

What Can the United States Learn from the Italian Social Cooperatives?

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August, 2011

The Italian Social Cooperatives

THE OBJECTIVE OF SOCIAL
CO-OPS IS....

“Pursue the general good of the community through human promotion and social integration of citizens by:

- a) managing health, social and educational services
- b) involvement in different types of activities - agricultural, industrial, commercial or services - for getting disadvantaged people into work” (Italian Law on Social Cooperatives art. 1, law 381/1991)

Two Types of Social Co-ops in Italian Social Co-op Law

- **REGULARLY EMPLOYED MEMBER-WORKERS**
 - in «A» type: EDUCATORS, HELPERS, NURSES, ETC.
 - in «B» type: DISADVANTAGED MANUAL WORKERS, MANUAL WORKERS WITHOUT DIFFICULTIES, SPECIALISED TECHNICIANS ETC.

Social Cooperatives in Italy

(data from Istat al 31-12-2005) www.istat.it

- **6,381,275** million euros of income [**9,989,849 CAD/8,915,527 USD**] (866,7 euros is the average sales for cooperatives) [**13,568.72 CAD/12,109.52 USD**]
- Among the type A cooperatives the more common field of activity is social work, the service offered most frequently is domestic assistance and employment in sheltered workshops; among the type B cooperatives, the worker members are physically, or mentally disabled.
- Approximately 2/3 (71.7,8%) of the social co-ops were established since 1991, the year that the social co-op statute was published.
- Regarding finance, 65.9% of type A co-ops receive the majority of their funding from public sources while 34.1% are funded from private sources. Type A co-ops receive 72.8% of their funding from public sources while type B co-ops receive much less (53.1) since they are able to generate fee for service work.

Social Cooperatives Today

(Istat Data from 31-12-2005) www.istat.it

- **7.363 Total social cooperatives**
 - type A, 4,344 firms,
 - type B, 2,415 firms
 - Hybrid type A/B 317 firms
 - Consortiums 287 firms
- **278,849 person employed**
 - 211.368 workers (70% women) with CCNL, (labor contract)
 - 31.510 paid under diverse contracts,
 - 30.395 volunteers
 - 3.346 civil service volunteers (1 year community service @ age 20) got 4 hours per day.
 - 30,141 underprivileged people regularly employed

The reasons behind the growth

- The Marconi Fund has been a key element in the growth of co-ops in Italy. It is capitalized with 3% of the annual income of the existing co-ops in exchange for tax exemptions to finance new co-ops..
- Collaborative relationship with the local municipalities that provide facilities, land for farming and referrals of clients.
- Lack of a strong nonprofit sector

The welfare mix: The State

- The Italian State had to
 - redistribute resources efficiently
 - choose the subjects in charge of social services
 - control the quality
 - Promote co-projecting (with the participation of third sector entities)

The welfare mix: the co-ops

- Social co-ops promote the welfare mix
- They daily manage services through the work of their professionals
- They have been found to be
 - Less bureaucratic
 - More flexible in organizing
 - More capable to recruit motivated people
 - More modern in managing human resources
 - More organized
 - More efficient
 - Cost control
 - Good financial management
 - More economical
 - More rooted in the territory

Other reasons of success

- Members believe in solidarity and mutuality
- Members are responsible of their work
- Members work in enterprises that are democratically controlled, commonly owned and non-profit

Problems and challenges

- They are too dependant on local welfare systems
- Social workers in co-ops are underpaid
- The Trade Unions see co-operation as menace to their mission
- Low profitability

Iter, a Type A Cooperative



- Founded in a church by 5 families to provide employment and social activities for disabled family members.
- Parents have 8 hour work requirement per week & the “children” work 3-4 hours.
- Local businesses contract for services with co-op.
- Revenues distributed to workers.
- Currently has 30 members.

La Rupe, a Type A Co-op

- A type A co-op which has social workers, administrators, volunteers and management as members of the cooperative.
- Residential treatment program for up to 200 clients referred by local municipalities.
- Partnered with Caronte, a type B co-op



Caronte, a Type B Co-op



Business Activities include: landscaping, commercial laundry, commercial cleaning, light electronics assembly; a restaurant and a coffee bar concession and property rehab construction

- Caronte has 50 workers; 15 members and 5 members on the board.
- Caronte employs people with chronic mental illness, ex-addicts, and others with barriers to employment.
- There is a 6 month period of probation to become a member of the co-op.

