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## Lessons from the American Student Co-operative Network.

These ideas have been informed through talks with Tom Pierson & Emily Cheney both former employees of NASCO who now work for *CooperationWorks!* - the US equivalent of the Cooperative Enterprise Hub.

The student cooperative movement sprung up very independently in the US and NASCO was formed after several co-op systems were already in possession of significant amounts of capital. This places us in the UK in a special position where we get to both decide on the structure for individual co-ops and their local systems as well as creating a national body without the attached baggage of already existing organisations.

Further NASCO was formed out of the ashes of NASCL and earlier non staffed co-op federation. These irregularities have led to it being composed of a mishmash of at least three different legal entities which are all staffed by the same employees but have separate boards, two composed of students and one staff. This, along with the hefty cost of transporting board members around the country to make sure they build a level of comradeship and solidarity with each other has in some ways caused a managerial and financial problems for NASCO.

The original NASCO company focuses on education and a second service (development) is provided by a different legal entity, *NASCO Development Services (NDS)*. NDS provides free at the point of use development services for anyone that needs them, if the project converts and the co-op group NDS is working with buys a house NDS takes a small percentage of the mortgage. Partly because NASCO didn't originally have this service and partly because the board at the time thought there was a risk of lawsuits from the larger co-op systems if development projects failed to succeed NDS was incorporated as a new legal entity. No such lawsuit has arisen and it seems unclear why the businesses direction needs to be steered by a different board of direction, further NDS is staffed by staff members of NASCO and other co-ops, something which although might lend itself to greater expertise could detract in some ways from the autonomy of any U.K equivalent.

Later in the history of NASCO they made saw an opportunity to help out a financially strapped Austin co-op system by purchasing a property from them and holding the master lease of their property allowing the co-op system to in effect refinance. The money for the deal was provided by a different

co-op system in Michigan but it made most sense for NASCO to pass the financing through a new specifically created asset holding subsidiary – *NASCO Properties (NP)*. The property wing of the business has steadily grown up to the point where it now controls a number of master leases, giving co-ops like that in Kalamazoo a leg up and enough income to be able to purchase its own property outright. Kalamazoo housing co-op began renting privately but felt the need to expand its membership – they did not have the financial stability or capital for a down payment on their own house so as NASCO members they appealed to the board of NP. NP bought a second property outright which they filled with their members, with the combined membership of two houses they were able to build up the capital to purchase a third house outright.

NP has evolved from its early days of helping out the Austin co-op system to the point where it has now completed a brand new apartment co-op in Austin. The accrued capital and number of leases that the business now holds gives the other NASCO business security and financial stability that essentially mean it would be very difficult for them to fail – the turnover of NDS or the education wing of the companies are trifling compared to NDS and if something were to go wrong with the whole organisation refinancing would be an easy option. Overall this gives the national student co-op movement a stable base allowing it to focus more keenly on expansion.

Although the idea of having a national organisation that holds some of the leases and assets of local co-op systems might seem counter to the ideal of autonomy that some cooperatives have been striving for in the U.K it can be seen that in the US NP and its slowly built up assets and capital have strengthened the national movement and allowed it to step in when local problems have arisen. The idea of a national lease holder that universities, financial institutions and the wider cooperative movement can get to know well and are assured have the prior expertise in dealing in leases and financial transactions is something that could well benefit the student cooperative movement later down the line, especially given one of the most obvious barriers to the swift expansion of our movement is access to capital for our projects and this primarily stems from a lack of management experience.

So in the present day, there are over 60 member co-ops of NASCO and tens of co-ops directly implicated in NP. NASCO as a whole body has haphazardly grown into a strangely shaped organisation composed of NP, NDS and NASCO and staffed by 5 employees in Austin, New Jersey and Chicago. This it is certain, isn't exactly the plan that was originally envisaged by the original founding co-ops of NASCO and the organisation has grown organically to fit the needs of the movement as it has grown or run into problems. Some of growth might have been misguided or unnecessary had the organisation been given a different foundation in its incorporation.

In setting up of Students For Cooperation with reference to NASCO we have a real opportunity to study and in some ways replicate a successful student cooperative body with a depth of experience in supporting new student co-ops, something we are incredibly keen on doing in the U.K. There are distinct difference between the way in which NASCO was formed, after there were already a large number of co-op systems, and how students for cooperation is being formed – in the anticipation of a large number of co-op systems. However it is clear that NASCO will help when looking for solutions to some of the problems we anticipate might affect the U.K movement and Students For Cooperation. Problems like the quick turn over of students through university co-op systems and the lack of capital and experience affecting students wishing to start new cooperatives, have been dealt with in North America in some ways and if we want Students For Cooperation to be as successful as it can as quickly as possible then it makes sense to emulate them in some ways.

