



Democracy at Work  
Institute  
US FEDERATION OF  
WORKER COOPERATIVES

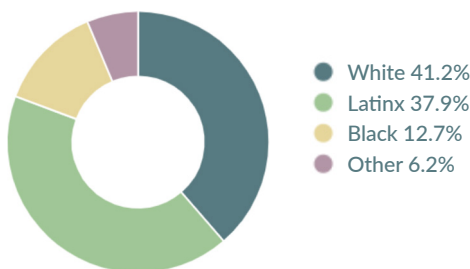


# 2019 WORKER COOPERATIVES IN THE UNITED STATES

# EQUITY IN WORKER COOPERATIVES

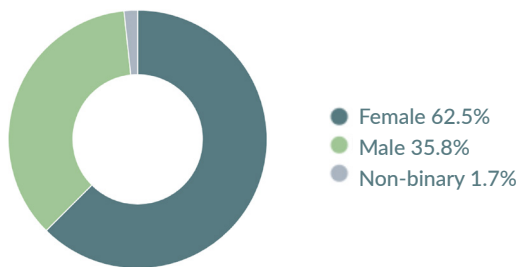
## RACE

The racial demographics of worker owners continue to show a majority of people of color, with a concentration of Latinx workers.



## GENDER

People identifying as female continue to make up the majority of the workforce at worker cooperatives.



Can good values be good business, too? For generations, the cooperative movement has been answering with a resounding “Yes!”

- Michelle Chen, *The Nation* (2019)

## WAGES

At a worker cooperative, compensation is measured in terms of both **wages** and **patronage**. Patronage, the worker-owner's portion of the profit, can make a significant difference in annual compensation.

### ENTRY WAGES

The average entry-level wage paid at all reporting worker cooperatives is

**\$19.67**  
PER HOUR

This figure is more than \$7.00 higher than the minimum wage in the 13 states with the most worker co-ops.

### PATRONAGE

Worker co-ops that distribute surplus as patronage to members distribute a median total patronage of \$190,890 across the membership each year and an average distribution of

**\$8,241**  
TO EACH WORKER OWNER

### PAY RATIO

The vast majority of worker cooperatives have maintained a

**2-TO-1**

pay ratio between highest paid and lowest paid workers.

Worker cooperatives prioritize the reduction of internal inequality over other compensation goals. By contrast, the average large U.S. corporation has a CEO-to-worker pay ratio of **303-to-1**.

This report is a co-production of Democracy at Work Institute and the U.S. Federation of Worker Cooperatives. It is based on the participating 106 businesses. Only responding businesses that are incorporated, generated revenue and paid workers during FY2018 were included in the effort.

## SNAPSHOT OF THE WORKER CO-OP SECTOR

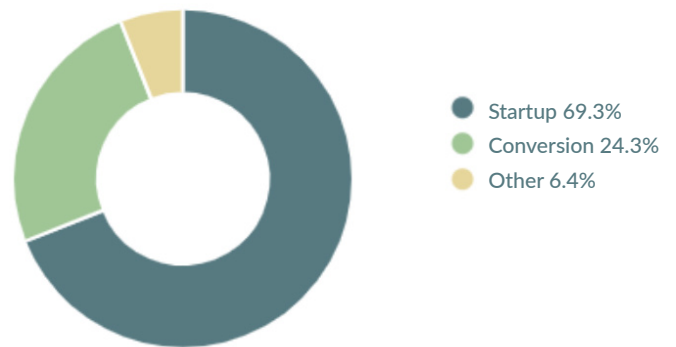
**465\***  
KNOWN  
WORKER CO-OPS

**6,454**  
ESTIMATED WORKERS

**\$505 MILLION**  
ESTIMATED REVENUE

## A SOLUTION FOR STARTUPS AND BUSINESS EXITS

The rate of new startups each year remains steady at about 25 new firms per year, while the number of businesses that have converted to employee ownership has grown slightly.



## ESTABLISHED IN A VARIETY OF INDUSTRIES

Worker cooperatives exist in an array of industries, from concentrations within retail trades to engineering and manufacturing to administrative services.



Child Care



Professional  
Services



Retail

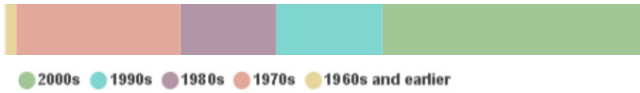


Home Care

\* Includes 415 worker cooperatives verified operational in 2018 and 50 Puerto Rican worker cooperatives (also not included in our survey).

# WORKER COOPERATIVES IN THE U.S.

## PROVIDING STABILITY

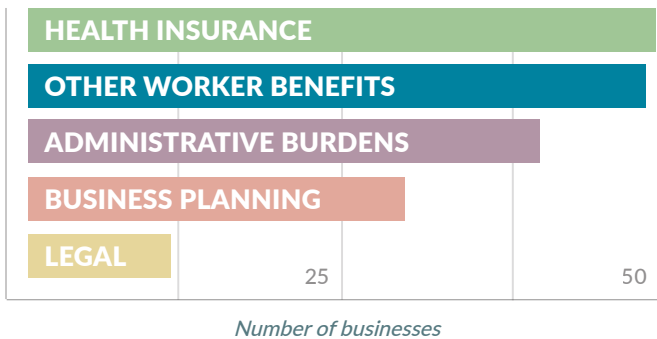


The worker cooperative model is a durable one. Compared to other small businesses in the U.S., mature worker cooperatives have a higher than average success rate.

**25.6%** **14.7%**  
**6-10 YEARS OLD** **26+ YEARS OLD**

By comparison, U.S. small businesses that are 6-10 years old have a 18.7% success rate while those older than 26 years have an 11.9% success rate.

## COMMON CHALLENGES



For the first time in our annual economic census series, we asked worker cooperatives to identify challenges their workplaces face.

Selected from a curated list of challenges, the most common issues identified were benefits-related challenges (health or other). The most frequently identified non-benefits challenge was administrative burdens, closely followed by business planning. This year's survey participants were not asked about access to capital; the U.S. Federation of Worker Cooperatives reports that access to capital is among the most common challenges for new and existing worker co-ops.

On the front cover...

● Indicates a region with a concentration of 5 or more worker cooperatives

● Indicates a region with a concentration of 5 or more worker cooperatives as well as a **Workers to Owners** collaborator

Workers to Owners members focus on converting businesses from a traditional structure to employee ownership. Learn more about Workers to Owners Collaborative at [becomingemployeeowned.org](http://becomingemployeeowned.org)

Figures are based on metro statistical areas

  
WORKERS TO OWNERS