Personal Assistance. “History of Partners in Personal Assistance.” <http://www.annarborppa.org/beginnings.php>

19 Partners in Personal Assistance brochure. <http://www.annarborppa.org/PPA%20Brochure.pdf>

with the existing system of care, with help from a startup grant from the Ann Arbor Area Community Foundation. PPA has also received grant funding from the Michigan Department of Community Health.

Website: <http://www.annarborppa.org/>



Appendix: Cooperative Resource Collection

The **Direct Care Alliance (DCA)** provides a toolkit on “How to Start and Manage a Worker-Owned Home Care Cooperative,” funded by the U.S. Department of Agriculture and the Cooperative Development Foundation. **Website:** http://www.directcarealliance.org/_data/n_0001/resources/live/DCA_coop_toolkit.pdf.

The **International Cooperative Alliance (ICA)** is an independent, non-governmental association which unites, represents, and serves co-operatives worldwide. **Website:** <http://www.ica.coop/>

The **National Cooperative Business Association** promotes co-ops and provides online training and information to assist in starting and developing a co-op. **Website:** <http://www.ncba.coop/>

The **U.S. Federation of Worker Cooperatives** is a national grassroots membership organization representing worker cooperatives and democratic workplaces in all sectors. It provides resources, advices and information, referrals to assist those in starting worker cooperatives, as well as public education about the benefits of worker cooperatives and workplace democracy. **Website:** <http://usworker.coop/front>

The **U.S. Department of Agriculture (USDA) Rural Development Cooperatives Program (CP)** helps rural residents form new cooperative businesses and improve the operations of existing cooperatives. The Cooperatives Program provides technical assistance, research, and information related to cooperatives. While USDA’s cooperative assistance has been concentrated on agricultural cooperatives, the program has expanded to include assistance to all types of rural cooperatives. **Website:** <http://www.rurdev.usda.gov/rbs/coops/csdir.htm>

NCB, FSB (NCB), an affiliate of NCB Capitol Impact, provides loans and banking services for cooperatives. **Website:** <http://www.ncb.coop/>

The **Cooperative Development Foundation (CDF)** is a charitable foundation that provides grants, revolving loans, and education to assist cooperatives. **Website:** <http://www.cdf.coop/>

The **ICA Group** is a national, not-for-profit consulting organization that assists with the development and strengthening of employee-owned cooperatives and community-based projects. The ICA group helped establish Cooperative Home Car Associates and I Am Unique. **Website:** <http://www.ica-group.org>

The **University of Wisconsin, Center for Cooperatives** has gathered resources from Wisconsin’s two homecare worker cooperatives. The resources are divided into two categories: “planting seeds,” a guide to decisions a group must discuss in organizing a co-op, and “planting seedlings,” which contains sample operating procedures. **Website:** <http://www.uwcc.wisc.edu/coopcare/care.html>

The **Northwest Cooperative Development Center (NWCDC)** assists entrepreneurs to organize new co-ops and provides technical assistance to existing co-ops in Washington, Oregon, Idaho, and Hawai’i. NWCDC has provided technical assistance for the foundation of the Paradise Home Care Cooperative in Pahoia, Hawai’i and the Circle of Life home care co-op in Bellingham, Washington.²⁰ **Website:** <http://www.NWCDC.coop/>

The **Northcountry Cooperative Development Fund (NCDF)** provides loans and technical assistance to a broad range of growing and developing consumer, worker, housing and producer cooperatives in the upper Midwest. NCDF manages the Worker Ownership Fund (WOF) on behalf of the U.S. Federation of Worker Cooperatives (USFWC), to increase access to financing for start-up and existing worker-owned cooperatives.

The **Ohio Employee Ownership Center at Kent State University** is a non-profit center providing outreach, education, and consultation to employees and businesses interested in employee ownership of businesses in Ohio. **Website:** <http://www.oeockent.org/>

²⁰ Northwest Cooperative Development Center. Retrieved July 10, 2009, from <http://www.nwcdc.coop/>

The **Massachusetts Office for Employee Involvement and Ownership (MASSEIO)** provides “education, outreach and promotional efforts to create an environment in the Commonwealth which will expand and enhance employee involvement and ownership.” **MASSEIO** assists with efforts to provide employee stock ownership plans (ESOPs) as well as cooperatives. <http://www.masseio.org/>