Inside America's Biggest Worker-Owned Company: The Management Perspective at CHCA

by Niev Duffy and Gregory DeFreitas

Cooperative Home Care Associates claims a unique place in the country's economic landscape. With 2,000 employees, it is a major force in New York's rapidly growing home health care industry. It is also by far the largest worker-owned company in the U.S., and one of the very few in which the worker-owners are represented by a labor union. And today it is in the process of expanding still more, absorbing a number of rival firms and beginning a new venture affiliated with Airbnb.

Worker-owned enterprises have a rich history in Europe dating back at least to the Industrial Revolution. Probably the best-known, most studied current example is the Mondragon complex of manufacturing, service, retail and financial enterprises based in northern Spain.[1] Over 220 worker coops currently operate in the United States, clustered in New York and a half-dozen other states. New York City is home to 23 worker-owned businesses today, according to a recent study.[2]

CHCA is many times larger than the average such firm in the city. Founded in 1985 by Rick Suprin, its growth, governance, and relatively high and equitable pay and benefits have begun to draw national media attention.[3] So also has its novel "guaranteed employment" option, ensuring at least 30 paid job hours weekly for its worker-owners. CHCA has been rewarded with labor turnover rates less than half the industry average, and with certification as a B Corp for its high labor and environmental standards.

But as it embarks on still more ambitious growth, it also is confronting challenging decisions: When will all the new hires become eligible for full benefits, ownership shares, union representation and guaranteed employment? How best to integrate the many newcomers into the current workforce without disrupting the organization's culture? How to raise the hourly wage to $15 in the next three years when reimbursement from its public sector clients is already years in arears? How to finance growth by borrowing from private lenders without diluting employees' ownership stake?

In late June 2016, we spent the day at CHCA, interviewing the long-time president, a worker-director, and a union representative. In this first installment of those interviews, President Michael Elsas describes the history, current activities and upcoming changes underway at the organization. The next issue of *Regional Labor Review*, presents a dialogue with a CHCA worker elected to its governing board and another in a leadership role on its SEIU council.

Q: CHCA has achieved impressive growth, from just a dozen workers in 1985 to some 2,000 today. How did you manage that? Did you want to grow that fast?

A: Yes. Actually, we wanted to grow to 2,000. Today, we want to grow to 10,000.

Q: Why?

A: A number of reasons. Unfortunately, we're not unlike many industries, in terms of shrinkage. The automobile industry, the airline industry. And as reimbursement becomes tighter, which it inevitably does, you've got to be bigger, because it's a volume business. And the more volume you have, the better chances you have of surviving. And not only surviving, thriving, in the sense that you have to be innovative, you have to be thinking of new ways of delivering this type of service.

Home care workers are going to do more in the future, because it makes sense for them to do more. They're not as expensive as nurses. So there's a lot of research and development work that you have to do in order to stay ahead of the curve. It's not a maid service anymore. It's a real program. So you have to be bigger.

What we did in 2000, when I came, was we created Independence Care System (ICS), which is a nonprofit managed long-term care program. It's our program and now has 5,000 to 6,000 members. I don't go out and find business. I have contracts with managed care companies. They're the ones who go out and find business, and then they refer the home care services to us.

So we're dependent on others for our business. In order to sort of raise up on the food chain, if you will, we decided to create our own managed care company that could go out and find business. In this case it was mostly people living with disabilities. And now the business with ICS represents close to 60% of all our business.

Q: And are those mostly Medicaid patients?

A: Yes, mostly Medicaid. In New York State, long-term care is really only funded by the Medicaid program. Unless you meet very strict criteria, Medicare does not provide long-term care services. They provide acute care, meaning you just get out of the hospital and you have a broken hip and you need 12 weeks of therapy. But most of the long-term care is Medicaid.

So that was the secret. That was the key to our growth. And now we will start growing again, because there will be a consolidation in the industry. In other words, there's too many other licensed agencies, like us. We've already established ourselves as a real quality company. I can't give you the specifics about it, but I know it for a fact that other large managed care companies are going to start focusing on the good ones and start eliminating the ones that are not providing quality service. It's going to start happening next month. We've been pretty stable over the last two years, in terms of 2,000 workers. But in the next three years, we'll probably double again, I hope. In New York City, there's 400 licensed agencies like us. Providing these kinds of services. They're going to shrink. They're not going to be able to survive and get through the whole minimum wage increase.

Michael Elsas

Q: How has CHCA changed in the years you have been president?

