

# Food Entrepreneurs in Crisis: Preparing for After the Pandemic

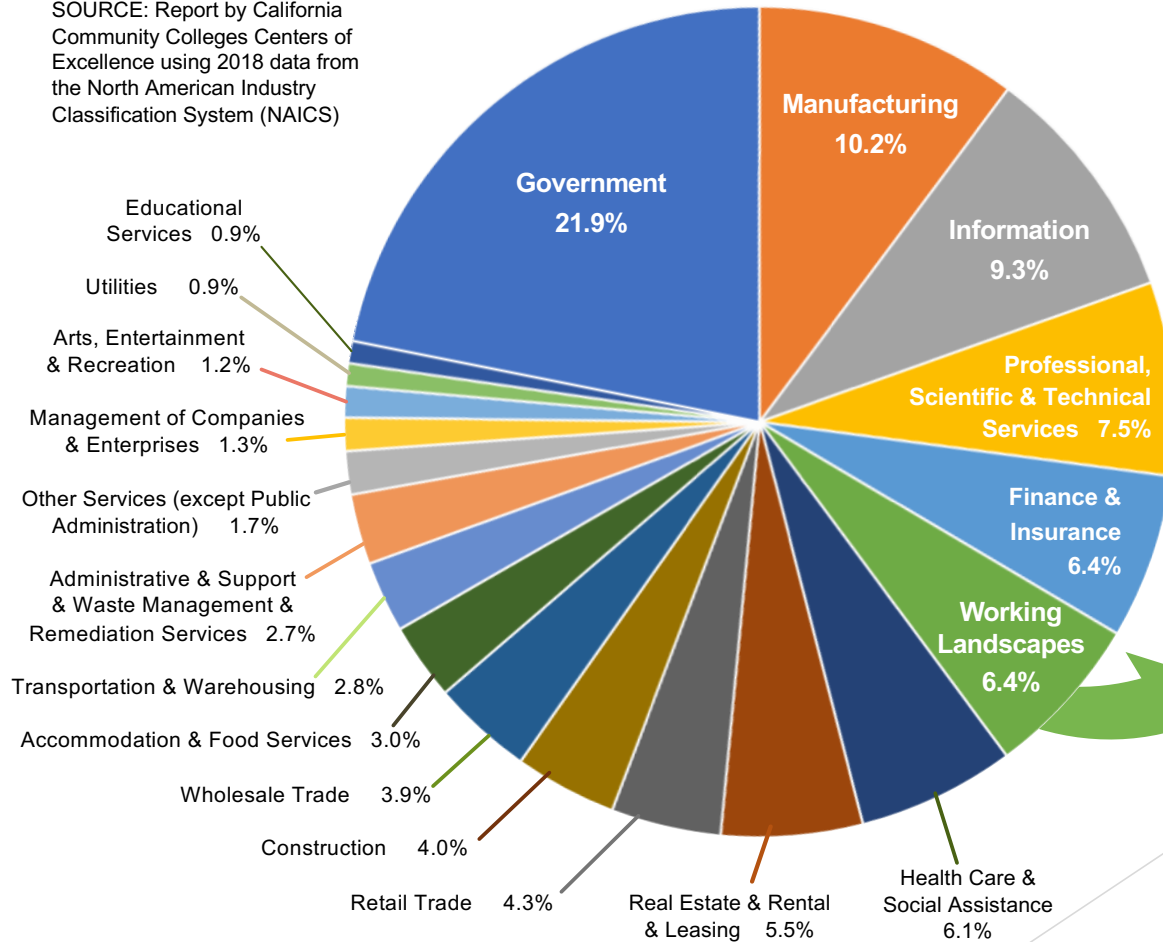
Dr. Keith Taylor

Community Economic Development Specialist

Email: [keitaylor@ucdavis.edu](mailto:keitaylor@ucdavis.edu)

# 2018 Value of California's Working Landscapes

SOURCE: Report by California Community Colleges Centers of Excellence using 2018 data from the North American Industry Classification System (NAICS)



**\$333 Billion Sales**

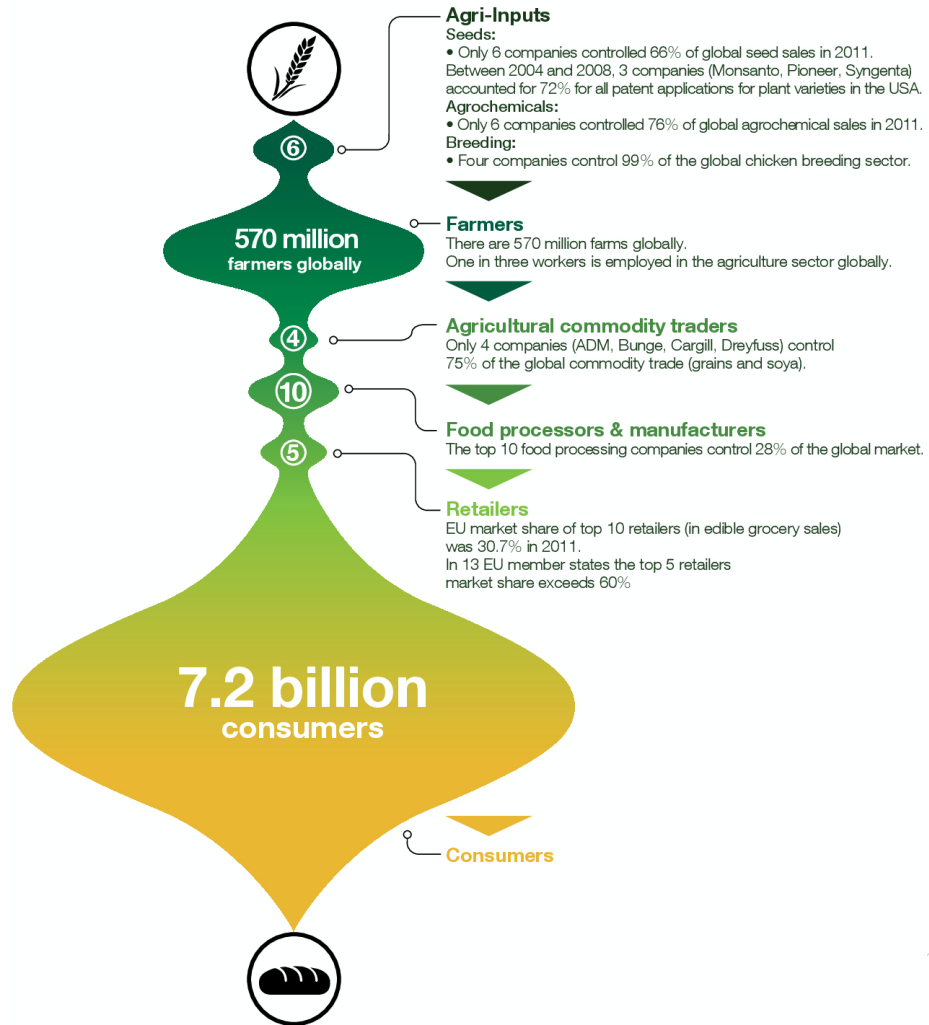
Agriculture	\$263.5 B
Mining	\$32.2 B
Forestry	\$23.2 B
Outdoor Recreation	\$6.3 B
Renewable Energy	\$5.9 B
Fishing	\$1.7 B

