



**Testimony of the NYS Community Equity Agenda Coalition’s Workplace Democracy Working Group
for the Joint Legislative Budget Hearing on Economic Development**

January 30, 2024

In this year’s budget, New York has a tremendous opportunity – thanks to federal funding made available through the Worker Ownership, Readiness, and Knowledge (WORK) Act – to align with 22 other states by establishing a NYS Worker Ownership Center. The WORK Act is a new federal law designed to support the growth of worker-owned businesses. It provides funding for states to establish centers to promote worker ownership.

Worker ownership centers have emerged as vital institutions across the United States, promoting and supporting various models of worker ownership, including Worker Cooperatives and Employee Stock Ownership Plans (ESOPs). Twenty-two states, including California, Ohio, and Vermont, have established centers to serve as hubs for education, technical assistance, and advocacy. These centers play a pivotal role in fostering a robust ecosystem for worker-owned businesses.

A NYS Worker Ownership Center would likewise play a crucial role in advancing the cause of worker ownership in our state. It would spearhead initiatives to raise public awareness, educate small business owners about the advantages of worker ownership, and offer essential technical and financial assistance to start-ups and businesses seeking to transition ownership to their employees.

Worker-owned businesses represent a powerful solution for fostering jobs with dignity, advancing racial, gender, and economic justice, nurturing robust local economies, and dismantling structural inequality. Recent polling underscores the widespread appeal of worker-owned businesses, with three out of four Americans expressing a preference for such enterprises.¹ This inclination stems from the prospect of better and more equitable pay, heightened productivity, and increased resilience inherent in worker-owned models.² Moreover, worker-owners have a direct stake in the success of their local economy and community, which fosters job-security and economic stability and helps to build and protect community wealth.

A NYS Worker Ownership Center would also help preserve jobs in New York and promote economic resilience by providing infrastructure and support necessary to facilitate the conversion of businesses to worker ownership. Even before the onset of the pandemic, an estimated 3,700 businesses were closing each year in New York State due to the owner’s retirement, leading to a loss of 13,260 jobs annually.³ These are just some of the jobs that can be saved and protected through conversion of existing businesses to worker ownership.

¹ <https://njbmagazine.com/njb-news-now/study-finds-most-americans-prefer-to-work-at-employee-owned-companies/>

² <https://institute.coop/benefits-worker-cooperatives>

³ <https://www.crainsnewyork.com/article/20170524/POLITICS/170529943/public-advocate-letitia-james-says-nyc-should-help-employees-buy-out-retiring-bosses>

The success of the Vermont state center for worker ownership⁴ and other worker ownership centers across the country makes evident the transformative potential of a NYS Worker Ownership Center. The center will play a crucial role in shaping a more inclusive and sustainable economy, showcasing how worker ownership can lead to business success, economic stability, and community resilience. As the worker ownership movement gains momentum, the center will serve as a beacon of support and knowledge, empowering New York's businesses and workers.

Governor Hochul and the Legislature should act decisively to seize the opportunity presented by the WORK Act and establish a NYS Worker Ownership Center in this year's budget.

Thank you for the opportunity to present our testimony. Please contact Andy Morrison at New Economy Project with questions: andy@neweconomynyc.org.

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The NYS Community Equity Agenda is a broad-based coalition of more than 50 community, labor, civil rights, faith-based, and legal services groups, cooperative organizations, and community development financial institutions (CDFIs) committed to fighting for a just economy and to building institutions that are led by and support Black, brown, and working-class New Yorkers and communities. Learn more: equityagendany.org.

⁴ <https://www.aspeninstitute.org/publications/boots-on-the-ground-a-profile-of-the-vermont-employee-ownership-center/>