A: I've been here 15 years. When I came on in 2000, we had 500 workers. We've quadrupled in size. Our training program is sort of the jewel, if you will, of the company. We train 600 to 640 people every year. Every person who comes to the company looking for work, they're trained by us. We don't hire anybody we don't train. The training program is four weeks as opposed to two weeks. The main reason for that is that we teach a lot of soft skills in addition to the hard, practical skills of being a home care worker, like transferring somebody from their bed to a wheelchair. But the uniqueness is that we hire and train about 640 people every year. About 84% of the people who start the training complete the training, and of those almost 90% get a job.

Q: With that success rate, how do you choose who to hire?

A: We hire everybody.

Q: Are a lot of them immigrants?

A: Yes.

Q: What do you do about language differences?

A: We train both in English and in Spanish. There are other demands for home care workers – Russian, Chinese and so on. But we're very much a community-based company, so our community is primarily Hispanic now, and African-American.

If we don't have enough work for people, because our industry is somewhat varied in terms of demand, as you can imagine, we do have a partnership with another high-road employer called the Visiting Nurse Service of New York. They have a licensed agency also called Partners in Care. They have very, very high standards.

They would not accept any other trainees, because they have the same philosophy as we do in terms of only training their own not hiring people that were trained by somebody else – except for us. So they accept our trainees and then give them jobs.

Our arrangement with them can vary each year. This year, I think we're giving them 150 of our workers because we don't have enough jobs in our network for everybody. You probably are asking yourselves, "Why do you keep training 640? Just train less, okay?" We get grants, both government and private philanthropic dollars to train 640 people. If we don't train 640 people, then that funding is in jeopardy. So we're happy to train for Partners in Care because they're a good company. It's also job creation, you know, and that's what we're about: creating good, meaningful jobs.

Q: When they go through the Visiting Nurses Association would they be assisting the nurses?

A: No, they're going as home health aides, because they have a licensed agency just like ours. They are taking care of people in their homes, helping them with activities of daily living.

Q: When you say you hire every year 640, do you stagger that throughout the year, or is it one big intake?

A: No, it's staggered through the whole year. We do 10 training sessions.

Q: How do you find these people or get the word out to them they should apply?

A: About 70% of those 640 people who come to Cooperative are referred by somebody who already works for the company. By now, after 30 years, we are really an organic organization, because we're getting people who are like other people. That's number one. We don't advertise. Most come from people who already know about us. The other 30% come from welfare-to-work programs, community linkages, those kinds of things.

Everybody goes through an interview. Everybody has to come back three times. They come for an open house, they come for a check of their credentials. For example, in the case of an immigrant, they check for a green card, et cetera. And then they come for a personal interview.

What we're looking for is really one major quality: are you a caring individual? Most of the time that's exhibited by way of taking care of a grandmother or a sick relative. Those are the experiences that they are sharing in the classrooms.

We start out with about 100 applicants for each class and then narrow it down to 60. We're finding over the last few years that people are trending younger in terms of the workforce, and younger people pose different kinds of problems than our mature, 45- to 55-year-old traditional – who used to enter this workforce. So we hired a job counselor who is specifically trained on dealing with some of the issues.

Q: Can you briefly list some of those issues? Are we talking about Millennials?

A: No, younger than Millennials: 18 to 24. What's most common, I think, is behavioral, in the classroom itself, getting along with others. Just being able to interact with each other and not get angry and not get into fights and stuff like that.

Q: What does a brand-new hire for you get paid per hour?

A: $10 an hour. And it will be going January 1st to $11, and then to $13, and then to $15 in 2019.

Q: Everybody's paid $10 an hour whether they are brand-new or not?

A: Whether they've been here for ten years or ten months.

Q: What is the training approach?

A: There's 20 people in each classroom. The teaching style that we use is adult learner-centered. We're really much more interested in what people bring to the training in terms of their own experience than in what we have to teach them, although we teach them a lot.

The reason why we have whiteboards in the classrooms is that they're writing their own experiences about something, or their own feelings about something, so that they can share it with everybody else in class. Most of the classes are not in lecture form, although there are some. There are some in which the desks are together because they're working in smaller groups.

We have separation of classrooms and labs. The lab is where all the demonstration and return takes place about transfer. We don't have any dummies. They practice on each other, because it's as important to know what it feels like to get the care as to giving the care. This may sound really self-centered, but I've been in this business for 45 years and I've never seen a training program like this in home care, okay? Usually it's a room with a video showing different things, and that's pretty much how home care workers are trained.

Most of the people who work in the training program are upgraded home care workers, so they've worked with us here before. Part of our philosophy is about creating jobs within the company as we've grown over the years. Of the 100 administrative staff who work here, 40% started in the field. We promote from within and try to hire from within.

This is a worker-owned company and we have an open-door policy, which means that you can come here any time and see anybody that you want to, including myself. It doesn't mean that you will be seen immediately if I'm not available at this particular moment, but they don't need an appointment, and eventually I will see them. There's sort of a misconception that people have about co-ops that, you know, the inmates are running the asylum, and everybody's running around, because everybody gets a say in everything. But it doesn't really work that way. An open-door policy means that you can come in and you don't need an appointment.

