

MCDC MILESTONE REFLECTIONS: CITY OF MADISON GRANT WRITING PROCESS

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Executive Summary

Madison, like a growing number of United States cities, is embracing worker cooperatives as a strategy to create jobs that build wealth and increase equity. Its 2016 Cooperative Enterprise Development Program (CEDP) will allocate \$3 million to worker cooperative development targeted to low-wage workers and communities of color over the next five years. Yet even before the first funds were disbursed, the program had already fostered a new level of local cooperation through the establishment of the Madison Cooperative Development Coalition (MCDC).

The MCDC is a coalition of 28 unions, community-based organizations (CBOs), cooperatives, co-op developers, and lenders that came together in early 2016 to upend the typical city grant process. Rather than submitting many competing applications, MCDC crafted two complimentary proposals that designate specific roles for each coalition member. How did a municipal worker cooperative development initiative take root in Madison, and why did MCDC members opt to cooperate rather than compete for city funds? This first installment of the *MCDC Milestone Reflections* series will provide a brief history of the CEDP to date and synthesize four themes from the process of writing a collective grant proposal: laying the groundwork, sharing leadership in a diverse coalition, building CBO capacity, and expanding the workers' movement. It is based on data collected by Laura Schlachter through an action research project with MCDC and the University of Wisconsin Center for Cooperatives (UWCC), including participant observation from April to August 2016 and interviews with ten individuals actively engaged with the City of Madison grant writing process.

After years of groundwork organizing, CEDP began to crystalize in 2014 during a conversation at the Southside picnic between Mayor Paul Soglin and South Central Federation of Labor (SCFL) President Kevin Gundlach.² Soglin's office soon invited UWCC Director Anne Reynolds into a series of early visioning discussions. In November, the Madison Common Council approved the draft 2015 Executive Capital Budget with \$5 million for the program over five years. Although the actual allocation would not be finalized until the following year, there was consensus on the path forward: the city would allocate funds for both technical assistance and low-interest loans to support worker cooperative development in Madison, and the Department of Planning and Community Economic Development (DPCED) would issue a request for proposals (RFP) to determine administrators.

Several features of the Madison context made the Common Council especially amenable to the idea of a municipal worker cooperative development initiative. First, Madison has a vibrant existing cooperative economy. It's home to the highest density of cooperatives per capita of any city in the U.S., a number of successful worker cooperatives like Union Cab and Just Coffee, and several cross-sector cooperative associations like Cooperative Network and MadWorC.³ Second, co-op

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² SCFL is the central labor council of the regional AFL-CIO composed of approximately 100 unions.

³ MadWorC is a coalition of Madison worker cooperatives formed in 2011-12.

supporters occupied key political positions. Mayor Soglin has long been a “true believer” in worker cooperatives⁴ and made a campaign promise to promote local development during the 2011 uprising against Act 10. Local cooperators held him to it, and in June 2012 the City partnered with UWCC to host the Madison Cooperative Business Conference (City of Madison 2012). Rebecca Kemble, a Union Cab worker-owner and former President of the U.S. Federation of Worker Cooperatives, made the CEDP central to her successful run for Common Council in April 2015 and now serves on the Economic Development Committee. Ruth Rohlich, a DPCED Business Development Specialist, is a major proponent of community-driven economic development. Third, the debate sparked by the 2013 Wisconsin Council on Children and Families *Race to Equity Report* brought racial inequality to the forefront of the municipal policy agenda. The report found that Madison has the most dramatic black/white racial disparities of any city in the country in terms of employment, poverty, educational outcomes, and incarceration (Nelson 2013).⁵ Not only were CBOs like the Young, Gifted and Black Coalition⁶ already exploring cooperatives as a form of economic empowerment, but unions were also eager to strengthen partnerships in communities of color. SCFL lobbied hard for the CEDP and labor’s support was very important politically.

