



**Testimony for the House Appropriations Subcommittee on Agriculture, Rural Development, Food and Drug Administration, and Related Agencies**

**U.S. Department of Agriculture  
Title III  
Rural Development Programs  
Rural Business-Cooperative Service  
Rural Cooperative Development Grant program**

**Rural Utilities Service  
Rural Energy Savings Program**

**Title V  
Foreign Assistance and Related Programs  
McGovern-Dole Food for Education**

**Doug O'Brien, President & CEO  
NCBA CLUSA  
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Dear Chairman Bishop, Ranking Member Fortenberry, Members of the Subcommittee:

Thank you for the opportunity to provide testimony to support your work on Fiscal Year 2021 appropriations. The National Cooperative Business Association CLUSA International (NCBA CLUSA) represents the more than 65,000 cooperative businesses in the United States across all sectors of our economy and is an international development organization currently working in more than 20 countries. NCBA CLUSA was once again disappointed by the Administration's FY2021 proposal to cut critical programs in the U.S. Department of Agriculture, specifically at Rural Development and Foreign Agriculture Service.

First, given the economic consequences communities are already facing as a result of the COVID-19 outbreak, NCBA CLUSA requests funding the Rural Cooperative Development Grant program at its authorized level of \$40 million. . RCDG, administered by the Rural Business-Cooperative Service, is awarded on a competitive basis to approximately thirty development organizations and institutions of higher education to provide technical assistance to support cooperative businesses start-up, expand and innovate in rural communities.

Our economy is on the precipice of a major shift, and with it, we have a unique opportunity. Currently Baby Boomers own about half of all privately held small businesses, employing millions of people. As this group of entrepreneurs near retirement, business owners can form a cooperatively owned business as a viable succession plan. Particularly in rural communities, it's imperative that cooperative development centers have the resources to provide the necessary technical assistance to support these succession plans.

This network of technical assistance will also be critical as, unfortunately, many business owners face challenging decisions as we emerge from economic crisis. Business owners have a many options when they decide it is time to sell; converting to a cooperative is the most sustainable for long-term community development.

By transitioning to a cooperative business, owners ensure that the goods and services that have been lifelines to rural communities will continue to be available to rural families. Moreover, by selling to workers to form a worker cooperative, the people who have helped the business thrive for all these years are well-equipped to lead the business in its next chapter as owners. This is a particularly viable option for manufacturing and home care sectors. Owners may also choose to convert their business to a consumer cooperative. This is a particularly important option in the grocery and other retail sectors. If a Mom and Pop grocery store closes in rural towns, residents often lose access to healthy, affordable foods. In a consumer food co-op, member-owners have a voice in ensuring that the healthy foods their families need are available. Moreover, some communities have used the cooperative model to create a multi-stakeholder cooperative model. For example, childcare cooperatives are co-owned by both the childcare providers as well as the parents whose children receive care. These are just a few examples of the many ways that cooperatives help people invest in their own communities and improve long-term economic security. The unprecedented circumstances in which we find our economy warrants funding the Rural Cooperative Development Grant program at its fully authorized level of \$40 million.

Second, we ask the committee to appropriate \$15 million for the Rural Energy Savings Plan (RESP) administered by the Rural Utilities Service. Reauthorized under the 2018 Farm Bill, RESP provides no-interest loans to rural electric cooperatives to make energy savings investments on rural homes and facilitate the implementation of on-bill financing.

These investments can be life-changing for rural residents with very little discretionary income, who in many cases may not otherwise be able to make these improvements. Residents pay for the energy efficiency improvement through their monthly bill and often still see lower bills because of the more efficient energy consumption, thus reducing the monthly financial strain of energy costs.

In this time of economic crisis, we have seen rural electric cooperatives go above and beyond to meet the needs of their member-owners – creating flexible payment options and ensuring high-speed broadband when children are distant learning and more people are working from home. As member-owned utility companies, rural electric cooperatives are more responsive to their customers' needs and more innovative in finding workable solutions. RESP is an important tool in electric cooperatives' toolkit to help build a more inclusive economy through sustainable energy investments.

Finally, we urge robust funding for the Foreign Agriculture Service McGovern-Dole Food for Education program. As an international development organization, NCBA CLUSA uses the seven cooperative principles to provide technical assistance, education, and business development training that empowers people at the grassroots level by bringing more people into the economic fray, promotes trade and builds more stable economies. NCBA CLUSA's programs are also designed to impact broader societal issues such as hunger, gender equity,

health and poverty—issues that have economic and national security implications. NCBA CLUSA’s approach establishes effective, democratically-controlled grassroots institutions that tackle pressing issues that would be impossible for a single individual or even a single segment of the population to address effectively.

For example, NCBA CLUSA is currently working in Senegal with generous support from USDA. This project is focused on improving school nutrition programs by strengthening local and regional food procurement practices. To do so, NCBA CLUSA is helping to connect schools with local millet producers. The program will help improve the nutrition for 30,000 children in the Saint-Louis region of Senegal. By increasing access to locally-grown and nutritious products like millet, cowpeas, mung beans and orange-flesh sweet potatoes, the program will also improve child nutrition and ultimately school attendance.

As the nation and the world seek to rebuild their economies in the wake of COVID-19, cooperatives are more important than ever. Both domestically and abroad, investments in cooperatives are imperative to building sustainable, more inclusive economies. Co-ops help bring more people into the fold and participate in the economy, ultimately increasing business productivity, furthering community development, and promoting self-sufficiency. Cooperatives are lasting investments because the decisionmakers are those directly invested in the well-being of the business and the community.

Thank you for your consideration of these requests. NCBA CLUSA looks forward to continuing to work with the Subcommittee on Agriculture, Rural Development, Food and Drug Administration, and Related Agencies on Fiscal Year 2021 appropriations.

Sincerely,  
Douglas J. O’Brien