That's the same principle, by the way, in terms of decision-making. We have 2,000 workers, but there are not 2,000 decision-makers. If there were 2,000 decision-makers, we wouldn't get anything done. Of the 2,000 people who work here, only 70% of them are worker-owners. It's not required that you be a worker-owner. And of those 70%, maybe there's 40 people who are actively engaged, if you will, in running the company, participating in the labor management committee or participating on the board and getting elected to the board or participating.

On Fridays, every three months we turn this whole area into what we call an information fair. There will people from community groups and from the board of directors. That's where a lot of people are sharing information. In our business, our workers don't come here every day. They're out there, so we try to promote as much as we can activities within the co-op that they can come to. We have flea markets, we used to have karaoke on certain nights. It's kind of a reverse of a normal business where people come and put together the widgets in a factory. All our workers are out there.

Q: Who is eligible to become a worker-owner? Do they have to be full time?

A: No. After three months, people are brought in and they are offered a prospectus, which is an offering of what it means to be a worker-owner, to buy a share in the company. Everybody's entitled to buy one share, whether you're a home care worker or whether you're president of the company. It costs $1,000 per share, but you don't have to put up $1,000. You only have to put up $50, and we lend you the other $950. Then we take $3.65 out of your check each week until you've paid it off.

However, once you make that purchase and put down the 50 bucks, you're fully vested. You're entitled to all of the benefits of worker-owner.

Q: You say 70% are now worker-owners. Has that grown?

A: No, it's been consistent. As a matter of fact, it's probably down a little bit from 70%. I use 70% because for 27 or 28 of our 30 years, that's what it's been. We've acquired a couple of companies over the last few years through acquisition, and those folks have not gone through the normal process of working three months and then coming in. So we're catching up.

Q: What companies did CHCA acquire?

A: Two not-for-profits. We didn't pay anything for them. They were home attendant agencies working with the City of New York, and they failed. They weren't able to maintain certain standards that the city was requiring. Christian Community was one, and I don't remember the other one. It was a while ago. They were small and the city asked us to take over those contracts.

Q: Were those workers retrained here?

A: We did some retraining. It was pretty expensive, and the city wouldn't give us any money to do it, so we retrained as many as we could. They were personal care workers, and we upgraded them to the highest level, which is home health care aide. But it had gotten to be pretty expensive, and as reimbursements have been shrinking, we just couldn't afford to do it.

Q: When you say "the city," what agencies do you usually work with?

A: The Medicaid program and HRA, Human Resources Administration. There's no more home attendant program in New York City, because all of long-term care has moved into managed care. They have eliminated the home attendant program because it was really duplicative of what everybody else was doing. We had a home attendant program, but it was the same workers. It's very convoluted, and now we're moving towards a more simplified approach, which is managed care. But at least we don't have all of these different programs that are duplicating one another.

Q: What are your other departments?

A: We have a clinical area with nurses, who go out and both evaluate and do some supervision of the aides in certain situations. And then there's compliance. Because it's government money, we're always being audited, and it's important that people are trained properly, certified, have medicals, have in-services. So this whole department maintains all of the compliance issues for the workers. It's pretty much all automated now.

Q: Were any of your nurses originally trained as health care aides?

A: We've had one who started out a home care worker, and she's an RN now. She's the only one.

Q: If people wanted to do that, is there a way for them to get the education?

A: Yes, but not through us. That's one of the reasons why we joined 1199, because we had to be able to offer those kinds of benefits. Our margins are not big enough to allow us to provide that.

Q: What's the latest number you have in terms of percent of CHCA's revenue that goes to the workers?

A: Probably 83% goes to the worker, and we operate on a 17% margin, gross margin.

Q: By "we, you mean – is that just administration, or is that plus profits?

A: That's everything.

Q: Administration plus profits?

A: Mm-hm. Profits, I mean, it's nothing. That 17%.

Q: That's why you were saying there was no dividend the last two years?

A: Right, correct.

Q: So it sounds like some of the cuts have been in administration?

A: Oh, yeah, we've laid people off. Then we stopped giving out gloves. You know, we used to have a closet filled, because workers have to have gloves. We just have a closet, say, "Go, take your gloves," you know. We spent $250,000 on gloves three years ago. Last year, we spent $75,000, because we gave them out as people needed them. So you start to do things like that.

Q: So with the new Airbnb business and with the consolidation that you are expecting, then, presumably you'll be able to hire more administrative folks, as well as more workers, right, and roll back some of those cuts?

A: Yes.

Q: It surprises most people to learn that, back in 2003, the leadership of CHCA actually sort of encouraged unionization.