Agriverde, a Type A+B hybrid cooperative

- Started in 1986
- Serves people with mental illness in response to the deinstitutionalization & closure of psychiatric hospitals
- Entrepreneurial not social service model with membership of target population.
- Typical, disadvantaged & volunteer co-op members



Business activities:

1. Nursery specializing in ornamental plants
2. Organic agriculture.
3. Installation and maintenance of public and private green spaces
4. Restoration and maintenance of historic parks
5. Individual training and rehabilitation courses for disadvantaged people including horticultural therapy

Lessons from the Italian Social Co-ops

- People are willing to earn less than public sector employees serving the same population in exchange for a better quality of work and a lower case load.
- Social cooperatives are a sustainable business model even working with highly disadvantaged workers. Type B cooperatives have generated 30,000 new jobs.
- Stigma associated with prejudice against some disadvantaged groups can negatively impact their profitability. Careful consideration of suitable economic activities is critical for addressing the stigma associated with some disadvantaged groups such as the previously incarcerated.
- Social cooperatives can develop fee for service work and not be totally dependent on public funding.
- The Marconi Fund has been a key element in the growth of co-ops in Italy. It has capitalized with 3% of the annual income of the existing co-ops in exchange for tax exemptions to finance new co-ops..

Social Worker Cooperatives in the United States

- First social co-ops started in 1980's out of groups like the ICA Group, PACE that had been working to preserve jobs in the face of deindustrialization.
- Focus shifted to anti-poverty, workforce development strategies to move long term unemployed into service jobs with better than minimum wages.
- 1986 federal tax revisions created tax credit for majority worker owned firms (Employee Stock Ownership Plan's and co-ops).
- Strong philanthropic support from major foundations, especially Ford & Kellogg.
- Later social co-ops have been conversions to a co-op of for profit providers and independent contractors working together through a co-operative model to improve job compensation and quality of work.

Categories of Startups in USA

- **Job Training model** secures workforce development funds to upgrade training and job quality in a sector
 - Subcontract to the government to provide care.
 - Seek to be a “yardstick corporation” to establish standards for compensation and employment practices.
 - Examples of this type of social co-op:
 - Cooperative Home Care Associates, Bronx NY (caregivers)
 - ChildSpace, Philadelphia, PA (day care providers)
 - Enterprise Staffing, Brookline, MA (welfare recipients)
- **Independent Contractor** is a model where the labor pool is drawn from the previously self-employed. They also subcontract to the government to provide care. There are 2 examples in WI: Cooperative Care & Circle of Care.

Categories of Startups in USA, cont.

- **The Cooperative Conversion** converts an existing business to worker ownership. Examples of this type of social co-op are: I Am Unique, Raleigh, NC; Quality Care Partners, Manchester, NH; Andersson Caregiving Group, Mendocino CA. There are many more examples of this model in other worker co-ops. These firms have focused on higher skilled nursing and more highly educated nursing staff. They typically do not rely on public programs for funding.
- **The Solidarity or Multi-stakeholder Cooperative** is a model first pioneered in Quebec. Care providers, care recipients and other individuals are joint members. Partners in Personal Assistance in Ann Arbor, MI was founded in 1999 on this model

Categories of Startups in USA

- **Cooperative Startup** to create an Alternative and Superior Model. Charter schools seek to create a publically funded alternative to the public schools where teachers and administrators are not encumbered by bureaucratic policies and procedures. EduVision, Henderson MN is an example of this and has been replicated in Milwaukee, WI.

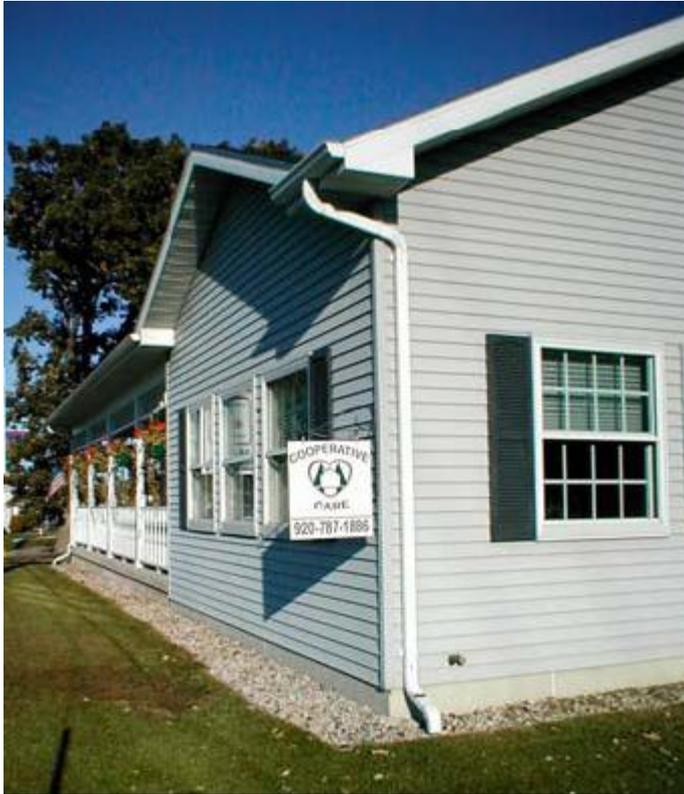
Cooperative Home Care Associates, a “Type B” co-op,