Throughout 2015, Reynolds, Gundlach, Kemble, and Rohlich brought together community partners to discuss the initiative and lobby the Common Council to support the program. The Common Council finalized the allocation in November 2015 but the final total was cut to \$3 million (\$600,000 per year) over five years due to competing budget priorities. With the allocation finalized and RFP released in early 2016, Reynolds encouraged interested groups on both the lending and technical assistance sides to cooperate rather than competing for limited funds. The idea was to leverage existing expertise in the community and identify complimentary strengths. She was instrumental in convening the organizations that ultimately formed the MCDC. The coalition submitted two linked proposals (one to administer the loan fund and another to administer technical assistance) in March 2016. These were the only two responses to the RFP.

Although the Madison Development Corporation (on the lending side) and Cooperative Network (on the technical assistance side) are the official grantees, the proposals outline roles for each MCDC member in order to build a sustainable infrastructure for cooperative development in Madison. The lending and technical assistance aspects are also formally connected. For example, a seat on the loan committee is reserved for a member of the technical assistance group. The interim MCDC steering committee includes representatives from the Chamber for Black Economic Empowerment, Cooperative Network, Latino Professionals Association, MadWorC, SCFL, and UWCC. Committee members were intensely involved in crafting the proposal and are now responsible for getting the program off the ground. After positive recommendations from the Economic Development Committee and Board of Estimates, the Common Council approved the DPCED’s recommendation to accept both proposals in a consent vote on July 5. The full coalition will elect a steering committee at the end of 2016 to govern the MCDC.

⁴ Soglin supported the creation of Union Cab during his first stint as Mayor in the 1970s by helping it secure a community development block grant.

⁵ For example, the report (Nelson 2013) found that Black adults were 5.5 times more likely to be jobless, 6 times more likely to live below the poverty line, and 8 times more likely to be arrested than white peers.

⁶ The Young, Gifted, and Black Coalition leads Madison’s Black Lives Matter campaign.

Reflections on the City of Madison Grant Writing Process

The process of responding to the city RFP catalyzed the establishment of the MCDC, built bridges between organizations that rarely cooperate on City of Madison grants, and created the framework for CEDP implementation. The Common Council’s approval of both proposals in July 2016 was a key milestone for the initiative that provided an opportunity for individuals involved in the grant writing process to reflect on their experiences to date. Why did MCDC members opt to cooperate rather than compete for city funds? Schlachter’s analysis⁷ of field notes from five months of participant observation at MCDC events and interviews with ten purposively sampled individuals with a variety of perspectives on the proposal writing process pointed to three key themes: laying the groundwork, sharing leadership in a diverse coalition, building CBO capacity, and expanding the workers’ movement.

Table 1: Interviewees (n=10)

	Organization Type			Gender		Race		
	CBO	Co-op	Labor	Female	Male	Black	Latino	White
Total	3	5	2	5	5	1	1	8

Composition and Structure of the MCDC

The MCDC brings together a broad collection of partners from CBOs, the cooperative community, and organized labor. The coalition’s 28 members at the time of this writing include the Chamber for Black Economic Empowerment, Centro Hispano, Cooperative Network (technical assistance administrator), the Democracy at Work Network, Feed Kitchen, Freedom Inc., Heartland Credit Union, Interpreters’ Cooperative of Madison, IUPAT Local 802, Latino Chamber, Latino Professionals Association, Madison Development Corporation (loan fund administrator), MadWorC, NAACP of Dane County, Northside Planning Council, Operation Fresh Start, Operation Welcome Home, ReSCI Consulting, Shared Capital Cooperative, SMART Local 18, SMART Local 656, South Central Federation of Labor, UFCW Local 1473, University of Wisconsin Center for Cooperatives, Workers Rights Center, U.S. Federation of Worker Cooperatives (and its Union Co-op Council), WRTP/Big Step, and the Young Gifted and Black Coalition.

The coalition governance body is a steering committee of member representatives. For the first six months of program implementation (July through December 2016), an interim steering committee composed of the organizations most actively engaged with the grant writing process will serve as the interim steering committee and organize periodic meetings of the full coalition. The MCDC plans to host its first steering committee elections in January 2017.