A: We did it for two reasons. Number one, at that time we had this home attendant program and 1199 organized it. And then Dennis Rivera (1199's then-president) when to Albany and stood on the steps of the Capitol and, for the first time ever, SEIU supported a Republican: George Pataki. And because he did that, George Pataki gave him a billion dollars for his home attendant program so that workers could get raises. That's the way it works.

So we're holding the banner of better wages and benefits for workers, and we're getting killed by 1199 agencies. They're making more than our workers, and our workers are trained more. That's the way of the world. So, yeah, we told the workers, "We're going to keep fighting, but we don't have the strength of 1199, and if we really want to see more money, we should join with them." That was one argument.

The other argument was that by being part of 1199, we feel that we can have an impact on the industry: that 1199 will promulgate our best practices, our training, and in that way we can have a bigger impact on the industry. Those are the two reasons. Nothing else. It made good economic sense for the workers. We created the first labor management committee in home care. We're the only one that has a labor management committee. We think that's a good thing.

Q: Why do you think that's a good thing?

A: We didn't need a labor management committee. We had something called a Commitment to Worker Council, and that worked for us. That's how we got input, and you got a seat on the board and all kinds of stuff.
The labor management committee just said: It's the same thing. It's talking to your workers. It's engaging in your workers, but bring the union in with it. So now there's union delegates and union reps in these meetings, and we're all working and problem-solving together. We don't have to go to a contract negotiation to solve a problem. We solve it right then and there.

That's good for the workers. That's good communication. That's involvement. It just includes the union. It's hard for people, and it was hard for us. It was hard for me to think that the union thinks of me as management, and that I wouldn't do everything in my power to make the jobs better. That's hard for them, and it was hard for me to accept that the union would have that role. Once you get past all that and you realize that you have all of that in common, it becomes easier.

Q: Has it caused any stresses?

A: It did in the beginning. I mean, now, occasionally there are stresses. But there are stresses because it's a relationship, and any relationship can be stressful.

Q: Would you say there's a culture of trust there?

A: Yes. Much more so than in the beginning. Absolutely. They trust me much more, and I trust them. But, I can't deal with the politics. They've got to be much more engaged in the politics of the organizations. The politics of labor is not always the best for labor, for the worker. It's good for labor, but it's not necessarily good for the worker. The best example of that is, we had a salary scale at Cooperative Home Care. Every year you worked, you made an extra 25 cents. Then came the first contract with the union, and they wanted everybody to go to $8. And we were going to be the first contract to sign. That's important, because now you have a contract, and you can take it elsewhere.

If you have a salary scale, the salary scale costs money, because you're giving people raises every year. So I couldn't give $8 an hour. I could only go to $7.80, $7.90 or whatever it was. They said, "You've got to get rid of the salary scale. You've got to go to $8. I've got to be able to go to my other employers and say that I got a contract for $8." I said, "The salary scale gives workers raises every single year. We won't be able to do that." But, I had to give it up. So now all my workers no longer are getting raises every year. They've got to wait for two years before the money comes.

Q: Because everybody's paid the same thing?

A: Right. Everybody's paid the same thing. Perfect example, the politics outweighed what was best for the workers. No, it can't work that way. Right now with the $10 wage, we're struggling. But that was only like 50-cent-an-hour increases. If we get a dollar increase that we had to pay come next January 1st and don't have the reimbursement in the line right then and there, we will be out of business, along with many, many others.

Q: Is New York State talking to you about adjusting reimbursements?

A: Yes. But with that, it's always a question of when. We are still waiting for reimbursement in 2016.

Q: Where is the main resistance coming from?

A: It's not resistance. It's, you know, bureaucracy. It's all of that. It's my life.

Q: Is it the sort of thing that PHI will be playing a leading role in? Could you explain what they do?

A: Yes, they would be advocating for dollars to flow quickly. We created PHI (Paraprofessional Healthcare Institute) 20 years ago. That's the public policy best practices arm of the company. It's a separate, independent national company. It does public policy work as it affects all direct care workers on a national basis. For example, the Supreme Court yesterday reaffirmed that home care workers are entitled to overtime pay.[4] That initiative started at PHI, arguing that home care workers should get overtime based on their base salary.

Q: How does CHCA interact with PHI?

A: We interact with them in a couple of ways. Number one is, we're their lab for new ideas in terms of training. So we do a lot of the beta testing and so on. And they are a not-for-profit, so that enables them to fundraise private philanthropic dollars for our training.

Q: Most of your employees get health insurance through 1199. Do they have copays?

A: There is a copayment. It's $5 a week.

Q: Yes. $5 a week they pay to the union. But otherwise the HCA pays into the fund for their health insurance benefits?