**1.5 Million Jobs**

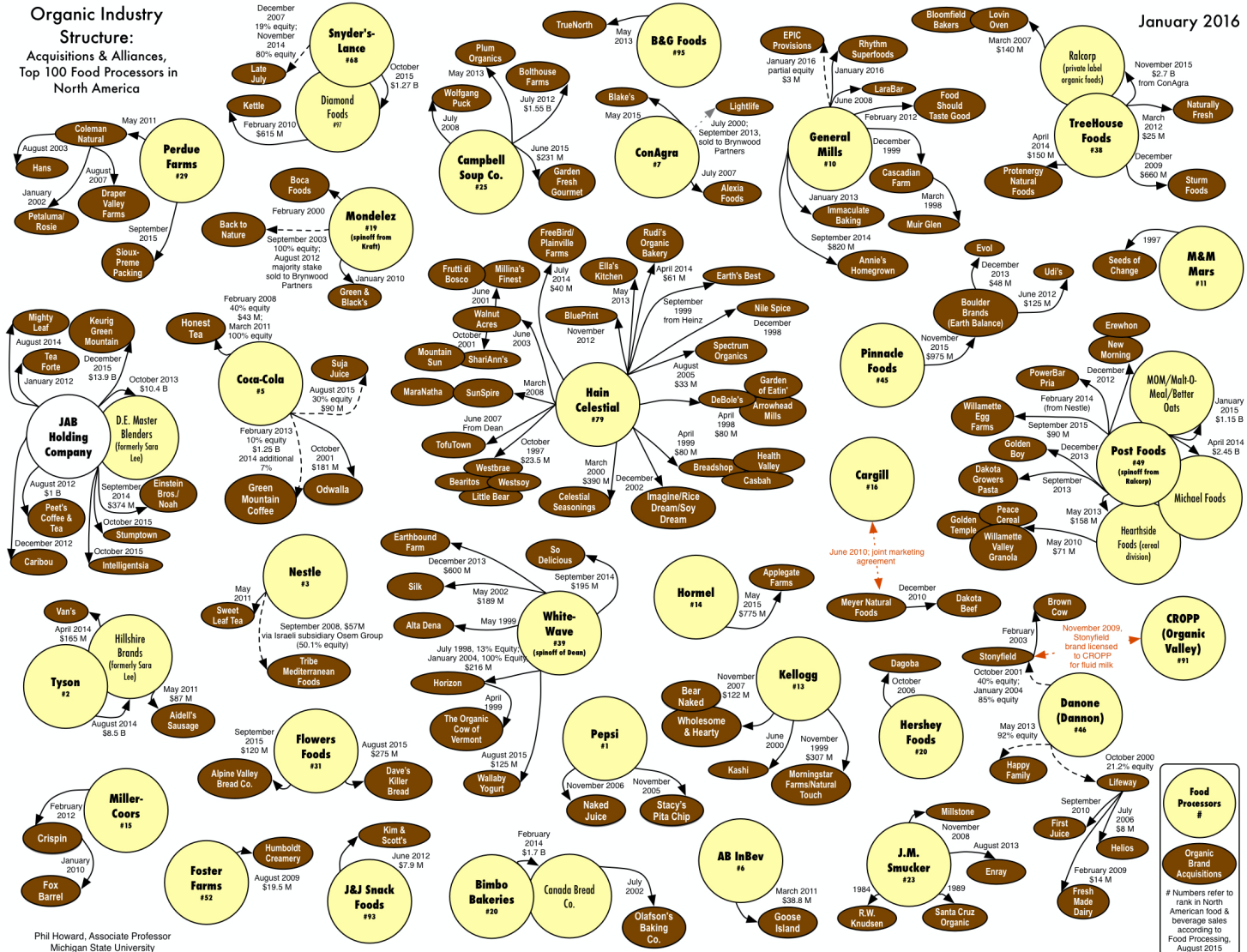
**\$85 Billion Earnings**

## Figure 1: The Global Food System

A double bottleneck of corporate control