

Recommendations Ahead of White House Task Force on Worker Organizing and Empowerment

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- A few years ago, The USDA's Business and Industry (B and I) loan guarantee regulations were rewritten for businesses wanting to convert to employee owners and should be redrafted for worker owners (co-ops) as well as employee owners (ESOPS).
 - Another point to look at. The B and I program has a little used provision that allows for individual members to acquire a loan guarantee to purchase their co-ops stock. But it says the coop stock has to be transferable. Most co-ops don't allow for the transfer of stock. And to qualify for a Securities Exchange Commission exemption, stock can't be transferred.
- Equalize the EB5 immigrant investor visa. Currently, a foreign investor can buy an EB5 visa for them and their families for \$500,000. There are already worker co-ops and other collective ownership structures, whose owners already have \$0.5 million or more in assets invested; and already, pay taxes, and support jobs in the US. These are very often undocumented immigrants who already have "skin in the game" By allowing this undocumented-immigrant owned worker-coops get the EB5 visa, the chances of successful union campaigns are significantly higher as most workers coops as labor centered already.
- In some countries, it is allowed for workers of a business that is about to close, to **use their unemployment benefits and other resources to help these workers buy the business and to make it a worker-coop**. These countries often have a good Gini index. Some instances are:
 - A business owner who has no transition plan after she/he retires. Typically, they sell the assets of the business on pennies for dollar to competitors and we lose many jobs in our communities.
 - Existing workers of a business about to be sold should have the **right of first refusal to buy the business where they work** before the business is brought into the market.
- Finally, our fastest ROI for our efforts is to have elected officials come to support workers' strikes. A powerful labor movement has an active membership and to have an active membership, people have to have hope. Hope that the people we voted for have our backs.
 - One of the best examples of this is what happened with New Era Windows Cooperative in Chicago Illinois: In 2009 Republic Windows and Doors unexpectedly closed the business and did not pay its workers. The workers with the help of United Electric union took over the plant as part of the wages they were owed and wanted to keep the business going. Already had committed clients. However, Bank of America did not want to continue working with the new co-op. While the campaign was well organized, they could not win against Bank of America at the time. It was not until President Obama spend 15 secs on TV supporting the workers that made the campaign 10 times stronger and was

on national news that Bank of America accepted to keep working with the Coop.

- o Currently, New Era Windows has dozens of union workers who own the business and get paid union wages.
- **Encourage stakeholder ownership (emphasizing union coops) in USG-funded technology transfer facilities such as National Labs and in companies doing a majority of P&L business directly with the USG to set a federal example for transitioning to a more just and inclusive Stakeholder Economy.** Projected outcomes include:
 - o Flattened inequality curves
 - o Increased democratic governance ensuring a voice, a vote, and an equity share
 - o Strengthened resiliency especially during market downturns
 - o Greater retention rates in refortified local, living economies
 - o Higher workforce solidarity
 - o More cross training and deeper financial literacy.
 - In concert, this will lead to more job creation, industrial productivity, and technological competitiveness by working with public and private sector unions to develop union-coop structures where there is a collective bargaining agreement and the participating union local gets to count its members and collect dues. Something better and fairer for everyone.
 - As in other countries, provide federal funds to support union civic solidarity efforts.
- **“Tax Policy parity”** with ESOPs for hybrid and diverse ownership models including worker and union cooperatives, as well as other emerging, hybrid shared ownership structures (HSOS) in federal laws. There are several models of worker ownership, and this variety contributes to the fragmentation of the law. 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.
 - o A first step would be to implement a leveled tax policy playing field offering an S-Corp ESOP-like corporate income tax exemption, and the ability to deduct both interest and principal on a worker cooperative loan. This way, ESOP/employee ownership successes in wealth creation can be extended to worker coops, union-coops, and other hybrid worker ownership structures. Hybrid worker ownership structures will become the norm, not the exception, as this practice community expands.
 - o **Access to capital:** Many traditional banks don’t know enough about worker-owned businesses to feel comfortable lending to them. Legislation can create ways to raise funds, either through changes to tax law or an increase in government loans.