A: Yes. They have to work a certain number of hours a month in order to be eligible for the health plan.

Q: Are they fully vested in MBF, the benefit fund?

A: Yes.

Q: And then are they full 1199 members with the same benefits as any other 1199 member?

A: Well, 1199 has got many different divisions. So we work with the home care benefit fund.

Q: So they have the same benefits as any other home health care aide at any agency that has health insurance through their health insurance plan?

A: Yes.

Q: Do you know if they're class 1 or 2 workers, or class 3? Class 3 doesn't have full benefits under Obamacare, basically. They don't have the guaranteed ACA minimum.

A: The benefit that the home care workers get through it, I think, is a platinum plan. Because there's virtually no copays. Which I think is crazy. What's crazy is $10 an hour wages plus $4 for health insurance? Why not pay more into the salary?

Q: In terms of the full-time work guarantee program, that must be quite a lot of work to keep up with the hours that each aide is doing. Do you have your own computer system for that?

A: Yes, we did. Our finance department does our payroll, our billing. A lot of people come in because they have lots of questions about their checks and so on. It's a fairly robust kind of operation, because billing in health care is quite complex sometimes. I always try to think of it as like a life cycle of one hour. So the worker goes out and performs one hour of service. You've got to be credentialed, and everything has to be right with that person for the one hour. Then they've got to get paid for that one hour. Then we've got to bill and make sure that the billing goes out properly for that one hour, and then we have to collect. And that's the life cycle, if you will, of our business. It doesn't always go smoothly.

For many years we had our own homegrown software database system. That's because there wasn't anything available. Now there's a lot available in terms of home care, so we use a system called Arrow in conjunction with some other human resources hours tracking software.

Q: Kronos and other ones?

A: Yeah, there's a bunch of them now. So we use that. You know, the guaranteed hour program is something that we've offered it for 30 years. We're offering it now in Cooperative Cleaning. In Cooperative Cleaning, you'll see a lot of people who are getting hours paid where they didn't work. In home care you don't see it, because everybody who wants to work full time, the culture now is: get them up to full time.

And if they don't want to work full time and they're happy with their part-time status, we're now allowing them to stay at part time. The point is, we still have the guaranteed hour program, so if somebody's patient went into the hospital, and we don't have a job for them, and they need the 30 hours, they can sign up for the guaranteed hours program and get their 30 hours whether they work or not. The only difference is that they cannot refuse a case.

Q: So most of the people who are working the full 30 hours are working with the same patient for all of those 30 hours?

A: No, not necessarily. They may work for somebody in the morning and then somebody in the afternoon.

Q: Is it usually the same people from week to week?

A: Oh, yes. This is long-term care, so, as I say to people, once we're successful in the match, then it's pretty steady. It's pretty steady, except for hospitalization or something like that.

Q: How many people does it take to coordinate all this?

A: Well, we have 2,000. What's interesting is that we've had 30 years of arguing over centralizing things versus decentralizing. So will we ever solve it? I don't think so. We go back and forth. Right now we've decentralized. So there are people that are only responsible for scheduling. There are people that are only responsible for incidents. There are people that are only responsible for human resource types of problems. So the caseloads change all the time. The coordinators are the individuals who are responsible for placing the workers, replacing the workers, supervising the workers day to day, managing the workforce. It used to be a coordinator could handle 100 workers and 100 cases. But now it's different because they're doing specialized work.

We have three incident writers. They're handling 2,000 workers, so they're handling 2,000 cases. Luckily, we don't have 2,000 incidents every day. But they're handling a workforce of 2,000, and they are handling the incidents that occur normally. We were spending an incredible amount of money over the last five years, and the initiatives that have come out of that foundation and the work that's being done is unbelievable. Making a difference in the world, to fix things, really fix things. It was exciting.

Q: How about a health insurance passthrough? Are there requirements that health aides have access to health insurance through the employer, or not? Because that would make you less competitive. If you're providing health insurance coverage to your workers, how are you going to compete with an agency that doesn't't?

A: Well, that's a different question for us because we're unionized, and the workers get their health insurance through the union. It's something that's negotiated in the contract and so it's not an option for us. It's also not an option for us in terms of the ACA. We have to provide health insurance. We have over 50 workers. So we have to provide health insurance for our workers.

Q: Do all home health agencies offer health insurance?

A: It depends on whether they meet the requirements under the Affordable Care Act in terms of part time versus full time. What a lot of companies do is they keep everybody under 20 hours. They keep them at 19 hours, and then they don't have to provide it. And then they deal with the scheduling, because it's worth it, so that they don't have to provide health insurance.

Q: Does that pose a threat to your folks?

A: No. Look, in the end, we believe in what we did 30 years ago, which was to provide a quality job, because that's going to provide quality care. It's written everywhere.