## **Structure, Membership & Fees**

These are just a few brief thoughts about some basic ideas Students For Cooperation

could adopt or work towards if its founding members thought they were a good idea. I haven't had too much time to collate all of the things I have been learning, and none of these points should be taken as in any way well thought out or sensible. I also feel most of the decisions we will have to make based purely on what suits us best and what is practical and logical, as opposed to what might have worked for NASCO.

## **Structure**

Initially Students For Cooperation should be one legal entity with a board composed of students, it should aim to provide education services, such as workshops and an annual conference (similar to NASCO's Institute) and develop new co-ops. If at some point it become apparent that it would be useful for organisation to hold leases of local co-ops then it could either create a new legal entity to take care of holding assets or hold them itself as is appropriate. However holding leases, although counter-intuitive to the state goal of autonomy in local co-ops has been seen to be useful to the stability of national movements and isn't a role we should inherently be adverse to Students For Cooperation playing.

The NDS equivalent and the educational side of Students For Cooperation should be combined in the one organisation to ensure that decision making on new developments and the processes used are informed mainly by students. Having multiple boards would confuse matters, and even though travel costs are significantly cheaper in the U.K, the strain of organising and financing two boards with different members doesn't entirely make sense. It is clear that with no large existing co-op systems the chance of any co-op group having the urge to pursue lawsuits if developments wrong. Also given the lack of expertise Students For Cooperation might initially suffer from and the more organisational role it intends to play it is clear that it will have to rely quite heavily on the Cooperative Enterprise Hub or some other body for developmental support of co-op groups, this again lowers the need for separate organisations.

## **Membership**

NASCO membership is directly composed of students. Each housing or retail co-op becomes a member of NASCO after it's members all pay a fee to NASCO. This one time fee of \$37 is paid by students as part and package of their initial deposit on a room, it is held separately from general accounts by individual and paid to NASCO once a year, this figure is different for retail co-ops. The fact that the fees are held separately from general accounts of houses means that it is less likely to be cut by a board in tough times, and also that NASCO is directly linked to the students body. If students were having to pay it every year and funnel the money in and out of a houses accounts, paying Students For Cooperation (SfC) might stop becoming so favourable when it becomes apparent to members they can decrease their rent or mend their toilet if they opt out of membership.

Disaffiliation from Students For Cooperation by member co-op would not be too useful and the membership structure we take should aim to mitigate that. Additionally with direct membership by students to NASCO Important pieces of information for student organising like contact details of members and a list of alumni are readily available to the central organisation rather than the central office having to rely on disparate local co-ops who might not be so sharp on recording those details.

Each co-op is then given a varying number of votes in elections based on the number of residents or participants they have. These votes are either decided on through a ballot in each local co-op or by the board members of that co-op. This means that in effect the democratic side of things functions federally, co-ops as a whole vote on the direction of NASCO rather than a mass of individuals. The weighting of votes could become problematic, but clearly issues like that would be discussed by a board in the future at a point when the differing sizes of co-ops and there interet in the national organisation becomes an issue – for the time being it makes sense for Students For Cooperation to give each co-op that has all its members registered with NASCO and equal number of votes on the board or in elections.

I do think though that it makes sense at this stage to make some decision on what type of

membership base the organisation intends to have, and my suggestion is that the membership base is directly composed of students rather than the co-ops they live in, volunteer at or shop in. This structure is clearly different to Coops UK whose membership is co-ops but I think if the voting is restricted to delegates of co-ops who have members that are all NASCO members the democratic side of the federation will be kept intact, thereby getting the best of both worlds.

## **Fees**

When NASCO was founded there were already a number of student co-op systems with a large amount of disposable income, clearly a different situation to the one we are in now. It doesn't make sense to charge fledgling co-ops directly in the early years so we should perhaps look for a membership model that doesn't affect the finances of member co-ops (like the one above). It is important to note that because any membership we receive in the first years will be low in number and irregular (depending on when people move in and become members of Students For Cooperation) these fees should not be considered a main source of income. It is clear that grants and loans will need to form the bulk of this.

One area that a national body could look to generate some income from is development, it would be relatively easy to stipulate that one of the goals of helping new co-op groups start up is to help strengthen the national movement and that for this reason Student For Cooperation will take a small percentage of the mortgage costs if a co-op group manages to purchase a new house. NDS currently charges around 3% to new co-ops that it helps develop for the use of their services, this figure would almost certainly not be as high for Students For Cooperation, given the lack of expertise and the importance of making co-op developments as low cost as possible. Our services and help organising should definitely be free to begin with but it is worth noting that unless we can find other sources of income or funding it would be useful if at some point the creation of new co-ops provided some return to Students For Cooperation.