

Cleveland's Worker-Owned Boom

Rust-belt to recovery.

by Gar Alperovitz, Ted Howard, Steve Dubb

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This June, the doors will open at the Evergreen Cooperative Laundry, a state-of-the-art, nearly \$6 million facility in Cleveland, Ohio.

What's so special about this laundry? In a word, ownership. The business will be 100 percent owned by its 50 employees, virtually all of whom live in the surrounding community. Life is tough in this neighborhood, where the poverty rate exceeded 30 percent and thousands of homes lay stripped and abandoned even before the current recession began.

In the midst of this urban distress, the Evergreen Laundry employee-owners will earn a living wage and health benefits. As members of the co-op, they will enjoy greater job security than workers at more traditional businesses, and, after seven years on the job, they will have built an ownership stake of as much as \$65,000.

The laundry is the flagship of a wider network of Evergreen Cooperative businesses, part of an effort to transform the quality of life for Cleveland's low- and moderate-income residents.

While its planners—the Cleveland Foundation, the Ohio Employee Ownership Center at Kent State University, ShoreBank Enterprise and others—drew on experiences gained in cities around the country, the Evergreen initiative represents some important firsts. It is the first attempt to bring together the economic power of “anchor institutions”—universities and hospitals, in this case—that have a long-term commitment to the city. Instead of luring outside corporations with promises of tax breaks and lax standards for labor and environmental practices, the Evergreen strategy develops home-grown worker-owned enterprises that can offer ongoing services to these anchor institutions.

This represents the first significant effort to create green jobs that not only pay a decent wage, but also build assets and wealth for employees, since they are not only workers, but also owners. If successful, this initiative could become a national model.



In Cleveland's University Circle neighborhood, the university and hospitals invested in worker-owned enterprises that could supply them with such services as laundry and energy. Their investment also brings good paying jobs and a more stable economy to nearby neighborhoods. Photo courtesy The Cleveland Foundation

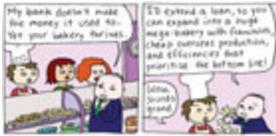


New Economy, New
Ways to Work



Solar Cleveland

Later this summer, Ohio Cooperative Solar (OCS) will begin installing solar panels on the roofs of the city's biggest nonprofit health, education, and municipal buildings. These institutions will lease their roofs to the employee-owned energy co-op, and in turn will purchase electricity from OCS. Within a few years, OCS and its worker/owners will own and reap the income from the largest installation of solar panels in the Midwest. The long-term goal is to develop a workforce capable of carrying out similar installations throughout the state.



Green Worker Co-Ops,
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Another co-op will advance large-scale urban agriculture—something missing in an area that spends \$7 billion on food shipped in from California, Arizona, and even Hawai'i.

Evergreen City Growers will build and operate a year-round hydroponic greenhouse located in the heart of Cleveland capable of producing more than 3 million heads of fresh lettuce and nearly 1 million pounds of basil per year. The company will employ about 50 local low-income residents.

That Cleveland may become a center of an innovative, green, wealth-sharing economy is especially remarkable because the city has been one of the hardest hit by the flight of capital and jobs. Cleveland was once home to major steel producers and auto-makers, and at its peak in 1950, it was the nation's fifth-largest city, with a population of 915,000.

Today, the population is 440,000 and falling. Cleveland is among the five poorest cities in America. There are at least 15,000 vacant buildings in the city and more than 3,300 acres of vacant land.

Is there a future for older industrial cities like Cleveland? That was the question Ronn Richard, president of the Cleveland Foundation, asked himself when he was appointed in 2003.

The answer, he and his colleagues concluded, lay in building on the city's most significant assets: the network of health care, higher education, and cultural "anchor institutions" that are a legacy of the city's once-strong manufacturing base. The university and hospitals are prominent among them.

These institutions together purchase many billions of dollars of goods and services, and they are among the only institutions still growing. Because they are rooted in place, they have a self-interest in ensuring their surrounding neighborhoods are safe, healthy, and vital communities.

"If we could work with these institutions, particularly in helping them focus their business and investment practices locally, we could create economic energy and opportunity for local residents," he says.

Thus was born the Greater University Circle Initiative, which includes the Cleveland Clinic, University Hospitals, Case Western Reserve University, and a number of other health and cultural institutions in the city.

The Evergreen Cooperatives represents the Initiative's best bet for Cleveland's future, and other stakeholders are getting on board. Local foundations, hospitals, nursing homes, banks, a university, and City Hall are each investing in the Evergreen network of community- and worker-owned enterprises. These co-ops are structured to serve the anchor institutions' ongoing needs for laundry services, energy, food, janitorial services, records retention, and so on. The goal is to create jobs and wealth within the city, multiply the impact of local dollars by keeping them in the community, and regenerate the local economy, particularly in the city's most distressed neighborhoods.

Evergreen companies will hire and train employees from low- and moderate-income neighborhoods for jobs in the cooperative enterprises. A local nonprofit specializing in workforce development is recruiting workers through church and other networks. More than 90 neighborhood residents—some who have been laid off during the current recession, others who have been underemployed for years—attended the first community hiring meetings. Some of these men and women will become the first Evergreen employee-owners.

By linking green jobs to wealth creation, Evergreen is pioneering a new approach to organizing the green economy. After all, if green jobs are good, isn't a green job you "own" even better?

Green Jobs You Own

The Evergreen businesses are aptly named: all aim to be environmentally sustainable. The Evergreen Laundry, for instance, will be the greenest commercial-scale laundry in Northeast Ohio. The cooperative plans to construct its building to LEED silver certification standards, and it will use energy-efficient washing machines and dryers along with processes to reuse waste heat and water.

These green features give the cooperatives a competitive advantage. Most of the city's anchor institutions are committed to decreasing their carbon footprints, and doing business with the Evergreen enterprises will help them deliver on their goals.

These co-ops are a good start, but there are many people in Cleveland who need good, stable employment.

So the issue of "moving to scale" is central to Evergreens' economic development strategy. Put simply, how do you move from 50 jobs to 500, and then to 5,000?

Access to capital is the key to expanding impact. In Cleveland, the Evergreen Cooperative Development Fund was formed to provide seed financing for the next generations of worker cooperatives. The Fund is modeled in part on Spain's Caja Laboral bank, with initial funding from foundations. But as they grow, the Evergreen co-ops will be an increasingly important source of funding for other co-ops; each will dedicate at least 10 percent of their pre-tax profits to the Fund to help build the cooperative network.

Cleveland Mayor Frank Jackson probably speaks for many mayors when he says: "In these tough economic times, our cities need not only good jobs, but ways for working people to build up their family assets and wealth. Why shouldn't all of our citizens have access to meaningful jobs in workplaces where they can own a piece of the company and participate in the company's direction?"

Matching words to deeds, this spring the mayor's Department of Economic Development became an "investor" in the Evergreen Cooperative Laundry with a low-interest loan of \$1.5 million.

Ted Howard, Steve Dubb, and Gar Alperowitz wrote this article as part of *The New Economy*, the Summer 2009 issue of YES! Magazine. Ted is the executive director of The Democracy Collaborative at the University of Maryland. Steve is the senior research associate of The Democracy Collaborative. Gar is the Lionel Bauman Professor of Political Economy at the University of Maryland and the author of *Unjust Deserts*. The Democracy Collaborative worked with the Greater University Circle Initiative on the development and implementation of this economic development strategy. www.Community-Wealth.org.



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