Q: That's the basic philosophy?

A: Yeah, and that's what we believe in. We still believe in it, but I can't prove it. We are coming now to a point in health care where you do have to prove it, you have to prove outcomes.
For example, DSRIP is a federal initiative for the hospitals to get their acts together and not readmit everybody every time they discharge them, because it costs hundreds of billions of dollars to do that. So we are moving towards much more of an outcome-driven health care delivery system. When you read in the paper that the USA spends more per person on health care than anyone else in the world and has the worst outcomes, what does that tell you? It tells you that eventually that's going to have to change.

Once we have to show outcomes, then worker turnover is going to be important, the quality of the job and who does the job is going to become much more important. So that's why I say, I can't prove that, for the last 30 years, that a quality job equals quality care. But I guarantee you in the next ten years the correlation will definitely be there.

That's the whole motivation behind raising the minimum wage to $15 – having a quality job, a job that you can feed your family with. And it's been proven that the economics of that works. People will spend more money if they make more money. And yes, I'm sure that some people will lose jobs when the minimum wage gets raised. But that's also a good thing in the sense that they should then get retrained for something else.

The problem there is that we don't have the community college mentality in training to retrain. I read the other day that there's a million jobs in IT created this year. One-fifth of them we'll be able to fill in this country. So the other 80% are going overseas, or people will be brought here to fill those jobs. That's crazy, crazy.

Q: To grow to 10,000 workers, let's say, in the next few years, you don't think you'll have any trouble in finding workers? You feel the labor supply's out there for those jobs?

A: The labor supply is out there. And don't forget what I said: my belief that the majority of that growth to 10,000 workers will be through consolidation. I'm already talking to a company next week who wants to sell.

Q: This is why you're confident that something's going to happen soon?

A: This is a guy that's been in business as long as I have, but it's a for-profit. He's the owner. He's done very well with it. He's a good guy, one of the high-road employers. Now he's 64, 65. He's had enough. I mean, he's done well with it. It's too crazy now. It's too complicated. It's harder. So he wants to sell.

Q: And is CHCA considering purchasing that company?

A: Yes. But, we don't have the money.

Q: That was my next question. So how does that happen?

A: So, how does that happen? This has been my year – I should quit after this! I was invited to the White House. Why? Because the Department of Labor, the Department of Agriculture – everybody's interested in co-ops. We've been approached already by folks that want to fund our expansion. So I don't have the money to buy this guy, but I've been assured, and have had a few conversations already, that there's money out there for this. That's just as good as going to a bank, but I don't have to go to a bank. I have to go to someone who believes in co-op development. And it could be a bank.

Q: But given the structure that you're a worker-owned co-op, how does that work, with outside money coming in? Do they get shares in the company? Part ownership?

A: I don't know for sure, but no, they wouldn't get shares. It would be strictly a borrowing of the money. In other words, like getting a mortgage. We would borrow a million dollars or $2 million, and then ...

You know, this company that we're thinking of buying, it probably would cost $2 to $3 million to buy. The advantage is, it adds a million dollars in the first year to our overhead. In other words, because you're acquiring 30% of your business – say, 40,000 hours, or whatever it is, a week – you immediately have this advantage: you're getting all of these hours and this revenue, but you don't have to duplicate what you have. In other words, all of that money is a contribution to the existing overhead, which is going to make it very profitable.

Q: And this would all have to be approved by your workers?

A: Yeah.

Q: And would those workers then become worker-owners?

A: Eventually.

Q: Do you know the timeline for that?

A: No. We're still trying to get the ones from the last acquisition to worker-owner. But this would be – this would probably be a little bit more structured, this acquisition. The other one was, the City of New York came to us and said, "Just assume this contract, okay?" This would be a little bit more structured. By the way, we would use consultants to help us do all that.

Q: You mentioned the interest in co-ops. New York's Mayor De Blasio even said last year that worker co-ops are "a crucial part of our economy," and allocated $1.2 million to promote them.

A: And then another one-point-something million recently.

Q: Is that all just seed money for new coops?

A: Yes.

Q: So it doesn't really affect you?

A: No. And we take the position that, while we support that, we're not so convinced that it's the best use of the money. Because what we believe and, I think, we've shown is that to have an impact, you have to scale. If you're going to say you're going to have an impact on the economy, and you're going to try to put money back into the community, you've got to have 2,000 workers.

These co-ops that are being created by these grants are two, three, five, ten people. Yes, it's a nice thing to do, and hopefully those companies will make it. But, think about how many businesses fail without being a co-op. So if they create 20 businesses from this $1.2 million, half of them are going to fail, and the other half are going to be small. So, again, hear me. We support it, because we support co-op development. I would have rather them give me the million dollars and say, "Why don't you add another 500 workers to make up, again?" Okay? And that's like seed money or something.

