

## Worker Co-operatives (Workers' Co-ops)

### What is a workers' co-op?

A **worker co-operative**, also known as a worker's co-op, is a **business** where the **workers collectively own and operate the business**. Members invest their labor into the business and collectively decide how the business will run.

### How do you start a workers' co-ops?

Worker co-ops can be incorporated under a range of business structures, including LLC, S corporation, cooperative corporation, etc. Some states, including New York, give workers' co-ops the option of forming as a cooperative corporation, which can provide certain benefits. However, what structure you pick will depend on the needs of your co-op and the members. For example, if some members do not have a work permit, you may want to consider an incorporation structure that does not create an employer-employee relationship among members. **More information can be found below under "What are the immigration implications of workers' co-ops?"**

If incorporated as a cooperative corporation, workers' co-ops in New York have a certificate of incorporation, and usually also have by-laws. The certificate of incorporation is typically shorter, usually including only the minimum information needed to create the co-op, and is harder to amend. The certificate may include the co-op's name, address, and how voting power is distributed among the members. The by-laws can include a range of information including who is qualified to become a member, how to accept and terminate members, how the co-op is governed, and information on financial management. **You can find sample incorporation documents and by-laws at <https://www.co-oplaw.org/knowledge-base/cooperative-bylaws/>.**

There are many resources to support people in starting, operating, or growing a worker's co-op, including business training, financing, and other services, which are listed below under **Resources about Workers' Co-ops**.

## How are workers' co-ops governed?

Worker co-ops vary widely in how they are governed. What they have in common is that workers' co-ops are governed democratically and collectively by all its members. In New York, all employees of a workers' co-op incorporated as a cooperative corporation, are members after a probation period, entitled to the same share of management authority and ownership as any other member. One membership share is given to each employee for a set fee. How someone becomes a member, including the terms of the fee, are described in the by-laws. Worker co-ops can also have directors and officers which are elected by the members. The by-laws should include information about the election and power of directors and officers as well as other information about governance, such as the decision making process and rules around voting.

## Do you need a work permit to work in a workers' co-op?

**No!** Many people with or without a work permit are members of workers' co-ops for its benefits, including greater control of working conditions and collective ownership of a business. **You do not need a work permit to work in a workers' co-op, as long as the co-op does not have an employer-employee relationship with its members.** When a co-op is being created, thought should be given on how to structure the co-op to *avoid having an employer-employee relationship* between members and directors. This is because employers are required to check the work authorization of employees and can face fines and penalties for failing to do so or for hiring employees who they know do not have work authorization.

Whether an employer-employee relationship is created is a complicated issue under immigration and employment law. **To learn more about this topic, check out Sustainable Economies Law Center's Legal Considerations for LLC Coop Structure Review** (<https://www.co-oplaw.org/wp-content/uploads/2019/04/anonymous-LLC-coop-memo.pdf>).

## Does joining a workers' co-op have immigration implications for undocumented people?

For immigrant workers, working without a permit can have certain impacts on eligibility for visas and permanent resident status. However, for undocumented people, who already face barriers, working without a permit will usually not create additional barriers. To learn more about the immigration impacts of working without a permit, please watch the Options for UndocuWorking Presentation at <https://www.nysylc.org/getpaid>.

*To learn more about workers' co-ops and other ways of making income, check out New York State Youth Leadership Council's The Non-Citizen's Guide to Entrepreneurship at <https://www.nysylc.org/getpaid>.*

## Resources about Workers' Co-ops

### Guides:

**The Non-Citizen's Guide to Entrepreneurship by New York State Youth Leadership Council**

(<https://www.nysylc.org/getpaid>): Workers' co-op resources on pages 109-113.

**Co-op Law by the Sustainable Economies Law Center** (<https://www.co-oplaw.org/>):

Online resources and tools for workers' co-ops, including information on legal structures, financial management, and tax.

**Information for Immigrant-Owned Cooperatives by the Sustainable Economies Law Center**

(<https://www.co-oplaw.org/knowledge-base/immigrant-owned-cooperatives/>).

**Democracy at Work Institute by the U.S. Federation of Worker Co-operatives**

(<https://institute.coop/tools/for-worker-coops>): Online resources and tools to start and operate a workers' co-op and to transition an existing business into a worker's co-op.

**Training, funding, and services (New York City):**

**New York City Worker Cooperative Business Development Initiative**

(<https://www.nyc.gov/nycbusiness/article/worker-cooperatives>): Includes a list of services in New York City for workers' co-ops, including business consultation, legal consultation, training, and other resources. The Initiative can connect you with the service organizations or you can reach out to them on your own.

**New York City Network of Worker Cooperatives**

(<http://www.workercoop.nyc/>): Free counseling for starting a workers co-op, information sessions, and sustainability and emergency grants.

## Resources about UndocuWorking:

**New York State Youth Leadership Council's *Making Money*** (<https://www.nysylc.org/getpaid>)

### CUNY Resources:

- [www.cuny.edu/undocu](http://www.cuny.edu/undocu): Scholarships; resources for career & graduate school; and public and government based resources
- [www.cuny.edu/immigrant](http://www.cuny.edu/immigrant): Contact information for CUNY liaisons, centers, and leadership; policies that impact undocumented and immigrant students; FAQ for immigrant CUNY students
- [www.cuny.edu/nysda](http://www.cuny.edu/nysda): video and written guides for the New York State Dream Act including CUNY support to get your TAP funds

*To learn more about workers' co-ops and other ways of making income, check out **New York State Youth Leadership Council's *The Non-Citizen's Guide to Entrepreneurship*** at <https://www.nysylc.org/getpaid>.*