



White House Task Force on Worker Organizing and Empowerment

Full text of delivered remarks by:

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It is an honor to be able to address the members of this distinguished task force and my esteemed colleagues participating today.

I am a founding member and the current managing member of the Worx Printing Cooperative in Worcester Massachusetts. Worx is a worker-owned union cooperative formed through the 1worker1vote partnership between the United Steelworkers and Mondragon.

Our operating agreement requires collective bargaining with USW and ensures 100% worker ownership and governance. Our founders understand that our original intent is based on our entrepreneurial passions, vision, and drive. We rely on the USW and the 200+ years of labor organizing lessons to help us see the pathway to worker empowerment clearly. Their unique perspective forces us to see our shortcomings and ensure equal protection for all who seek cover under our corporate umbrella.

As we are firm believers in both worker ownership and labor representation, this was a conscious decision for us when founding Worx—my personal journey is also important to my recommendations so I will spend a minute explaining.

I grew up in and around Worcester Massachusetts. As my brother Daniel and I were transitioning from our college education to our career paths, our father Terrence's career was upended by the first wave of globalization. This wave privatized his retirement in lieu of a corporate pension. Trained by the US Air Force to program and operate computers at SAC headquarters in the mid '60s he parlayed that experience into a 30-year career doing the same work for Worcester's largest privately-owned manufacturer, Norton Company. He dedicated his entire working career to the betterment of the company.

In the mid '90s, as our father was preparing for retirement, we watched Norton sold to an international corporation. Our father was laid off and his privatized retirement account penalized; he was forced to work odd jobs late into his sixties to make up the difference. Vowing not to repeat this mistake of entrusting his retirement to a soulless corporation, my brother chose to go

to work for an ESOP company, Commerce Insurance. I chose to explore the worker-owned cooperative model.

Sadly, a decade ago my brother watched his undemocratic ESOP company sold to another international business stripping him of his ownership in a meager exchange for a non-negotiated, non-representative payout. Undemocratic ESOPs are no panacea and need a neutral arbiter involved to avoid creating the same problem they initially set out to solve.

Democratic ESOPs, Cooperatives, and Labor Unions are all branches of the same tree rooted in worker organizing and empowerment. But none are as effective and thorough in their structure and operation as the unionized worker-owned and worker-governed cooperative. If the Task Force wishes to maximize its impact it needs to look closer at this specific model.



From my experiences and with my accumulated knowledge, my humble recommendations to the task force are as follows.

1. I wholly support the PRO Act and its provisions to override right-to-work laws, create free and fair union elections, arbitration, and mediation to settle impasses in negotiations, and the elimination of weaponized immigration status of employees and fines for those who violate our brothers' and sisters' right to fair representation. In lieu of passing the Act, please find ways to adopt these provisions through alternative actions and orders.
2. I believe that the power of the Main Street Employee Ownership Act lies in its ability to surf the silver tsunami to hundreds of thousands of new employee-owned companies. Allowing retiring owners to use SBA 7(a) guaranteed loans to finance these transactions is a vehicle that will ensure successful transitions.

Retiring owners are not saints and not always allies. The benefit of them not paying capital gains tax on the sale of their companies to workers should not be omitted from our calculations. These sellers are not always as interested in the long-term outcome as they are in the short-term payment.

I mention these two closely aligned acts because they too are sprouted from the same roots. What they lack is a synergy that could catapult both of them to do more good together than either of them can do individually.

No one understands the effects of multi-generational ownership and the effects of the sale of those companies quite like the American Labor Movement. They have dealt with their fallout for centuries; they know how to manage the transition and they are perfectly positioned to be partners in each and every sale.

These transactions should not be entered into, especially with the benefit of federally guaranteed dollars, without the benefit of labor's counsel. I believe that tying these dollars to consultation with organized labor would have a profoundly positive effect on the buyer and the seller, creating the maximum support for worker power, worker organizing, and collective bargaining.

3. ESOP, cooperative and the emerging hybrid shared ownership models (HSOS) walk a minefield of tax regulations. They make it hard to do business the right way and impede our growth.

Current tax laws treat cooperatives differently than ESOPs, and S Corp ESOPs are treated differently than C Corp ESOPs. The laws must be changed to make tax treatment more uniform for all worker ownership models so hosting communities and their emerging worker-owners can choose the model and approach best for them without penalty.

ESOP successes in wealth creation can be extended to worker coops, union-coops, and other hybrid worker ownership structures. The first step toward tax policy parity for these structures should be an S-Corp ESOP-like corporate income tax exemption, and the ability to deduct both interest and principal. This would allow companies like ours to borrow the much-needed capital for expansion with the same benefits.

And lastly,

4. As mentioned, I was never taught about labor unions, labor history, or worker ownership in my 16 years of public education. Not once in any classroom. I came to labor and employee ownership after watching the domestic apparel industry unravel through globalization right before my eyes in the 1990s. I would have been in this fight decades earlier if someone had just taught me more honest history. Please find ways to incorporate this desperately needed educational curriculum into the education of our future generations.

Thank you for your consideration, time, and good work on behalf of all workers.