But we support it. I don't believe that it will have the same impact as this co-op absorbing five companies that are another 2,000 workers.

Q: So what sort of relationship do you have with the city, given this new interest? Do you get any help from the Economic Development Corporation?

A: Actually, yeah, we do. We have grants with Small Business Services? We do business with them.

Q: You're not a small business.

A: No, but we have programs that they are interested in and they've been able to fund. Our jobs program. We have relationships with them. We have relationships with CWE (the Consortium for Worker Education). We have welfare-to-work programs, so we get wage subsidies. Where there's wage subsidy programs, we participate in those. So, yes, we are very engaged in all of the public dollars that are available for development purposes. And we also get philanthropic dollars, like the Robin Hood Foundation helps us.

We're also working with the Economic Development Corporation, which started a program that's sort of a variation of the B Corp. It's called the "Best for New York," and basically says, "Be a good employer." So we're participating in that.

Q: You mentioned Benefit Corporations. Why did you decide to become part of the B-Corp movement?

A: Honestly, the first reason was because, whenever you can do something that will have somewhat of an impact, and it's not going to cost you a lot to do it because you're already there, then do it. Secondly it's something that the company believes in and that fits our culture, if you will.

But thirdly – and we have not seen it yet, but I think there is more and more of an opportunity here – we wanted to differentiate ourselves from other companies. This is a wonderful way to do it. Licensed agencies like ours are a dime a dozen; they're all over the place. There's not a single licensed agency that's a B Corp. So one day, when somebody wakes up – a managed care company, a CEO – and he reads all about B Corps, and he gets all turned on and excited and says, "Wait, I want to do business with B corps," we're the only one that he can do business with in New York. Our sister agency in Philadelphia's is also a B Corp.

Q: What is that agency?

A: We have a company in Philadelphia called Home Care Associates. The same exact model as here. Has about 200 workers, so it's small. But we started that company about 18 years ago.

Q: Is part of your growth plan is to grow nationally?

A: Not really. We don't have any plans to go anywhere else. At this point in our lives, we're not interested in that. What we are interested in is Airbnb. I'd much rather focus on the Airbnb business.

Q: You've just begun that Airbnb partnership?

A: We actually started a year ago in having discussions with them. In November of 2015, we started cleaning, and we're still in the pilot phase. What that means is, we're doing about 100 cleanings a week in Brooklyn.

These are Airbnb hosts that have been contacted by Airbnb by e-mail and so on saying that they're rolling out a new service with a company that is worker-owned, is paying $15 an hour now, ahead of the curve, who is training workers in how to clean a home, and is trying to make the same kind of an impact for domestic workers that we tried – and, I think, did make – 30 years ago for home care workers: making it a real job, as opposed to a maid service, as opposed to somebody that gets paid off of the books, doesn't have any benefits and in some cases is abused in that sense.

Q: So is your goal to make this follow a similar structure to the home care side? There would be worker-owners and –

A: Right now, yes. In order to do that, we did not set it up as a separate company. It's a d/b/a of Cooperative Home Care. It's called Cooperative Cleaning. It's owned by the site. Right now we have 10 or 12 cleaners who have been hired and who are guaranteed 30 hours. We've been cleaning since November. We started out slow. We were at 100 cleanings for a long time. Now it's dropped down because of some of the marketing issues around Airbnb.

They're being very careful and targeted. You know, they have 30,000 hosts in Brooklyn. They've only advertised this to 2,000. So we're going to see ourselves grow within the Airbnb community. But let me be very clear: We're not going to just keep it as an Airbnb business. We're going to expand. We're going to open it up to the public so that anybody can hire us.

Q: Why are you doing this?

A: Well, I would say two main reasons. And I really believe in the first one, which is that we want to have the same impact. This is an industry, domestic workers, that needs our attention. So we're doing it for that. And we want to make these real jobs, and we have a partner in Airbnb who feels the same way. Eventually it'll be unionized, also.

Q: There was my next question.

A: They will be. Right now it's not happening because there's an enormous political infight that's going on. But eventually they'll be unionized as well.

Q: Political infight within ... ?

A: Within the unions: SEIU and the hotel workers (Hotel & Restaurant Employees, HERE).

Q: So they would be unionized by HERE?

A: No, not if I have anything to say about it.

Q: Where would their health care benefits eventually come from? Would 1199 take them in?

A: SEIU Local 32BJ is the one that we've been talking to. Hector Figueroa was very, very supportive, and then HERE fired a shot across the bow, if you will.

Q: Jurisdictional issues?

A: Oh, my God. Went totally bananas. We're putting the unionization on hold, but they will be unionized. It will have health insurance through hopefully 32BJ. We will open it up to the public. And we're doing it for that reason, in terms of making it a real job.

