

PROGRAM: Worker Cooperative

DESCRIPTION: A legal structure for employee ownership of a business.

ELIGIBLE USE:

- A worker cooperative will credit members with a portion of net earnings and use the funds as tax-free money to finance growth.

PROGRAM/LOAN STRUCTURE:

- Maximum Program Benefits:
 - Net earnings are shared with workers based on a percentage, usually equal to the number of hours an employee worked and
 - Worker cooperatives are accorded special tax status based on the fact that they are not designed to make a profit.

QUALIFICATION CRITERIA/COMMENTS:

- Worker cooperatives are democratically managed:
 - Only workers can be members and
 - Each member has one vote.
- Members pay membership fees that entitle them to join the cooperative and purchase a share of stock:
 - Share values can be set at any level and
 - Members can hold their shares individually or put them in an account.
- Members can receive the funds allocated to an account when they leave the worker cooperative.