- Largest worker cooperative in the USA with over 700 employees.
- Grew out of a partnership between a hospital and an antipoverty social service agency
- Job training model

ChildSpace, a Type A Co-op

- Founded in 1988, has matured into a high quality stable worker cooperative with pay on par with sector but with superior benefits. This was created on a job training model. The founders were dissatisfied with the quality of day care in the area and the compensation and benefits to day care workers.
- Composed of 3 separate but closely aligned organizations --
 - Childspace Management Group, the worker co-op (CMG);
 - Childspace Day Care Center, a community based nonprofit which contracts with CMG for day care services (CDCC);
 - Childspace Development Center, Inc. (CCDI) which was initially established to replicate the Childspace model and then shifted to provide training and advocacy for better compensation and improved quality child care
 - CMG has 16 members and 35 staff.

Cooperative Care, a Type B cooperative Waushara WI



- Founded in 1991 with an experienced workforce of 63 caregivers who had been providing care to home bound individuals in Waupaca county.
- Caregivers are the only members.
- Started with a 1.5 year, \$850,000 contract with the Waushara County Human Services Department.
- Independent contractors

Toxic Soil Busters, a Type B Co-op

- Youth co-op created in 2005 to provide employment for 5 youth
- Lead abatement soil testing service and soil removal.
- Environmental awareness training for the youth
- US government Department of Housing & Urban Development lead abatement contract in 2008
- Youth employment for “at risk” population



<http://youtube.com/watch?v=u2Cm54RFx1I>

Benefits of Social Co-ops in USA

- Moves people from temporary, minimum wage jobs to permanent positions with benefits.
- Provide members better compensated jobs in sectors with a history of poorly paid work. The improvements in compensation are mostly in the form of benefits.
- Members have the benefits of working in a cooperative where they have a democratic governance structure.
- There are some foundations that have supported this development.

Challenges

- The “type B” co-ops in the USA have not created career paths for people to move beyond the entry level jobs in most cases.
- These jobs pay about \$9 per hour and the co-ops are typically break even financially.
- There has been limited experience with creating “Type A” co-ops and these are in education and child care and skilled nursing
- The social co-op model is not widely recognized in the USA.
- The USA has traditionally relied on its well developed nonprofit sector to provide social services. Nonprofits have relied on public and charitable giving from foundations, individuals and corporations. It is currently experiencing as much as a 30% cut in funding.

Are there lessons to learn from the Italians?

- The Italians spend less on social welfare and family benefits than the USA does.
- The social co-ops have generated over 30,000 jobs for people with barriers to employment. This is worth testing as a model in the USA. Current efforts have focused on self employment but this reinforces the isolation and does not work for everyone.
- Public/private partnerships are key to success of the Italian co-ops. This is also true in the case of the WI caregiver co-ops and the charter schools.
- A co-op development fund like Marconi would address the financing gap for co-op startups not only in social services but more widely.

Final Thoughts

- The current crisis in funding for nonprofits would not be addressed by a social cooperative initiative.
- Shared services co-ops could greatly benefit nonprofits. CCA Global has developed a subsidiary business, CCA for Social Good which provides:
 - **Cost Savings** - Members receive substantial discounts on products and services like FedEx, Staples, credit card processing and more.
 - **Human Resources** - Members gain the guidance they need to manage HR functions simply, efficiently and affordably. Our comprehensive program provides the tools needed to complete policies, job descriptions, performance appraisals and more.
 - **Insurance** - risk assessment and lower costs through the group purchasing
 - **Marketing and communications** - The platform contains online templates and step-by-step guides to create professional marketing materials on the spot.
 - **Training** – 24/7 online training programs.
 - **Library** of nonprofit resources
 - **Connections** – networking with other nonprofits
- [http://www.ccaglobalpartners.com/index.php/ourbrands/CCAForSocialGood/for Social Good](http://www.ccaglobalpartners.com/index.php/ourbrands/CCAForSocialGood/for%20Social%20Good)

Thank you!

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