⁷ Schlachter personally conducted all semi-structured, face-to-face interviews from May to July 2016. She transcribed the audio recordings and analyzed them using a coding system in NVivo. She triangulated interview accounts with initiative documents (proposal drafts, etc.) and field notes from initiative events (meetings, etc.). Interviewees cited here gave permission to be directly quoted using their real names. Schlachter’s action research project with UWCC is under the purview of the UW-Madison Institutional Review Board.

Laying the Groundwork

“We just have such a density of worker [and] community advocate organizations and individuals, and thankfully we have a relatively progressive local government,” said Charity Schmidt of SCFL, reflecting on why Madison was prime territory for CEDP to emerge. “I think just all of those elements are completely right to actually build this project out into something that’s long-term and big, a holistic approach to community-based economic development.” As Frank Staniszewski of the Madison Development Corporation said, “The fruits of the profits are going to the workers. In the big picture – the one percent, 99% picture – that is one of the few programmatic responses I can see to remedy that.”

Not only was the Common Council receptive to the idea of a municipal worker cooperative development initiative, but many founding members of the MCDC had also been laying the groundwork within their own organizations. Several CBOs had been exploring cooperatives long before the CEDP opportunity arose. For example, the Allied Community Cooperative is a food co-op startup in the Allied Drive neighborhood that partners with UWCC and has generated a lot of excitement about the co-op business model as a strategy to address food deserts. Several other community-based organizations had also been studying and promoting cooperatives as part of their work in the immigrant rights and Black Lives Matter movements. As Schmidt said, “With the Young, Gifted, and Black Coalition’s movement in Madison it’s serendipitous timing, really talking about economic security and black-driven economic security and [sic] neighborhood development from the ground up.”

Eric Upchurch of the Chamber for Black Economic Empowerment, like many CBO leaders, said that participating in the grant writing process seemed like a logical extension of his existing work:

This was very much in line with the different things that I’m doing at the Black Chamber and Young, Gifted, and Black Coalition. We want to connect folks to the technical assistance and the resources that they need to start enterprises [...] That just made me more excited to be a participant. Now I’m thinking – and I think folks are in line with this vision – that black economic empowerment can be one focus of MCDC. I think it falls under this idea of empowering communities of color.

According to Anne Reynolds of UWCC, this readiness was crucial for bringing a wide variety of CBOs to the table that otherwise might have been stretched too thin to take on yet another project:

Our planning process and writing process was so successful because every – and I’m guaranteeing it was every – single time we went to an organization they said we were thinking about co-ops already.

She cited Freedom Inc., Young, Gifted, and Black Coalition, Chamber for Black Economic Empowerment, Latino Chamber, Latino Professionals Association, and Centro Hispano as examples. “There’s this hunger for [cooperatives] and [sic] I think the timing is just incredibly right.”

Sharing Leadership in a Diverse Coalition

Several writing team members credited UWCC’s leadership in welcoming a wide variety of partners into the coalition. “I feel like Anne [and UWCC] have really taken the lead on just making sure people are coming together,” said Upchurch. Schmidt also appreciated UWCC’s role as a convener and facilitator:

[Anne Reynolds and Courtney Berner] know what they are doing and they have been doing it for years. They know how to write a grant, they know how to bring people to the table to complete a successful project. And so it's just such a wealth of knowledge and expertise [sic], it's irreplaceable. I don't know that this project would have the potential that it does without that expertise at the table. I think they are super incredibly valuable to the process and then actually implementing the program. And really easy to work with!

Reynolds, Gundlach, Rohlich, and Kemble in particular invested significant amounts of personal and organizational energy to spread the work about the CEDP opportunity and bring potential members of MCDC up to speed. Their efforts ranged from one to one conversations over coffee to facilitating meetings to securing signatures for letters of support. This organizing paid off in the creation of a diverse group of organizations that have otherwise rarely collaborated on city grants. As District 18 Alder Rebecca Kemble said:

To have grassroots activists involved is a big success. To have people involved who are not the usual suspects who get grant funding from the city is a really big success. And just the breadth of the coalition of the larger coalition is quite frankly unprecedented. And like Ruth Rohlich was saying at our [June 15, 2016 Economic Development Committee] meeting [sic], people from all over the country are just wowed by the approach that people are taking to this, the level of collaboration.