between farmers and consumers



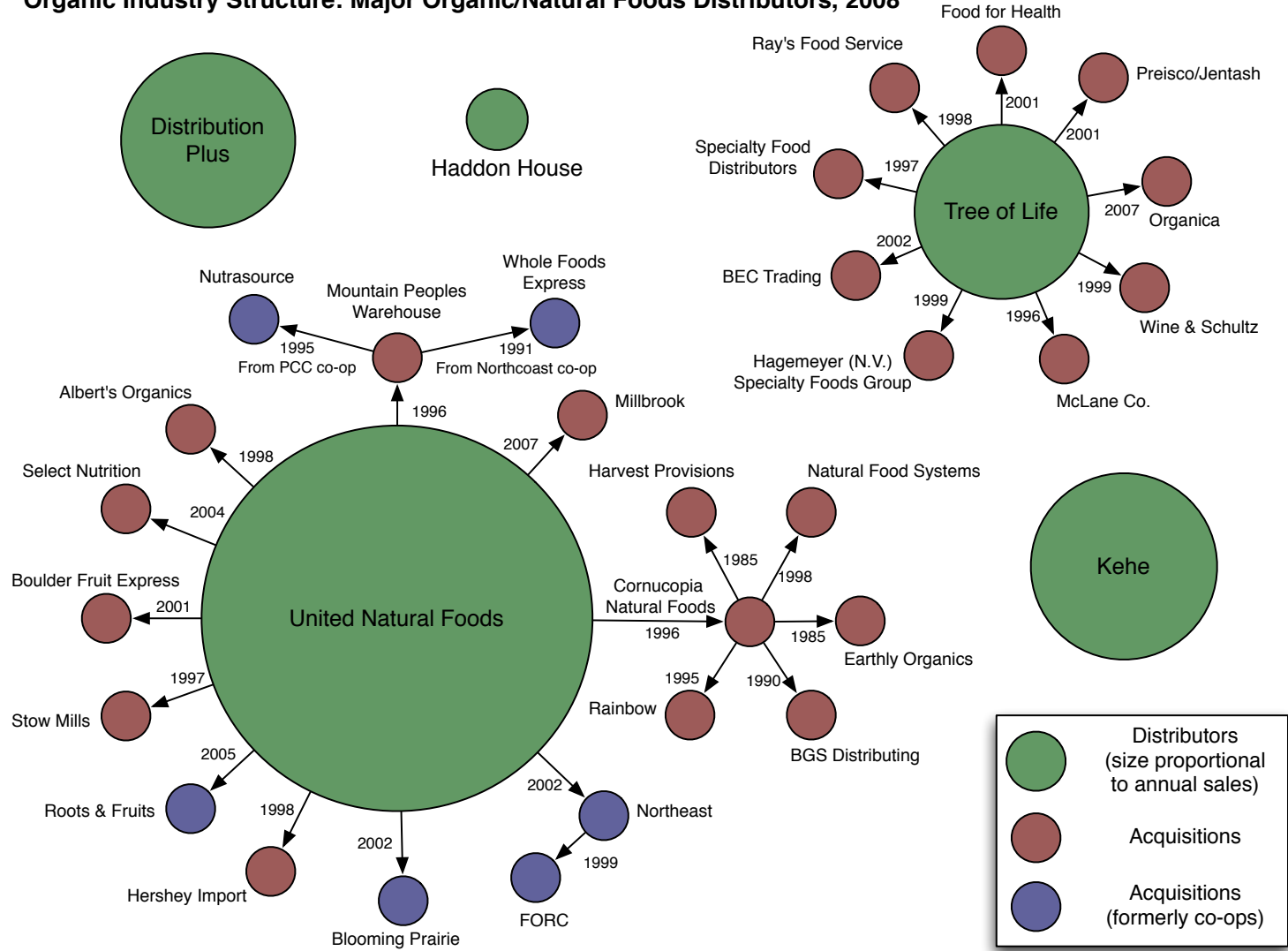
**Organic Industry Structure: Acquisitions & Alliances, Top 100 Food Processors in North America**



