

THE COOPERATIVE PLATFORM ECONOMY ACT

- reimagining the platform economy -

THE PROBLEM:

Gig workers are being denied the benefits and protections of employment.

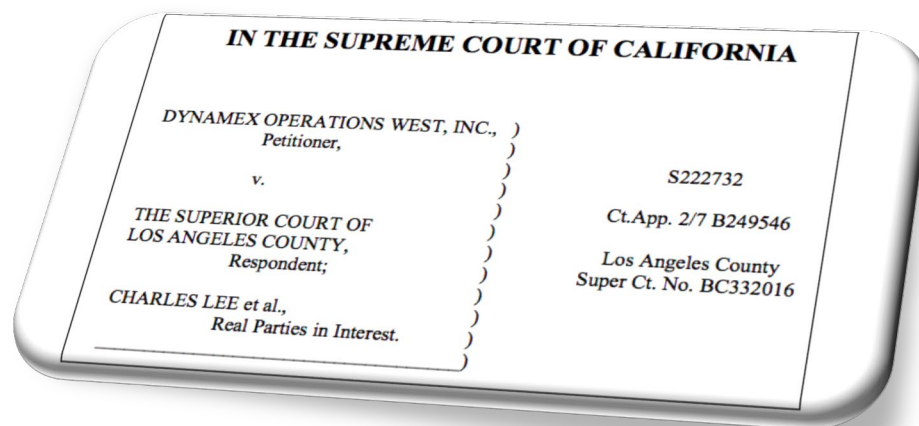
Gig economy companies have been undermining hard-won labor protections for over a decade now by classifying workers as independent contractors.



THE OPPORTUNITY:

Protections are being restored for California gig workers.

In *Dynamex*, the California Supreme Court announced a new test that would reclassify many gig economy workers as employees. This incredible shift creates uncertainty as to how platform companies will operate moving forward.



A NEW VISION:

The Cooperative Platform Economy Act

The act takes advantage of this moment - where gig economy companies must rethink their model - to propose a vision *where gig workers own and govern their workplaces.*

It creates and incentivizes a new kind of employer - **cooperative labor contractors** (CLCs) - that would offer staffing services to platform companies.



WHAT IS A CLC?

COOPERATIVE:

a business owned and controlled by its workers

LABOR:

that employs gig economy workers

CONTRACTOR:

to provide staffing services to platform companies

HOW IT WORKS



TaskRabbit

CLCs provide staffing services to platform companies

Platform companies continue to connect consumers to workers



Transport CLC



Home service CLC

CLCs are organized by industry

Gig workers own and govern the CLCs, which operate with Democratic Worker Control (DWC)



BENEFITS FOR GIG WORKERS

1. Employment benefits and protections
2. Democratic governance control over their workplace
3. An ownership stake in the profitability of their company
4. Continued scheduling flexibility



BENEFITS FOR PLATFORM COMPANIES

1. Clarity on how to comply with new standards
2. Exemption from some wage order provisions
3. Exemption from joint employer liability
4. Safe harbor for compliance with onerous business expense requirements

FEDERATION

OF COOPERATIVE LABOR CONTRACTORS

The act calls for a federation to provide infrastructure and support to CLCs.

- management and business support services to its members
- proactively develops new CLCs in specific industries
- governed by CLCs and worker co-op development orgs
- initially capitalized through a 10-year, 0% interest, \$25,000,000 loan from the State of California



CAREGIVING CLC



TRANSPORT CLC



HOME SERVICE CLC

What is **DEMOCRATIC WORKER CONTROL**?

CLCs must operate with DWC, a set of enforced regulations drawn from the cooperative principles and the definition of a worker cooperative:

- **Open and Voluntary Membership:** Uniform hiring criteria for applicant workers and membership criteria for worker-owners.
- **Worker Ownership and Voting Power:** A majority of the CLC's voting ownership interests are held by worker-owners and a majority of the voting power is held by worker-owners
- **Worker Governance:** Worker-owners elect the majority of the CLC's governing body and worker-owners exercise their vote on a one-person, one-vote basis.
- **Work Performed by Worker-Owners:** A majority of the total work performed by all workers is performed by worker-owners.
- **Distribution of Net-Income:** A majority of profits are distributed based on the quantity or value of work performed by each worker-owner, as opposed to on the basis of capital investment.

HOW ENFORCEMENT WORKS

LABOR COMMISSIONER

Licenses CLCs,
enforces DWC &
labor standards with
both member and
non-member CLCs

FEDERATION OF COOPERATIVE LABOR CONTRACTORS

Enforces
DWC with
members



Non-Member
CLC



Member CLC



Member CLC



Member CLC

STATUS & TIMELINE

- *Dynamex* was decided in April 2018
- The draft legislation was completed in May 2019
- Advocates are currently in discussion with key stakeholders about introducing the legislation
- The legislation anticipates implementation beginning as early as spring 2020