The spirit of shared leadership also permeated the writing process. "I felt that people stepped forward [...] because they wanted to be part of it or they felt like maybe their part of the community was underrepresented on the writing team," said Reynolds. "That surfaced people who really cared [...] I've been involved in a lot of team writing projects [...] You can't be rigid. And luckily none of us seemed to be." She explained that many people did not know each other coming into the process but developed a shared sense of trust by working together. Upchurch echoed this sentiment:

One of the biggest pieces that made it work well was that there were point people who we knew were responsible for specific things. But [sic] it doesn't seem like there is like a boss [sic], a deciding person who can say 'yay' or 'nay' to the desires of the community that is participating. It feels very much so a shared leadership process, which I really appreciate [...] It was very inclusive.

Several writing team members also identified the group's ability to come to consensus around the sustainability, coalition structure and governance, roles, and budget of the program as important achievements. Individuals brought a cooperative spirit and relevant expertise to bear. "No one is coming in trying to control this," said Schmidt. "Nobody knows how this is going to look." She credited the "diverse group of people [...] representing different communities [and] sectors" with bringing the unique perspectives and skills necessary to write a compelling proposal.

Shared leadership also entailed challenges, however. It was time consuming to engage so many different people in the writing process, especially when the program was complex and individuals were engaging at different moments. "The disadvantage of all that community involvement is just the kind of untidiness of it," said Staniszewski. "You have to try to make everybody happy, to get everybody around the table [...] I understand it comes with the territory but it takes patience." Other writing team members worried about the extent to which the grant writing team was empowered to act as a representative of the broader MCDC coalition before a formal steering committee election. As Schmidt said:

[The writing team has] become such a tightknit group [...] that just creates day-to-day challenges [for] how we get stuff done. When can we say something for the whole group? [...] When should we not overstep those bounds? I think that was one of the biggest challenges of the writing process [...] I hope the full coalition doesn't feel left out once we bring this big table back together [...] I'm looking forward to feeling like what we are doing is somehow anointed [by the full MCDC].

The challenges of communication and scarce time were only exacerbated by the novelty of the MCDC's approach. "Not having done this before," said Upchurch, "there were so many unknowns and possibilities that we had to distill."

Nevertheless, most interviewees agreed, the individuals on the writing team did yeoman's work to overcome these challenges and put together a successful proposal. "I'm still kind of awestruck," said Liebe. "I can't give enough credit to all of the people who worked on [the grant proposal] [...] People have been nimble. They have been thoughtful and selfless."

Building CBO capacity

The technical assistance proposal outlines a significant role for unions and CBOs – and allocates resources to build their capacity in cooperative development accordingly. This was a shift from the original conception of the program, which envisioned cooperative development in low-income and communities of color but allocated most resources to established developers as the primary service providers. Tania Ibarra of the Latino Professionals Association described early writing team conversations about the proposed allocation of resources as challenging but fruitful:

When the budget came around I think that was one of the most difficult conversations we had [...] In underrepresented communities the investments don't necessarily directly affect the communities but they are more like, 'We know this will help you and we want you to be part of the program.' And that has not had successful success in the past [...] And so it was a challenge to have that conversation [...] But I think we got there eventually in the sense of [...] we have to think a little more creatively about how we distribute resources.

She credited Reynolds's style of leading by listening with transforming the initial draft into one that will meaningfully build CBO capacity: "To Anne's credit she could have had a totally different way of managing the hard feedback she received [...] She provides enough room to have those discussions."

The final proposal allocates significant resources to unions and community-based organizations with the goal of building on their existing programs to support co-op development. It also establishes the MCDC and gives each cooperative in development a budget to purchase services (market analysis, accounting, legal, etc.) from a preferred provider list. As Reynolds said, "I think that the biggest success was that [UWCC, SCFL, and Cooperative Network] approached the process with some ideas on how the proposal might look and we completely changed almost every one of those ideas." As Tom Liebe of Cooperative Network described the final proposal:

Typically with a government-sponsored project [sic], you almost always have the community groups competing with each other to be participants [...] We took that competition out from the beginning, and now people [...] can spend time thinking about how they are going to reach out to their communities, where the potential groups are [...], and what kind of resources they are going to need to go do their mission [...], not competing with each other for limited resources.