Phil Howard, Associate Professor  
Michigan State University



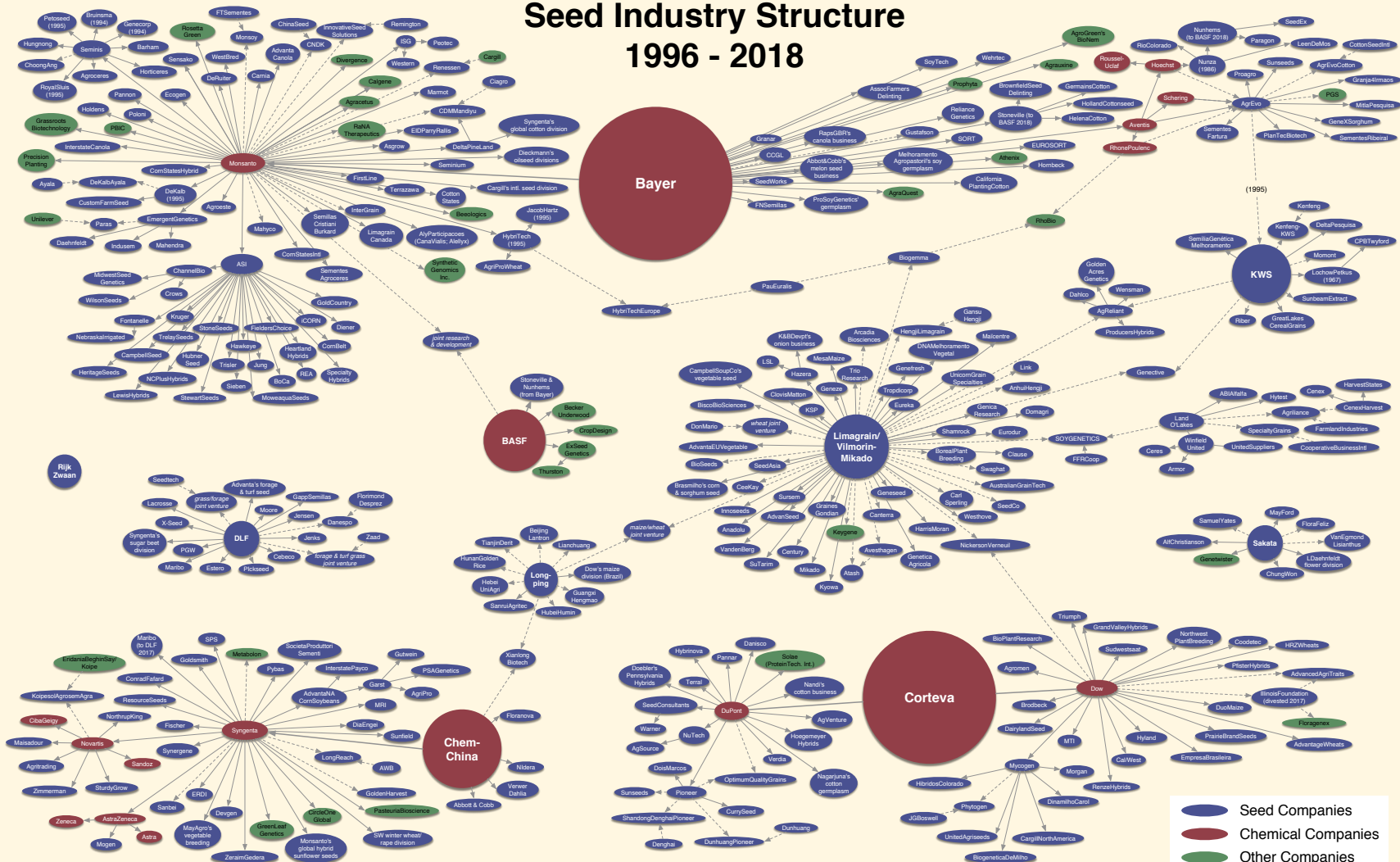
# Organic Industry Structure: Major Organic/Natural Foods Distributors, 2008



Phil Howard, Michigan State University



# Seed Industry Structure 1996 - 2018

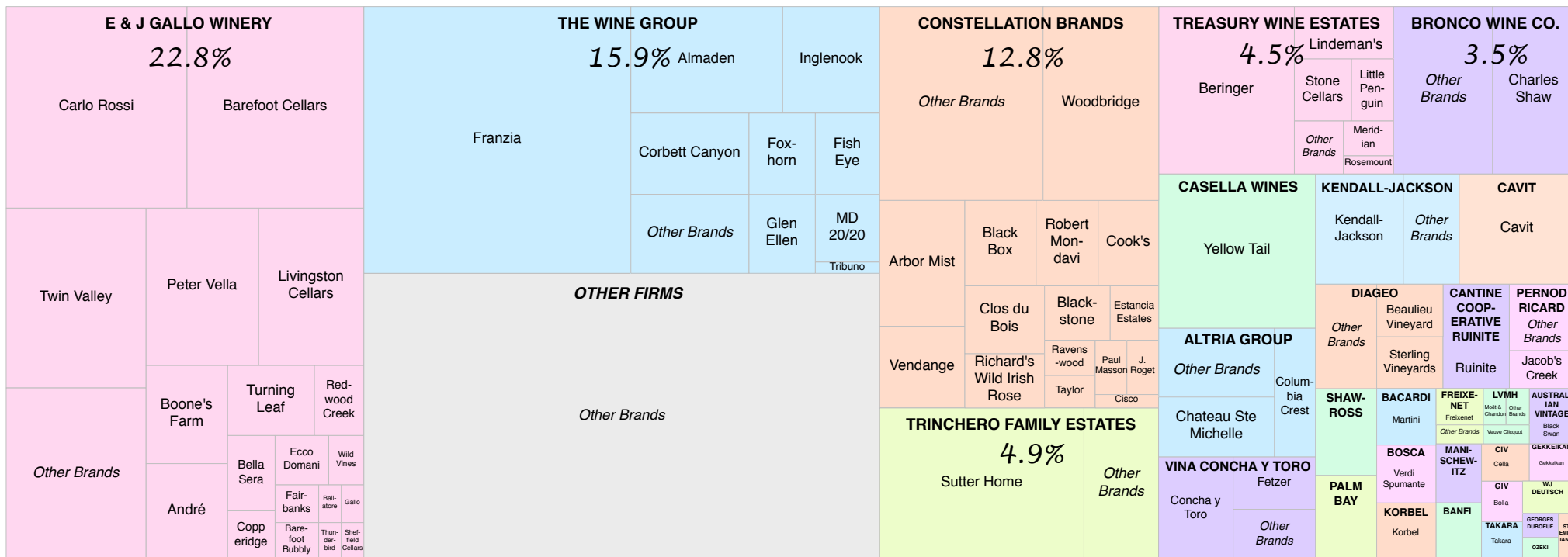


● Size proportional to global seed market share

Phil Howard, Associate Professor, Michigan State University  
<https://philhoward.net>

- Seed Companies
- Chemical Companies
- Other Companies
- Full Ownership
- - - Partial Ownership

# U.S. Wine Market Share, 2011



Phil Howard, Terra Bogart, Alix Grabowski, Rebecca Mino, Nick Molen & Steve Schultze, Michigan State University