But, from my perspective – and not everybody shares this perspective – I think it's good to diversify. The health care business is wonderful. I think that, as I said to you, there is enormous opportunities for growth. But if we're talking about low-wage workers and if we're talking about trying to have an impact, why not diversify? It's nice not to do business with the government. It's nice to have a business that's a real business, if you will, a make-it-or-break-it kind of thing.

We've always believed in diversification. When we built this company, our main source of revenue is the rates that we charge. But we never were totally dependent on the rates. We went out and got money from Robin Hood. We got money from the Heron Foundation.We get money from welfare-to-work. We've always believed in diversifying our sources, programming. So now I think it's a good idea to diversify the business.

Q: Are the Airbnb cleaners a separate group or the same people you've trained as home health aides? Might home health aides, if they don't have a client today, be asked, "Hey, go clean some Airbnb apartments?"

A: No, we are not doing that as of today. That's not to say that as we grow and it gets bigger we wouldn't do that. Right now, because it's still in the pilot stages, we're keeping everything separate. And we're also finding out, first of all, with cleaning in Brooklyn, all of our workers live in the Bronx. They don't want to schlep to Brooklyn. We have to have Brooklyn people.

Q: But you're looking to expand to other boroughs?

A: Oh, yeah, we will. Bronx is not that big in terms of Airbnb, but Manhattan is enormous. And we already service Manhattan in our home care division, because it's very easy to get to, especially the Upper West Side.

Q: And is Airbnb attracted by the nature of CHCA, its unionized, worker-controlled structure?

A: Yes. I think that's what attracted them initially. The pilot is going on in Chicago and in L.A. We were the first ones. And all three sites are unionized. So they have a good reputation. So they're keeping consistent with that. We're the only worker-owner co-op. But I met the President of the company in L.A., and she gets it. You know, she's on the same wavelength in terms of being a high-road employer.

Q: With all this growth, a classic question to worker co-ops here and abroad, is: how do you grow while still maintaining an active democratic culture, still keeping the vast majority of the workers involved? You're at 70% of your workers being worker-owners. Is that a challenge that you think CHCA can deal with – to keep a rich and activist worker-owner culture?

A: Yes, I think that you can. I think that we have. When I took over 15 years ago, Rick Suprin was very concerned about that. We've been able to grow and maintain it. How do I know that? Because we've done consistent employee satisfaction surveys, and it's not about the money. Okay? Nobody's ever going to fill out a satisfaction survey and say, "I love making $10 an hour." But when they do fill out the satisfaction survey, they talk about the fact that they still feel respected at this company, and they still feel like it's a family. That's what I look for.

Look, it's sort of what I said before about 70% of people who get referred to the company come from somebody who already works for the company. It's organic. We've been through some very, very hard times the last two years. We've had to make quite a few cuts. We haven't had a dividend in two years.

Q: Is that coming out of the recession?

A: No, I'm still waiting for money from 2014. I don't have the cash. If I had the cash, we could continue doing what we were doing. We could continue at a 2% margin. But I don't have the cash. I'm supposed to get at the end of the summer over a million and a half dollars that's due from 2014.

So, my point is, we've had tough times in that sense. But every time I go to one of these orientations for worker ownership, there's 20 people there. There's 20 people that want to sign up to become a worker-owner, because we explain to them, the dividend is only part of it. The fact that you're going to be owning the company and being able to participate in the company and be able to have an open-door policy and be able to come into your company, and you're going to be treated well – it does make a difference.

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NOTES:

1 See Kasmir, Sharryn, *The Myth of Mondragon: Cooperatives, Politics and Working-Class Life in a Basque Town* (Albany: SUNY Press, 1996) and Kasmir, Sharryn, "Can Worker Cooperatives Save American Manufacturing: A Conversation with the Steelworkers' Rob Witherell," *Regional Labor Review* (Fall 2010): 10-15.

2 Franklin, Noah, Chirag Bhatt & Fangye Zhao, "Worker Cooperatives in New York City: A Model for Addressing Income Inequality?" *Regional Labor Review* (Spring/Summer 2014): 10-19.

3 See for example: Broughton, Anne Claire, "What Are My Hours? How Reliable Scheduling Can Boost the Bottom Line," *Forbes* (6/1/2016); Flanders, Laura, "How America's Largest Worker-Owned Cooperative Lifts People Out of Poverty," *Yes Magazine* (8/14/2014); Rieder, C., et al., "Too Few Good Jobs? Make Bad Jobs Better," *Huffington Post* (10/9/2012).

4 In Home Care Association of America v. Weil, the US Supreme Court declined to hear an employer challenge to the 2015 Obama Administration effort to extend basic labor protections like overtime pay and the minimum wage to home health aides.