Several writing team members said that this devotion of significant resources to community-based organizations – as opposed to seeing them in an advisory role or forcing them to compete in the city grant process – was central to building trust. “The way we worked through the budget honors [...] the ground-level work,” said Ibarra. As Reynolds said:

Most of the people around the table came with a tremendous amount of cynicism about how grants operate and how nonprofits operate in communities, especially when they see that the purpose of the grant is to support low-income and people of color communities. And so my impression was that the assumption was that this would be organized like every other program as very top-down. I think we quickly realized that [...] needed to be upended in order to actually be successful.

This capacity building is also central to actually realizing the program’s bigger picture goals. As Kemble said:

In my mind the greatest success of this project will be – in addition to actually creating some businesses – the education of the community-based groups about worker co-ops and embedding within their organizations the capacity to do worker co-op development. At the end of five years to have dozens of community groups have folks on their staff who can actually organize and at least be the point person for co-op development, who are really knowledgeable and experienced, and also hopefully [sic] networked in a greater coalition.

Ibarra and Upchurch felt hopeful that CEDP would be different from the typical economic development program in Madison. As Upchurch said, “I hope that MCDC becomes an engine of independence for communities of color and fosters this idea of community ownership, community owned businesses that feed the economy of communities of color.”

Expanding the Workers’ Movement

SCFL was an original proponent of the CEDP and Gundlach was particularly vocal in emphasizing the potential for worker cooperatives as another vehicle to empower low-wage workers and communities of color. “[Unions help people] come together [...] to create something better for the workers and their families,” he said. “And I think you can do that in other circles too, which is probably why I find the co-op model so fascinating.” Like growing numbers of labor organizers, Gundlach was inspired by successful examples of union co-op organizing around the country like Cooperative Home Care Associates in the Bronx and the Cincinnati Union Co-op Initiative, which indicated that unions and co-ops can be stronger together (Schlachter 2015). I was really intrigued with worker co-ops [...] because then the worker has more power over the decision-making,” he said. “Unions and worker co-ops kind of mesh together in terms of the philosophy.”

Schmidt had studied worker cooperatives as part of her PhD research and said that MCDC is emblematic of SCFL’s efforts to promote a broader conception of the workers’ movement:

What I find very exciting now [...] is really looking to [sic] the long game [...] Improving the economic security and conditions for Madison families is critical at this time [...] The attack on unions, the deprivation of wages, the lack of safety, the informality of work – all of those things [sic] go together and they all require this big picture type of response [...] We have the same goals so let’s start working together and stop working in silos [...] AFL-CIO is really starting to be a part of these broader types of [worker-centered] projects that require collaboration, aren’t just a traditional service union model, and aren’t necessarily always even unionizing.

In particular, Schmidt argued that union co-ops have the potential to bridge longstanding divisions between the labor movement and communities of color. SCFL has supported several similar initiatives in the past, such as WRTP/Big Step and Triada. Schmidt outlined several ways SCFL can similarly leverage its resources to support the MCDC: “Because of its umbrella nature, [SCFL] does a lot of convening [...] and then of course [can provide] technical support as needed [...], employment benefits [...], and trainings.” Gundlach emphasized that unionization can provide many benefits to worker cooperatives, such as access to affordable union benefits, lobbying, and training programs.

Despite early leadership and ongoing commitment from SCFL, union involvement in the CEDP has not been without its challenges. There has been some friction around determining what role unions will play in the CEDP. For some writing team members and city staff, the idea of unionized worker co-ops seemed unfamiliar and perhaps even tangential to the core vision. As Gundlach said, “[Unions] are pigeonholed into what people’s perceptions and experiences are [...] they think we are either fighting or we are [only] for *our* rights.” He explained that DPCED staff questioned whether unions were appropriate partners in the initiative early on, given the labor movement’s history of being exclusionary and combative. SCFL also experienced pressure from union constituents who were impatient with the slow pace of the city grant process. As Schmidt said:

A lot of unions are shrinking around Madison and the surrounding counties [...] If [SCFL is] going to put time and energy and resources – including serious staff time – into this project [...] there is an accountability issue of making sure we are using affiliates money well.