Data: Euromonitor International, 2012



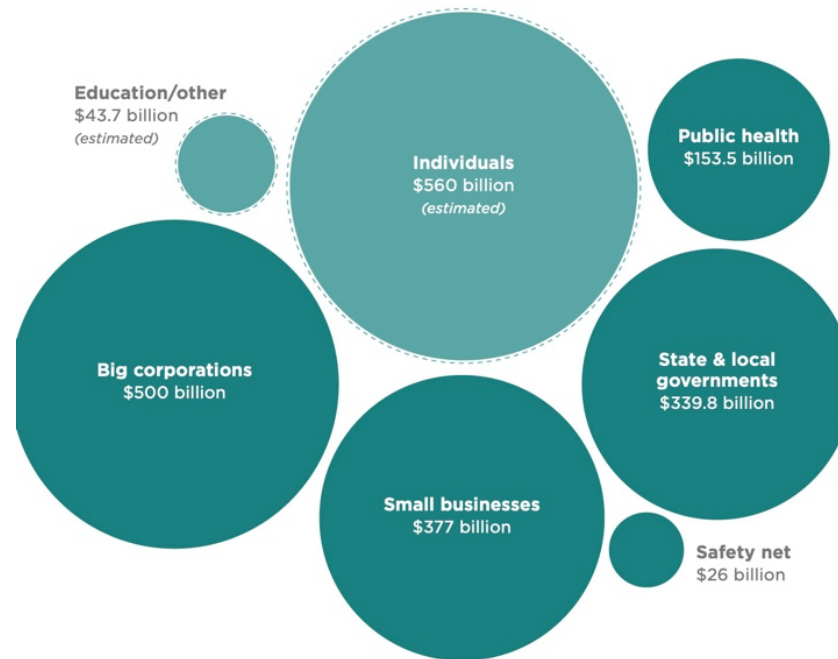
# What's Inside The Senate's \$2 Trillion Coronavirus Aid Package

March 26, 2020 · 5:34 PM ET



## How The \$2 Trillion Breaks Down

The CARES Act provides relief to several groups impacted by the coronavirus pandemic.



Source: Estimates for third relief bill based on bill text, committee and administration numbers.  
Credit: Audrey Carlsen/NPR

# Economic Development

## Claims

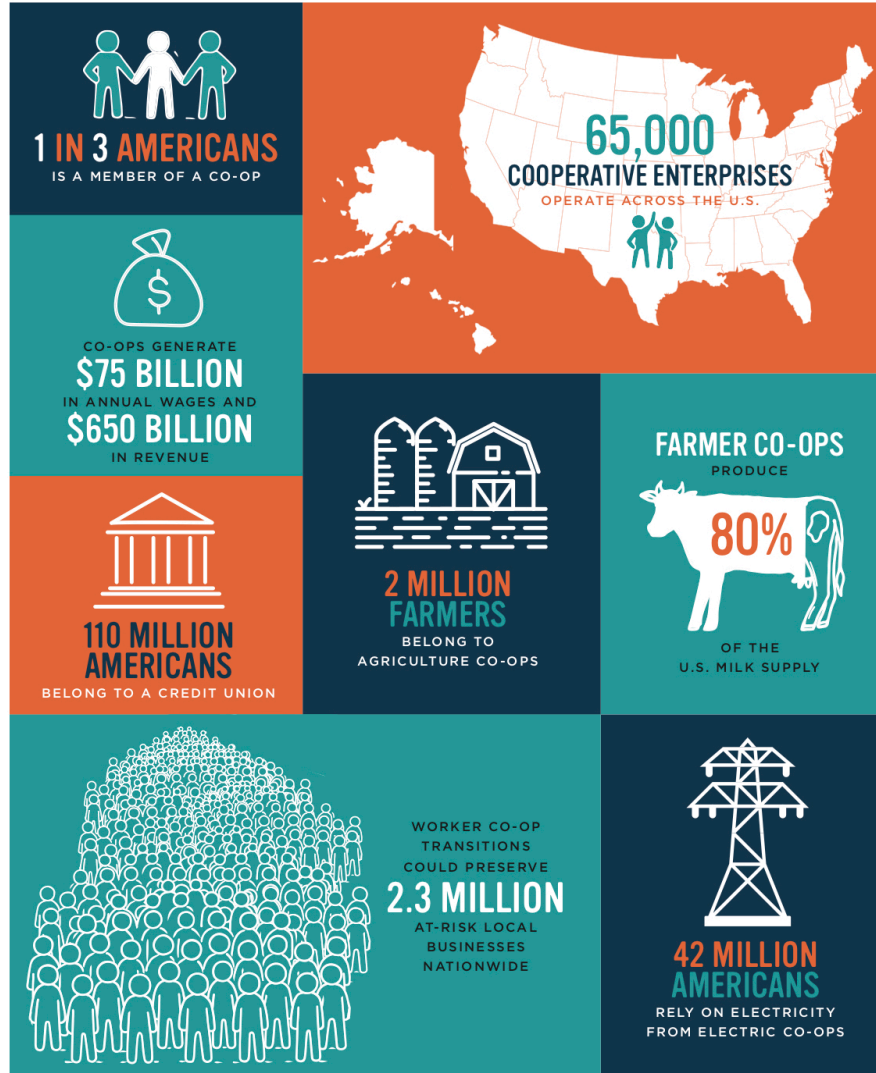
- ▶ Optimal (approach of 95% of all municipalities)
- ▶ High wage careers
- ▶ Enhanced tax base
- ▶ Opportunities for entrepreneurship
- ▶ Local-focus is best

## Results

- ▶ Limited job creation
  - ▶ Service-oriented
  - ▶ Unsustainable
- ▶ High social cost
  - ▶ Limited bang-for the taxpayer buck
    - ▶ Ave cost: \$1.3 million per municipality
  - ▶ Rift: pits communities against each other
    - ▶ Regionalism appears optimal
- ▶ At tension with environmental goals



