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AB-2849 The Promote Ownership by Workers for Economic Recovery Act. (2021-2022)

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Assembly Bill No. 2849

CHAPTER 808

An act to add Division 6 (commencing with Section 10000) to the Labor Code, relating to worker cooperatives.

[Approved by Governor September 29, 2022. Filed with Secretary of State September 29, 2022.]

LEGISLATIVE COUNSEL'S DIGEST

AB 2849, Mia Bonta. The Promote Ownership by Workers for Economic Recovery Act.

Existing law, the Cooperative Corporation Law, authorizes the formation of a corporation for any lawful purpose that is organized and conducts its business primarily for the mutual benefit of its members as patrons of the corporation. Existing law authorizes a corporation organized under those provisions to elect to be governed as a worker cooperative, as specified.

Existing law creates the Labor and Workforce Development Agency within state government and places the agency under the supervision of the Secretary of Labor and Workforce Development, and provides that the agency consists of, among other entities, the California Workforce Development Board, the Employment Development Department, and the Department of Industrial Relations. Existing law provides specified protections for employees in regard to payment of wages, hours, working conditions, and labor organizations, among other protections.

This bill would enact the Promote Ownership by Workers for Economic Recovery Act. The act would establish a panel to conduct a study regarding the creation of an Association of Cooperative Labor Contractors for the purpose of facilitating the growth of democratically run high-road cooperative labor contractors. The bill would require the study to consider specified issues, including how to promote tenets of democratic worker control and ensure that the association's members offer high-road jobs. The bill would require the panel, in preparing the study, to engage in a stakeholder process by which it consults with, at a minimum, organized labor, worker cooperatives, and business groups that can assess the opportunities and challenges associated with expanding workplace democracy. The bill would require the panel to complete the study and make it publicly available on the internet by June 30, 2024.

Vote: majority Appropriation: no Fiscal Committee: yes Local Program: no

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Division 6 (commencing with Section 10000) is added to the Labor Code, to read:

DIVISION 6. The Promote Ownership by Workers for Economic Recovery Act
CHAPTER 1. General Provisions

10000. This act shall be known, and may be cited, as the Promote Ownership by Workers for Economic Recovery Act.

10001. (a) On August 14, 2019, the Governor signed Executive Order No. N-17-19 establishing the Future of Work Commission tasked with studying, among other matters, "the potential jobs of the future and opportunities to shape those jobs for the improvement of life for all of California," "policies and practices that will help California's businesses, workers, and communities thrive economically, while responding to rapid changes in technology and workplace structures and practices," "policies and practices that will close the employment and wage gap for Californians," "strategies for engaging employers in the creation of good, high-wage jobs of the future," and "workforce development, training, education, and apprenticeship programs for the jobs of the future."

(b) In March 2021, the Future of Work Commission issued its report, "A New Social Compact for Work and Workers," recommending that, among other actions, California help (1) ensure the creation of sufficient numbers of jobs for everyone who wants to work, including by extending financial and technical assistance to mission-oriented businesses, (2) eliminate working poverty, including by creating supports for workers to organize in unions and worker associations as well as supporting "high-road" employment, (3) create a 21st-century worker benefits model and safety net, including by developing a portable benefits platform and encouraging apprenticeship and other skill-building programs, (4) raise the standard and share of quality jobs, including by creating a California Job Quality Incubator to support the increase of high-quality jobs, and (5) futureproof California with jobs and skills to prepare for technology, climate, and other shocks, including by providing incentives to the private sector to invest in worker training.

(c) The Legislature finds and declares that a California-focused federated worker cooperative system may advance these objectives by encouraging the expansion of democratically run high-road cooperative businesses that promote equitable economic development, reduce inequality, and increase access to living-wage jobs. Worker cooperatives have been shown to convey wealthbuilding and other significant benefits to workers, including autonomy from larger economic forces, more resiliency during economic downturns, lower workforce turnover, greater voice in health, safety, and other workplace issues, and more equitable pay. The Legislature wishes to study how a federated worker cooperative system could advance the goals of the Future of Work Commission, particularly as they apply to historically underresourced communities.

CHAPTER 2. Definitions

10005. For purposes of this division, the following terms have the following meanings:

(a) "Association" means the Association of Cooperative Labor Contractors.

(b) "Secretary" means the Secretary of Labor and Workforce Development.

CHAPTER 3. Study

10010. (a) There is hereby established in state government a panel to conduct a study regarding the creation of an Association of Cooperative Labor Contractors for the purpose of facilitating the growth of democratically run high-road cooperative labor contractors. The panel shall be assisted in this task by staff from the Labor and Workforce Development Agency or a subsidiary department thereof selected by the Secretary of Labor and Workforce Development.

(b) The panel shall consist of all of the following members:

(1) The secretary or the director of a subsidiary department thereof selected by the secretary.

(2) The Director of the Governor's Office of Business and Economic Development.

(3) An appointee of the Speaker of the Assembly.

(4) An appointee of the President pro Tempore of the Senate.

(5) A representative from the Future of Work Commission selected by the Governor.

(c) In preparing the study, the panel may retain outside experts on high-road jobs, worker cooperatives, business formation, and other topics pertinent to the association.

(d) The study shall consider, at a minimum, how to do all of the following:

(1) Advance the goals of the Future of Work Commission within the association.

(2) Incentivize the growth of the association and its members.

(3) Promote tenets of democratic worker control, including, but not limited to, uniform hiring and ownership eligibility criteria, worker-owners working most hours worked, most voting ownership interest being held by worker-owners, most voting power being held by worker-owners, and worker-owners exercising their vote on a one-person, one-vote basis.

(4) Ensure that the association's members offer high-road jobs, which include, but are not limited to, jobs with the right to organize and participate in labor organizations and jobs with minimum labor standards, such as a minimum wage in excess of the otherwise applicable minimum wage, a compensation ratio between the highest and lowest paid employees, minimum health expenditures, minimum retirement expenditures, and protections for individuals who have gone through the criminal justice system.

(e) In preparing the study, the panel shall engage in a stakeholder process by which it consults with, at a minimum, organized labor, worker cooperatives, and business groups that can assess the opportunities and challenges associated with expanding workplace democracy in the major sectors of the economy throughout the state.

(f) The panel shall complete the study and make it publicly available on the internet no later than June 30, 2024.