Liebe emphasized that bridging cultural divides has been crucial to make labor’s collaboration with CBOs and cooperative organizations successful. “It’s been an interesting process seeing some of the folks with labor learn about working with non-labor organizations in the community [...] Labor speaks like labor, labor hears like labor.” Overall, he said, translating different perspectives into shared purpose has helped many diverse groups come together around a common mission.

Nevertheless, according to Kemble, labor’s support was instrumental in gathering early support on the Madison Common Council:

I think the fact that [SCFL] was involved helped politically. I know they helped in [sic] the 2015 Capital Budget [...] They did a lot of education of alders [sic] and answered a lot of questions about that [...] No one from the co-op world is [active in lobbying at the city level]. [SCFL] already had [sic] very good relationships with elected officials and I think it did have a big impact with them not only supporting it but [sic] being the cheerleaders.

She was also struck by the movement generous approach of SCFL as standing out from other union co-op initiatives around the country:

The Madison version of union co-ops, that’s another thing that’s so unique to this project. It’s not national unions or even one local that’s saying, ‘we want to develop a co-op.’ It’s the Federation doing the education of the locals and some rank-and-file members of locals who are interested in the collaborative way [...] not like ‘this is our project’ but ‘what can we bring?’ As I talk to other people about this, that’s another surprising thing. Usually when there are high dollar amounts attached, people are swarming like ‘what can I get?’ [...] But there is also in addition to that this real ethos of ‘what can I bring?’ and [...] ‘how can I contribute?’ [...] That has been so beautiful to me to watch [...] I think with the union part that’s going to be really different than anything else going on around the country.

Madison Cooperative Enterprise Development Program Timeline

2012, June 6-7	City of Madison and UWCC host Madison Cooperative Business Conference
2014, September 1	Mayor Paul Soglin and SCFL President Kevin Gundlach discuss initial idea at Southside Picnic at Labor Temple
2014, November 11	Madison Common Council approves 2015 Executive Capital Budget with \$5 million allocation for CEDP over 5 years
2015, April 7	Rebecca Kemble elected as Madison Common Council Alder representing District 18
2015, June 29	UWCC hosts a discussion about the CEDP including Ruth Rohlich, Business Development Specialist from DPCED, and approximately 20 cooperators
2015, August 3	Meeting of unions to discuss initiative at Labor Temple
2015, September 16	Anne Reynolds and Kevin Gundlach present initiative at DPCED meeting
2015, November 10	Madison Common Council approves 2016 budget with \$3 million allocation for CEDP over 5 years
2016, February 4	Meeting of ~ 30 CBOs to discuss formation of MCDC at Labor Temple
2016, March 14	MCDC submits two complimentary (lending & technical assistance) grant proposals in response to City of Madison RFP
2016, May 11	MCDC interview with City of Madison to discuss proposal(s)
2016, June 3	DPCED staff recommends approval of MCDC proposals to Common Council
2016, June 7	MCDC proposals submitted to Common Council for final approval
2016, June 15	MCDC proposals recommended for approval at Economic Development Committee meeting
2016, June 27	MCDC proposals recommended for approval at Board of Estimates meeting
2016, July 5	Common Council approval of MCDC proposals by consent vote
2016, July 27	Meeting of MCDC members at Labor Temple to discuss next steps

Acronyms & Abbreviations

CBO	Community-Based Organization
CEDP	Cooperative Enterprise Development Program
DPCED	Department of Planning and Community Economic Development
MCDC	Madison Cooperative Development Coalition
RFP	Request for Proposals
SCFL	South Central Federation of Labor
UWCC	University of Wisconsin Center for Cooperatives

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