## MEASURING CO-OP IMPACT



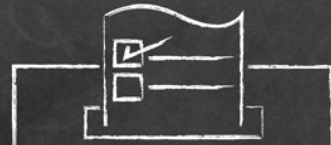
# SEVEN COOPERATIVE PRINCIPLES



VOLUNTARY

## OPEN

MEMBERSHIP



## DEMOCRATIC MEMBER CONTROL

## COOPERATION



## AMONG COOPERATIVES

## AUTONOMY & INDEPENDENCE

## MEMBER



## ECONOMIC PARTICIPATION

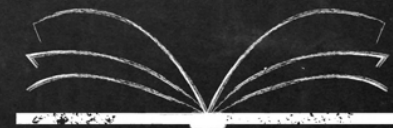
## CONCERN

FOR THE



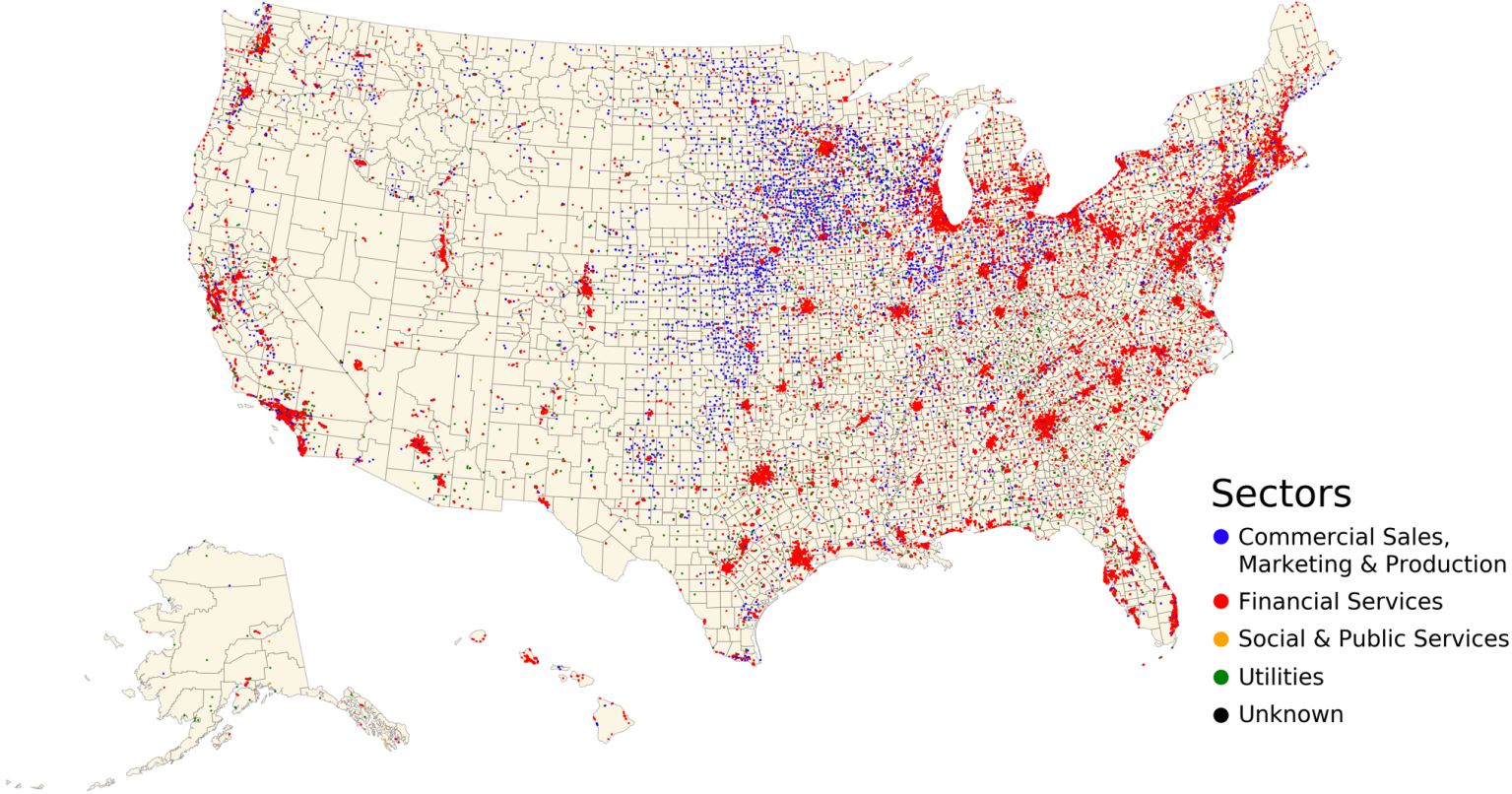
## COMMUNITY

## EDUCATION



## TRAINING AND INFORMATION

# Cooperative Locations: Sectoral Composition





## Purchasing & Shared Svcs



## Worker



## Consumer



## Producer





# Resources

- ▶ Practices for Regional Collaboration - <https://strategicdoing.net>
- ▶ California Center for Cooperative Development - <http://www.cccd.coop>
- ▶ The Democracy Collaborative - <https://democracycollaborative.org>
- ▶ Legal Advice
  - ▶ <http://jrwiener.com> (see presentation - <https://www.youtube.com/watch?v=bCOyOzzu0ZE>)
  - ▶ The SELC - <https://www.theselc.org>
- ▶ Learning from Previous Successes - Readings
  - ▶ Everything for Everyone - <https://nathanschneider.info/books/everything-for-everyone/>
  - ▶ Humanizing the Economy - <https://www.newsociety.com/Books/H/Humanizing-the-Economy>
  - ▶ Italian Agrifoods System - <https://www.grocer.coop/articles/building-future>



# Food Entrepreneurs in Crisis: Preparing for After the Pandemic

Dr. Keith Taylor

Community Economic Development Specialist

Email: [keitaylor@ucdavis.edu](mailto:keitaylor@ucdavis.edu)

## Getting Started with Community Wealth Building



Created by the Democracy Collaborative for the  
*Cities Building Community Wealth* report  
Published November 2015



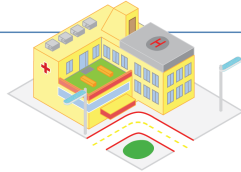
**DEMOCRACY**  
COLLABORATIVE

Creative Commons license CC-BY-NC-SA 2.0  
For more info, visit:  
[democracycollaborative.org/cities](http://democracycollaborative.org/cities)

## Two Approaches to Economic Development

Drivers	Community Wealth Building	Traditional Approach
 Place	Develops under-utilized local assets of many kinds, for benefit of local residents.	Aims to attract firms using incentives, which increases the tax burden on local residents.
 Ownership	Promotes local, broad-based ownership as the foundation of a thriving local economy.	Supports absentee and elite ownership, often harming locally owned family firms.
 Multipliers	Encourages institutional buy-local strategies to keep money circulating locally.	Pays less attention to whether money is leaking out of community.
 Collaboration	Brings many players to the table: nonprofits, philanthropy, anchors, and cities.	Decision-making led primarily by government and private sector, excluding local residents.
 Inclusion	Aims to create inclusive, living wage jobs that help all families enjoy economic security.	Key metric is number of jobs created, with little regard for wages or who is hired.
 Workforce	Links training to employment and focuses on jobs for those with barriers to employment.	Relies on generalized training programs without focus on linkages to actual jobs.
 System	Develops institutions and supportive ecosystems to create a new normal of economic activity.	Accepts status quo of wealth inequality, hoping benefits trickle down.

## Six Strategies for Cities Building Community Wealth



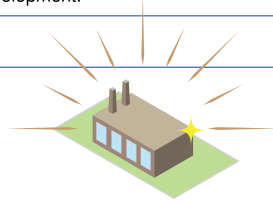
### ANCHOR PROCUREMENT

Locally rooted nonprofit institutions (including hospitals, universities, community foundations, and governments) consciously direct resources to drive equitable development.



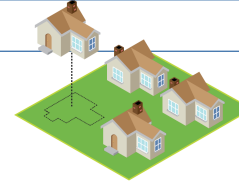
### FINANCING

In partnership with CDFIs, foundations, banks, and impact investors, cities create loan funds, make equity investments, and introduce responsible banking ordinances.



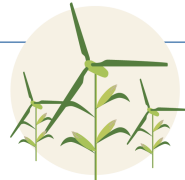
### ENTERPRISE DEVELOPMENT

Cities build infrastructure for inclusive enterprises by supporting cooperative development, conversion to employee ownership, and incubator and accelerator creation.



### LAND USE & REAL ESTATE

Partnering with others, city governments support equitable land development through urban gardens, community land trusts, and land banks.



### ECOLOGICAL RESILIENCE

Cities pair workforce and ecological goals as they promote energy efficiency, foster renewable energy, recycle materials, and create food hubs.



### WORKFORCE

Cities consciously link workforce development efforts to employers, especially for residents with barriers to employment, creating pipelines for employment.



Created by the Democracy Collaborative for the  
*Cities Building Community Wealth* report  
Published November 2015  
For more info, visit: [democracycollaborative.org/cities](http://democracycollaborative.org/cities)  
Licensed under Creative Commons CC-BY-NC-SA 2.0

## Benefits of Inclusive Ownership

### Higher Pay by Co-ops

Median Income

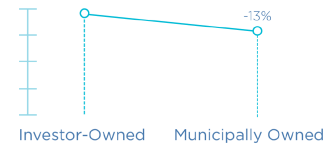


By becoming a part of the Prospera house-cleaning cooperatives, the median income for worker-owners jumps from \$24,000 to \$40,989.

Source: Jessica Gordon Nembhard, *Benefits and Impacts of Cooperatives* (Howard University and CUNY, Washington, DC and New York, NY), February 2014.

### Cheaper Utilities

Cost of Electric Bill

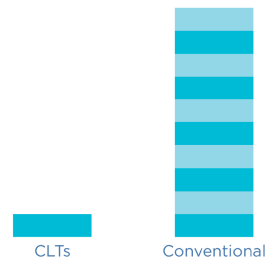


Municipally owned utilities charge lower rates: Residential users of publicly owned utilities in 2014 paid 13% less for electricity than users of investor-owned utilities.

Source: American Public Power Association, "Public Power: Shining a Light on Public Service," APPA, September 2014.

### Lower Foreclosure Rates

Foreclosure Rates



At the end of 2010, the foreclosure rate for community land trust homeowners was 0.46%, which was one-tenth the rate for conventional homeowners, 4.63%

Source: Emily Thaden, "Stable Home Ownership in a Turbulent Economy," *The Housing Fund and Vanderbilt University*, July 2011, posted by Lincoln Institute of Land Policy.

### Larger Retirement Accounts

Retirement Account Size



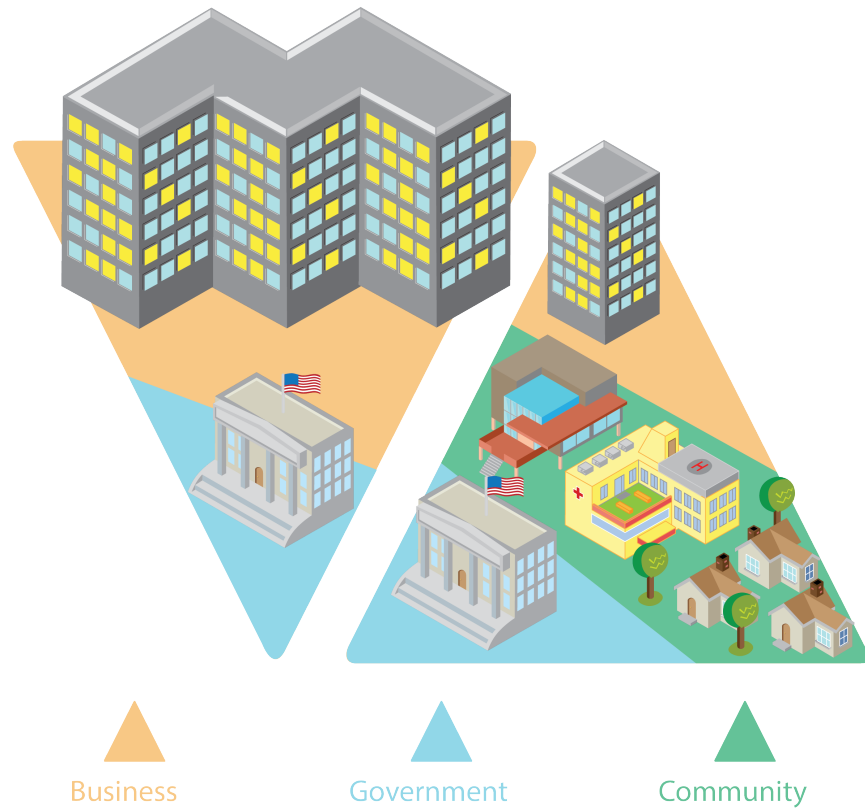
According to a 2015 article by NCEO, employees at ESOP companies have 2.2 times larger retirement accounts than those in traditional companies.

Source: National Center for Employee Ownership, "Are ESOPs Good Retirement Plans?" NCEO, June 22, 2015.



Created by the Democracy Collaborative for the *Cities Building Community Wealth* report  
 Published November 2015  
 For more info, visit: [democracycollaborative.org/cities](http://democracycollaborative.org/cities)  
 Licensed under Creative Commons CC BY-NC-SA 2.0

## A Balancing Third Force in Economic Development



Traditionally, economic development involves two players: the city and the business community, in an arrangement where the city is often the subordinate partner, subject to the demands of business. The balance of power shifts when the community comes to the table demanding accountability, good jobs, and community benefits. In a potentially momentous shift, community wealth building brings a powerful "third force" to the table, in the combined, collaborative force of anchor institutions, resident groups, philanthropy, nonprofits, workers, unions, and locally owned businesses.



## Substantial Community-Based Assets



### ESOPs

In 2012, the 6,908 businesses with Employee Stock Ownership Plans accounted for \$1.1 trillion in total assets, distributed among 13.8 million participants.

Source: NCEO, "A Statistical Profile of Employee Ownership: Estimated Number of ESOP Plans, Number of Participants, and Plan Asset Value (2012 data)," NCEO, March 2015.



### Nonprofit Hospitals & Universities

As of 2015, 3,690 higher education institutions held assets of \$639 billion and 718 nonprofit hospitals held assets of \$1.38 trillion.

Source: National Center for Charitable Statistics, "NCCS All Registered Nonprofits Table Wizard," Urban Institute, 2015, <http://hccsweb.urban.org/tablewiz>.



### Cooperatives

The University of Wisconsin's Center for Cooperatives reported in 2009 that there were nearly 30,000 cooperatives owning total assets of more than \$3 trillion.

Source: Steven Deller, Ann Hoyt, Brent Hueth, Reka Sundaram-Stukel, Research on the Economic Impact of Cooperatives, University of Wisconsin Center for Cooperatives, 2009.



### Community Investment Institutions

The 880 community investment institutions (which include CDFIs, credit unions, and loan funds) in the U.S. held assets totalling more than \$64.3 billion in 2014.

Source: US SIF, Report on US Sustainable, Responsible and Impact Investing Trends, 2014, The Forum for Sustainable and Responsible Investment, 2014.

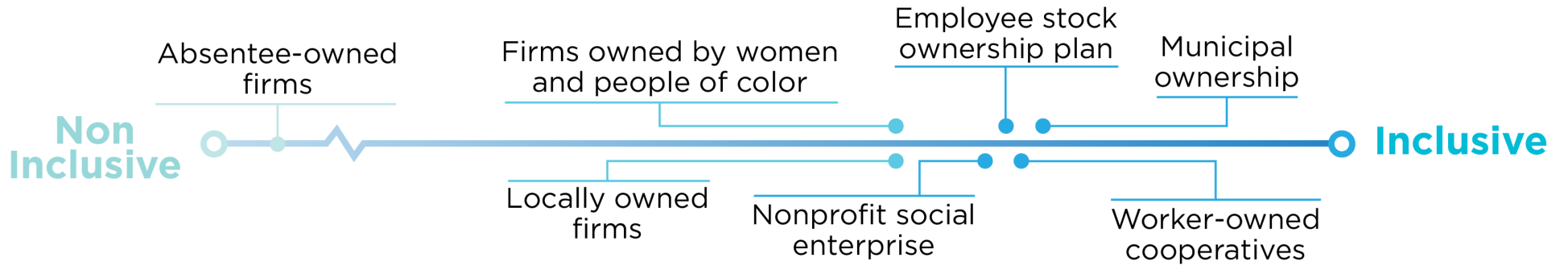
Created by the Democracy Collaborative for the  
*Cities Building Community Wealth* report  
Published November 2015



**DEMOCRACY**  
COLLABORATIVE

Creative Commons license CC-BY-NC-SA 2.0  
For more info, visit:  
[democracycollaborative.org/cities](http://democracycollaborative.org/cities)

# Inclusive Ownership Spectrum



Created by the Democracy Collaborative for the  
*Cities Building Community Wealth* report  
Published November 2015



**DEMOCRACY**  
COLLABORATIVE

Creative Commons license CC-BY-NC-SA 2.0  
For more info, visit:  
[democracycollaborative.org/cities](http://democracycollaborative.org/cities)